



First quarter results 2021



Delivering your potential

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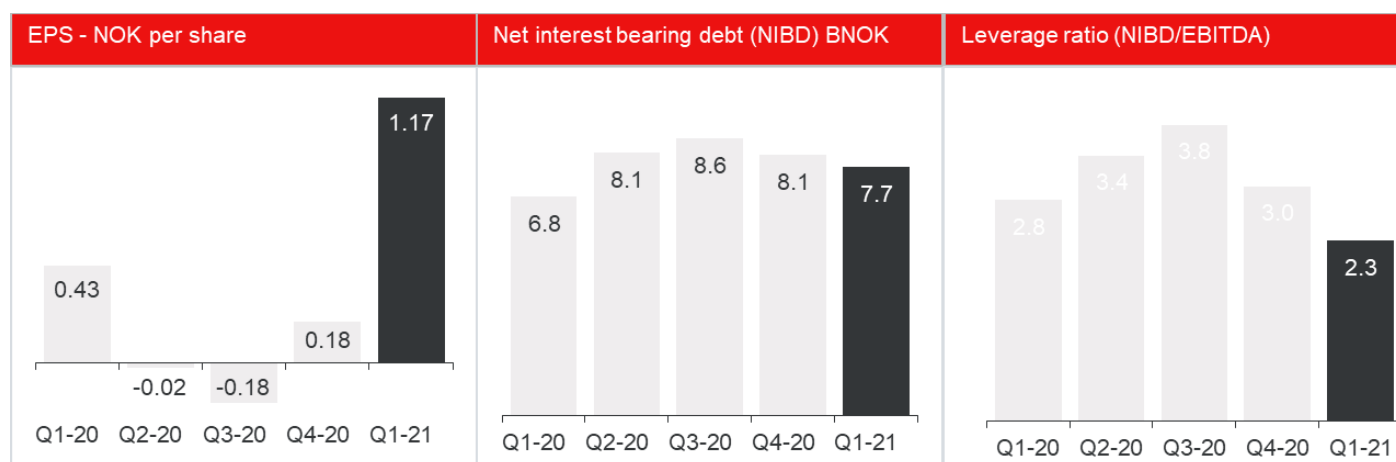
Highlights 1st quarter 2021

- Elkem is delivering on its growth strategy and ambition to be a leading integrated provider of silicones solutions
- The operating revenue for the first quarter reached another all-time high with the best quarterly result since third quarter 2018
- The board has approved a strategic expansion of the Silicones plant in China to strengthen Elkem's position in the fastest growing silicones market and to support the specialisation strategy
- The market outlook is positive in all major regions, based on good demand and attractive prices

Key figures

<i>(NOK million, except where specified)</i>	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	7,193	5,798	7,193	5,798	24,691
EBITDA	1,231	590	1,231	590	2,684
EBITDA margin (%)	17 %	10 %	17 %	10 %	11 %
EBIT	806	197	806	197	957
Profit (loss) for the period ⁽¹⁾	684	251	684	251	239
Earning per share (EPS) <i>(NOK per share)</i>	1.17	0.43	1.17	0.43	0.41
Equity ratio (%)	41 %	40 %	41 %	40 %	41 %
Net interest-bearing debt (NIBD)	7,668	6,772	7,668	6,772	8,058
Cash flow from operations	590	-88	590	-88	1,522
ROCE - annualised (%)	17 %	4 %	17 %	4 %	5 %

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



Delivering on growth and profitability

In the first quarter of 2021, Elkem delivered all-time high operating income and the best quarterly result since the third quarter 2018. The strong results reflected Elkem's growth and specialisation strategy in a market with attractive fundamentals and its strong culture for operational excellence. On 26 April, Elkem approved a strategic expansion in China, the world's fastest-growing silicones market. The NOK 3.8 billion project will further support Elkem's growth and specialisation strategy.

Elkem's total operating income for the first quarter 2021 was NOK 7,193 million, which was another all-time high and up 24% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 1,231 million in the quarter, which was more than doubled compared to first quarter 2020 and the best since the third quarter 2018. Earnings per share (EPS) was NOK 1.17 in the quarter.

Elkem's main business segments all showed a strong development in the first quarter 2021. Strong demand in all major regions has positively impacted sales volumes and realised prices. Silicones prices in China have increased to attractive levels during the first quarter. In March, Elkem also announced global price increases for silicones. For silicon and ferrosilicon the market prices have risen consistently during the first quarter and reached the highest levels in several years. Also, the market for carbon products was good driven by strong global steel markets.

Elkem's operational performance was strong in the quarter with high and stable production. The productivity improvement programme with the target to realise annual cost improvements of more than NOK 350 million was still progressing ahead of plan and reached an annual run rate of NOK 230 million by end of first quarter.

Elkem continues to deliver on its growth strategy and ambition to be a leading integrated provider of silicones solutions. On 26 April 2021, the board approved a NOK 3.8 billion strategic expansion of the Xinghuo Silicones plant in China to strengthen Elkem's position in the fastest growing silicones market and to further support the specialisation strategy. In addition to supporting Elkem's specialisation and growth strategy, the project will also significantly improve Elkem's overall cost position and environmental profile based on state-of-the-art technology.

