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Income statement - Elkem ASA

Amounts in NOK million	Note	2021	2020
1 January - 31 December			
Revenue	4	9 309	7 198
Other operating income	4, 5	431	428
Total operating income		9 740	7 626
Raw materials and energy for production		(4 268)	(3 728)
Employee benefit expenses	6,7	(1 257)	(1 237)
Other operating expenses	8,9	(2 172)	(1 857)
Other gains (losses) related to operating activities	10	129	83
Amortisation and depreciation	13,14	(359)	(435)
Impairment losses	13,14	(14)	(3)
Total operating expenses		(7 941)	(7 177)
Operating profit (loss)		1 799	449
Income from subsidiaries	15	126	522
Income (loss) from joint ventures	16	37	(15)
Finance income	11	134	157
Foreign exchange gains (losses)	11	377	(178)
Finance expenses	11	(198)	(222)
Profit (loss) before income tax		2 274	713
Income tax (expenses) benefit	12	(501)	(298)
Profit (loss) for the year		1 773	416

Balance sheet

Amounts in NOK million	Note	31.12.2021	31.12.2020
Assets			
Property, plant and equipment	13	3 003	2 941
Goodwill	14	20	24
Intangible assets	14	111	115
Investments in subsidiaries	15	11 982	11 002
Investments in joint ventures	16	46	-
Derivatives	24	301	59
Other assets	19	3 322	3 652
Total non-current assets		18 785	17 792
Inventories	17	1 677	1 473
Trade receivables	18	1 739	707
Derivatives	24	283	136
Other assets	19	1 136	802
Cash and cash equivalents	22	4 260	1 799
Total current assets		9 095	4 917
Total assets		27 880	22 709
Equity and liabilities			
Paid-in capital	20, 21	6 178	6 208
Retained earnings	20	5 104	3 012
Total equity		11 283	9 220
Interest-bearing liabilities	22	7 292	6 346
Deferred tax liabilities	12	306	128
Pension liabilities	7	85	91
Derivatives	24	18	252
Provisions and other liabilities	23	109	252
Total non-current liabilities		7 810	7 069
Trade payables		1 553	910
Income tax payables	12	446	181
Interest-bearing liabilities	22	3 945	4 509
Derivatives	24	23	101
Dividend	20	1 918	87
Provision and other liabilities	23	902	632
Total current liabilities		8 788	6 420
Total equity and liabilities		27 880	22 709

Oslo, 8 March 2022

 Zhigang Hao Chairman of the Board	 Dag Jakob Opedal	 Olivier Tillet de Clermont-Tonnerre	 Yougen Ge	 Anja-Isabel Dotzenrath	 Helge Aasen CEO
 Grace Tang	 Marianne Færøyvik	 Terje Andre Hanssen	 Marianne Elisabeth Johnsen	 Knut Sande	

Cash flow statement - Elkem ASA

Amounts in NOK million	Note	2021	2020
1 January - 31 Desember			
Operating profit (loss)		1 799	449
Changes fair value financial instruments	13, 14	6	(187)
Amortisation, depreciation and impairment losses		373	438
Changes in working capital ¹⁾		(481)	86
Changes in provisions, pension obligations and other		2	(91)
Interest payments received		63	68
Interest payments made		(170)	(173)
Income taxes paid		(213)	(40)
Cash flow from operating activities		1 380	549
Investments in property, plant and equipment and intangible assets	13, 14	(467)	(666)
Received investment grants	5	90	109
Proceeds from sale of property, plant and equipment	13	0	0
Cash effect from merged companies		-	-
Acquisition and capital increase in subsidiaries	15	(481)	(1 245)
Acquisition of and cash contributions to joint ventures	16	-	(40)
Increase / decrease in loans to subsidiaries	22	(451)	(211)
Dividends and group contributions	15	234	171
Other investments / sales		0	2
Cash flow from investing activities		(1 075)	(1 881)
Dividend paid to owners	20	(96)	(349)
Capital increase	20	1 900	-
Net sale (purchase) of treasury shares		(278)	-
New interest-bearing loans and borrowings		2 500	340
Repayment of interest-bearing loans and borrowings		(1 870)	(373)
Cash flow from financing activities		2 156	(382)
Change in cash and cash equivalents		2 461	(1 714)
Currency translation differences		(0)	0
Net change in cash and cash equivalents		2 461	(1 714)
Cash and cash equivalents opening balance	22	1 799	3 512
Cash and cash equivalents closing balance	22	4 260	1 799

¹⁾ Working capital is defined as trade receivables, inventory, other current assets, trade payables and other current liabilities. Other current assets is defined as other current assets less current receivables to related parties, current interest-bearing receivables, tax receivables, grants receivable and accrued interest income. Accounts payable is defined as trade payables less accounts payable related to purchase of non-current assets. Other current liabilities is defined as other current liabilities less provisions.

Notes to the financial statement - Elkem ASA

1. General information

Elkem ASA is a limited liability company located in Norway, whose shares are publicly traded on Oslo Børs. The main activities are related to production and sale of silicon materials, ferrosilicon, specialty alloys for the foundry industry and microsilica. Elkem ASA is owned 52.9% by Bluestar Elkem International Co. Ltd S.A., Luxembourg, which is under the control of Sinochem Holdings Co., Ltd (Sinochem), a company registered and domiciled in China.

The presentation currency of Elkem ASA is Norwegian Krone (NOK). All financial information is presented in NOK million, unless otherwise stated. As a result of rounding adjustments, the amounts shown in one or more columns included in the financial statements may not add up to the total. In text the current year's figures are presented outside parantheses, followed by the comparative figures presented in parentheses.

2. Significant accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounts are prepared based on a going concern assumption.

Changes in accounting policies

Changes in accounting policies are recognised directly in equity and the opening balance is adjusted as if the new accounting policy had always been applied. Last year's figures are changed correspondingly, for comparative purposes.

Elkem has previously recognised the yearly cost of purchased CO2 quotas as other operating expenses in the period the need to purchase quotas occurred. From 2021 the cost of purchased CO2 allowances are recognised as part of raw materials and energy for production and is distributed linearly over the year. It is deemed that the change in principle will provide more reliable and relevant information about the cost of CO2 quotas. The change in principle does not have a material impact on the annual accounts but will impact the recognition of cost between quarters. Further, the change in principle does not impact comparable figures as Elkem had a surplus of quotas in 2020 and therefore no quota cost. For more information see note 5.

Accounting estimates

In the event of uncertainty, the best estimate is applied, based on the information available when the financial statements are prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions

to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. See note 3 Accounting estimates.

Foreign currency translation

Elkem ASA's functional currency is Norwegian Krone (NOK). Transactions in currencies other than the entity's functional currency are translated using the transaction date's currency rate. Monetary items in foreign currencies are presented at the exchange rate applicable on the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date fair value is measured. If the currency exposure of a transaction is designated as a part of a hedging relationship, realised effects from the associated hedging instrument is classified in the same line in the financial statements as the hedged transaction. Currency gains (losses) related to operating activities, i.e. receivables, payables, bank accounts for operating purposes, are classified as a part of other gains (losses) related to operating activities. Currency effects included in finance income and expenses are related to loans and dividends.

Revenue recognition

Sale of goods

Revenue is recognised when it is probable that transactions will generate future economic benefits for the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any taxes, rebates and discounts. Revenue and expenses that relate to the same transaction are recognised simultaneously.

When products are sold with warranties, the expected warranty amounts are recognised as expenses at the time of the sale, and are subsequently adjusted for any changes in estimates or actual outcome.

Revenue from sale of goods is recognised when the significant risk and reward of the ownership of the goods has passed to the buyer, according to the agreed delivery term for each sale. Delivery terms are based on Incoterms 2021 issued by International Chamber of Commerce, and the main terms are

"F" terms, where the buyer arranges and pays for the main carriage. The risk and reward is passed to the buyer when the goods are handed over to the carrier engaged by the buyer.

"C" terms, where the group arranges and pays for the main carriage but without assuming the risk of the main carriage. The risk and reward is passed to the buyer when the goods are handed over to the carrier engaged by the seller.

"D" terms, where the group arranges and pays for the carriage and retain the risk and reward of the goods until delivery at agreed destination. The risk is transferred to the buyer upon arrival at agreed destination, usually the purchaser's warehouse.

