



Fourth quarter results 2021



Delivering your potential

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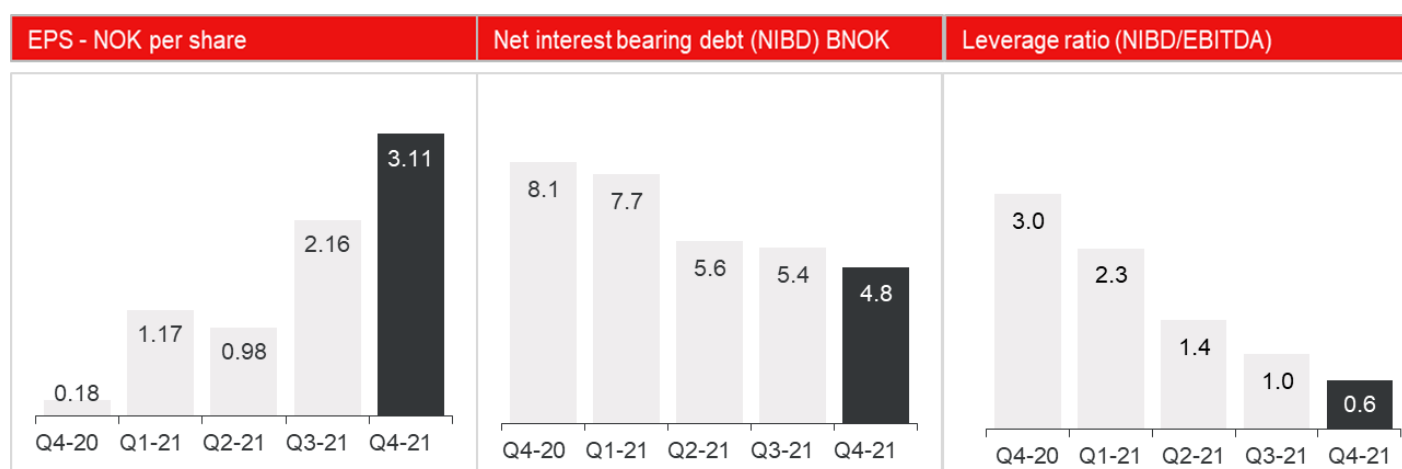
Highlights 4th quarter 2021

- Elkem has delivered the best quarterly and annual result ever, benefitting from excellent cost and market positions
- All divisions delivered strong results; the fourth quarter was particularly driven by strong performance for Silicon Products
- Elkem has obtained BBB/Stable credit rating from Scope Ratings, reflecting a strong financial profile and solid market positions
- The board has proposed a dividend of NOK 3.00 per share for 2021, subject to approval from the annual general meeting

Key figures

<i>(NOK million, except where specified)</i>	4Q 2021	4Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	10,397	7,129	33,717	24,691	24,691
EBITDA	3,059	938	7,791	2,684	2,684
EBITDA margin (%)	29 %	13 %	23 %	11 %	11 %
EBIT	2,586	449	5,899	957	957
Profit (loss) for the period ⁽¹⁾	1,964	106	4,628	239	239
Earning per share (EPS) <i>(NOK per share)</i>	3.11	0.18	7.49	0.41	0.41
Equity ratio (%)	47 %	41 %	47 %	41 %	41 %
Net interest-bearing debt (NIBD)	4,827	8,058	4,827	8,058	8,058
Cash flow from operations	712	1,064	4,098	1,522	1,522
ROCE - annualised (%)	50 %	10 %	30 %	5 %	5 %

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



A strong fourth quarter concludes a record year

In the fourth quarter 2021, Elkem has again delivered new record results. Strong market conditions, combined with an integrated business model and attractive market positions, have provided the basis for Elkem's best year ever. The board of directors has proposed a dividend of NOK 3.00 per share, representing 41% of the profit for 2021.

Elkem's total operating income for the fourth quarter 2021 was NOK 10,397 million, which was all-time high and up 46% from the corresponding quarter last year. For the full year, Elkem's operating income reached NOK 33,717 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 3,059 million in the quarter, which was more than three times higher than fourth quarter 2020. EBITDA for the full year amounted to NOK 7,791 million. Earnings per share (EPS) was NOK 3.11 in the quarter, and NOK 7.49 YTD-2021. The board of directors has proposed a dividend of NOK 3.00 per share, representing 41% of the profit for 2021. The dividend is subject to approval from the annual general meeting on 27 April 2022.

Strong market conditions for Elkem in the third quarter, continued into fourth quarter, particularly for Silicon Products. Good demand and tight supply for silicon and ferrosilicon have resulted in record high prices during the fourth quarter and strong results for the division. Silicones prices in China also reached new record levels in the beginning of fourth quarter but have since normalised on the back of an improved power situation. Carbon Solutions continues to see strong demand and good results.