The project will increase the plant's production capacity by more than 50% for high quality upstream products and enable Elkem to further drive specialty volumes by increasing access to high purity products and critical by-products where Elkem has developed an attractive backlog of downstream products to offtake upstream volumes. The project will also significantly improve the environmental performance by reducing the energy consumption by 57%, reducing use of raw materials by 11% and giving a 30% reduction of solid waste. Improved environmental performance was one of the key decision parameters for Elkem, in line with the company's high ambition level on Environment, Social and Governance (ESG) factors.

During the first quarter, Elkem also successfully raised MNOK 1,250 in the bond market for refinancing of debt maturities December 2021. The bond transaction was significantly oversubscribed and demonstrated Elkem's strong financial position.

Elkem's advanced battery materials activities are proceeding according to plan. The pilot plant in Kristiansand was commissioned in April 2021 and has started industrial scale production. Qualification processes are ongoing with several battery cell producers. The potential large-scale battery materials plant at Herøya represents a significant green value creation opportunity and Elkem is currently in the process to invite external investors to take part in the project. This will enable a swift development, and position Elkem as a significant and attractive supplier to the battery industry.

The group's equity as at 31 March 2021 amounted to NOK 13,440 million, which gave a ratio of equity to total assets of 41%. Net interest-bearing debt was NOK 7,668 million, which gave a ratio of net interest-bearing debt to EBITDA of 2.3 times. The leverage ratio has been improved over the past two quarters due to higher EBITDA and lower net-interest bearing debt. Elkem had cash and cash equivalents of NOK 4,183 million as at 31 March 2021 and undrawn credit lines of close to NOK 3,900 million.

The market sentiment is positive for all divisions and Elkem will continue to develop its market positions and focus on sustainable growth. The silicones market is strong and market reference prices in China are expected to remain at attractive levels in the second quarter. The announced global price increases will gradually become effective from the second quarter. The result for the Silicones division will be impacted by maintenance stops in China and France. The combined EBITDA effect is limited to NOK 150 million. Demand and market prices for silicon- and ferrosilicon-based products are expected to level out. However, realised contract prices will increase due to time-lag effects. Steel and ferroalloys markets are still strong, giving continued attractive market conditions for carbon products.

Financial review

Group results

KEY FIGURES	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	7,193	5,798	7,193	5,798	24,691
EBITDA	1,231	590	1,231	590	2,684
EBIT	806	197	806	197	957
Other items	-63	129	-63	129	-130
Net financial items	57	66	57	66	-229
Profit (loss) before income tax	824	364	824	364	584
Tax	-133	-102	-133	-102	-306
Profit (loss) for the period	691	261	691	261	278

Quarter and year to date

Elkem group had total operating income of NOK 7,193 million in 1Q-2021, which was up 24% from NOK 5,798 million in 1Q-2020. Increased operating income was mainly driven by the Silicones divisions and mainly explained by higher sales volumes. First quarter 2020 was impacted by Covid-19 effects in China.

The group's EBITDA for 1Q-2021 was NOK 1,231 million, which was up 109% from NOK 590 million in the corresponding quarter last year. All divisions reported stronger EBITDA compared to 1Q-2020 due to a combination of higher sales volumes, positive sales mix effects and higher sales prices.

EBIT for 1Q-2021 was NOK 806 million, up from NOK 197 million in 1Q-2020.

Other items include fair value changes commodity contracts, gains (losses) on embedded derivatives, currency forward contracts and other income and expenses. Other items amounted to NOK -63 million in 1Q-2021 which mainly consisted of negative effects on interest element in embedded derivatives in power contracts MNOK -40 and negative currency effects MNOK -38 from working capital items.

Net financial items were NOK 57 million in 1Q-2021, compared to NOK 66 million in 1Q-2020. Net interest expenses amounted to NOK -58 million, which was NOK 2 million lower than the corresponding quarter last year. Gains on foreign exchange amounted to NOK 123 million, compared to a gain of NOK 129 million in 1Q-2020. The foreign exchange gain in 1Q-2021 was mainly explained by positive translation effects on external loans in EUR. Other financial expenses amounted to NOK -8 million.

Profit before income tax was NOK 824 million in 1Q-2021 compared to NOK 364 million in 1Q-2020.

Tax expenses in the quarter was NOK -133 million, giving a tax rate for the quarter of 16%.

Profit for the period was NOK 691 million, compared to NOK 261 million in 1Q-2020. Owners of the parent's share of profit was NOK 684 million, which gave earnings per share of NOK 1.17 in 1Q-2021.