Sale of power and revenue connected to energy recovery
Sale of electric power and revenue connected to energy recovery, mainly heat supply in form of steam and hot water, el-certificates and el-tax, are recognised in income based on volume and price agreed with the customer. Revenue connected to energy recovery is mainly based on long-term contracts where the prices are regulated yearly based on changes in CPI or government regulated prices, except for the el-certificates where the price is based on the observable market price at date of delivery.

Revenue from sale of services

Revenue from sale of services is recognised when the services have been provided. Sale of services are mainly related to management agreements with related parties, based on cost plus a margin.

Other

Income from insurance settlements are recognised when it is virtually certain that the group will receive the compensation, and is recognised as other operating income. Cash flows from credit insurance contracts where such contracts are deemed to be an integral

part of the sale transactions is presented as reduction of net against impairment losses assets / receivables, included in other operating expenses. Interest income is recognised on accrual basis. Dividends are recognised when shareholders' right to receive dividends is determined by the shareholders' meeting.

Grants

Grants are recognised when it is reasonably assured that the company will comply with the conditions attached to them and the grants will be received. Grants are recognised in the income statement over the periods necessary to match them with the cost they are intended to compensate. Grants relating to cost of production of goods are recognised in profit or loss when the produced goods are sold. Grants relating to property, plant and equipment and intangible assets are deducted from the carrying amount of the asset, and recognised in the income statement over the lifetime of a depreciable asset by reducing the depreciation charge. Grants related to expenses are classified as other operating income.

Investment in subsidiaries, associates and jointly controlled entities

Subsidiaries are companies in which Elkem ASA has controlling interests, normally obtained when Elkem ASA owns more than 50% of the shares.

Associates are those entities in which Elkem ASA has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when Elkem ASA holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities Elkem ASA has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Subsidiaries

Interests in subsidiaries are recognised at cost less any write-down for impairment.

Associates

Investments in associates are valued at cost less any write-down for impairment. Dividends received from associated companies are included in the income statement.

Joint ventures

Elkem ASA's interests in jointly controlled entities, which operates within Elkem ASA's main business areas (silicon materials and foundry products), are accounted

for using the gross method, meaning that the company's share of the income, expense, assets and liabilities are recognised. Elkem ASA combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the financial statements.

Elkem ASA's interests in joint controlled entities, which do not operate within Elkem ASA's main business areas, are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. In cases where a joint ventures' loss increases the initially recognised cost, the carrying amount is presented to reflect Elkem's liability to finance the joint venture. Any liability to finance a joint venture is presented either as part of provisions and other liabilities, current, or netted against Elkem's receivables towards the joint venture.

Impairment of investment in subsidiaries, associates and jointly controlled entities

Impairment loss is recognised if the carrying amount exceeds the recoverable amount and the impairment is not considered to be temporary. The recoverable amount is the higher of fair value less costs to sell, or its value in use. Value in use is the present value of the future cash flow expected to be derived from the asset or the cash generating unit to which it belongs, after taking into account all other relevant information. The impairment is reversed if the basis for the write-down is no longer present.

Intangible assets

Intangible assets are stated in the balance sheet at cost less subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets with a finite useful life are amortised, using the straight-line method. The estimated useful life and amortisation method is reviewed at the end of each reporting period.

An intangible asset is derecognised on disposal, or when no future economic benefits from its use are expected to be derived. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible

asset arising from an internal development project is recognised if the company can demonstrate technical feasibility of completing the intangible asset, has intention to complete it, ability to use it, can demonstrate that it will generate probable future economic benefits and the cost can be reliably measured.

Property, plant and equipment

Property, plant and equipment is presented at cost, less accumulated depreciations and any accumulated impairment losses. Construction in progress is carried at cost, less any recognised impairment loss. Such assets are classified to the appropriate class of property, plant and equipment when completed and ready for its intended use. Significant parts of an item of property, plant and equipment which have different useful life, are accounted for as separate items. Depreciation commences when the assets are ready for their intended use.

Initial cost includes expenditures that are directly attributable to the acquisition of the asset, cost of materials, direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use and estimated dismantling or removal charges, and capitalised borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when future benefits are probable and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. Major periodic maintenance that is carried out less frequently than every year, is capitalised and depreciated over the period until the next periodic maintenance is performed. All other repairs and maintenance are charged to the income statement when incurred.

Depreciation is recognised using the straight-line method. The estimated useful life, residual values and depreciation method is reviewed at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss from disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement.

Impairment of tangible and intangible assets

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the individual asset is estimated in order to determine the extent of the impairment loss. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the lowest possible cash generating unit, to which the asset belongs, is estimated. The recoverable amount is the higher of fair value less costs to sell, or its value in use. Value in use is the present value of the future cash flows expected to be derived from use of the cash generating unit, after taking into account all other relevant information. If an impairment loss for assets other than goodwill is recognised in a previous period, the entity assesses whether there are indications that the impairment may have decreased or no longer exists. If so, the impairment loss is reversed, based on an updated estimate of the recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset. Any impairment of goodwill is not reversed.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and expenses are recognised as incurred.

Assets held under finance leases are initially recognised as assets at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the financial statements as a finance lease obligation. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the obligation.

Non-derivative financial assets and liabilities

A financial asset or a financial liability is recognised in the balance sheet when the entity becomes party to a contract. Assets to be acquired and liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services are recognised at the time one of the parties has performed under the agreement.

Financial assets are initially recognised in the balance sheet at fair value plus any transaction costs directly attributable to the acquisition or issue of the asset. Financial assets are derecognised once the right to future cash flows has expired or when substantial all

risks and rewards related to control of the assets are transferred to a third party.

Financial assets with a maturity exceeding one year are classified as non-current financial assets. Short-term investments that do not meet the definitions of a cash equivalent and financial assets with a maturity of less than one year are classified as current financial assets. Non-current financial assets are recognised and subsequently measured at cost less any impairment loss, if the impairment is assessed not to be temporary.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. They are recognised at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. An impairment loss is recognised when the carrying amount exceeds the estimated recoverable amount.

The category includes trade receivables, deposits, guarantees and loans. These assets are classified in the balance sheet as either other non-current assets or other current assets. Other current assets are receivables with maturity less than one year.

Trade and other receivables are recognised at nominal value less provisions for doubtful accounts.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity, rather than for investment purposes. Cash and cash equivalents comprise cash funds and short-term deposits with a term of 3 months or less on acquisition. Bank overdrafts are shown within current interest-bearing liabilities in the balance sheet. Elkem ASA's deposits and drawings within the group cash pool are netted by offsetting deposits against withdrawals.

The subsidiaries' deposits and drawings are classified as current assets / liabilities.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into, and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the income statement immediately, unless

when the derivative is designated and is effective as a hedging instrument. If the derivative is designated as a hedging instrument, timing of recognition in the income statement depends on the nature of the hedging relationship.

Commodity contracts that do not qualify as hedging instruments are booked at the lower of cost and fair value.

Embedded derivatives are separated from the host contract and booked at fair value, as an independent derivative.

Contracts for the entity's own use are contracts which are entered into and continue to be held for the purpose of the receipt of a non-financial item according to the company's usage requirements. This applies to power purchase contracts intended for use in the plant's production processes. Such contracts are booked in the balance sheet at cost and in the income statement on realisation.

Hedge accounting

Elkem ASA may designate certain derivatives as hedging instruments for fair value hedges and cash flow hedges. At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Fair value hedges

Changes in the fair value of derivatives that are designated as hedging instruments in fair value hedges, are recognised in the income statement immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognised in the equity and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains / losses recognised in equity are reclassified into the income statement in the same period(s) as the hedged assets / liabilities.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the

equity at that time remains in equity until the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are recognised at the lowest of cost and net realisable value. The cost of inventory comprises of the costs incurred in bringing the goods to their current condition and location, such as raw materials, energy for production, direct labour, other direct costs and production overhead costs based on normal capacity. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and variable selling expenses.

Cost of goods sold is included in different lines in the income statement based on nature; raw materials and energy for production, employee benefits and other operating expenses, for the remaining part.

Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Current tax payable includes any adjustment to tax payable in respect of previous years. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. Income tax relating to items recognised directly in equity is recognised in equity.

Uncertain tax positions are included when it is probable that the tax position will be sustained in a tax review, and provisions are made relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed when the disputed tax position is settled in favour of Elkem and can no longer be appealed.