In October, Elkem launched an ambitious climate roadmap, delivering a 39% reduction of its product carbon footprint by 2031. Elkem's long-term goal is net zero emissions by 2050. In line with these ambitions, the new energy recovery plant at Elkem Salten in the northern part of Norway was opened by Prime Minister Jonas Gahr Støre on 15 November 2021. The installation positions Elkem Salten as one of the most energy effective silicon plants in the world. The energy recovery plant represents an investment of around NOK 1.2 billion and will recover 28% of the electrical energy used at Elkem Salten, equal to the power consumption of about 15,000 Norwegian households. In addition, Elkem is working on a concept to eliminate all direct CO₂ emissions from the silicon production. The project will target silicon production with carbon looping, where the CO₂ will be captured, converted to solid carbon, and reused in the process. If successful, this could become a game changer for the global silicon industry. The project will run from 2022-2024.

The group's equity as at 31 December 2021 amounted to NOK 19,874 million, which gave a ratio of equity to total assets of 47%. Net interest-bearing debt was NOK 4,827 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.6x. The net interest-bearing debt and leverage ratio have been significantly reduced due to the strong improvement in results and the capital increase in April. Elkem had cash and cash equivalents of NOK 7,040 million as at 31 December 2021 and undrawn credit lines of around NOK 3,200 million.

In December 2021, Elkem ASA obtained a BBB/Stable issuer rating from Scope Ratings. The rating reflects Elkem's strong financial profile, solid position in the global silicone and advanced materials markets, as well as the company's solid global footprint.

Elkem continues to see a strong demand for its products, driven by the group's strong market positions. Elkem's integrated value chain is providing a sustainable competitive edge as a basis for solid profitability going forward. Price increases are implemented for specialities in Silicones from 1st quarter 2022, but the current high price level for silicon metal could more than offset this effect. Silicon Products will benefit from significantly higher contract prices for silicon in the first quarter and significant price increases for foundry alloys. Carbon Solutions continues to benefit from strong steel and ferroalloys markets but is impacted by higher raw material costs.

Financial review

Group results

KEY FIGURES	4Q 2021	4Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	10,397	7,129	33,717	24,691	24,691
EBITDA	3,059	938	7,791	2,684	2,684
EBIT	2,586	449	5,899	957	957
Other items	-85	-134	-114	-130	-130
Net financial items	28	-49	6	-229	-229
Profit (loss) before income tax	2,538	279	5,827	584	584
Tax	-564	-165	-1,163	-306	-306
Profit (loss) for the period	1,974	113	4,664	278	278

Quarter

Elkem group had total operating income of NOK 10,397 million in 4Q-2021, which was up 46% from NOK 7,129 million in 4Q-2020. Increased operating income was driven by all three divisions and mainly explained by higher sales prices. Silicon Products and Carbon Solution also had higher sales volumes.

The group's EBITDA for 4Q-2021 was NOK 3,059 million, which was up 226% from NOK 938 million in the corresponding quarter last year. All divisions reported significantly stronger EBITDA compared to 4Q-2020. For Silicones and Silicon Products this was due to higher sales prices. For Carbon Solution the increase was mainly due to higher sales volumes. Raw material costs are increasing, and partly offsetting higher sales prices for all divisions.

EBIT for 4Q-2021 was NOK 2,586 million, up from NOK 449 million in 4Q-2020.

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 -85 million in 4Q-2021 which mainly consisted of a provision of NOK -192 million related to the Xinghuo plant in China for relocation of buildings and freeing up land for future expansions. This provision was countered by gains from commodity contracts and embedded derivatives in power contracts of MNOK 62 and net reversal of restructuring expenses MNOK 43.

Net financial items were NOK 28 million in 4Q-2021, compared to NOK -49 million in 4Q-2020. Net interest expenses amounted to NOK -40 million, which was lower than the corresponding quarter last year due to higher interest income. Gains on foreign exchange amounted to NOK 73 million, compared to NOK 12 million in 4Q-2020. The foreign exchange gains in 4Q-2021 was explained by positive translation effects on external loans in EUR and intra-group loans in CNY. Other financial expenses amounted to NOK -5 million.

Profit before income tax was NOK 2,538 million in 4Q-2021 compared to NOK 279 million in 4Q-2020.

Tax expenses in the quarter was NOK -564 million, giving a tax rate for the quarter of 22%.

Profit for the period was NOK 1,974 million, compared to NOK 113 million in 4Q-2020. Owners of the parent's share of profit was NOK 1,964 million, which gave earnings per share of NOK 3,11 in 4Q-2021.

Year to date

The group's total operating income was NOK 33,717 million YTD-2021, which was up 37% compared to YTD-2020. EBITDA YTD-2021 amounted to NOK 7,791 million, which was up 190% from NOK 2,684 million YTD-2020. All divisions reported significantly improved EBITDA YTD-2021 compared to YTD-2020, mainly explained by higher sales prices and higher sales volumes. Earnings per share (EPS) was NOK 7.49 YTD-2021.