Cash flow

CASH FLOW FROM OPERATIONS	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
<i>NOK million</i>					
Operating profit (loss) before other items	806	197	806	197	957
Amortisation, depreciation and impairment	425	393	425	393	1,727
Changes in working capital	-395	-442	-395	-442	232
Reinvestments	-259	-253	-259	-253	-1,387
Equity accounted investments	13	16	13	16	-7
Cash flow from operations	590	-88	590	-88	1,522
Other cash flow items	457	112	457	112	-2,839
Change in cash and cash equivalents	1,047	24	1,047	24	-1,317

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

Quarter and year to date

Cash flow from operations was NOK 590 million in 1Q-2021, compared to NOK -88 million in 1Q-2020. The increase was mainly explained by higher operating profit.

Reinvestments were NOK 259 million in 1Q-2021, which amounted to 62% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 184 million, down from NOK 200 million in 1Q-2020. The strategic investments were primarily related to Silicones R&D centre, silicones specialisation projects and the battery materials project.

Elkem raised new bond loans of NOK 1,250 million in February 2021. In connection with the bond issue, Elkem bought back NOK 419 million in the existing bond loan maturing in December 2021. The net proceeds from the bond transactions mainly explained the positive effect in other cash flow items. Change in cash and cash equivalents was NOK 1,047 million in 1Q-2021. Currency exchange differences was NOK -19 million. As at 31 March 2021 the total cash and cash equivalents amounted to NOK 4,183 million.

Financial position

FINANCIAL POSITION	1Q 2021	1Q 2020	FY 2020
Total equity (NOK million)	13,440	13,243	12,635
Equity ratio (%)	41 %	40 %	41 %
EPS (NOK per share)	1.17	0.43	0.41
Net interest bearing debt (NOK million) ⁽¹⁾	7,668	6,772	8,058
Leverage ratio based on LTMEBITDA (ratio)	2.3	2.8	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 March 2021 was NOK 13,440 million, up NOK 805 million from 31 December 2020. Profit for the period was NOK 691 million. Other comprehensive income and other changes in equity was NOK 114 million.

The equity ratio as at 31 March 2021 was 41%. Compared to year-end 2020, the equity ratio was unchanged.

Net-interest bearing debt as at 31 March 2021 was NOK 7,668 million, which was down NOK 390 million from 31 December 2020. The reduction was explained by translation effects from a stronger NOK and positive cash flow. The leverage ratio was 2.3 times as at 31 March 2021.



Segments

Silicones

KEY FIGURES	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,723	2,523	3,723	2,523	12,800
EBITDA	587	190	587	190	1,326
EBITDA margin	16 %	8 %	16 %	8 %	10 %
Sales volume (thousand mt)	107	70	107	70	372

Quarter and year to date

The Silicones division had total operating income of NOK 3,723 million in 1Q-2021 up 48% from NOK 2,523 million in 1Q-2020. Increased operating income was mainly explained by higher sales volumes. The first quarter 2020 was negatively impacted by Covid-19 effects in China.

EBITDA for 1Q-2021 was NOK 587 million, up 209% from 1Q-2020. The significant EBITDA improvement was mainly explained by higher sales volumes but also positive impact from higher sales prices.

The strong sales volumes reflect good underlying demand in all major regions and strong operational performance.

Silicon Products

KEY FIGURES	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,136	2,945	3,136	2,945	10,804
EBITDA	526	374	526	374	1,221
EBITDA margin	17 %	13 %	17 %	13 %	11 %
Sales volume (thousand mt) ¹⁾	131	125	131	125	479

1) Excluding Microsilica and quartz

Quarter and year to date

The Silicon Products division had total operating income of NOK 3,136 million in 1Q-2021, which was up 6% from 1Q-2020. Higher operating income was mainly explained by higher sales prices and higher sales volumes.

The EBITDA for Silicon Products was NOK 526 million in 1Q-2021, up 41% from NOK 374 million in 1Q-2020. Higher EBITDA was explained by higher sales prices and higher sales volumes. In addition, the EBITDA was positively impacted by sales mix effects with higher sales of speciality products.

The strong sales volumes and positive sales mix effects reflect demand recovery and tight supply/demand market balance.

Carbon Solutions

KEY FIGURES	1Q 2021	1Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	486	475	486	475	1,870
EBITDA	121	102	121	102	438
EBITDA margin	25 %	21 %	25 %	21 %	23 %
Sales volume (thousand mt)	70	65	70	65	256

Quarter and year to date

The Carbon Solutions division reported total operating income of NOK 486 million in 1Q-2021, up 2% from 1Q-2020. Higher sales volumes in the quarter were partly offset by currency effects due to stronger NOK.

EBITDA for 1Q-2021 was NOK 121 million, up 19% from NOK 102 million in the corresponding quarter last year. Improved EBITDA was explained by higher sales volumes and better product mix.

The sales volume in 1Q-2021 was higher than the corresponding quarter last year reflecting strong underlying markets for steel and ferroalloys.

