



Second quarter and half year results 2024



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Highlights 2nd quarter 2024

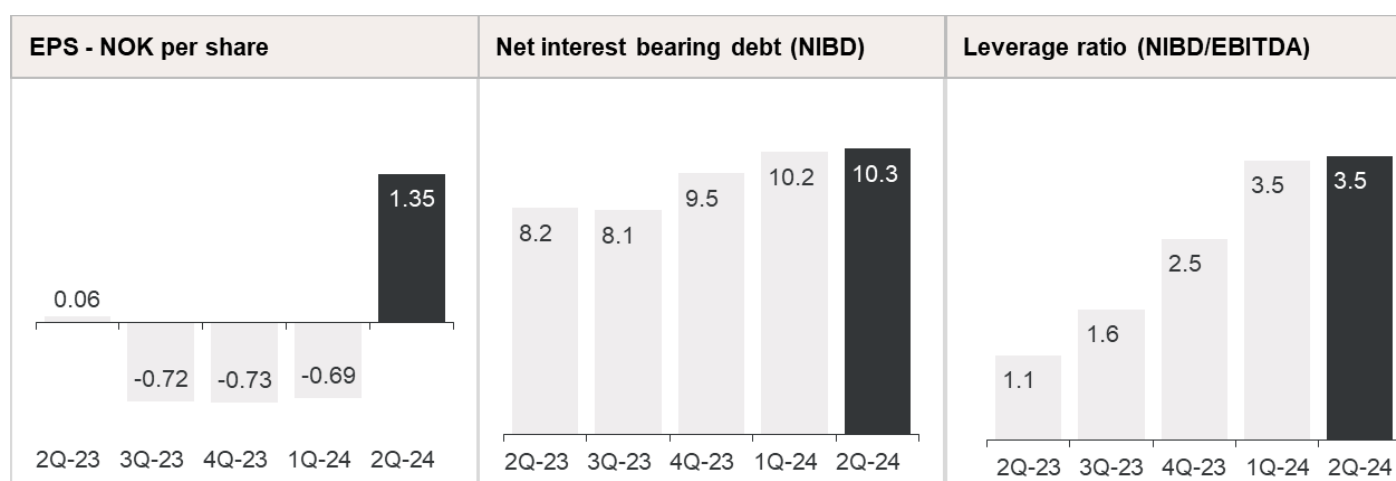
- Elkem's EBITDA was NOK 1,030 million in the second quarter 2024.
- Improved profitability driven by strong operational performance as part of Elkem's comprehensive improvement programme.
- The Silicones markets remain weak despite signs of improved demand. High focus on cost and other operational improvements.
- Silicon Products delivered good results, despite lower silicon sales in the quarter.
- Carbon Solutions delivered a strong quarterly result, based on favourable cost development and good sales volume.
- Net profit of NOK 881 million, with earnings per share of NOK 1.35 in the second quarter and NOK 0.65 year-to-date.

Key figures

<i>(NOK million, except where specified)</i>	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
Total operating income	8,490	9,044	16,450	18,798	34,760
EBITDA	1,030	1,039	1,750	2,604	3,771
EBITDA margin (%)	12%	11%	11%	14%	11%
EBIT ⁽¹⁾	266	469	380	1,494	1,365
Profit (loss) for the period ⁽²⁾	854	36	415	989	72
Earning per share (EPS) <i>(NOK per share)</i>	1.35	0.06	0.65	1.56	0.11
Equity ratio (%)	51%	50%	51%	50%	48%
Net interest-bearing debt (NIBD)	10,333	8,191	10,333	8,191	9,450
Cash flow from operations	375	607	1,134	1,244	3,027
ROCE - annualised (%)	3%	6%	2%	9%	4%

(1) Operating profit before other items and hedge adjustments

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



Second quarter 2024 – Profitability improvements driven by enhanced operating performance

Elkem reported an EBITDA of NOK 1,030 million in the second quarter 2024. This is in line with the corresponding quarter last year, and an improvement compared to the preceding three quarters. Improved profitability was primarily driven by a strong operational performance as part of Elkem's comprehensive improvement programme. Market conditions have remained challenging in the quarter.

Elkem's total operating income for the second quarter 2024 was NOK 8,490 million, which was down 6% compared to the second quarter 2023, but up from the preceding quarters. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was NOK 1,030 million, which was in line with the corresponding quarter last year, and an improvement compared to the preceding three quarters. Earnings per share (EPS) was NOK 1.35 in the quarter, and NOK 0.65 year-to-date.

The result for the Silicones division improved, but from a weak level. Market conditions are still weak, due to soft demand and Chinese overcapacity which has caused continued pressure on commodity sales prices. The Silicon Products division delivered good results, despite lower silicon sales in the quarter. The Carbon Solutions division delivered a strong result, based on favourable cost development and good sales volume.

Elkem's silicones expansion project in China was finalised in May 2024, on time and on budget. The start-up was successful and has exceeded expectations. The financial impact will likely be modest until the production line is fully ramped up, but positive contributions were achieved already in the second quarter. The new line will improve Elkem's cost position, environmental performance, and deliver higher upstream product quality.

Elkem has introduced a comprehensive improvement programme to counter weak macro-economic conditions and challenging markets. The programme is ahead of plan. The target is to improve EBITDA by at least NOK 1.5 billion and to reduce capital expenditures by NOK 2.0 billion compared to 2023. By the end of second quarter, Elkem has realised EBITDA improvements of NOK 0.6 billion, with an estimated full-year effect of NOK 1.3 billion for 2024. Elkem's capital expenditures amounted to NOK 1.3 billion by the end of the second quarter, well on track to reach the target reduction.

Elkem has a high focus on sustainability and is researching a groundbreaking concept for silicon production, which aims to eliminate nearly all direct CO₂ emissions. The concept involves capturing and recycling the carbon in the process off-gas and reusing it in the production process. Enova has granted Elkem NOK 31 million for a medium scale pilot, to be carried out in Kristiansand, Norway, at the newly acquired premises of REC Solar Norway.

The group's equity as at 30 June 2024 amounted to NOK 25,351 million, which gave a ratio of equity to total assets of 51%. Net interest-bearing debt was NOK 10,333 million, which gave a ratio of net interest-bearing debt to EBITDA of 3.5x, unchanged from last quarter. Elkem had cash and cash equivalents of NOK 5,442 million as at 30 June 2024, and undrawn credit lines of more than NOK 6,000 million.