Deferred tax

Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the financial statements, including tax losses carried forward. Deferred tax items are recognised in correlation to the underlying transaction either in the income statement or directly in equity.

Deferred tax assets are recognised in the balance sheet to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rate at the end of the reporting period and undiscounted amounts are used. Deferred tax assets arising from tax losses are recognised when there is convincing evidence of recoverability. Deferred tax assets and liabilities items are offset if there is a legally enforceable right to offset current tax liabilities and assets.

Employee benefits

Employee benefits consist of wages and salaries, bonuses, holiday payments, share-based payments and other considerations paid in exchange for services rendered from employees, and are expensed as incurred together with any social security tax applicable.

Employee retirement benefits

Defined contribution plans

Defined contribution plans comprise arrangements whereby the company makes monthly contributions to the employees' pension plans, and where the future pensions are determined by the amount of the contributions and the return on the individual pension plan asset. Payments related to the contribution plans are expensed as incurred, as a part of employee benefit expenses.

Defined benefit plans

Defined benefit plans are recognised at present value of future liabilities considered retained at the end of the reporting period, calculated separately for each plan. Social security tax related to pension payments is included in estimated pension liability. Plan assets are measured at fair value and deducted in calculating the net pension obligation. Actuarial assumptions are used to measure both the obligation and the expense and effects of changes in estimates due to financial and actuarial assumptions that are recognised in equity. Service costs are classified as part of employee benefit expenses and net interest on pension liabilities / assets are presented as a part of finance expenses. Past service cost arising due to amendments in benefit plans are expensed as incurred.

Multi-employer defined benefit plans where available information is insufficient to be able to calculate each participant's obligation, are accounted for as contribution plans.

Share-based payment

The fair value of options granted under the share-based payment program is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

Provisions

A provision is recognised when a present obligation exists and it is probable that an outflow of resources is required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding the obligation, known at the end of the reporting period. Provisions are measured at present value, unless the time value is assessed to be immaterial.

Contingent assets and liabilities

Contingent liabilities are liabilities which are not recognised because they are possible obligations that have not yet been confirmed, or they are present obligations where an outflow of resources is not probable. Contingent assets are not recognised. Any significant contingent assets and liabilities are disclosed in the notes.

Events after the reporting period

Events after the reporting period related to Elkem ASA's financial position at the end of the reporting period, are considered in the financial statement. Events after the reporting period that have no effect on the company's financial position at the end of the reporting period, but will have effect on future financial position, are disclosed if the future effect is material.

3. Accounting estimates

In the event of uncertainty the best estimate is applied, based on the information available when the annual accounts are prepared.

Property, plant and equipment

The estimated useful lives, residual values (if any) and depreciation method are reviewed, and if necessary adjusted, at least annually.

Financial instruments

Elkem ASA holds financial instruments such as forward currency contracts and commodity contracts, which are booked at fair value. For commodity contracts denominated in EUR, the embedded EUR derivative is separated from the host contract and booked at fair

value. Hedge accounting is applied for these contracts. Commodity contracts that do not qualify as hedging instruments are booked at the lower of cost and fair value. Fair value for the contracts is based on observable prices and assumptions derived from observable prices for comparable instruments. For assumptions applied in fair value measurement of the contracts see details in note 25 Financial assets and liabilities in the consolidated financial statement.

Net book value of contracts booked at fair value as at 31 December 2021 is in total positive NOK 544 million (negative NOK 158 million), see note 24 Financial instruments.

4. Operating income

Operating income by type

Amounts in NOK million	2021	2020
Revenue from sale of goods	7 269	5 397
Revenue from sale of goods to related parties	1 465	1 380
Other operating revenue	118	137
Other operating revenue to related parties	457	285
Total revenue	9 309	7 198
Sale of fixed assets	-	0
Insurance settlement	25	29
Grants (note 5)	406	398
Total other operating income	431	428
Total operating income	9 740	7 626

Operating income by geographic market

Amounts in NOK million	2021	2020
Nordic countries	1 681	1 483
United Kingdom	633	396
Germany	1 753	1 088
France	802	630
Italy	522	394
Poland	179	171
Spain	319	205
Netherlands	74	102
Other European countries	1 382	897
Europe	7 345	5 366
Africa	35	16
North America	565	615
South America	41	44
America	606	660
China	284	207
Japan	696	555
South Korea	113	196
Other Asian countries	642	608
Asia	1 734	1 567
The rest of the world	20	17
Total operating income	9 740	7 626

5. Grants

Amounts in NOK million	Other operating income	2021 Deduction of carrying amount FA	Other operating income	2020 Deduction of carrying amount FA
R&D grants from the Norwegian government	39	-	54	-
CO2 Compensation from the Norwegian Environment Agency	367	-	340	-
Energy recovery related grants	-	6	-	3
Other government grants	-	-	-	-
Total government grants	406	6	394	3
Norwegian NOx fund for reduced emission of NOx	-	31	-	134
Other grants	-	-	4	-
Total other grants	-	31	4	134
Total grants	406	37	398	136
Grants receivables related to fixed and intangible assets (note 19)		42		95
Grants receivables related to income (note 19)		364		365
Grants, deferred income (note 23)		(5)		(2)

CO2 allowances

CO2 emission allowances allocated from the government are classified as grants, measured at nominal value (zero). The CO2 allowance scheme pertains to the group's plants in Europe. If actual emissions exceed the number of allocated allowances, additional allowances must be purchased. The cost of purchased CO2 allowances are recognised as part of raw materials and energy for production and is distributed linearly over the year as the number of allocated allowances will not be revised unless there is a substantial change in the production level at the plants. Any gain on sale of CO2 allowances is classified as revenue. The previous scheme for allocation of free CO2 allowances from the authorities lasted until 2020. The allocation of free allowances for the period 2021-2025 is approved by the EFTA surveillance authority, with no major changes to the structure, but is yet to be finally decided by the national authorities. Elkem expect the allocation of allowances to continue in accordance with previous periods with an increased reduction factor in the allocation of 2.2% annually. Elkem ASA has a zero surplus of allowances and cost of additional allowances needed to settle the quota obligation for 2021 is accrued for, based on the market prices as at 31 December, 2021.

The final decision on the allowance allocation for 2021-2025 is expected before the settlement deadline for 2021, 30 April 2022.

CO2 compensation

The Norwegian government has since 2013 had a CO2 compensation scheme to compensate for CO2 costs included in the power price for the manufacturing industry. The compensation scheme is based on a corresponding scheme for EU and is approved by the EFTA surveillance authority ESA. The previous CO2 compensation scheme ended 31 December 2020 and a new scheme for 2021-2025 is approved for EU but has yet to be implemented into Norwegian regulation.

However, a continuation of the CO2 compensation is included in a proposed Norwegian regulation and provisions are included in the Norwegian national budget for 2022. The CO2 compensation scheme applies for Elkem's Norwegian Silicon and Ferrosilicon plants and the percentage of the costs compensated was approximately 75% in 2020. The compensation is based on the market price of CO2 allowances and will as such vary with the price development. Based on the proposed regulation and the provision in the National budget Elkem has recognised CO2 compensation for 2021, at the same level as for 2020. As the grant compensates power costs, which are costs recognised as part of the cost price of inventory during the production process, the compensation is recognised in the statement of profit or loss when the produced goods are sold.

Covid-19

Due to the Covid-19 outbreak, government bodies implemented temporary measures in both 2021 and 2020 to help businesses affected by the outbreak. Elkem is affected by reduction in social security taxes in 2020. The estimated value of this arrangement is NOK 0 million (NOK 8 million) and is included in Employee benefit expenses.

NOx Fund

The industry in Norway pays a fee for their emission of NOx to a public foundation run by 15 industry and commerce associations. The foundation is self-financed by the fees and the purpose is to support projects that reduces NOx emissions from the industry in Norway.

Other

The remaining grants are mainly related to R&D and energy recovery projects.

6. Employee benefit expenses

Amounts in NOK million	2021	2020
Salaries, holiday pay and variable compensation	(1 024)	(1 005)
Employer's national insurance contributions / social security tax	(126)	(114)
Pension expenses (note 7)	(74)	(77)
Share-based payments	(18)	(29)
Other payments / benefits	(15)	(12)
Total employee benefit expenses	(1 257)	(1 237)

Average number of full time equivalents	1 295	1 325
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For information concerning remuneration to management and share-based payments, see "Report on salary and other remuneration to leading personnel in

Elkem ASA for the financial year 2021", note 9 Employee benefits and note 10 Share-based payment in the consolidated financial statement.