Outlook for the second quarter

The market sentiment is positive for all divisions and Elkem will continue to develop its market positions and focus on sustainable growth. The silicones market is strong and market reference prices in China are expected to remain at attractive levels in the second quarter. The announced global price increases will gradually become effective from the second quarter. The result for the Silicones division will be impacted by maintenance stops in China and France. The combined EBITDA effect is limited to NOK 150 million. Demand and market prices for silicon- and ferrosilicon-based products are expected to level out. However, realised contract prices will increase due to time-lag effects. Steel and ferroalloys markets are still strong, giving continued attractive market conditions for carbon products.

Elkem ASA

Oslo, 26 April 2021

Condensed consolidated interim statement of comprehensive income

Amounts in NOK million	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Profit (loss) for the period	691	261	691	261	278
Remeasurement of defined benefit pension plans	2	-	2	-	(55)
Tax effects on remeasurements of defined benefit pension plans	(0)	-	(0)	-	13
Change in fair value of equity instruments	-	(1)	-	(1)	7
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-	-
Total items that will not be reclassified to profit or loss	1	(1)	1	(1)	(35)
Currency translation differences	(206)	1,556	(206)	1,556	47
Hedging of net investment in foreign operations	132	(453)	132	(453)	(168)
Tax effects hedging of net investment in foreign operations	(29)	100	(29)	100	37
Cash flow hedges	272	(1,501)	272	(1,501)	(148)
Tax effects on cash flow hedges	(60)	330	(60)	330	33
Share of other comprehensive income (loss) from equity accounted companies	5	(9)	5	(9)	(11)
Total items that may be reclassified to profit or loss	114	23	114	23	(211)
Other comprehensive income, net of tax	116	23	116	23	(245)
Total comprehensive income	807	284	807	284	32
Attributable to:					
Non-controlling interests' share of comprehensive income	6	25	6	25	40
Owners of the parent's share of comprehensive income	801	258	801	258	(8)
Total comprehensive income	807	284	807	284	32

Condensed consolidated interim statement of financial position

Amounts in NOK million	Note	31 March 2021	31 March 2020	31 December 2020
ASSETS				
Property, plant and equipment	3	13,971	14,840	14,131
Right-of-use assets	3	875	657	875
Goodwill	3	909	521	919
Other intangible assets	3	1,330	882	1,319
Deferred tax assets		89	295	96
Investments in equity accounted companies		194	118	183
Derivatives	7	131	9	59
Other assets		363	411	432
Total non-current assets		17,861	17,733	18,015
Inventories		5,323	5,867	5,241
Trade receivables		3,324	2,823	2,796
Derivatives	7	165	13	148
Other assets		1,336	1,188	1,212
Restricted deposits	6	368	363	322
Cash and cash equivalents	6	4,183	4,744	3,154
Total current assets		14,700	14,998	12,873
TOTAL ASSETS		32,561	32,731	30,888
EQUITY AND LIABILITIES				
Paid-in capital	8	6,338	6,623	6,296
Retained earnings		7,001	6,498	6,232
Non-controlling interests		100	122	108
Total equity		13,440	13,243	12,635
Interest-bearing liabilities	6	8,332	9,434	7,189
Deferred tax liabilities		402	140	336
Employee benefit obligations		658	674	679
Derivatives	7	194	741	252
Provisions and other liabilities		325	274	326
Total non-current liabilities		9,910	11,263	8,782
Trade payables		3,452	3,403	3,157
Income tax payables		161	24	65
Interest-bearing liabilities	6	2,690	1,255	3,292
Bills payable	6	1,196	1,189	1,053
Employee benefit obligations		657	695	740
Derivatives	7	20	744	101
Provisions and other liabilities		1,035	916	1,064
Total current liabilities		9,210	8,226	9,471
TOTAL EQUITY AND LIABILITIES		32,561	32,731	30,888

Condensed consolidated interim statement of cash flows

Amounts in NOK million	Note	First quarter		Year to date		Year
		2021	2020	2021	2020	2020
Operating profit (loss)		743	326	743	326	827
Amortisation, depreciation and impairment	3	425	393	425	393	1,727
Changes in working capital		(395)	(442)	(395)	(442)	232
Equity accounted companies		13	16	13	16	(7)
Changes fair value of derivatives		43	(146)	43	(146)	(196)
Changes in provisions, bills receivables and other		221	674	221	674	(69)
Interest payments received		5	9	5	9	28
Interest payments made		(55)	(59)	(55)	(59)	(239)
Income taxes paid		(253)	(52)	(253)	(52)	(192)
Cash flow from operating activities		747	720	747	720	2,111
Investments in property, plant and equipment and intangible assets		(616)	(561)	(616)	(561)	(2,201)
Acquisition of subsidiaries, net of cash acquired		-	-	-	-	(1,032)
Acquisition/capital contribution of/to joint ventures		-	-	-	-	(40)
Other investments / sales		1	(1)	1	(1)	10
Cash flow from investing activities		(615)	(562)	(615)	(562)	(3,262)
Dividends paid to non-controlling interests		(14)	-	(14)	-	(29)
Dividends paid to owners		-	-	-	-	(349)
Capital increase		39	-	39	-	-
Net sale (purchase) of treasury shares		(36)	-	(36)	-	-
Net changes in bills payable and restricted deposits		99	91	99	91	113
Payment of lease liabilities		(32)	(27)	(32)	(27)	(104)
New interest-bearing loans and borrowings		1,544	426	1,544	426	1,636
Payment of interest-bearing loans and borrowings		(685)	(624)	(685)	(624)	(1,433)
Cash flow from financing activities		916	(134)	916	(134)	(166)
Change in cash and cash equivalents		1,047	24	1,047	24	(1,317)
Currency exchange differences		(19)	224	(19)	224	(24)
Cash and cash equivalents opening balance		3,154	4,496	3,154	4,496	4,496
Cash and cash equivalents closing balance		4,183	4,744	4,183	4,744	3,154