The market sentiment is relatively weak but showing signs of gradual improvement. Silicones expects improved demand in Europe and US, but the Chinese market is still hampered by overcapacity. Elkem's focus on EBITDA improvements and the new production line are expected to have positive effects. Silicon Products expects to benefit from improved market conditions, countering seasonally lower activity in Europe during the summer holiday. Carbon Solutions expects still weak demand but capitalises on strong and diverse market positions.

Financial review

Group results

KEY FIGURES	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
<i>NOK million</i>					
Total operating income	8,490	9,044	16,450	18,798	34,760
EBITDA	1,030	1,039	1,750	2,604	3,771
EBIT	266	469	380	1,494	1,365
Other items	-35	37	-234	590	516
Net financial items	-218	-182	-256	-291	-668
Profit (loss) before income tax	-11	255	-322	1,640	951
Tax	892	-193	789	-596	-781
Profit (loss) for the period	881	61	467	1,044	170

Quarter

Elkem group had total operating income of NOK 8,490 million in 2Q-2024, which was down 6% from NOK 9,044 million in 2Q-2023. Silicones increased its operating revenue based on higher sales volume, but this was more than offset by lower operating income from Silicon Products and Carbon Solutions, mainly explained by lower sales prices.

The group's EBITDA for 2Q-2024 was NOK 1,030 million, which was in line with the corresponding quarter last year. Silicones improved its EBITDA significantly from the second quarter 2023, due to higher sales volume and operational improvements. The second quarter 2023 was negatively impacted by maintenance stop in China and inventory write down. The improvements in the Silicones division were however, offset by lower EBITDA in Silicon Products and Carbon Solutions, mainly explained by lower sales prices in both divisions.

EBIT for 2Q-2024 was NOK 266 million, down from NOK 469 million in 2Q-2023. Elkem had impairments of NOK 139 million in 2Q-2024. The impairments were mainly related to Elkem's biocarbon project in Canada. Since 2020, Elkem has worked to develop a pilot plant to produce biocarbon pellets to replace fossil coal in Elkem's metallurgical processes. This project was based on a new technology developed through lab and pilot scale. The project has faced some challenges and is undergoing technology modifications.

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 -35 million in 2Q-2024, mainly consisting of gains on power and currency derivatives NOK 66 million, which was offset by restructuring expenses NOK -40 million, currency losses on working capital items NOK -35 million, and net other items of NOK -25 million.

Net financial items were NOK -218 million in 2Q-2024, compared to NOK -182 million in 2Q-2023. Net interest expenses amounted to NOK -198 million, which was higher than NOK -124 million in the corresponding quarter last year, mainly explained by higher interest rates. Losses on foreign exchange amounted to NOK -35 million, compared to losses of NOK -53 million in 2Q-2023. The foreign exchange losses in 2Q-2024 were mainly explained by negative translation effects on group receivables. Other financial gains amounted to NOK 15 million.

Profit before income tax was NOK -11 million in 2Q-2024 compared to NOK 255 million in 2Q-2023.

There were positive tax effects in the quarter of NOK 892 million. Elkem has recognised NOK 1,067 million of deferred tax assets in the second quarter. The deferred tax assets are related to tax losses carry-forward in REC Solar Norway AS, which was acquired by Elkem on 15 May 2024.

Profit for the period was NOK 881 million, compared to NOK 61 million in 2Q-2023. Owners of the parent's share of profit was NOK 854 million, which gave earnings per share (EPS) of NOK 1.35 in 2Q-2024.

Year to date

The group's total operating income was NOK 16,450 million YTD-2024, which was down 12% compared to YTD-2023. EBITDA YTD-2024 amounted to NOK 1,750 million, which was down 33% from NOK 2,604 million YTD-2023. Lower results were mainly explained by lower sales prices. Earnings per share (EPS) amounted to NOK 0.65 YTD-2024.

Cash flow

CASH FLOW FROM OPERATIONS	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
<i>NOK million</i>					
EBIT	266	469	380	1,494	1,365
Amortisation, depreciation and impairment	764	570	1,371	1,110	2,406
Changes in working capital	-218	298	93	-307	1,584
Reinvestments	-445	-729	-742	-1,059	-2,351
Equity accounted investments	8	-1	33	6	22
Cash flow from operations	375	607	1,134	1,244	3,027
Other cash flow items	-663	-5,145	-2,141	-4,211	-6,044
Change in cash and cash equivalents	-287	-4,538	-1,007	-2,967	-3,017

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

Quarter

Cash flow from operations was NOK 375 million in 2Q-2024, compared to NOK 607 million in 2Q-2023. The reduction in cash flow from operations was mainly explained by negative working capital changes.

Reinvestments were NOK -445 million in 2Q-2024, which amounted to 71% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 257 million, down from NOK 733 million in 2Q-2023. The strategic investments were mainly related to the acquisition of REC Solar Norway AS, and the silicones expansion and specialisation projects in China and France. Other cash flow items in 2Q-2024 included payment of income taxes of NOK 227 million and interest payments of NOK 252.

Change in cash and cash equivalents was NOK -287 million in 2Q-2024. Currency exchange differences were NOK -119 million. As at 30 June 2024, the total cash and cash equivalents amounted to NOK 5,442 down from NOK 5,849 million as at 31 March 2024.

Year to date

Cash flow from operations amounted to NOK 1,134 million YTD-2024, down from NOK 1,244 million YTD-2023, mainly explained by lower EBIT. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2024 were NOK 742 million, which amounted to 60% of D&A. Strategic investments amounted to NOK 574 million YTD-2024.

Financial position

FINANCIAL POSITION	YTD 2024	YTD 2023	FY 2023
Total equity (NOK million)	25,351	26,109	24,458
Equity ratio (%)	51%	50%	48%
EPS (NOK per share)	0.65	1.56	0.11
Net interest bearing debt (NOK million) ⁽¹⁾	10,333	8,191	9,450
Leverage ratio based on LTM EBITDA (ratio)	3.5	1.1	2.5

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

Quarter and year to date

Elkem's equity as at 30 June 2024 was NOK 25,351 million, up NOK 893 million from 31 December 2023. Profit for the period YTD-2024 was NOK 467 million, while other changes in equity were NOK 426 million, mainly consisting of effects recognised through other comprehensive income.