7. Employee retirement benefits

Defined contribution plans

Pension for employees in Elkem ASA are mainly covered by pension plans that are classified as contribution plans.

Elkem ASA' contributions to the employees individual pension plan assets constitutes 5% of base salary up to 7.1G and 15% between 7.1 and 12G. G refers to the national insurance scheme's basic amount in Norway, amounting to NOK 106,399 as at 1 May 2021. Pension on salary above 12G is not supported by external service providers and is therefore handled as a separate plan and included under defined benefit plans.

Elkem ASA participates in the early retirement scheme AFP. This is as a multi-employer plan accounted for as a defined contribution plan, in accordance with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, the government is responsible for the remaining part. The yearly pension premium in 2021 is 2.5% of the employee's salary between 1 and 7.1G,

covering this year's pension payments and contribution to a security fund for future pension obligations. The premium in per cent of salary for 2022 is will be 2.6%.

Defined benefit plans

The defined benefit pension plans are unfunded and comprise pension on salaries above 12G, where the expense is 15% of annual base salary that exceeds 12G plus interest on the individual calculated pension obligation, and some individual retirement schemes. The individual retirement schemes are closed.

Net interest is calculated based on pension liability at the start of the period multiplied by the discount rate and is presented as a part of finance expenses. Remeasurements of the defined benefit plans are recognised directly in equity.

The company's retirement schemes meet the minimum requirement of the Norwegian Act of Mandatory Occupational Pension.

Breakdown of pension expenses

Amounts in NOK million	2021	2020
Defined benefit plans	(4)	(3)
Defined contribution plans	(55)	(57)
Early retirement scheme (AFP)	(16)	(17)
Total pension expenses	(74)	(77)

Amounts in NOK million	31.12.2021	31.12.2020
Present value of pension obligations	(85)	(91)
Fair value of plan assets	-	-
Net value pension liabilities	(85)	(91)

Active participants in pension scheme for salary above 12G	49	50
Retired participants	50	60

Changes in actuarial gains / (losses) recognised in equity / deferred tax	3	(18)
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Principal assumptions used for the actuarial valuation

Amounts in NOK million	2021	2020
Discount rate ¹⁾	2,0 %	1,4 %
Annual regulation of pensions paid	1,5 %	1,3 %

¹⁾ The discount rate is based on high quality corporate bonds reflecting the timing of the benefit payments.

8. Other operating expenses

Amounts in NOK million	2021	2020
External distribution expenses	(531)	(521)
Commission expenses sales	(91)	(63)
Machinery, tools, fixtures and fittings	(432)	(363)
Repair, maintenance and other operating expenses	(159)	(157)
Other external expenses (fees, transport, IT services, etc.)	(404)	(360)
Energy and fuel expenses	(103)	(101)
Leasing expenses (note 9)	(58)	(45)
Travel expenses	(9)	(13)
Loss on trade receivables	4	(4)
Miscellaneous manufacturing, administration and selling expenses	(389)	(229)
Total other operating expenses	(2 172)	(1 857)

Miscellaneous manufacturing, administration and selling expenses include:

Capitalisation of salary on fixed assets (employee benefit expenses are presented gross in note 6)	10	15
Changes in inventories of finished and semi-finished goods	(4)	(27)

During 2021, Elkem ASA expensed NOK 82 million (NOK 124 million) as research and development related to process, product and business development, including technical customer support and improvement projects.

Grants received related to research and development amount to NOK 39 million (NOK 54 million) and are included in other operating income.

Audit and other services

Amounts in NOK million	2021	2020
Audit fee	(5)	(6)
Other assurance services	(1)	(1)
Tax services	-	-
Other services	-	-
Total fees to auditor	(6)	(7)

9. Operating lease

2021	2021	2020
Amounts in NOK million		
Leasing expenses, current year (note 8)	(58)	(45)
Minimum future lease payments due		
Within one year	(26)	(24)
Within two years	(25)	(22)
Within three years	(22)	(20)
Over three years	(196)	(160)

Future leasing obligations are mainly related to rental of office buildings. The rental agreement contains an extension option for 5+5 years for one of the leases.

The future obligation for the extension option is approximately NOK 125 million.

10. Other gains (losses) related to operating activities

Amounts in NOK million	2021	2020
Realised currency gains (losses) from forward currency contracts	158	(131)
Unrealised currency gains (losses) from forward currency contracts	(38)	143
Other currency gains (losses) operational	8	5
Realised effects other financial instruments (note 24)	(59)	(99)
Unrealised effects other financial instruments	60	174
Ineffectiveness on cash flow hedges	-	(9)
Total other gains (losses) related to operating activities	129	83

11. Finance income and expenses

Amounts in NOK million	2021	2020
Interest income	3	6
Interest income from related parties (note 25)	129	149
Other financial income	2	3
Total finance income	134	157
Net foreign exchange gains (losses)	377	(178)
Interest expenses	(179)	(193)
Interest expenses to related parties (note 25)	(11)	(25)
Interest on net pension liabilities	(3)	(2)
Other financial expenses	(5)	(1)
Total finance expenses	(198)	(222)
Net finance income (expenses)	313	(243)

Foreign exchange gains (losses) in 2021 and 2020 are mainly related to the bank loans in EUR and group loans in EUR and CNY.

12. Taxes

Income tax recognised in income statement

Amounts in NOK million	2021	2020
Current tax expenses	(452)	-
Previous year tax adjustment	(6)	(186)
Deferred tax	(22)	(83)
Other taxes	(21)	(29)
Total income tax (expense) benefit	(501)	(298)

Reconciliation of income tax (expense) benefit

Amounts in NOK million	2021	2020
Profit before tax	2 274	713
Applicable tax rate Norway	22 %	22 %
Tax expense at applicable tax rate	(500)	(157)
Permanent differences		
Tax effect of income from Norwegian controlled foreign companies (NOKUS)	2	(10)
Dividend within the Tax exemption method	27	89
Debt waiver ¹⁾	-	-
Tax effects other permanent differences	(2)	(5)
Other effects		
Previous year tax adjustment ²⁾	(6)	(186)
Tax effect change in tax rate	-	-
Other current tax paid	(22)	(29)
Total income tax (expenses) benefit	(501)	(298)
Effective tax rate	22 %	42 %

1) Elkem ASA has four debt waiver agreements with Elkem Silicones France SAS. Nominal value of the agreements as of 31 December 2021 is NOK 595 million (NOK 595 million), corresponding to EUR 64 million (EUR 64 million), book value NOK 0. Elkem Silicones France SAS has repaid NOK 0 million (NOK 0 million) under this agreement in 2021. Elkem has previously assessed that the effect of repayment is tax exempted. See pending tax issues with tax authorities below.

2) Of the amount NOK 181 million relates to an ongoing tax issue with tax authorities, see pending tax issues with tax authorities below.

Pending tax issues with tax authorities

The Norwegian Tax Office (NTO) decided in February 2021 to increase Elkem ASA's taxable income for the fiscal years 2016-2019 by in total NOK 781 million, which increased the income tax expenses by NOK 181 million in 2020. The reassessments relate to loan arrangements / debt waiver agreements acquired by Elkem ASA in 2016 through the cross-border parent-subsidiary merger with Bluestar Silicones International Sarl. Elkem is of the opinion that the reassessment is unfounded and will appeal. Based on legal advice, Elkem's assessment is that the defence against the

action will be successful. According to a decision by the Supreme Court in Norway related to interpretation of Norwegian Accounting Standards, Elkem needs to be virtually certain that the decision by the NTO will be overruled by the Tax Appeal Board, if the decision is not to be reflected in the financial statements. Due to the complexity of the case, Elkem is not currently able to reach a conclusion with that high level of certainty and made a provision of NOK 181 million in Elkem ASA's 2020 financial statements. The amount was paid in the first quarter of 2021.