Condensed consolidated interim statement of changes in equity

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Opening balance 1 January 2021	6,296	6,232	12,527	108	12,635
Profit (loss) for the period	-	684	684	8	691
Other comprehensive income	-	117	117	(1)	116
Total comprehensive income	-	801	801	6	807
Share-based payment	8	-	8	-	8
Capital increase	39	-	39	-	39
Net movement treasury shares	(5)	(31)	(36)	-	(36)
Dividends to equity holders	-	-	-	(14)	(14)
Closing balance 31 March 2021	6,338	7,001	13,340	100	13,440

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interest	Total
Opening balance 1 January 2020	6,616	6,240	12,855	96	12,952
Profit (loss) for the period	-	251	251	10	261
Other comprehensive income	-	8	8	15	23
Total comprehensive income	-	258	258	25	284
Share-based payment	7	-	7	-	7
Closing balance 31 March 2020	6,623	6,498	13,121	122	13,243

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

Notes to the condensed consolidated interim financial statements

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

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the first quarter of 2021 were approved at the meeting of the board of directors on 26 April 2021.

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

Basis for preparation

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

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

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

Judgements, estimates and assumptions

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

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

Note 2 Operating segments

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

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

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

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

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

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

First quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,678	2,845	426	9		6,958
Other revenue	5	16	4	50		75
Other operating income	29	117	1	6		153
Share of profit from equity accounted companies	-	-	-	7		7
Total operating income from external customer	3,713	2,977	430	72		7,193
Operating income from other segments	10	159	56	101	(326)	-
Total operating income	3,723	3,136	486	174	(326)	7,193
Operating expenses	(3,136)	(2,610)	(366)	(192)	341	(5,963)
EBITDA	587	526	121	(18)	15	1,231
Operating profit (loss) before other items (EBIT)	332	393	100	(35)	15	806

First quarter 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	2,483	2,719	414	(35)		5,581
Other revenue	7	19	3	62		92
Other operating income	25	81	2	15		123
Share of profit from equity accounted companies	0	0	-	4		4
Total operating income from external customer	2,515	2,819	419	45		5,798
Operating income from other segments	8	126	57	91	(282)	-
Total operating income	2,523	2,945	475	136	(282)	5,798
Operating expenses	(2,333)	(2,571)	(374)	(203)	273	(5,208)
EBITDA	190	374	102	(67)	(9)	590
Operating profit (loss) before other items (EBIT)	(45)	245	82	(76)	(9)	197

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

Year to date 31 March 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,678	2,845	426	9		6,958
Other revenue	5	16	4	50		75
Other operating income	29	117	1	6		153
Share of profit from equity accounted companies	-	-	-	7		7
Total operating income from external customer	3,713	2,977	430	72		7,193
Operating income from other segments	10	159	56	101	(326)	-
Total operating income	3,723	3,136	486	174	(326)	7,193
Operating expenses	(3,136)	(2,610)	(366)	(192)	341	(5,963)
EBITDA	587	526	121	(18)	15	1,231
Operating profit (loss) before other items (EBIT)	332	393	100	(35)	15	806

Year to date 31 March 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	2,483	2,719	414	(35)		5,581
Other revenue	7	19	3	62		92
Other operating income	25	81	2	15		123
Share of profit from equity accounted companies	0	0	-	4		4
Total operating income from external customer	2,515	2,819	419	45		5,798
Operating income from other segments	8	126	57	91	(282)	-
Total operating income	2,523	2,945	475	136	(282)	5,798
Operating expenses	(2,333)	(2,571)	(374)	(203)	273	(5,208)
EBITDA	190	374	102	(67)	(9)	590
Operating profit (loss) before other items (EBIT)	(45)	245	82	(76)	(9)	197