The equity ratio as at 30 June 2024 was 51%. Compared to year-end 2023, the equity ratio was up from 48%, mainly explained by profit for the period and effects recognised through other comprehensive income.

Net-interest bearing debt as at 30 June 2024 was NOK 10,333 million, which was up by NOK 883 million from NOK 9,450 million 31 December 2023. The increase was partly explained currency translation effects. The leverage ratio was 3.5x as at 30 June 2024.

Segments

Silicones

KEY FIGURES	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,769	3,424	7,119	7,584	14,163
EBITDA	45	-374	-57	-405	-605
EBITDA margin	1%	-11%	-1%	-5%	-4%
Sales volume (thousand mt)	92	78	171	176	332

Quarter

The Silicones division had total operating income of NOK 3,769 million in 2Q-2024 up 10% from NOK 3,424 million in 2Q-2023. Higher operating income was mainly explained by higher sales volume, partly countered by lower sales prices.

EBITDA for 2Q-2024 was NOK 45 million, up from up from a negative EBITDA in the second quarter last year. Improved EBITDA was mainly explained by higher sales volume and operational improvements. Second quarter 2023 was negatively impacted by NOK 170 million related to maintenance stop in China and inventory write down.

The sales volume in the quarter was up in all regions compared to the second quarter last year.

Year to date

The Silicones division reported total operating income of NOK 7,119 million YTD-2024, which was 6% lower than YTD-2023. The EBITDA was NOK -57 million YTD-2024, which was an improvement compared to NOK -405 million YTD-2023. Weak results were mainly explained by challenging market conditions and the oversupply in China.

Silicon Products

KEY FIGURES	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,100	4,763	8,115	9,751	17,836
EBITDA	742	1,120	1,419	2,377	3,304
EBITDA margin	18%	24%	17%	24%	19%
Sales volume (thousand mt) ¹⁾	111	112	228	232	462

1) Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 4,100 million in 2Q-2024, which was down 14% from NOK 8,115 million in 2Q-2023. Lower operating income was mainly explained by lower sales prices.

The EBITDA for Silicon Products was NOK 742 million in 2Q-2024, down 34% from the second quarter last year. Reduced EBITDA mainly explained by lower sales prices, partly countered by lower raw material costs. Insurance compensation for Elkem Salten has been included to reflect the estimated operating losses compared to normal operations for the plant.

The sales were impacted by weak demand from silicones, aluminium, and steel markets.

Year to date

The Silicon Products division reported total operating income of NOK 8,115 million YTD-2024, which was 17% lower than YTD-2023. The division reported an EBITDA of NOK 1,419 million, down 40% from NOK 2,377 million YTD-2023, mainly due to lower sales prices.

Carbon Solutions

KEY FIGURES	2Q 2024	2Q 2023	YTD 2024	YTD 2023	FY 2023
<i>MNOK except where indicated otherwise</i>					
Total operating income	1,007	1,160	1,841	2,272	4,210
EBITDA	331	354	581	728	1,286
EBITDA margin	33%	31%	32%	32%	31%
Sales volume (thousand mt)	75	73	139	145	279

Quarter

Carbon Solutions reported total operating income of NOK 1,007 million in 2Q-2024, down 13% from NOK 1,160 million in 2Q-2023. Lower operating income was explained by lower sales prices.

The EBITDA for 2Q-2024 amounted to NOK 331 million, down 6% from NOK 354 million in the corresponding quarter last year. The reduction in EBITDA was mainly explained by lower sales prices. The reduction in sales prices were offset by lower raw material costs and higher sales volume.

The sales volume was in line with second quarter last year, still impacted by the weak ferroalloys market.

Year to date

Carbon Solutions reported total operating income of NOK 1,841 million YTD-2024, which was down 19% compared to YTD-2023. EBITDA YTD-2024 was NOK 581 million, down 20% from NOK 728 million YTD-2023. The reduction was mainly due to lower sales volume, partly offset by lower raw material costs.

Outlook for the third quarter 2024

The market sentiment is relatively weak but showing signs of gradual improvement. Silicones expects improved demand in Europe and US, but the Chinese market is still hampered by overcapacity. Elkem's focus on EBITDA improvements and the new production line are expected to have positive effects. Silicon Products expects to benefit from improved market conditions, countering seasonally lower activity in Europe during the summer holiday. Carbon Solutions expects still weak demand but capitalises on strong and diverse market positions.

Declaration by the Board of Directors

We confirm, to the best of our knowledge, that the unaudited, condensed interim financial statements for the period 1 January to 30 June 2024 have been prepared in conformity with IAS 34 Interim Financial Reporting and that the information in the financial statements provides a fair view of the enterprise and the group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Elkem ASA

Oslo, 11 July 2024

Bo Li
Chair of the board

Dag Jakob Opedal
Deputy chair

Zhigang Hao
Board member

Olivier Tillette de Clermont-Tonnerre
Board member

Nathalie Brunelle
Board member

Marianne E. Johnsen
Board member

Grace Tang
Board member

Yougen Ge
Board member

Terje Andre Hanssen
Board member

Marianne Færøyvik
Board member

Thomas Eggan
Board member

Helge Aasen
CEO

Interim financial statements

Condensed consolidated statement of profit or loss (unaudited)

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2024	2023 ¹⁾	2024	2023 ¹⁾	2023 ¹⁾
Revenue	2	8,257	8,938	16,006	18,591	34,364
Other operating income	2	234	101	455	178	350
Share of profit(loss) from equity accounted investments	2	(1)	5	(10)	29	46
Total operating income		8,490	9,044	16,450	18,798	34,760
Raw materials and energy for production		(4,453)	(5,020)	(8,811)	(10,276)	(19,441)
Employee benefit expenses		(1,296)	(1,321)	(2,638)	(2,630)	(5,074)
Other operating expenses		(1,734)	(1,717)	(3,321)	(3,400)	(6,673)
Amortisation and depreciation	4,5,6	(625)	(569)	(1,231)	(1,107)	(2,312)
Impairment loss	4,5,6	(139)	(1)	(139)	(3)	(94)
Other items	8	(35)	37	(234)	590	516
Operating profit (loss)		207	454	77	1,972	1,682
Share of profit(loss) from equity accounted financial investment		-	(17)	(143)	(41)	(63)
Finance Income	9	35	45	66	89	182
Foreign exchange gains (losses)	9	(35)	(53)	117	(60)	(106)
Finance expenses	9	(218)	(174)	(440)	(320)	(743)
Profit (loss) before income tax		(11)	255	(322)	1,640	951
Income tax (expenses) benefits		892	(193)	789	(596)	(781)
Profit (loss) for the period		881	61	467	1,044	170
Attributable to:						
Non-controlling interests' share of profit (loss)		27	25	52	55	98
Owners of the parent's share of profit (loss)		854	36	415	989	72