Deferred tax assets and deferred tax liabilities

Amounts in NOK million	31.12.2021	31.12.2020
Derivatives	(191)	35
Property, plant, equipment and intangible assets	(184)	(168)
Pension liabilities	18	20
Trade receivable	2	3
Inventory	(26)	(26)
Provisions	3	5
Other differences	73	1
Tax loss carry forward	-	2
Net deferred tax assets (liabilities)	(306)	(128)

Movement in net deferred tax assets (liabilities)

Amounts in NOK million	2021	2020
Opening balance	(128)	(123)
Charged to profit (loss)	(21)	(83)
Changes in deferred tax hedges charged to equity	(156)	75
Change in actuarial gains/losses charged to equity	(1)	4
Effect of transaction with related party, pooling-of-interests method	-	(2)
Currency translation differences	0	(0)
Closing balance	(306)	(128)

13. Property, plant, and equipment

2021						
Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Opening balance	7	629	1 771	30	504	2 941
Additions	-	0	-	0	405	406
Disposals	-	-	-	-	-	0
Transferred to/from CiP	2	28	346	3	(379)	-
Reclassifications	-	(1)	(2)	3	-	-
Impairment losses	-	-	(8)	-	(2)	(10)
Depreciation	-	(57)	(267)	(8)	-	(333)
Closing balance	9	599	1 840	27	528	3 003
Historical cost	9	1 629	5 099	97	528	7 363
Accumulated depreciation	-	(1 025)	(3 191)	(70)	-	(4 286)
Accumulated impairment losses	(0)	(5)	(69)	(0)	-	(74)
Closing balance	9	599	1 840	27	528	3 003
Estimated useful life	Indefinite	5-40 years	3-30 years	3-20 years		
Depreciation plan		Straight-line	Straight-line	Straight-line		

2020						
Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Opening balance	7	609	1 746	29	409	2 800
Additions	-	-	0	-	472	472
Disposals	-	-	(0)	-	-	(0)
Transferred to/from CiP	-	68	301	8	(377)	-
Reclassifications	(0)	10	(9)	-	-	0
Impairment losses	-	(0)	(3)	-	-	(3)
Depreciation	-	(57)	(264)	(8)	-	(329)
Closing balance	7	629	1 771	30	504	2 941
Historical cost	7	1 619	4 806	97	504	7 032
Accumulated depreciation	-	(985)	(2 970)	(67)	-	(4 022)
Accumulated impairment losses	(0)	(5)	(64)	(0)	-	(70)
Closing balance	7	629	1 771	30	504	2 941
Estimated useful life	Indefinite	5-40 years	3-30 years	3-20 years		
Depreciation plan		Straight-line	Straight-line	Straight-line		

14. Intangible assets

2021					
Amounts in NOK million	Goodwill	Software	Other intangible assets	Intangible assets under construction	Total intangible assets
Opening balance	24	59	16	40	115
Additions	-	8	-	14	22
Disposals	-	(0)	-	-	(0)
Transferred from CiP	-	5	-	(5)	-
Impairment losses	-	(4)	-	-	(4)
Amortisation	(4)	(19)	(3)	-	(22)
Closing balance	20	50	13	48	111
Historical cost	40	206	29	48	283
Accumulated amortisation	(20)	(156)	(15)	-	(172)
Closing balance	20	50	13	48	111
Estimated useful life	10 years	3-10 years	3-10 years		
Amortisation plan	Straight-line	Straight-line	Straight-line		

2020					
Amounts in NOK million	Goodwill	Software	Other intangible assets	Intangible assets under construction	Total intangible assets
Opening balance	28	73	99	21	193
Additions	-	1	-	24	25
Transferred from CiP	-	5	-	(5)	-
Reclassifications	-	-	-	(0)	(0)
Impairment losses	-	-	-	-	-
Amortisation	(4)	(20)	(83)	-	(103)
Closing balance	24	59	16	40	115
Historical cost	40	199	29	40	268
Accumulated amortisation	(16)	(140)	(13)	-	(152)
Closing balance	24	59	16	40	115
Estimated useful life	10 years	3-10 years	3-10 years		
Amortisation plan	Straight-line	Straight-line	Straight-line		

15. Investments in subsidiaries

Investment in subsidiaries of Elkem ASA	Owner share Vote rights (%)	Country	Carrying amount 31.12.2021	Carrying amount 31.12.2020
Elkem Carbon AS	100 %	Norway	122	119
Elkem Chartering Holding AS	80 %	Norway	1	1
Elkem Digital Office AS	100 %	Norway	8	8
Elkem Distribution Center B.V.	100 %	Netherlands	0	0
Elkem Foundry (China) Co., Ltd.	100 %	China	66	66
Elkem GmbH	100 %	Germany	1	1
Elkem Iberia S.L.U	100 %	Spain	0	0
Elkem International AS	100 %	Norway	5	5
Elkem International Trade (Shanghai) Co. Ltd. ¹⁾	11 %	China	1	1
Elkem Ísland ehf.	100 %	Iceland	784	784
Elkem Japan K.K	100 %	Japan	0	0
Elkem Korea Co. Ltd.	100 %	Republic of Korea	1	1
Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd. STI ¹⁾	1 %	Turkey	0	0
Elkem Materials Processing (Tianjin) Co., Ltd.	100 %	China	1	1
Elkem Materials Processing Services BV	100 %	Netherlands	1	1
Elkem Metal Canada Inc.	100 %	Canada	7	6
Elkem Milling Services GmbH	100 %	Germany	12	12
Elkem Nordic A.S.	100 %	Denmark	5	5
Elkem Oilfield Chemicals FZCO Ltd.	51 %	UAE	13	13
Elkem Paraguay S.A. ¹⁾	79 %	Paraguay	498	-
Elkem S.a.r.l.	100 %	France	-	-
Elkem S.r.l.	100 %	Italy	6	6
Elkem Silicon Materials (Lanzhou) Co., Ltd. ²⁾	100 %	China	1 033	1 033
Elkem Silicon Product Development AS	100 %	Norway	8	8
Elkem Siliconas España S.A.U	100 %	Spain	125	125
Elkem Silicones Brasil Ltda.	100 %	Brazil	214	145
Elkem Silicones Canada Corp.	100 %	Canada	6	6
Elkem Silicones Czech Republic, s.r.o.	100 %	Czech Republic	2	2
Elkem Silicones Finland OY	100 %	Finland	5	5
Elkem Silicones France SAS	100 %	France	2 160	2 156
Elkem Silicones Germany GmbH	100 %	Germany	130	130
Elkem Silicones Guangdong Co., Ltd. ³⁾	100 %	China	1 543	1 542
Elkem Silicones Hong Kong Co., Ltd.	100 %	Hong Kong	102	102
Elkem Silicones Korea Co., Ltd.	100 %	Republic of Korea	219	219
Elkem Silicones México S. De R.L. De C.V.	100 %	Mexico	5	5
Elkem Silicones Poland sp. z o.o.	100 %	Poland	4	4
Elkem Silicones Scandinavia AS	100 %	Norway	15	15

Investment in subsidiaries of Elkem ASA	Owner share Vote rights (%)	Country	Carrying amount 31.12.2021	Carrying amount 31.12.2020
Elkem Silicones Services S.à.r.l	100 %	France	4	3
Elkem Silicones Shanghai Co., Ltd.	100 %	China	109	108
Elkem Silicones USA Corp.	100 %	USA	261	261
Elkem Siliconi Italia S.r.l.	100 %	Italy	24	24
Elkem Singapore Materials Pte. Ltd.	100 %	Singapore	0	0
Elkem South Asia Private Limited	100 %	India	34	34
Elkem (Thailand) Co., Ltd.	100 %	Thailand	3	2
Elkem UK Holdings Ltd.	100 %	United Kingdom	78	78
Elkem Uruguay S.A.	100 %	Uruguay	33	33
Explotación de Rocas Industriales y Minerales S.A. (ERIMSA)	100 %	Spain	80	80
Jiangxi Bluestar Xinghuo Silicones Co., Ltd.	100 %	China	4 153	3 751
NEH LLC	100 %	USA	98	98
Vianode AS ⁴⁾	100 %	Norway	1	0
Total			11 982	11 002

¹⁾ Elkem ASA and a subsidiary own 100% of Elkem International Trade (Shanghai) Co. Ltd., Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd and Elkem Paraguay S.A.

²⁾ Previously Bluestar Silicon Material Co., Ltd.

³⁾ Previously Guangdong Polysil Technology Co. Ltd.

⁴⁾ Previously Elkem Advanced Battery Materials AS

Impairment

For more details see note 19 Impairment assessment in the consolidated financial statement.