Cash flow

CASH FLOW FROM OPERATIONS	4Q 2021	4Q 2020	YTD 2021	YTD 2020	FY 2020
<i>NOK million</i>					
Operating profit (loss) before other items	2,586	449	5,899	957	957
Amortisation, depreciation and impairment	472	489	1,892	1,727	1,727
Changes in working capital	-1,654	688	-2,020	232	232
Reinvestments	-675	-558	-1,659	-1,387	-1,387
Equity accounted investments	-18	-3	-15	-7	-7
Cash flow from operations	712	1,064	4,098	1,522	1,522
Other cash flow items	-890	-968	-314	-2,839	-2,839
Change in cash and cash equivalents	-178	96	3,784	-1,317	-1,317

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

Quarter

Cash flow from operations was NOK 712 million in 4Q-2021, compared to NOK 1,064 million in 4Q-2020. Higher operating profit in 4Q-2021 was more than offset by increased working capital compared to 4Q-2020. Increased working capital was mainly explained by higher inventory due to increased prices for raw materials and finished goods. Higher account receivables were offset by higher account payables.

Reinvestments were NOK 675 million in 4Q-2021, which amounted to 145% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 879 million, up from NOK 259 million in 4Q-2020. Increased strategic investments were mainly driven by the Silicones Xinghuo expansion and the acquisition of a plant in France for organo-functional silicones. Other strategic investments include silicones specialisation projects, biocarbon and Vianode.

Change in cash and cash equivalents was NOK -178 million in 4Q-2021. Currency exchange differences was NOK 42 million. As at 31 December 2021 the total cash and cash equivalents amounted to NOK 7,040 million.

Year to date

Cash flow from operations amounted to NOK 4,098 million YTD-2021, up from NOK 1,522 million YTD-2020, mainly explained by higher operating profit. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2021 were NOK 1,659 million, which amounted to 91% of D&A. Strategic investments amounted to NOK 1,715 million.

Financial position

FINANCIAL POSITION	4Q 2021	4Q 2020	FY 2020
Total equity (NOK million)	19,874	12,635	12,635
Equity ratio (%)	47 %	41 %	41 %
EPS (NOK per share)	3.11	0.18	0.41
Net interest bearing debt (NOK million) ⁽¹⁾	4,827	8,058	8,058
Leverage ratio based on LTM EBITDA (ratio)	0.6	3.0	3.0

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

Quarter and year to date

Elkem's equity as at 31 December 2021 was NOK 19,874 million, up NOK 7,239 million from 31 December 2020. Elkem has raised new equity of NOK 1,900 million in 2021. Profit for the period YTD-2021 was NOK 4,664 million. Other changes in equity were NOK 675 million.

The equity ratio as at 31 December 2021 was 47%. Compared to year-end 2020, the equity ratio was up from 41%.

Net-interest bearing debt as at 31 December 2021 was NOK 4,827 million, which was a reduction of NOK 3,231 million from 31 December 2020. The reduction was mainly explained by increase in cash and cash equivalents due to cash flow generation and capital increases. The leverage ratio was 0.6x as at 31 December 2021.

Segments

Silicones

KEY FIGURES	4Q 2021	4Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	5,269	3,931	17,429	12,800	12,800
EBITDA	1,344	555	3,672	1,326	1,326
EBITDA margin	26 %	14 %	21 %	10 %	10 %
Sales volume (thousand mt)	99	109	409	372	372

Quarter

The Silicones division had total operating income of NOK 5,269 million in 4Q-2021 up 34% from NOK 3,931 million in 4Q-2020. The increase in operating income was driven by higher sales prices, particularly in China at the beginning of the quarter.

EBITDA for 4Q-2021 was NOK 1,344 million, which was more than doubled from the fourth quarter last year. Improved EBITDA was explained by higher sales prices. However, higher raw material costs mainly for silicon, and lower sales volumes were partly offsetting the high sales prices.

The sales volumes in the quarter were strong, but somewhat down due to a weaker construction market in China.

Year to date

The Silicones division reported total operating income of NOK 17,429 million YTD-2021, which was 36% higher than YTD-2020. The EBITDA was NOK 3,672 million YTD-2021, up 177% from NOK 1,326 million YTD-2020. Improved result YTD-2021 was explained by higher sales prices and higher sales volumes.

Silicon Products

KEY FIGURES	4Q 2021	4Q 2021	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,735	2,896	14,783	10,804	10,804
EBITDA	1,646	339	3,702	1,221	1,221
EBITDA margin	35 %	12 %	25 %	11 %	11 %
Sales volume (thousand mt) ¹⁾	125	136	502	479	479

1) Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 4,735 million in 4Q-2021, which was 64% higher than 4Q-2020. The increase in operating income was mainly driven by higher sales prices.

The EBITDA for Silicon Products was NOK 1,646 million in 4Q-2021, up 386% from NOK 339 million in the corresponding quarter last year. The strong EBITDA result was explained by higher sales prices. The positive effect from increased sales prices was partly countered by higher raw material costs and stronger NOK.

Silicon Products had a good and stable operational performance in 4Q-2021, resulting in new production records during the quarter.

The division had stable, high sales volumes and continued to see a strong demand in the quarter.