¹⁾ See note 13 Change in presentation

Earnings per share		Second quarter		Year to date		Year
		2024	2023	2024	2023	2023
Basic earnings per share in NOK		1.35	0.06	0.65	1.56	0.11
Diluted earnings per share in NOK		1.35	0.06	0.65	1.55	0.11
Weighted average number of outstanding shares (million)	12	634	636	634	635	635
Weighted average number of outstanding shares diluted (million)	12	634	637	634	637	636

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Profit (loss) for the period	881	61	467	1,044	170
Remeasurement of defined benefit pension plans	-	-	-	-	(19)
Tax effects on remeasurements of defined benefit pension plans	-	-	-	-	4
Changes in fair value of equity instruments	-	1	-	1	3
Total items that will not be reclassified to profit or loss	-	1	0	1	(12)
Currency translation differences	(517)	36	341	1,305	476
Hedging of net investment in foreign operations	57	(88)	(49)	(331)	(199)
Tax effects hedging of net investment in foreign operations	(13)	19	11	73	44
Cash flow hedges	302	75	192	(1,205)	(1,125)
Tax effects on cash flow hedges	(66)	(17)	(42)	265	247
Share of other comprehensive income (loss) from equity accounted investments	(2)	3	5	9	3
Total items that may be reclassified to profit or loss	(239)	28	458	116	(554)
Other comprehensive income, net of tax	(239)	29	458	118	(566)
Total comprehensive income	642	91	925	1,161	(396)
Attributable to:					
Non-controlling interests' share of comprehensive income	25	28	56	66	102
Owners of the parent's share of comprehensive income	617	62	869	1,096	(498)
Total comprehensive income	642	91	925	1,161	(396)

Condensed consolidated statement of financial position (unaudited)

Amounts in NOK million	Note	30 June 2024	30 June 2023	31 December 2023
ASSETS				
Property, plant and equipment	4	23,324	21,955	22,754
Right-of-use assets	5	838	791	854
Other Intangible assets	6	1,277	1,472	1,458
Goodwill	6	1,038	1,130	1,015
Deferred tax assets		741	166	134
Equity accounted investments		373	1,316	1,296
Derivatives	11	1,106	1,206	977
Other assets		1,405	726	556
Total non-current assets		30,101	28,763	29,045
Inventories	7	8,265	10,401	9,018
Trade receivables		3,831	3,928	3,209
Derivatives	11	326	493	411
Other assets		1,830	1,989	2,062
Restricted deposits	10	377	465	388
Cash and Cash equivalents	10	5,442	6,609	6,367
Total current assets		20,071	23,886	21,455
TOTAL ASSETS		50,172	52,649	50,500
EQUITY AND LIABILITIES				
Paid-in capital	12	3,501	3,505	3,498
Retained earnings		21,697	22,455	20,827
Non-controlling interests		153	148	133
Total equity		25,351	26,109	24,458
Interest-bearing liabilities	10	13,261	12,380	13,509
Deferred tax liabilities		417	886	935
Employee benefits obligations		519	535	507
Derivatives	11	322	426	235
Provisions and other liabilities		275	257	279
Total non-current liabilities		14,794	14,484	15,465
Trade payables		4,927	5,149	5,281
Income tax payables		135	1,540	240
Interest-bearing liabilities	10	1,445	969	1,231
Bills payable	10	1,447	1,916	1,466
Employee benefit obligations		884	882	912
Derivatives	11	79	320	66
Provisions and other liabilities		1,112	1,280	1,381
Total current liabilities		10,027	12,056	10,576
TOTAL EQUITY AND LIABILITIES		50,172	52,649	50,500

Condensed consolidated statement of cash flows (unaudited)

Amounts in NOK million	Note	Second quarter		Year to date		Year
		2024	2023	2024	2023	2023
Operating profit (loss)		207	454	77	1,972	1,682
Amortisation, depreciation and impairment	4,5,6	764	570	1,371	1,110	2,406
Changes in working capital		(218)	298	93	(307)	1,584
Equity accounted investments		8	(1)	33	6	22
Changes fair value of derivatives		(36)	123	247	5	(59)
Changes in provisions, bills receivables and other		144	223	56	232	190
Interest payments received		15	44	47	87	179
Interest payments made		(252)	(190)	(438)	(306)	(716)
Income taxes paid		(227)	(385)	(420)	(955)	(2,281)
Cash flow from operating activities		405	1,136	1,065	1,845	3,006
Investments in property, plant and equipment and intangible assets	4,5,6	(719)	(1,263)	(1,771)	(2,486)	(4,856)
Business combinations		-	(149)	-	(149)	(152)
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	-	-	(38)
Acquisition/capital contribution of/to equity accounted investments		-	(303)	(4)	(303)	(329)
Disposal of equity accounted investments		-	-	10	-	-
Other investments / sales		12	51	13	54	76
Cash flow from investing activities		(707)	(1,664)	(1,752)	(2,885)	(5,299)
Dividends paid to non-controlling interests		(36)	(30)	(36)	(52)	(104)
Dividends paid to owners		-	(3,815)	-	(3,815)	(3,815)
Net sale (purchase) of treasury shares	12	1	-	2	35	(8)
Net changes in bills payable and restricted deposits		(11)	(102)	(36)	122	(237)
Payment of lease liabilities		(36)	(32)	(66)	(62)	(209)
New interest-bearing loans and borrowings		327	10	695	1,895	3,911
Payment of interest-bearing loans and borrowings		(230)	(40)	(879)	(51)	(262)
Cash flow from financing activities		15	(4,010)	(320)	(1,927)	(724)
Change in cash and cash equivalents		(287)	(4,538)	(1,007)	(2,967)	(3,017)
Currency exchange differences		(119)	9	82	321	129
Cash and cash equivalents opening balance		5,849	11,138	6,367	9,255	9,255
Cash and cash equivalents closing balance		5,442	6,609	5,442	6,609	6,367