Income from investments in subsidiaries

Amounts in NOK million	2021	2020
Dividends and group contributions from subsidiaries	126	522
Total income from subsidiaries	126	522

16. Investments in joint ventures

	Company address	Country	Owner share Voting rights 2021	Owner share Voting rights 2020	Accounting method
Elkania DA	Hauge i Dalane	Norway	50 %	50 %	Gross method
Salten Energigjenvinning AS	Oslo	Norway	50 %	50 %	Equity

Main figures for the investments accounted for by equity method. The figures show Elkem ASA's portion.

Total interests in joint ventures

Amounts in NOK million	2021	2020
Opening balance	(3)	(17)
Acquisition of and cash contributions to joint ventures	-	40
Share of profit / (loss)	37	(15)
Share of other comprehensive income	12	(11)
Closing balance ¹⁾	46	(3)

¹⁾ Negative amount recognised in Note 23 Provision and other liabilities, current

Main figures for investments accounted for using the gross method, showing Elkem ASA's portion

Amounts in NOK million	Elkania DA	Total 2021
Current assets	26	26
Non-current assets	18	18
Current liabilities	14	14
Non-current liabilities	8	8
Net assets	21	21
Total revenue	44	44
Total expenses	(26)	(26)
Financial items	(0)	(0)
Tax	-	-
Total profit / (loss) for the year	18	18

Amounts in NOK million	Elkania DA	Total 2020
Current assets	17	17
Non-current assets	5	5
Current liabilities	11	11
Non-current liabilities	8	8
Net assets	3	3
Total revenue	23	23
Total expenses	(15)	(15)
Financial items	(0)	(0)
Tax	0	0
Total profit / (loss) for the year	8	8

17. Inventories

Amounts in NOK million	31.12.2021	31.12.2020
Finished goods	684	719
Semi-finished goods	185	187
Raw materials	547	329
Operating materials and spare parts	261	239
Total inventories	1 677	1 473
Provisions for write down of inventories	2	8

18. Trade receivables

Amounts in NOK million	31.12.2021	31.12.2020
Trade receivables	1 008	284
Trade receivables, related parties	740	438
Provision for doubtful accounts	(10)	(16)
Total trade receivables	1 739	707

Elkem ASA and its subsidiary Elkem Carbon AS have entered into a factoring agreement of EUR 70 million, NOK 700 million. The agreement includes a recourse clause for maximum 5% of the face value of the individual receivables sold under the agreement. 95% of the receivables under the agreement are derecognised and the recourse amount is booked as a current liability. As at 31 December 2021 NOK 625 million

(NOK 517 million) is derecognised and NOK 33 million (NOK 27 million) is recognised as current liability (see note 23 Provisions and other liabilities) under the agreement. In addition Elkem has entered into a factoring agreement for a limited number of its customers. The factoring agreement is without recourse and as at 31 December 2021 NOK 42 million (NOK 17 million) is derecognised under the agreement.

Analysis of gross trade receivables by age, presented based on the due date

Amounts in NOK million	31.12.2021	31.12.2020
Not due	850	203
1 - 30 days	141	52
31 - 60 days	9	5
61 - 90 days	2	4
More than 90 days	6	19
Total trade receivables	1 008	284

Elkem applies for credit insurance for all customers when this can be obtained. In cases where credit insurance coverage is refused, other methods of

securing the sales income are used. Other methods used for securing the sales are, among others, prepayment, letter of credit, documentary credit, guarantee etc.

Movements in provisions for doubtful accounts

Amounts in NOK million	31.12.2021	31.12.2020
Opening balance	(16)	(11)
Losses during the year	2	-
New provisions	(3)	(8)
Reversed provisions	7	4
Closing balance	(10)	(16)

Analysis of ageing of trade receivables where allowance for expected credit losses are made

Amounts in NOK million	31.12.2021	31.12.2020
Not due	(2)	(1)
Overdue by:		
1 - 30 days	(0)	(0)
31 - 60 days	(0)	-
61 - 90 days	(0)	(0)
More than 90 days	(7)	(14)
Total provisions for doubtful accounts	(10)	(16)

19. Other assets

Amounts in NOK million	Non-current		Current	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Shares in associated companies	9	9	-	-
Other shares	7	6	-	-
Restricted deposits	27	24	-	-
Other deposits	1	1	-	-
Pension assets, defined benefits and contribution plans (note 7)	0	0	1	2
Prepayments	0	-	43	34
Receivables from related parties, interest-bearing (note 25)	3 269	3 604	447	21
Receivables from related parties, interest free (note 25)	-	-	10	111
Grants receivable (note 5)	-	-	406	460
Value added tax	-	-	88	126
Corporate income tax	-	-	-	-
Interest receivables	-	-	-	-
Interest receivables from related parties (note 25)	-	-	17	33
Other receivables	8	8	120	14
Other assets	0	0	5	-
Total other assets	3 322	3 652	1 136	802

20. Equity

2021

Amounts in NOK million	Share capital	Other paid in capital	Total paid in capital	Retained earnings	Total equity
Opening balance	2 907	3 302	6 208	3 012	9 220
Cash flow hedge	-	-	-	552	552
Share of items booked against equity from joint ventures	-	-	-	12	12
Remeasurement pension obligations gains (losses)	-	-	-	3	3
Currency translation differences	-	-	-	(0)	(0)
Share-based payments	-	28	28	-	28
Net movement treasury shares	-	(32)	(32)	(246)	(278)
Capital increase	291	1 610	1 900	-	1 900
Dividends	-	(1 927)	(1 927)	-	(1 927)
Profit for the year	-	-	-	1 773	1 773
Closing balance	3 197	2 981	6 178	5 104	11 283

The share capital of Elkem ASA is NOK 3,197,206,890 divided on 639,441,378 shares of NOK 5 par value. Of this amount Elkem ASA held 6,403,772 treasury shares. The number of shares increased by 58,131,034 share in 2021 in relation to the capital increase. For more information, see note 29 Number of shares in the consolidated financial statements.

For the year 2021 NOK 3.0 per share corresponding to NOK 1,918 million has been allocated for the distribution of dividends to the shareholders. In addition an increased amount of NOK 9 million was allocated for distribution of dividends for 2020, in 2021. This because the right to dividends allocated as based on the financial statement of 2020, also applies to the new shares distributed in 2021, before the date of the general assembly.

2020

Amounts in NOK million	Share capital	Other paid in capital	Total paid in capital	Retained earnings	Total equity
Opening balance	2 907	3 360	6 267	2 883	9 150
Cash flow hedge	-	-	-	(268)	(268)
Share of items booked against equity from joint ventures	-	-	-	(11)	(11)
Share-based payments	-	29	29	0	29
Remeasurement pension obligations gains (losses)	-	-	-	(14)	(14)
Currency translation differences	-	-	-	0	0
Merger	-	-	-	6	6
Dividends	-	(87)	(87)	-	(87)
Profit for the year	-	-	-	416	416
Closing balance	2 907	3 302	6 208	3 012	9 220

21. Shareholders

The table shows shareholders holding one percent or more of the total 639,441,378 shares outstanding as of 31 December 2021, according to information

in the Norwegian 'securities' registry system (Verdipapirsentralen).

Amounts in NOK million	Number of Shares	Ownership
Bluestar Elkem International Co., Ltd. S.A.	338 338 536	52,9 %
Folketrygdfondet	28 970 924	4,5 %
Must Invest AS	13 200 000	2,1 %
Verdipapirfondet Alfred Berg Gambak	11 946 530	1,9 %
The Bank of New York Mellon SA/NV ¹⁾	8 561 586	1,3 %
Pareto Aksje Norge Verdipapirfond	8 068 100	1,3 %
Verdipapirfondet Storebrand Norge	7 887 370	1,2 %
Elkem ASA	6 403 772	1,0 %
Total shareholders with ownership greater than 1%	423 376 818	66,2 %

¹⁾ Nominee accounts

22. Interest-bearing assets and liabilities

Amounts in NOK million	Non-current		Current	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest-bearing liabilities				
Loans from related parties (note 25)	145	118	2 618	2 036
Loans from external parties, other than bank	3 110	1 953	1 256	2 050
Bank financing	4 037	4 275	53	397
Accrued interest	-	-	19	25
Total interest-bearing liabilities	7 292	6 346	3 945	4 509
Interest-bearing assets				
Cash and cash equivalents	-	-	4 256	1 796
Restricted deposits	27	24	3	3
Receivables from related parties (note 25)	3 269	3 604	447	21
Loans to external parties	8	8	-	-
Interest receivables from related parties (note 25)	-	-	17	33
Interest receivables from external parties	-	-	-	-
Total interest-bearing assets	3 304	3 636	4 723	1 853
Net interest-bearing assets / (liabilities)	(3 988)	(2 710)	778	(2 655)

Interest-bearing liabilities by currency

Amounts in NOK million	31.12.2021		31.12.2020	
	Currency amount	NOK	Currency amount	NOK
EUR	674	6 740	731	7 659
USD	46	408	71	606
NOK	3 622	3 622	2 517	2 517
Other currencies	-	467	-	73
Total interest-bearing liabilities		11 237		10 855

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position

to the contractual maturity date. The amounts disclosed in the table are discounted.