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

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

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

Note 3 Fixed assets, right-of-use assets, goodwill and intangible assets

31 March 2021	Property, plant and equipment	Right-of-use assets	Goodwill	Other intangible assets
Cost				
Opening balance	31,759	1,087	919	2,753
Additions	358	34	-	81
Reclassifications	(2)	-	-	2
Disposals	(33)	(21)	-	(7)
Currency translation differences	(358)	(14)	(11)	(76)
Closing balance	31,725	1,085	909	2,753
Accumulated depreciation				
Opening balance	(15,043)	(212)	-	(1,433)
Addition	(348)	(30)	-	(42)
Disposals	24	20	-	3
Currency translation differences	181	11	-	50
Closing balance	(15,186)	(211)	-	(1,422)
Impairment losses				
Opening balance	(2,584)	-	-	(1)
Addition	(1)	-	-	(4)
Disposals	5	-	-	4
Currency translation differences	13	-	-	0
Closing balance	(2,567)	-	-	(1)
Net book value 31 March 2021	13,971	875	909	1,330
31 March 2020				
	Property, plant and equipment	Right-of-use assets	Goodwill	Other intangible assets
Cost				
Opening balance	29,437	702	466	1,987
Additions	427	31	-	30
Reclassifications	(4)	(0)	-	4
Disposals	(18)	(3)	-	(0)
Currency translation differences	3,265	91	55	284
Closing balance	33,107	820	521	2,305
Accumulated depreciation				
Opening balance	(13,668)	(123)	-	(1,209)
Addition	(337)	(24)	-	(32)
Reclassifications	(0)	0	-	-
Disposals	9	2	-	0
Currency translation differences	(1,281)	(19)	-	(181)
Closing balance	(15,278)	(163)	-	(1,422)
Impairment losses				
Opening balance	(2,567)	-	-	(1)
Disposals	3	-	-	-
Currency translation differences	(426)	-	-	(0)
Closing balance	(2,990)	-	-	(1)
Net book value 31 March 2020	14,840	657	521	882

31 December 2020	Property, plant and equipment	Right-of-use assets	Goodwill	Other intangible assets
Cost				
Opening balance	29,437	702	466	1,987
Additions	2,011	369	-	207
Reclassifications	(21)	-	-	22
Business combinations	163	52	506	510
Disposals	(364)	(43)	-	(7)
Currency translation differences	532	7	(53)	33
Closing balance	31,759	1,087	919	2,753
Accumulated depreciation				
Opening balance	(13,668)	(123)	-	(1,209)
Additions	(1,421)	(115)	-	(174)
Reclassifications	-	(1)	-	-
Disposals	261	24	-	4
Currency translation differences	(215)	3	-	(54)
Closing balance	(15,043)	(212)	-	(1,433)
Impairment losses				
Opening balance	(2,567)	-	-	(1)
Addition	(17)	-	-	-
Disposals	79	-	-	-
Currency translation differences	(80)	-	-	(0)
Closing balance	(2,584)	-	-	(1)
Net book value 31 December 2020	14,131	875	919	1,319

Note 4 Other items

	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Change in fair value commodity contracts ¹⁾	5	(85)	5	(85)	(144)
Embedded EUR derivatives power contracts, interest element	(40)	214	(40)	214	234
Ineffectiveness on cash flow hedges	1	0	1	0	(12)
Net foreign exchange gains (losses) - forward currency contracts	9	13	9	13	49
Operating foreign exchange gains (losses)	(38)	191	(38)	191	(83)
Total other gains / (losses)	(63)	332	(63)	332	44
Dividends from other shares	1	0	1	0	1
Change in fair value from other shares measured at fair value through profit or loss	(1)	(2)	(1)	(2)	0
Gains (losses) on disposal of subsidiaries	-	0	-	0	-
Restructuring expenses	-	(199)	-	(199)	(158)
Other	0	(3)	0	(3)	(18)
Total other income / (expenses)	(0)	(203)	(0)	(203)	(174)
Total other items	(63)	129	(63)	129	(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-øring 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 5 Finance income and expenses

	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Interest income on loans and receivables	5	9	5	9	27
Other financial income	0	0	0	0	4
Total finance income	5	9	5	9	31
Foreign exchange gains (losses)	123	129	123	129	17
Interest expenses on interest-bearing liabilities measured at amortised cost	(51)	(58)	(51)	(58)	(221)
Interest expenses from other items measured at amortised cost	(5)	(6)	(5)	(6)	(22)
Interest expenses on lease liabilities	(7)	(5)	(7)	(5)	(17)
Capitalised interest expenses	1	-	1	-	4
Unwinding of discounted liabilities	(1)	0	(1)	0	(10)
Interest on net pension liabilities	(1)	(2)	(1)	(2)	(7)
Other financial expenses	(6)	(1)	(6)	(1)	(4)
Total finance expenses	(71)	(71)	(71)	(71)	(278)
Net Finance income (expenses)	57	66	57	66	(229)

Note 6 Interest-bearing assets and liabilities

	31 March 2021	31 March 2020	31 December 2020
Lease liabilities	554	360	566
Loans from external parties, other than bank	3,157	4,295	1,996
Bank financing	4,621	4,779	4,627
Total non-current interest-bearing debt	8,332	9,434	7,189
Lease liabilities	107	91	97
Loans from external parties, other than banks	1,958	21	2,407
Bank financing, current	592	1,112	762
Accrued interest	33	31	27
Total current interest-bearing debt	2,690	1,255	3,292
Bills payable, current	1,196	1,189	1,053
Restricted deposits bills payable, current	363	358	315
Net bills payable	833	831	737
Cash and cash equivalents	4,183	4,744	3,154
Other restricted deposits, current	5	5	6
Other restricted deposits, non-current	40	43	39
Receivables from related parties	1	1	1
Loans to external parties	8	8	8
Accrued interest income	1	2	1
Total other interest-bearing assets	4,238	4,803	3,209
Net interest-bearing assets / (liabilities)	(7,618)	(6,718)	(8,009)