Condensed consolidated statement of changes in equity (unaudited)

Amounts in NOK million	Total paid-in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Closing balance 31 December 2023	3,498	20,827	24,325	133	24,458
Profit (loss) for the period	-	415	415	52	467
Other comprehensive income	-	454	454	4	458
Total comprehensive income	-	869	869	56	925
Share-based payments	2	-	2	-	2
Net movement treasury shares (note 12)	1	1	2	-	2
Dividends to equity holders	-	-	-	(36)	(36)
Closing balance 30 June 2024	3,501	21,697	25,197	153	25,351

Amounts in NOK million	Total paid-in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Closing balance 31 December 2022	6,228	22,412	28,639	134	28,773
Profit (loss) for the period	-	989	989	55	1,044
Other comprehensive income	-	107	107	10	118
Total comprehensive income	-	1,096	1,096	66	1,161
Share-based payments	5	-	5	-	5
Net movement treasury shares (note 12)	7	29	35	-	35
Dividends to equity holders	(2,734)	(1,081)	(3,815)	(52)	(3,867)
Closing balance 30 June 2023	3,505	22,455	25,961	148	26,109

Amounts in NOK million	Total paid-in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Closing balance 31 December 2022	6,228	22,412	28,639	134	28,773
Profit (loss) for the period	-	72	72	98	170
Other comprehensive income	-	(570)	(570)	4	(566)
Total comprehensive income	-	(498)	(498)	102	(396)
Share-based payments	8	-	8	-	8
Net movement treasury shares (note 12)	(3)	(5)	(8)	-	(8)
Dividends to equity holders	(2,734)	(1,081)	(3,815)	(104)	(3,919)
Closing balance 31 December 2023	3,498	20,827	24,325	133	24,458

Notes to the condensed consolidated financial statements

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

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the second quarter of 2024 were approved at the meeting of the board of directors on 11 July 2024.

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 2023. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2023. The principle for presentation of grants related to income is changed from other operating income to net presentation where the grants are deducted from the expenses for which the grants have compensated in the statement of profit or loss. See note 13 Change in presentation.

In March 2024 the Norwegian government and the parties representing the industry agreed on a revised CO2 compensation scheme. The new scheme has a cap of NOK 7 billion in annual compensation to the industry. The cap will be KPI adjusted annually. In the new scheme 40 % of compensation will be dependent on investments in climate and energy efficiency measures by the recipients. The plan is that the final wording of the updated regulation will be approved by the Norwegian parliament during 2024. It has been assessed that there is reasonable assurance that Elkem will continue to receive CO2 compensation and fulfil the requirements to receive full compensation including the 40 % conditioned by climate and energy efficiency measures. It is also assessed that the main purpose of the scheme is to compensate for the CO2 cost included in the power prices and the estimated compensation will therefore continue to be included in the statement of profit and loss as a reduction to raw materials and energy for production. An updated assessment will be made when the final wording of the updated regulation is ready.

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 2023 (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.
- **Eliminations** comprise intersegment sales and profit. Transactions between operating segments are conducted on an arm's length basis in a manner similar to transactions with third parties.

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments' performance are evaluated based on EBITDA and 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 excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.

EBIT 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 excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness. EBITDA

and EBIT are not specified by IFRS Accounting Standards and therefore may not be comparable to apparently similar measures used by other companies.

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

Second quarter 2024	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,741	3,581	872	(30)	-	8,165
Other revenue	10	22	5	55	-	92
Other operating income	1	219	14	0	-	234
Share of profit from equity accounted investments	-	-	-	(1)	-	(1)
Total operating income from external customers	3,752	3,822	891	24	-	8,490
Operating income from other segments	17	278	116	123	(534)	-
Total operating income	3,769	4,100	1,007	147	(534)	8,490
Operating expenses	(3,724)	(3,357)	(676)	(210)	507	(7,460)
EBITDA	45	742	331	(63)	(27)	1,030
EBIT	(360)	557	302	(207)	(27)	266

Second quarter 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total1)
Revenue from sale of goods	3,455	4,501	1,018	(128)	-	8,845
Other revenue	10	23	4	56	-	93
Other operating income	1	99	0	0	-	101
Share of profit from equity accounted investments	-	-	-	5	-	5
Total operating income from external customers	3,466	4,623	1,022	(67)	-	9,044
Operating income from other segments	(42)	139	138	112	(347)	-
Total operating income	3,424	4,763	1,160	44	(347)	9,044
Operating expenses	(3,798)	(3,643)	(806)	(218)	461	(8,005)
EBITDA	(374)	1,120	354	(174)	113	1,039
EBIT	(732)	950	325	(187)	113	469

Year to date 30 June 2024	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	7,025	7,207	1,624	(78)	-	15,778
Other revenue	50	42	10	126	-	227
Other operating income	4	436	15	0	-	455
Share of profit from equity accounted investments	-	-	-	(10)	-	(10)
Total operating income from external customers	7,079	7,685	1,648	38	-	16,450
Operating income from other segments	40	430	193	246	(908)	-
Total operating income	7,119	8,115	1,841	284	(908)	16,450
Operating expenses	(7,176)	(6,696)	(1,260)	(443)	874	(14,700)
EBITDA	(57)	1,419	581	(159)	(34)	1,750
EBIT	(851)	1,060	521	(316)	(34)	380

Year to date 30 June 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total1)
Revenue from sale of goods	7,519	9,045	2,018	(221)	-	18,360
Other revenue	19	57	9	146	-	231
Other operating income	4	174	0	0	-	178
Share of profit from equity accounted investments	-	-	-	29	-	29
Total operating income from external customers	7,542	9,276	2,027	(47)	-	18,798
Operating income from other segments	42	475	245	205	(967)	-
Total operating income	7,584	9,751	2,272	158	(967)	18,798
Operating expenses	(7,989)	(7,374)	(1,544)	(445)	1,158	(16,195)
EBITDA	(405)	2,377	728	(287)	191	2,604
EBIT	(1,104)	2,048	672	(313)	191	1,494