Year to date

The Silicon Products division reported total operating income of NOK 14,783 million YTD-2021, which was 37% higher than YTD-2020. The division reported EBITDA of NOK 3,702 million, up 203% from NOK 1,221 million YTD-2020, Higher operating income and improved EBITDA were driven by higher sales prices and higher sales volumes.

Carbon Solutions

KEY FIGURES	4Q 2021	4Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	624	461	2,176	1,870	1,870
EBITDA	129	106	508	438	438
EBITDA margin	21 %	23 %	23 %	23 %	23 %
Sales volume (thousand mt)	78	63	294	256	256

Quarter

Carbon Solutions reported total operating income of NOK 624 million in 4Q-2021, up 35% from 4Q-2020. The operating income reached all-time high in 4Q-2021, explained by higher sales volumes and higher sales prices.

The EBITDA for 4Q-2021 amounted to NOK 129 million, up 22% from NOK 106 million in the corresponding quarter last year. Improved EBITDA was mainly explained by higher sales volumes. Higher raw material costs, combined with currency movements, have impacted EBITDA margins negatively.

The increased sales volumes were reflecting good underlying markets for steel and ferroalloys in Elkem's key markets.

Year to date

The Carbon Solutions division reported total operating income of NOK 2,176 million YTD-2021, which was up 16% from YTD-2020. Increased operating income was mainly due to higher sales volumes. EBITDA YTD-2021 was NOK 508 million, up 16% from NOK 438 million YTD-2020. The improvement was mainly due to higher sales volumes and better sales mix.

Outlook for the first quarter 2022

Elkem continues to see a strong demand for its products, driven by the group's strong market positions. Elkem's integrated value chain is providing a sustainable competitive edge as a basis for solid profitability going forward.

Price increases are implemented for specialties in Silicones from 1st quarter 2022, but the current high price level for silicon metal could more than offset this effect.

Silicon Products will benefit from significantly higher contract prices for silicon in the first quarter and significant price increases for foundry alloys.

Carbon Solutions continues to benefit from strong steel and ferroalloys markets but is impacted by higher raw material costs.

Elkem ASA

Oslo, 8 February 2022

Condensed consolidated interim statement of profit or loss (unaudited)

Amounts in NOK million	Note	Fourth quarter		Year to date	
		2021	2020	2021	2020
Revenue	2	10,237	6,933	33,083	24,025
Other operating income	2	142	184	586	631
Share of profit (loss) from equity accounted companies	2	18	11	49	35
Total operating income		10,397	7,129	33,717	24,691
Raw materials and energy for production		(4,697)	(3,691)	(15,861)	(12,858)
Employee benefit expenses		(1,217)	(1,093)	(4,530)	(4,028)
Other operating expenses		(1,424)	(1,407)	(5,536)	(5,121)
Amortisation and depreciation	3,4,5	(465)	(479)	(1,816)	(1,710)
Impairment losses	3,4,5	(8)	(10)	(76)	(17)
Operating profit (loss) before other items		2,586	449	5,899	957
Other items	7	(85)	(134)	(114)	(130)
Operating profit (loss)		2,501	315	5,785	827
Share of profit (loss) from equity accounted financial investments		9	13	37	(15)
Finance income	8	18	2	40	31
Foreign exchange gains (losses)	8	73	12	241	17
Finance expenses	8	(64)	(62)	(276)	(278)
Profit (loss) before income tax		2,538	279	5,827	584
Income tax (expenses) benefits		(564)	(165)	(1,163)	(306)
Profit (loss) for the period		1,974	113	4,664	278
Attributable to:					
Non-controlling interests' share of profit (loss)		10	8	36	39
Owners of the parent's share of profit (loss)		1,964	106	4,628	239

Earnings per share		Fourth quarter		Year to date	
		2021	2020	2021	2020
Basic earnings per share in NOK		3.11	0.18	7.49	0.41
Diluted earnings per share in NOK		3.10	0.18	7.44	0.41
Weighted average number of outstanding shares (million)	11	632	581	618	581
Weighted average number of outstanding shares diluted (million)	11	635	582	622	581

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Fourth quarter		Year to date	
	2021	2020	2021	2020
Profit (loss) for the period	1,974	113	4,664	278
Remeasurement of defined benefit pension plans	67	(55)	69	(55)
Tax effects on remeasurements of defined benefit pension plans	(10)	13	(10)	13
Change in fair value of equity instruments	2	7	3	7
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-
Total items that will not be reclassified to profit or loss	59	(35)	62	(35)
Currency translation differences	168	(749)	358	46
Hedging of net investment in foreign operations	45	171	130	(168)
Tax effects hedging of net investment in foreign operations	(10)	(38)	(29)	37
Cash flow hedges	138	578	697	(148)
Tax effects on cash flow hedges	(30)	(127)	(153)	33
Share of other comprehensive income (loss) from equity accounted companies	4	1	13	(11)
Total items that may be reclassified to profit or loss	315	(163)	1,016	(212)
Other comprehensive income, net of tax	374	(198)	1,078	(246)
Total comprehensive income	2,348	(84)	5,742	31
Attributable to:				
Non-controlling interests' share of comprehensive income	9	1	36	40
Owners of the parent's share of comprehensive income	2,339	(85)	5,706	(9)
Total comprehensive income	2,348	(84)	5,742	31