Maturity of interest-bearing liabilities 31 December 2021

Amounts in NOK million	2022	2023	2024	2025	2026	2027 and later	Total
Loans from related parties	2 618	145	-	-	-	-	2 763
Loans from external parties, other than bank	1 256	-	1 110	1 000	500	500	4 366
Bank financing	53	4 053	-	-	-	-	4 106
Accrued interest	19	-	-	-	-	-	19
Total	3 945	4 198	1 110	1 000	500	500	11 253
Prepaid loan fees							(16)
Total interest-bearing liabilities							11 237

Maturity of interest-bearing liabilities 31 December 2020

Amounts in NOK million	2021	2022	2023	2024	2025	2026 and later	Total
Loans from related parties	2 036	-	-	-	-	118	2 154
Loans from external parties, other than bank	2 050	1 314	-	377	262	-	4 003
Bank financing	397	56	4 244	-	-	-	4 697
Accrued interest	25	-	-	-	-	-	25
Total	4 509	1 370	-	377	262	118	10 880
Prepaid loan fees							(25)
Total interest-bearing liabilities							10 855

Loan agreements

The main non-current loan agreements as of 31 December 2021 are a term loan of EUR 400 million (EUR 400 million), a term loan of EUR 5 million (11 million), issued bond loans of a total of NOK 2,500 million (NOK 0 million) and a series of loans issued in the Sculdschein market of EUR 61 million (NOK 135 million).

One of the loans issued in the Schuldschein market (EUR 15 million) is a fixed rate loan with a fixed rate of 1.8160%. Given the market conditions as at 31 December 2021 the loan would have been approximately EUR 0.2 million higher, due to the difference between fixed and market rate.

The bond loans are listed on Oslo Børs. There are no material differences between fair value of the bond loan and book values.

The loan facilities are unsecured, but part of the loans have financial covenants related to them, see below.

Credit facilities

Elkem ASA is granted credit facilities of EUR 250 million (NOK 2,499 million) and NOK 250 million, a total of NOK 2,749 million in granted credit facilities. Both facilities remained undrawn at 31 December 2021 and 31 December 2020.

Covenants

The credit facilities and the bank financing in Elkem ASA contain financial covenants based on the consolidated financial statements of Elkem group. In addition parts of the loans from external part, other than bank, contain financial covenants. The financial covenants are identical towards the different parties and remain equal to previous year's covenants. In total drawn loans of NOK 5,971 million (NOK 6,607 million) have covenants as described below. Elkem ASA is compliant with its covenants at the end of 2021 and 2020.

Covenants Elkem group

Amounts in NOK million		31.12.2021	31.12.2020	Loan covenant
Total Equity	NOK	19 874	12 635	
Total Assets	NOK	41 850	30 888	
Equity ratio		47 %	41 %	> 30%
EBITDA	NOK	7 791	2 684	
Net interest payable	NOK	209	234	
Interest cover ratio		37.33	11.47	> 4.00

23. Provisions and other liabilities

Amounts in NOK million	Non-current		Current	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Employee withholding taxes, soc. sec. tax and other public taxes	-	-	48	45
Value added tax	-	-	81	39
Prepayments from customers	-	-	51	27
Prepayments from related parties (note 25)	-	-	6	25
Payables to related parties (note 25)	-	-	43	41
Provisions	33	31	7	16
Contract obligations power	-	-	-	-
Contract obligations equity accounted investment (note 16)	-	-	-	3
Obligation to finance subsidiary	37	37	-	-
Contingent consideration related to purchase of subsidiary	40	184	163	77
Accrued expenses	-	-	194	86
Employee benefits	-	-	269	244
Deferred income, government grants	-	-	5	2
Recourse liability factoring agreement (note 18)	-	-	33	27
Other liabilities	-	-	2	-
Total provisions and other liabilities	109	252	902	632

Movements in provision 2021

Amounts in NOK million	Restructuring	Site restoration	Environmental measures	Total provisions
Opening balance	13	29	5	47
Additional provisions recognised	-	2	0	2
Used during the year	(9)	-	-	(9)
Reversal of provisions recognised	-	-	-	-
Currency translation differences	-	-	-	-
Closing balance	3	31	6	40
Hereof non-current	-	31	2	33
Hereof current	3	-	4	7
Closing balance	3	31	6	40

Restructuring

Elkem launched a group-wide productivity improvement programme in the first quarter of 2020. The amount includes restructuring and related productivity improvement expenses.

Site restoration

The site restoration provisions are related to the necessary site remediation work that Elkem ASA will have to undertake in respect of its quartz mines.

Environmental measures

Elkem ASA has nationwide operations representing potential exposure towards environmental consequences. Elkem ASA has established clear procedures to minimise environmental emissions, well within public emission limits. The estimated provisions relate to estimated clean-up costs in connection with closed landfills.

24. Financial instruments

Derivatives are initially recognised at fair value at the date on which the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging.

Currency exchange contracts

Elkem ASA's Treasury department enters into forward currency contracts to mitigate Elkem group's foreign currency exposure. Hedge accounting is not applied, the contracts are classified as held for trading and booked at fair value in the income statement. Elkem ASA's Treasury department also offers internal currency hedging for major purchase / sale-contracts entered into by the subsidiaries. Such contracts cannot be designated

in a hedging relationship, hence the changes in fair value are recognised in the income statement. There are no currency contracts against subsidiaries as at 31 December 2021.

Embedded EUR derivatives in power contracts are designated as hedging instruments in a cash flow hedge to hedge currency fluctuations in highly probable future sales, from 1 January 2016. Unrealised effects are from that date booked against equity and later reclassified to revenue when realised. Realised hedging effects from such derivatives in 2021 are a loss of NOK 31 million (loss of NOK 45 million). See note 10 Other gains (losses) related to operating activities for information on contracts classified as held for trading.

Details of currency exchange contracts 31 December 2021

Amounts in NOK million

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency rate	Due	Fair value ¹⁾	Notional value ²⁾
CAD	40	USD	32	Fwd	1,255	2022	(4)	284
NOK	1 231	EUR	120	Fwd	10,230	2022	20	1 203
NOK	2	GBP	0	Fwd	11,655	2022	(0)	2
NOK	169	JPY	1 844	Fwd	0,092	2022	27	141
NOK	615	JPY	6 256	Fwd	0,098	2023-2026	112	479
NOK	392	USD	45	Fwd	8,656	2022	(9)	399
NOK	709	EUR	69	Embedded ²⁾	10,336	2022	1	686
NOK	4 039	EUR	371	Embedded ²⁾	10,888	2023-2034	(18)	3 709
Total fair value							129	

Details of currency exchange contracts 31 December 2020

Amounts in NOK million

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency	Due	Fair value ¹⁾	Notional value ²⁾
NOK	5	CAD	1	Fwd	6,852	2021	(0)	5
CAD	3	EUR	2	Fwd	1,529	2021	(1)	23
CAD	14	USD	10	Fwd	1,326	2021	4	89
NOK	1 523	EUR	141	Fwd	10,833	2021	44	1 472
NOK	92	GBP	8	Fwd	12,160	2021	4	88
NOK	377	JPY	4 014	Fwd	0,094	2021	44	332
NOK	578	JPY	6 093	Fwd	0,095	2022-2025	59	504
NOK	314	USD	33	Fwd	9,423	2021	30	284
NOK	621	EUR	61	Embedded ²⁾	10,200	2021	(36)	638
NOK	4 007	EUR	372	Embedded ²⁾	10,768	2022-2034	(190)	3 896
Total fair value							(42)	

1) The currency exchange contracts are measured at fair value based on the observed forward exchange rate for contracts with a corresponding maturity term, on the balance sheet date.