Year 2023	Silicones	Silicon Products ¹⁾	Carbon Solutions	Other ¹⁾	Eliminations	Total
Revenue from sale of goods	14,055	16,535	3,742	(401)	-	33,931
Other revenue	23	113	17	280	-	434
Other operating income	19	323	2	6	-	350
Share of profit from equity accounted investments	1	0	-	44	-	46
Total operating income from external customers	14,099	16,971	3,761	(71)	-	34,760
Operating income from other segments	63	865	450	506	(1,884)	-
Total operating income	14,163	17,836	4,210	436	(1,884)	34,760
Operating expenses	(14,768)	(14,532)	(2,924)	(968)	2,203	(30,989)
EBITDA	(605)	3,304	1,286	(532)	318	3,771
EBIT	(2,142)	2,610	1,164	(585)	318	1,365

¹⁾ 2023 figures have been restated, see note 13

Note 3 Changes in composition of the group

On 14 May 2024 Elkem acquired Elkem Testvirksomhet AS (previously REC Solar Norway AS) for USD 22 million (NOK 238 million). The transaction gives Elkem control of industrial areas and facilities in Norway, including areas next to Elkem's activities at Fiskaa in Kristiansand. The transaction is accounted for as an asset acquisition. IFRS allows two different approaches to accounting for an asset acquisition. Elkem have decided to first determine the individual transaction price for each identifiable asset and liability based on their relative fair value and subsequently apply the initial measurement requirements in applicable standards to each identifiable asset and liability. Any difference between the amount at which the asset and liability is initially measured and its individual transaction price is accounted for using the relevant requirements. NOK 245 million has been allocated to assets, whereof NOK 108 million to property, plant and equipment and NOK 128 million to deferred tax asset and NOK 7 million has been allocated to liabilities. The application of the initial measurement criteria for the respective assets and liabilities after the allocation of the purchase price has resulted in the following effects in the statement of profit and loss:

	Gain/(loss)
Other items	(30)
Finance income	11
Income tax (expenses) benefits	1,067
Total	1,049

The net loss in other items relate to remeasurement after initial recognition of operating items such as provisions, lease liabilities and right of use assets. Finance income relates to the remeasurement of financial instruments. The income tax benefits relate to the remeasurement of deferred tax asset originating from tax loss carry forwards and limitations on interest rate deductions. Deferred tax asset related to temporary differences of NOK 332 million has not been recognised. The impact from temporary differences will be recognised over the period it is reversed. Property, plant and equipment and inventory is measured at cost on initial recognition and therefore not subsequently remeasured.

Note 4 Fixed assets

	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
30 June 2024						
Cost						
Opening balance	276	9,575	26,965	2,328	6,842	45,987
Additions	-	39	70	28	1,151	1,287
Transferred to/from CiP	6	218	627	33	(885)	-
Disposals	-	(2)	(56)	(12)	(1)	(70)
Exchange differences	4	138	358	46	107	653
Closing balance	286	9,969	27,965	2,424	7,214	47,857
Accumulated depreciation						
Opening balance		(3,639)	(15,650)	(1,043)		(20,332)
Addition		(167)	(746)	(138)		(1,051)
Disposals		1	46	11		59
Exchange differences		(32)	(189)	(18)		(239)
Closing balance		(3,838)	(16,539)	(1,187)		(21,563)
Impairment losses						
Opening balance	(12)	(446)	(2,398)	(15)	(30)	(2,900)
Addition	-	(0)	(9)	(0)	(0)	(10)
Disposals	-	0	6	0	0	7
Exchange differences	(0)	(11)	(55)	(0)	(1)	(67)
Closing balance	(12)	(457)	(2,456)	(15)	(31)	(2,970)
Carrying amount						
Closing balance	274	5,675	8,971	1,222	7,183	23,324

	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
30 June 2023						
Cost						
Opening balance	233	8,957	25,406	1,078	5,022	40,696
Additions	-	4	15	10	2,471	2,500
Transferred to/from CiP	9	150	436	73	(668)	-
Reclassification	(1)	8	(14)	7	(22)	(22)
Business combinations	2	5	4	-	2	14
Disposals	-	(49)	(10)	(0)	(7)	(66)
Exchange differences	22	387	1,151	73	212	1,844
Closing balance	266	9,461	26,988	1,241	7,009	44,965
Accumulated depreciation						
Opening balance		(3,322)	(14,437)	(580)		(18,339)
Addition		(154)	(709)	(81)		(944)
Reclassification		1	3	(4)		-
Disposals		24	8	0		33
Exchange differences		(119)	(659)	(40)		(818)
Closing balance		(3,570)	(15,793)	(705)		(20,068)
Impairment losses						
Opening balance	(11)	(435)	(2,358)	(1)	(30)	(2,836)
Addition	-	(1)	(2)	-	(0)	(3)
Disposals	-	0	1	-	0	1
Exchange differences	(1)	(16)	(85)	(0)	(1)	(103)
Closing balance	(13)	(451)	(2,445)	(1)	(31)	(2,942)
Carrying amount						
Closing balance	253	5,440	8,750	535	6,978	21,955

31 December 2023	Land	Plant, buildings and other property	Machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	233	8,957	25,406	1,078	5,022	40,696
Additions	0	14	97	22	4,883	5,016
Transferred to/from CiP	12	532	1,534	976	(3,053)	-
Reclassification	(1)	2	(286)	285	-	0
Business combinations	21	33	25	-	2	81
Disposals	-	(76)	(227)	(17)	(13)	(333)
Exchange differences	10	113	417	(15)	2	526
Closing balance	276	9,575	26,965	2,328	6,842	45,987
Accumulated depreciation						
Opening balance		(3,322)	(14,437)	(580)		(18,339)
Addition		(319)	(1,440)	(208)		(1,967)
Reclassification		1	267	(268)		-
Disposals		40	204	16		260
Exchange differences		(39)	(245)	(2)		(287)
Closing balance		(3,639)	(15,650)	(1,043)		(20,332)
Impairment losses						
Opening balance	(11)	(435)	(2,358)	(1)	(30)	(2,836)
Addition	-	(13)	(80)	-	(0)	(94)
Reclassification	-	(9)	22	(14)	-	-
Disposals	-	10	18	0	1	29
Exchange differences	(1)	1	1	0	0	1
Closing balance	(12)	(446)	(2,398)	(15)	(30)	(2,900)
Carrying amount						
Closing balance	264	5,490	8,917	1,271	6,812	22,754