Condensed consolidated interim statement of financial position (unaudited)

Amounts in NOK million	Note	31 December 2021	31 December 2020
ASSETS			
Property, plant and equipment	3	15,722	14,131
Right-of-use assets	4	1,017	875
Goodwill	5	941	919
Other intangible assets	5	1,602	1,319
Deferred tax assets		48	96
Investments in equity accounted companies		241	183
Derivatives	10	304	59
Other assets		478	432
Total non-current assets		20,353	18,015
Inventories	6	7,716	5,241
Trade receivables		4,297	2,796
Derivatives	10	283	148
Other assets		1,551	1,212
Restricted deposits	9	609	322
Cash and cash equivalents	9	7,040	3,154
Total current assets		21,497	12,873
TOTAL ASSETS		41,850	30,888
EQUITY AND LIABILITIES			
Paid-in capital	11	8,097	6,296
Retained earnings		11,692	6,232
Non-controlling interests		86	108
Total equity		19,874	12,635
Interest-bearing liabilities	9	8,409	7,189
Deferred tax liabilities		505	336
Employee benefit obligations		611	679
Derivatives	10	18	252
Provisions and other liabilities		182	326
Total non-current liabilities		9,724	8,782
Trade payables		4,614	3,157
Income tax payables		914	65
Interest-bearing liabilities	9	1,972	3,292
Bills payable	9	2,096	1,053
Employee benefit obligations		976	740
Derivatives	10	23	101
Provisions and other liabilities		1,657	1,064
Total current liabilities		12,252	9,471
TOTAL EQUITY AND LIABILITIES		41,850	30,888

Condensed consolidated interim statement of cash flows (unaudited)

Amounts in NOK million	Note	Fourth quarter		Year to date	
		2021	2020	2021	2020
Operating profit (loss)		2,501	315	5,785	827
Amortisation, depreciation and impairment	3,4,5	472	489	1,892	1,727
Changes in working capital		(1,654)	688	(2,020)	232
Equity accounted companies		(18)	(3)	(15)	(7)
Changes fair value of derivatives		(52)	27	(9)	(196)
Changes in provisions, bills receivables and other		447	(397)	(88)	(69)
Interest payments received		18	(1)	34	28
Interest payments made		(61)	(58)	(242)	(239)
Income taxes paid		(125)	(66)	(423)	(192)
Cash flow from operating activities		1,529	993	4,913	2,111
Investments in property, plant and equipment and intangible assets	3,4,5	(1,104)	(666)	(3,128)	(2,201)
Acquisition of subsidiaries, net of cash acquired		-	(17)	-	(1,032)
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	(78)	-
Acquisition/capital contribution of/to joint ventures		-	(40)	-	(40)
Payment received on loan to related parties		-	-	-	-
Loan to associate and joint venture					
Other investments / sales		98	10	21	10
Cash flow from investing activities		(1,006)	(713)	(3,185)	(3,262)
Dividends paid to non-controlling interests		(16)	(12)	(58)	(29)
Dividends paid to owners		-	-	(96)	(349)
Capital increase		(1)	-	1,900	-
Net sale (purchase) of treasury shares		23	-	(278)	-
Net changes in bills payable and restricted deposits		622	(87)	709	113
Payment of lease liabilities		(31)	(26)	(118)	(104)
New interest-bearing loans and borrowings		0	17	3,177	1,636
Payment of interest-bearing loans and borrowings		(1,298)	(75)	(3,180)	(1,433)
Cash flow from financing activities		(701)	(183)	2,056	(166)
Change in cash and cash equivalents		(178)	96	3,784	(1,317)
Currency exchange differences		42	(139)	101	(24)
Cash and cash equivalents opening balance		7,176	3,197	3,154	4,496
Cash and cash equivalents closing balance		7,040	3,154	7,040	3,154

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
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 11)	1,900	-	1,900	-	1,900
Net movement treasury shares (note 11)	(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

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

Notes to the condensed consolidated interim financial statements

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

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the fourth quarter of 2021 were approved at the meeting of the board of directors on 8 February 2022.

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

Basis for preparation

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

Elkem's interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements in Elkem's Annual Report for 2020. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2020.

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

Judgements, estimates and assumptions

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

The main judgements, estimates and assumptions are described in the annual consolidated financial statements for 2020 (note 3).

Note 2 Operating segments

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

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

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

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments performance are evaluated based on EBITDA and operating profit (loss) before other items (EBIT). EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items,

impairment loss and amortisation and depreciation. Elkem's definition of EBITDA may be different from other companies.