2) Notional value of underlying asset, based on currency rates at 31 December.

3) Embedded EUR derivatives in own use power contracts.

Power contracts recognised at fair value

Elkem ASA enters into power contracts to meet its need for power at the plants. Certain contracts are designated as hedging instruments in a cash flow hedge to mitigate price fluctuations in highly probable future need for power. The fair value of these contracts is based on observable nominal values for similar contracts, adjusted for interest effects. In addition, Elkem ASA holds power contracts booked at fair value.

statement when the hedged items are realised. Realised effects from the hedging of future need for power are a gain of NOK 315 million (loss of NOK 56 million) is included in raw materials and energy for production.

Any ineffective part of the hedging relationship is recognised as a part of other gains (losses) related to operating activities, see note 10 Other gains (losses) related to operating activities.

The effective part of change in fair value of contracts designated in hedging relationships is booked temporarily in equity, and recycled to the income

**Details of power contracts booked at fair value
31 December 2021**

Amounts in NOK million	Volume GWh	Due	Fair value	Notional amount ¹⁾
Forward contracts financial institutions	98	2022	23	52
Forward contracts financial institutions	44	2023	4	15
Commodity contract "30-øringen" ¹⁾	501	2022	167	157
Commodity contract "30-øringen" ¹⁾	4 011	2023-2030	163	1 378
Power contract with Salten Energigjenvinning AS (note 25) ²⁾	124	2022	35	32
Power contract with Salten Energigjenvinning AS (note 25) ²⁾	1 733	2023-2036	22	555
Total fair value			414	

**Details of power contracts booked at fair value
31 December 2020**

Amounts in NOK million	Volume GWh	Due	Fair value	Notional amount ¹⁾
Forward contracts financial institutions	91	2021	(3)	28
Forward contracts financial institutions	44	2022	(3)	15
Commodity contract "30-øringen" ²⁾	501	2021	(29)	150
Commodity contract "30-øringen" ²⁾	4 512	2022-2030	(32)	1 454
Commodity contract Statkraft, swap	201	2021	(20)	69
Power contract with Salten Energigjenvinning AS (note 25)	124	2021	(2)	30
Power contract with Salten Energigjenvinning AS (note 25)	1 733	2022-2035	(27)	568
Total fair value			(116)	

¹⁾ Notional value based on currency rates at 31 December.

²⁾ Volume is not changed from last year due to delayed contract commencement date.

25. Related parties

Elkem ASA is owned 52.9% by Bluestar Elkem International Co. Ltd S.A., Luxembourg, which is under control of Sinochem Holdings Co., Ltd (Sinochem), a company registered and domiciled in China. The structure of the Elkem group is disclosed in notes to the consolidated financial statement; note 4 Composition of

the group and in note 5 Investments in equity accounted companies. Details of transactions between Elkem ASA and the parent company, subsidiaries, joint ventures and associates and related parties within Sinochem are disclosed below.

2021

Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services	Purchase of services	Interest income	Interest expenses
Bluestar Elkem International Co., Ltd. S.A.	-	-	-	-	-	-
Related parties within Sinochem	5	(154)	20	(0)	-	-
Subsidiaries	1 461	(664)	424	(498)	129	(11)
Joint ventures and associates	-	-	13	(124)	-	-
Total	1 465	(818)	457	(623)	129	(11)

2020

Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services	Purchase of services	Interest income	Interest expenses
Bluestar Elkem International Co., Ltd. S.A.	-	-	-	-	-	-
Related parties within Sinochem	2	(88)	28	(9)	-	-
Subsidiaries	1 378	(627)	229	(262)	149	(25)
Joint ventures and associates	-	-	28	(123)	-	-
Total	1 380	(715)	285	(393)	149	(25)

Balances with related parties

Amounts in NOK million	Non-current		Current	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Trade receivables, Bluestar Elkem Investment Co. Ltd. S.A	-	-	-	-
Trade receivables, related parties within Sinochem	-	-	-	10
Trade receivables, subsidiaries	-	-	734	428
Trade receivables, joint ventures and associates	-	-	6	0
Receivables from subsidiaries, interest-bearing	3 269	3 604	447	21
Receivables from joint ventures and associates, interest-bearing	-	-	-	-
Interest receivable from subsidiaries	-	-	17	33
Receivables from subsidiaries, interest-free	-	-	10	111
Loans from subsidiaries, interest-bearing	(145)	(118)	(2 618)	(2 036)
Other payables to related parties within Sinochem, interest free	-	-	-	-
Other payables to subsidiaries, interest free	-	-	(43)	(41)
Trade payables, Bluestar Elkem Investment Co. Ltd. S.A	-	-	(5)	(5)
Trade payables, related parties within Sinochem	-	-	-	(14)
Trade payables, subsidiaries	-	-	(534)	(190)
Trade payables, joint ventures and associates	-	-	12	(1)
Prepayments from related parties within Sinochem	-	-	-	(14)
Prepayments from subsidiaries	-	-	(0)	(0)
Prepayments from joint ventures and associates	-	-	(6)	(11)
Financial power contract with joint ventures and associates	22	(27)	35	(2)

Transactions with key management personnel

Information on transactions with key management personnel is included in "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2021" and note 9 Employee benefits in the consolidated financial statement.

Commitment with related parties

Elkem has on 31 January 2022 entered into agreement to purchase the remaining 50% of the shares in its joint venture; Salten Energigjenvinning AS. See note 27 Events after the reporting period.

Information about transactions between related parties

Elkem follows internationally accepted principles for transactions between related parties. In general, Elkem seeks to use transaction based methods (comparable uncontrolled price, cost plus and resale price method) in order to set the price for the transaction.

The majority of the transactions between related parties relate to products involving:

- Raw materials (quartz) from quarries to plants
- Metallurgical silicon to Silicones
- Electrode paste from Carbon plants to FeSi and Silicon plants
- Surplus raw materials between plants
- Ad-hoc supplies of finished goods to Elkem's internal distributors
- Purchase of short and deep-sea transport
- Sale of management and technology services
- Rent of plant facilities and related services
- Financial power contract against Salten Energigjenvinning AS

Elkem's set-up for sales is based on an agent structure, rather than a distribution network. Elkem also owns companies sourcing key raw materials and other supplies from selected suppliers world-wide. In both activities above, the transaction between the related parties is a delivered service, either sales-service or sourcing-service. Additionally, Elkem has internal help chains that are established to serve several operating units more efficiently.

Elkem ASA has both non-current receivables and non-current payables to related parties. The group loans are normally interest-bearing and interest is calculated based on interbank rates (for example NIBOR) and a margin.

26. Pledge of assets and guarantees

Guarantee commitments

Amounts in NOK million	31.12.2021	31.12.2020
Guarantees given on behalf of the operating plants regarding environmental obligations	40	40
Guarantees given on behalf of subsidiaries regarding financing	576	375

As part of the factoring agreement parts of Elkem's trade receivables are pledged (see note 18 Trade

receivables). The book value of the pledged assets and liability is NOK 33 million (NOK 27 million).

27. Events after the reporting period

Elkem secured 100% ownership of the Elkem Salten energy recovery plant after acquiring the remaining 50% share in Salten Energigjenvinning AS from Kvitebjørn Energi AS on 31 January 2022. 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 investment in Salten Energigjenvinning AS will be reclassified from joint ventures to investment in subsidiaries after the acquisition.

Declaration by the Board of Directors

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with applicable standards and give a true and fair view of the group and the company's assets, liabilities, financial position and results of operations.

We confirm that the Board of Directors' report provides a true and fair view of the development and performance of the business and the position of the group and the company, together with a description of the key risks and uncertainty factors that they are facing.

Oslo, 8 March 2022


Zhigang Hao
Chairman of the Board


Dag Jakob Opedal


Olivier Tillet de
Clermont-Tonnerrev



Yougen Ge


Anja-Isabel Dotzenrath


Grace Tang


Marianne Færøyvik


Terje Andre Hanssen


Marianne Elisabeth
Johnsen


Knut Sande


Helge Aasen
CEO