Note 7 Cash flow hedging

Hedge Accounting

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

Derivatives as at 31 March 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	2,715	283	252	136	20	24	71
Embedded EUR derivatives	4,174	(68)	(129)	(15)	(21)	(23)	(70)
Power contracts ¹⁾	2,210	(144)	(78)	17	(9)	(11)	(74)
Platinum contracts	35	12	-	-	-	-	-
Total derivatives		82	45	138	(10)	(10)	(73)
EUR loan designed as cash flow hedging instrument		160	(16)	(5)	(5)	(5)	-
Total			30	132	(15)	(15)	(73)

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

Realised effects hedge accounting, recycled from OCI	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Realised effects from forward currency contracts, Revenue	22	(37)	22	(37)	(164)
Realised effects from embedded derivatives EUR, Revenue	(9)	(11)	(9)	(11)	(45)
Realised effects from EUR loans, Revenue	0	0	0	0	(11)
Realised effects from power contracts, Raw materials and energy for production	31	(100)	31	(100)	(450)
Total realised hedging effects recycled from OCI	44	(148)	44	(148)	(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 8 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.

<i>Numbers are in million shares</i>	Shares outstanding	Treasury shares	Total issued shares
As at 1 January 2021	581,310,344	-	581,310,344
Capital increase	1,675,000		1,675,000
Increase treasury shares	- 1,000,000	1,000,000	-
As at 31 March 2021	581,985,344	1,000,000	582,985,344

<i>Numbers are in million shares</i>	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Weighted average number of shares outstanding	582,027,872	581,310,344	582,027,872	581,310,344	581,310,344
Effects of dilution from share-based payment	3,768,017	-	3,768,017	-	94,282
Weighted average number of outstanding shares diluted	585,795,889	581,310,344	585,795,889	581,310,344	581,404,626

In the annual general meeting held on 8 May 2020, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 290,655,172. 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 2021, but not later than 30 June 2021. 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. As at 31 March NOK 5 million of this authorisation was used, representing repurchase of 1,000,000 treasury shares for a total purchase price of NOK 36 million.

In the annual general meeting held on 8 May 2020, the board of directors was granted an authorisation to increase the company's share capital with an amount up to NOK 290,655,172. The authorisation is valid until the annual general meeting in 2021, but not later than 30 June 2021. 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 8 May 2020, 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 2021, but not later than 30 June 2021. The authorisation does not cover capital increases against contribution in kind or capital increases in connection with mergers. NOK 5,000,000 of this authorisation was used on 11 February 2021 in connection with exercise of share options where 1,675,000 shares was issued at par value NOK 5. The subscription price was 23.53 per share, which gives a capital increase of NOK 39 million.

On 29 July 2020 8,000,000 options are granted to members of the management and certain other key employees. Each option gives the option holder the right to subscribe or purchase one share in the Elkem at an exercise price of NOK 19.10, which is equal to the share price at closing on the first 20 working days of July 2020. The options will vest over a period of three years from grant with one-third vesting each year and the first one-third vesting on 29 July 2021. The options will expire two years after vesting, i.e. on 29 July 2023, 2024 and 2025, respectively. As at 31 March 2021 21,825,000 options are granted to members of the management and certain other key employees.

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

First quarter 2021	Silicon Silicones	Carbon Products	Carbon Solutions	Other	Elimi- nations	Elkem
Profit (loss) for the period						691
Income tax (expense) benefit						133
Finance expenses						71
Foreign exchange gains (losses)						(123)
Finance income						(5)
Share of profit from equity accounted financial investments						(25)
Other items						63
EBIT	332	393	100	(35)	15	806
Impairment losses						5
Amortisations and depreciations						420
EBITDA	587	526	121	(18)	15	1,231

First quarter 2020	Silicon Silicones	Carbon Products	Carbon Solutions	Other	Elimi- nations	Elkem
Profit (loss) for the period						261
Income tax (expense) benefit						102
Finance expenses						71
Foreign exchange gains (losses)						(129)
Finance income						(9)
Share of profit from equity accounted financial investments						29
Other items						(129)
EBIT	(45)	245	82	(76)	(9)	197
Impairment losses						0
Amortisations and depreciations						393
EBITDA	190	374	102	(67)	(9)	590