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

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

Fourth quarter 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,840	2,650	404	(44)	-	6,850
Other revenue	18	23	5	37	-	83
Other operating income	57	111	2	14	-	184
Share of profit from equity accounted companies	-	(1)	-	13	-	11
Total operating income from external customers	3,916	2,782	411	20	-	7,129
Operating income from other segments	15	115	50	113	(293)	-
Total operating income	3,931	2,896	461	133	(293)	7,129
Operating expenses	(3,376)	(2,558)	(356)	(205)	304	(6,190)
EBITDA	555	339	106	(72)	11	938
Operating profit (loss) before other items (EBIT)	242	203	80	(87)	11	449

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

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	0	(1)	-	51	-	49
Total operating income from external customers	17,366	14,074	1,943	335	-	33,717
Operating income from other segments	63	710	234	398	(1,404)	(0)
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

Year to date 31 December 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	12,558	9,699	1,625	(217)		23,665
Other revenue	37	146	16	161		360
Other operating income	162	380	6	83		631
Share of profit from equity accounted companies	-	(1)	-	36		35
Total operating income from external customers	12,757	10,224	1,647	64		24,691
Operating income from other segments	43	580	223	412	(1,258)	-
Total operating income	12,800	10,804	1,870	476	(1,258)	24,691
Operating expenses	(11,474)	(9,582)	(1,432)	(743)	1,224	(22,007)
EBITDA	1,326	1,221	438	(267)	(34)	2,684
Operating profit (loss) before other items (EBIT)	269	685	349	(312)	(34)	957

Note 3 Fixed assets

31 December 2021	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	184	7,474	21,720	582	1,799	31,759
Additions	17	55	67	132	2,762	3,033
Transferred to/from CiP	21	344	1,122	186	(1,674)	-
Reclassification	-	7	1	(14)	(105)	(110)
Business combinations	-	-	-	-	-	-
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 ¹⁾	-	(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

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

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

Note 4 Right-of-use assets

			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

See note 4 Fixed assets for information about impairment losses

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

Note 5 Intangible assets

			Technology and licences				Other intangible	Intangible assets under construction	Total other intangible assets
31 December 2021	Goodwill	Land use rights		Software	Development				
Cost									
Opening balance	919	108	836	469	714	322	305	2,753	
Additions	-	-	1	16	-	-	324	342	
Transferred to/from CiP	-	-	2	6	80	-	(87)	-	
Reclassification	-	-	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)	
Reclassification		-	-	(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	

			Technology and licences				Other intangible	Intangible assets under construction	Total other intangible assets
31 December 2020	Goodwill	Land use rights		Software	Development				
Cost									
Opening balance	466	101	557	421	663	92	152	1,987	
Additions	-	-	2	17	-	0	188	207	
Transferred from CiP	-	-	-	6	29	0	(35)	-	
Re-classification	-	-	0	22	0	0	(0)	22	
Business combinations	506	-	257	0	-	253	-	510	
Disposals	-	-	-	(2)	(4)	-	(1)	(7)	
Exchange differences	(53)	6	20	5	25	(23)	0	33	
Closing balance	919	108	836	469	714	322	305	2,753	
Accumulated depreciation									
Opening balance		(50)	(419)	(304)	(407)	(29)		(1,209)	
Addition		(3)	(44)	(42)	(60)	(26)		(174)	
Re-classification		-	-	-	-	-		-	
Disposals		-	-	2	2	-		4	
Exchange differences		(3)	(24)	(6)	(21)	0		(54)	
Closing balance		(56)	(487)	(349)	(486)	(55)		(1,433)	
Impairment losses									
Opening balance	-	(1)	-	-	-	-	-	(1)	
Exchange differences	-	(0)	-	-	-	-	-	(0)	
Closing balance	-	(1)	-	-	-	-	-	(1)	
Carrying amount									
Closing balance	919	51	349	120	227	268	305	1,319	

Note 6 Inventories

	31 December 2021	31 December 2020
Raw materials	2,693	1,192
Semi-finished goods	302	406
Finished goods	4,135	3,088
Operating materials and spare parts	586	555
Total inventories	7,716	5,241
Provisions for write-down of inventories	(202)	(115)

Note 7 Other items

	Fourth quarter		Year to date	
	2021	2020	2021	2020
Change in fair value commodity contracts ¹⁾	(1)	(41)	(1)	(144)
Embedded EUR derivatives power contracts, interest element	53	1	3	234
Ineffectiveness on cash flow hedges	1	(9)	3	(12)
Net foreign exchange gains (losses) - forward currency contracts	6	6	14	49
Operating foreign exchange gains (losses)	3	(134)	20	(83)
Total other gains / (losses)	62	(177)	39	44
Dividends from other shares	1	0	3	1
Change in fair value from other shares measured at fair value through profit or loss	0	4	2	0
Gains (losses) on disposal of subsidiaries	-	-	-	-
Restructuring expenses	43	40	41	(158)
Dismantling and environmental expenses	(181)	-	(181)	-
Other	(10)	(1)	(17)	(18)
Total other income / (expenses)	(147)	43	(153)	(174)
Total other items	(85)	(134)	(114)	(130)