Note 5 Right-of-use assets

30 June 2024	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	397	733	153	2	1,285
Additions / lease modifications / remeasurements	6	21	24	-	50
Partial or full termination of agreements	-	(24)	(25)	-	(49)
Exchange differences	10	7	2	0	19
Closing balance	412	737	154	2	1,305
Accumulated depreciation					
Opening balance	(80)	(258)	(92)	(2)	(431)
Additions	(7)	(46)	(19)	(0)	(73)
Partial or full termination of agreements	-	20	23	-	43
Exchange differences	(2)	(3)	(1)	(0)	(6)
Closing balance	(89)	(287)	(90)	(2)	(467)
Impairment losses					
Opening balance	-	-	-	-	-
Closing balance	-	-	-	-	-
Carrying amount					
Closing balance	323	450	64	0	838

30 June 2023	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	326	659	150	2	1,138
Additions / lease modifications / remeasurements	0	38	24	-	62
Partial or full termination of agreements	-	(26)	(38)	-	(64)
Exchange differences	13	25	14	0	52
Closing balance	339	696	150	2	1,188
Accumulated depreciation					
Opening balance	(70)	(191)	(96)	(1)	(359)
Additions	(4)	(45)	(16)	(0)	(65)
Partial or full termination of agreements	-	26	24	-	50
Exchange differences	(3)	(10)	(9)	(0)	(23)
Closing balance	(77)	(220)	(97)	(1)	(397)
Impairment losses					
Opening balance	-	-	-	-	-
Closing balance	-	-	-	-	-
Carrying amount					
Closing balance	262	476	53	0	791

31 December 2023	Land	Plant and buildings	Machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	326	659	150	2	1,138
Additions / lease modifications / remeasurements	73	95	57	-	225
Partial or full termination of agreements	-	(30)	(63)	-	(93)
Exchange differences	(3)	9	9	0	15
Closing balance	397	733	153	2	1,285
Accumulated depreciation					
Opening balance	(70)	(191)	(96)	(1)	(359)
Additions	(10)	(93)	(38)	(0)	(141)
Partial or full termination of agreements	-	30	48	-	77
Exchange differences	0	(3)	(6)	(0)	(9)
Closing balance	(80)	(258)	(92)	(2)	(431)
Impairment losses					
Opening balance	-	-	-	-	-
Closing balance	-	-	-	-	-
Carrying amount					
Closing balance	317	476	61	0	854

Note 6 Intangible assets

							Intangible assets under construction	Total other intangible assets
30 June 2024	Goodwill	Land use rights	Technology and licences	Software	Development	Other intangible		
Cost								
Opening balance	1,015	116	911	714	1,030	384	407	3,563
Additions	-	-	-	7	-	-	22	29
Transferred to/from CiP	-	-	0	3	61	-	(64)	-
Exchange differences	23	2	16	9	18	7	6	58
Closing balance	1,038	117	927	733	1,109	391	372	3,650
Accumulated depreciation								
Opening balance		(65)	(654)	(514)	(711)	(159)		(2,103)
Addition		-	(21)	(30)	(37)	(19)		(108)
Exchange differences		(1)	(10)	(6)	(11)	(2)		(31)
Closing balance		(66)	(686)	(550)	(759)	(181)		(2,242)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Addition	-	-	-	(1)	-	-	(129)	(130)
Exchange differences	-	(0)	-	(0)	-	-	(0)	(0)
Closing balance	-	(1)	-	(1)	-	-	(129)	(131)
Carrying amount								
Closing balance	1,038	50	241	182	351	210	243	1,277

Impairment losses are mainly related to impairment of Biocarbon NOK 129 million

							Intangible assets under construction	Total other intangible assets
30 June 2023	Goodwill	Leasehold land and land use rights	Technology and licences	Software	Development	Other intangible		
Cost								
Opening balance	984	108	868	627	880	350	377	3,209
Additions	-	-	-	1	-	-	53	54
Transferred to/from CiP	-	-	-	5	23	-	(28)	-
Reclassification	-	-	0	16	-	(0)	7	22
Business combinations	95	-	-	0	-	-	0	0
Disposals	-	-	-	(1)	-	-	-	(1)
Exchange differences	51	12	75	32	101	15	35	271
Closing balance	1,130	121	942	681	1,004	365	444	3,557
Accumulated depreciation								
Opening balance		(59)	(579)	(457)	(606)	(122)		(1,824)
Addition		(0)	(21)	(28)	(31)	(18)		(98)
Re-classification		-	-	(0)	-	0		-
Disposals		-	-	1	-	-		1
Exchange differences		(7)	(58)	(21)	(70)	(6)		(162)
Closing balance		(66)	(659)	(506)	(707)	(145)		(2,083)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	1,130	53	284	176	296	220	444	1,472

31 December 2023	Goodwill	Land use rights	Technology and licences	Software	Development	Other intangible	Intangible assets under construction	Total other intangible assets
Cost								
Opening balance	984	108	868	627	880	350	377	3,209
Additions	-	-	-	17	-	-	183	200
Transferred from CiP	-	-	5	67	94	3	(170)	-
Business combinations	23	-	-	0	-	29	0	29
Disposals	-	-	-	(9)	-	-	-	(9)
Exchange differences	8	7	38	13	56	2	17	133
Closing balance	1,015	116	911	714	1,030	384	407	3,563
Accumulated depreciation								
Opening balance		(59)	(579)	(457)	(606)	(122)		(1,824)
Addition		(2)	(43)	(58)	(65)	(37)		(205)
Disposals		-	-	9	-	-		9
Exchange differences		(4)	(32)	(8)	(40)	(0)		(84)
Closing balance		(65)	(654)	(514)	(711)	(159)		(2,103)
Impairment losses								
Opening balance	-	(1)	-	-	-	-	-	(1)
Exchange differences	-	(0)	-	-	-	-	-	(0)
Closing balance	-	(1)	-	-	-	-	-	(1)
Carrying amount								
Closing balance	1,015	49	257	200	319	225	407	1,458