Year to date 31 March 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						691
Income tax (expense) benefit						133
Finance expenses						71
Foreign exchange gains (losses)						(123)
Finance income						(5)
Share of profit from equity accounted financial investments						(25)
Other items						63
EBIT	332	393	100	(35)	15	806
Impairment losses						5
Amortisations and depreciations						420
EBITDA	587	526	121	(18)	15	1,231
Year to date 31 March 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						261
Income tax (expense) benefit						102
Finance expenses						71
Foreign exchange gains (losses)						(129)
Finance income						(9)
Share of profit from equity accounted financial investments						29
Other items						(129)
EBIT	(45)	245	82	(76)	(9)	197
Impairment losses						0
Amortisations and depreciations						393
EBITDA	190	374	102	(67)	(9)	590
Year 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						278
Income tax (expense) benefit						306
Finance expenses						278
Foreign exchange gains (losses)						(17)
Finance income						(31)
Share of profit from equity accounted financial investments						15
Other items						130
EBIT	269	685	349	(312)	(34)	957
Impairment losses						17
Amortisations and depreciations						1,710
EBITDA	1,326	1,221	438	(267)	(34)	2,684

Elkem's financial APMs, Cash flow from operations

- Cash flow from operations is defined as cash flow from operating activities, less income taxes paid, interest payments made, interest payments received, changes in provision, pension obligations and other, changes in fair value commodity contracts, other items (from the statement of profit or loss) and including reinvestments.
- Reinvestments generally consist of maintenance capital expenditure to maintain existing activities or that involve investments designed to improve health, safety or the environment.
- Strategic investments generally consist of investments which result in capacity increases at Elkem's existing plants or that involve an investment made to meet demand in a new geographic or product area.

	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Reinvestments	(259)	(253)	(259)	(253)	(1,387)
Strategic investments	(184)	(200)	(184)	(200)	(835)
Periodisations ¹⁾	(173)	(108)	(173)	(108)	22
Investments in property, plant and equipment and intangible assets	(616)	(561)	(616)	(561)	(2,201)

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

	First quarter		Year to date		Year
	2021	2020	2021	2020	2020
Cash flow from operating activities	747	720	747	720	2,111
Income taxes paid	253	52	253	52	192
Interest payments made	55	59	55	59	239
Interest payments received	(5)	(9)	(5)	(9)	(28)
Changes in provisions, bills receivables and other	(221)	(674)	(221)	(674)	69
Changes in fair value commodity contracts	(43)	146	(43)	146	196
Other items	63	(129)	63	(129)	130
Reinvestments	(259)	(253)	(259)	(253)	(1,387)
Cash flow from operations	590	(88)	590	(88)	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 and accrued interest income. Accounts payable are defined as trade payables less CAPEX payables. Other current liabilities are defined as provisions and other current liabilities less current provisions, contingent considerations, contract obligations, and liabilities to related parties.
- Capital employed consists of working capital as defined above, property, plant and equipment, right-of-use assets, investments equity accounted companies, grants payable, trade payables and prepayments related to purchase of non-current assets.
- Average capital employed is defined as the average of the opening and ending balance of capital employed for the relevant reporting period.

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

Working capital bridge from statutory accounts to company definition

	31 March 2021	31 March 2020	31 December 2020
Inventories	5,323	5,867	5,241
Trade receivables	3,324	2,823	2,796
Bills receivable	(878)	(503)	(920)
Accounts receivable	2,446	2,320	1,875
Other assets, current	1,336	1,188	1,212
Other receivables to related parties interest-free	(0)	(0)	(0)
Grants receivables	(274)	(253)	(525)
Tax receivables	(303)	(160)	(105)
Accrued interest	(1)	(2)	(1)
Other current assets included in working capital	758	773	581
Trade payables	3,452	3,403	3,157
Trade payables related to purchase of non-current assets	(209)	(249)	(448)
Accounts payable included in working capital	3,244	3,154	2,709
Employee benefit obligations	657	695	740
Provisions and other liabilities, current	1,035	916	1,064
Provisions, contingent considerations and contract obligations	(275)	(274)	(287)
Liabilities to related parties	(15)	(79)	(64)
Other current liabilities included in working capital	744	563	713
Working capital	3,883	4,549	3,536
Property, plant and equipment	13,971	14,840	14,131
Right-of-use assets	875	657	875
Investments equity accounted companies	194	118	183
Grants payable	(15)	(16)	(15)
Trade payables and prepayments related to purchase of non-current	(203)	(239)	(381)
Capital employed	18,705	19,909	18,329

Elkem's financial APMs, Leverage ratio

- Net interest-bearing debt that is used to measured leverage ratio is excluding non-current other restricted deposits, receivables from related parties, loans to external parties and accrued interest income. These assets are not easily available to be used to finance the group's operations. Below a calculation of Elkem's leverage ratio.

	31 March 2021	31 March 2020	31 December 2020
Net interest-bearing assets / (liabilities)	(7,618)	(6,718)	(8,009)
Other restricted deposits, non-current	(40)	(43)	(48)
Receivables from related parties	(1)	(1)	
Loans to external parties	(8)	(8)	
Accrued interest income	(1)	(2)	(1)
Net interest-bearing debt	(7,668)	(6,772)	(8,058)
EBITDA (LTM)	3,324	2,394	2,684
Leverage ratio	2.3	2.8	3.0