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

Note 8 Finance income and expenses

	Fourth quarter		Year to date	
	2021	2020	2021	2020
Interest income on loans and receivables	18	(1)	34	27
Other financial income	0	3	6	4
Total finance income	18	2	40	31
Foreign exchange gains (losses)	73	12	241	17
Interest expenses on interest-bearing liabilities measured at amortised cost	(51)	(53)	(206)	(221)
Interest expenses from other items measured at amortised cost	(4)	(5)	(23)	(22)
Interest expenses on lease liabilities	(5)	(4)	(26)	(17)
Capitalised interest expenses	2	4	5	4
Unwinding of discounted liabilities	0	(3)	(8)	(10)
Interest on net pension liabilities	(3)	(2)	(8)	(7)
Other financial expenses	(3)	(0)	(10)	(4)
Total finance expenses	(64)	(62)	(276)	(278)
Net Finance income (expenses)	28	(49)	6	(229)

Note 9 Interest-bearing assets and liabilities

	31 December 2021	31 December 2020
Lease liabilities	685	566
Loans from external parties, other than bank	3,125	1,996
Bank financing	4,599	4,627
Total non-current interest-bearing debt	8,409	7,189
Lease liabilities	116	97
Loans from external parties, other than banks	1,264	2,407
Bank financing, current	572	762
Accrued interest	20	27
Total current interest-bearing debt	1,972	3,292
Bills payable, current	2,096	1,053
Restricted deposits bills payable, current	601	315
Net bills payable	1,494	737
Cash and cash equivalents	7,040	3,154
Other restricted deposits, current	8	6
Other restricted deposits, non-current	41	39
Receivables from related parties	1	1
Loans to external parties	8	8
Accrued interest income	1	1
Total other interest-bearing assets	7,099	3,209
Net interest-bearing assets / (liabilities)	(4,776)	(8,009)

Pledges and guaranteed liabilities

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

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

Guaranteed liabilities	31 December 2021	31 December 2020
Guaranteed liabilities	-	-

Pledged liabilities	31 December 2021	31 December 2020
Pledged liabilities	79	416
Pledged provisions	-	-

Note 10 Cash flow hedging

Hedge Accounting

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

Derivatives as at 31 December 2021

	Nominal value	Fair value	Hereof recognised in OCI	Effects to be recycled from OCI			
				Within 1 year	Within 2 years	Within 3 years	Within 4 years or more
Purchase contracts							
Forward currency contracts	2,517	146	127	25	24	29	49
Embedded EUR derivatives	4,396	(17)	(110)	(21)	(21)	(19)	(48)
Power contracts ¹⁾	2,188	414	448	242	57	32	117
Warrants	3	3	-	-	-	-	-
Platinum contracts	7	0	0	0	-	-	-
Total derivatives		547	465	245	60	42	118
EUR loan designed as cash flow hedging instrument		107	(10)	(5)	(5)	-	-
Total			455	240	54	42	118

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

Realised effects hedge accounting, recycled from OCI	Fourth quarter		Year to date	
	2021	2020	2021	2020
Realised effects from forward currency contracts, Revenue	32	(27)	127	(164)
Realised effects from embedded derivatives EUR, Revenue	(5)	(8)	(31)	(45)
Realised effects from EUR loans, Revenue	(2)	(5)	(4)	(11)
Realised effects from power contracts, Raw materials and energy for production	158	(124)	315	(450)
Total realised hedging effects recycled from OCI	183	(164)	407	(670)

See note 25 Financial assets and liabilities, note 26 Hedging and note 27 Financial risk to the consolidated financial statements for the year ended 31 December 2020.

Note 11 Number of shares

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

	Shares outstanding	Treasury shares	Total issued shares
<i>Numbers are whole numbers</i>			
As at 1 January 2021	581,310,344	-	581,310,344
Capital increase on 15 February 2021	1,675,000	-	1,675,000
Capital increase on 30 April 2021	56,456,034	-	56,456,034
Increase treasury shares	- 11,000,000	11,000,000	-
Sale of treasury shares	4,596,228	- 4,596,228	-
As at 31 December 2021	633,037,606	6,403,772	639,441,378

	Fourth quarter		Year to date	
	2021	2020	2021	2020
<i>Numbers are whole numbers</i>				
Weighted average number of shares outstanding	631,611,175	581,310,344	618,160,299	581,310,344
Effects of dilution from share-based payment	2,976,303	1,157,417	3,876,305	94,282
Weighted average number of outstanding shares diluted	634,587,478	582,467,761	622,036,604	581,404,626

In the annual general meeting held on 27 April 2021, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 291,492,672. The maximum amount that can be paid for each share is NOK 150 and the minimum is NOK 1. The authorisation is valid until the annual general meeting in 2022, but not later than 30 June 2022. The authorisation can be used to acquire shares as the board of directors deems appropriate, provided however, that acquisition of shares shall not be by subscription.

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

In the annual general meeting held on 27 April 2021, the board of directors was granted an authorisation to increase the share capital by up to NOK 40,000,000 to be used in connection with the issuance of new shares under share incentive scheme. The authorisation is valid until the annual general meeting in 2022, but not later than 30 June 2022. The authorisation does not cover capital increases against contribution in kind or capital increases in connection with mergers.

The share capital was increased with the issuance of 1 675 000 new shares on 15 February 2021 with proceeds of NOK 39 million. On 30 April 2021 the share capital was increased by issuing 56 456 034 new shares raising proceeds of NOK 1,891 million. At 31 December 2021, Elkem share capital are NOK 3 197 206 890, comprising in total 639 441 378 shares, each with a nominal value of NOK 5. Net expenses after tax related to the capital increases amount to NOK 30 million resulting in total share capital increase of NOK 1,900 million.

Note 12 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 energy recovery plant has been built in partnership between Elkem and Kvitebjørn Energi. The total investment in the energy recovery plant has amounted to around NOK 1,163 million, financed through a NOK 350 million grant from Enova, significant external debt and some equity. The book value of Elkem's 50% share was NOK 46 million at 31 December 2021. Salten Energigjenvinning AS sells the recovered energy from Elkem Silicon Products Salten plant to Elkem and has estimated operating expenses including amortisation and depreciations of NOK 29 million in 2021.

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 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

Fourth quarter 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						113
Income tax (expense) benefit						165
Finance expenses						62
Foreign exchange gains (losses)						(12)
Finance income						(2)
Share of profit from equity accounted financial investments						(13)
Other items						134
EBIT	242	203	80	(87)	11	449
Impairment losses						10
Amortisations and depreciations						479
EBITDA	555	339	106	(72)	11	938

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

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

Elkem's financial APMs, 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 2021	31 December 2020
Net interest-bearing assets / (liabilities)	(4,776)	(8,009)
Other restricted deposits, non-current	(41)	(39)
Receivables from related parties	(1)	(1)
Loans to external parties	(8)	(8)
Accrued interest income	(1)	(1)
Net interest-bearing debt	(4,827)	(8,058)
EBITDA (LTM)	7,791	2,684
Leverage ratio	0.6	3.0

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	
	2021	2020	2021	2020
Reinvestments	(675)	(558)	(1,659)	(1,387)
Strategic investments	(879)	(259)	(1,715)	(835)
Periodisation ¹⁾	450	151	245	22
Investments in property, plant and equipment and intangible assets	(1,104)	(666)	(3,128)	(2,201)

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

	Fourth quarter		Year to date	
	2021	2020	2021	2020
Cash flow from operating activities	1,529	993	4,913	2,111
Income taxes paid	125	66	423	192
Interest payments made	61	58	242	239
Interest payments received	(18)	1	(34)	(28)
Changes in provisions, bills receivables and other	(447)	397	88	69
Changes in fair value commodity contracts	52	(27)	9	196
Other items	85	134	114	130
Reinvestments	(675)	(558)	(1,659)	(1,387)
Cash flow from operations	712	1,064	4,098	1,522

Elkem's financial APMs, ROCE

- ROCE, Return on capital employed, is defined as EBIT divided by the average capital employed, where capital employed comprises working capital, property, plant and equipment, right-of-use assets, investments equity accounted companies and trade payables and prepayments related to purchase of non-current assets.
- Working capital is defined as accounts receivable, inventory, other current assets, accounts payable, employee benefit obligations and other current liabilities. Accounts receivable are defined as trade receivables less bills receivable. Other current assets are defined as other current assets less current receivables to related parties, current interest-bearing receivables, tax receivables, grants receivable, assets at fair value through profit or loss and accrued interest income. Accounts payable are defined as trade payables less 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, investments equity accounted companies, grants payable, trade payables and prepayments related to purchase of non-current assets.
- Average capital employed is defined as the average of the opening and ending balance of capital employed for the relevant reporting period.

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

Working capital bridge from statutory accounts to company definition	31 December 2021	31 December 2020
Inventories	7,716	5,241
Trade receivables	4,297	2,796
Bills receivable	(990)	(920)
Accounts receivable	3,307	1,875
Other assets, current	1,551	1,212
Other receivables from related parties interest-free	(1)	(0)
Grants receivables	(493)	(525)
Tax receivables	(237)	(105)
Assets at fair value through profit or loss	(14)	-
Accrued interest	(1)	(1)
Other current assets included in working capital	806	581
Trade payables	4,614	3,157
Trade payables related to purchase of non-current assets	(605)	(448)
Accounts payable included in working capital	4,008	2,709
Employee benefit obligations	976	740
Provisions and other liabilities, current	1,657	1,064
Provisions, contingent considerations and contract obligations	(454)	(287)
Liabilities to related parties	(32)	(64)
Other current liabilities included in working capital	1,172	713
Working capital	5,673	3,536
Property, plant and equipment	15,722	14,131
Right-of-use assets	1,017	875
Investments equity accounted companies	241	183
Grants payable	(15)	(15)
Trade payables- and prepayments related to purchase of non-current assets	(581)	(381)
Capital employed	22,055	18,329