Note 7 Inventories

	30 June 2024	30 June 2023	31 December 2023
Raw materials	2,166	3,100	2,321
Semi-finished goods	414	385	466
Finished goods	4,782	6,049	5,147
Operating materials and spare parts	903	868	1,084
Total inventories	8,265	10,401	9,018
Provisions for write-down of inventories	(209)	(266)	(314)

Note 8 Other items

	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Change in fair value commodity contracts, interest element	(0)	0	(1)	0	(1)
Embedded EUR derivatives power contracts, interest element	52	(170)	(5)	(63)	(73)
Ineffectiveness and discontinuation on commodity cash flow hedges	(8)	104	(154)	211	357
Change in fair value currency contracts	22	(19)	9	(58)	(26)
Operating foreign exchange gains (losses)	(35)	129	(3)	506	308
Total other gains (losses)	30	43	(154)	596	566
Dividends from other shares	2	0	2	0	3
Change in fair value from other shares measured at fair value through profit or loss	3	0	5	2	6
Restructuring expenses	(40)	(0)	(53)	0	(43)
Dismantling and environmental expenses	-	-	0	-	(4)
Other	(30)	(6)	(33)	(8)	(13)
Total other income (expenses)	(66)	(6)	(79)	(6)	(50)
Total other items	(35)	37	(234)	590	516

Note 9 Finance income and expenses

	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Interest income on loans and receivables	15	44	47	88	179
Fair value adjustments on financial instruments	8	-	8	-	-
Other financial income	12	0	12	1	3
Total finance income	35	45	66	89	182
Foreign exchange gains (losses)	(35)	(53)	117	(60)	(106)
Interest expenses on interest-bearing liabilities measured at amortised cost	(194)	(147)	(390)	(271)	(647)
Interest expenses from other items measured at amortised cost	(5)	(10)	(11)	(16)	(25)
Interest expenses on factoring agreements	(23)	(19)	(45)	(35)	(77)
Interest expenses on lease liabilities	(6)	(3)	(14)	(9)	(27)
Capitalised interest expenses	15	11	30	22	51
Unwinding of discounted liabilities	(1)	(1)	(2)	(3)	(5)
Interest on net pension liabilities	(3)	(3)	(6)	(6)	(11)
Other financial expenses	(1)	(1)	(2)	(1)	(2)
Total finance expenses	(218)	(174)	(440)	(320)	(743)
Net Finance income (expenses)	(218)	(182)	(256)	(291)	(668)

Note 10 Interest-bearing assets and liabilities

	30 June 2024	30 June 2023	31 December 2023
Lease liabilities	455	473	464
Loans from external parties, other than bank	4,336	4,818	5,279
Bank financing	8,469	7,089	7,767
Total non-current interest-bearing liabilities	13,261	12,380	13,509
Lease liabilities	117	112	125
Loans from external parties, other than banks	1,171	761	1,060
Bank financing, current	131	76	18
Accrued interest	26	21	28
Total current interest-bearing liabilities	1,445	969	1,231
Bills payable, current	1,447	1,916	1,466
Restricted deposits bills payable, current	342	398	351
Net bills payable	1,105	1,518	1,114
Cash and cash equivalents	5,442	6,609	6,367
Other restricted deposits, current	35	67	37
Other restricted deposits, non-current	61	50	51
Receivables from related parties, non-current	0	1	1
Loans to external parties, non-current	-	8	9
Accrued interest income, current	0	1	0
Total other interest-bearing assets	5,539	6,735	6,465
Net interest-bearing assets (liabilities)	(10,272)	(8,132)	(9,390)

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:

Pledged liabilities	30 June 2024	30 June 2023	31 December 2023
Pledged liabilities	166	136	125

Elkem has initiated a waiver process with the lenders regarding the financial covenants in its loan agreements; Interest cover ratio and equity ratio. The outcome of the waiver process is that the lenders have granted a temporary waiver of the Interest cover ratio for each of the quarters of 2024, and so that the applicable Interest cover ratio shall exceed 3.00:1.00 compared to prior ratio of 4.00:1.00. As at 30 June 2024 the interest cover ratio was 3.8.

Elkem's RCF is extended by one year to June 2029. The RCF remains undrawn.

Refer to note 23 Interest-bearing assets and liabilities in Elkem's Annual report for 2023 for more information.

Note 11 Cash flow hedging

Hedge Accounting

Elkem is applying hedge accounting for parts of its forward currency contracts, certain parts of EUR loans, for embedded EUR derivatives in power contracts, for certain power contracts and interest rate swap changing the interest from fixed to floating interest rate. 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 30 June 2024

	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	2,655	140	117	76	41	-	-
Embedded EUR derivatives	5,653	(389)	(533)	(113)	(105)	(84)	(231)
Power contracts	2,149	1,276	502	78	77	74	273
Interest rate swap	84	4	4	1	1	1	1
Platinum contracts	0	0	0	0	-	-	-
Total derivatives		1,032	90	42	14	(9)	44

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

	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Realised effects hedge accounting, recycled from OCI					
Realised effects from forward currency contracts, Revenue	11	(75)	3	(136)	(229)
Realised effects from embedded derivatives EUR, Revenue	(32)	(37)	(63)	(61)	(122)
Realised effects from EUR loans, Revenue	-	(7)	-	(7)	(15)
Realised effects from Platinum contract, Revenue	0	0	0	1	1
Realised effects from power contracts, Raw materials and energy for production	2	33	34	90	112
Realised effects hedge discontinuation, Other items	18	39	63	55	85
Realised effect interest rate swap, Finance expenses	(0)	-	(1)	-	(1)
Total realised hedging effects recycled from OCI	(1)	(47)	36	(60)	(170)

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 2023.

Note 12 Number of shares

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

	Shares outstanding	Treasury shares	Total issued shares
<i>Numbers are whole numbers</i>			
Opening balance at 1 January 2024	633,890,288	5,551,090	639,441,378
Sale of treasury shares	100,000	(100,000)	-
Closing balance 30 June 2024	633,990,288	5,451,090	639,441,378

<i>Numbers are whole numbers</i>	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Weighted average number of shares outstanding	633,955,288	635,840,288	633,936,973	635,492,994	634,991,082
Effects of dilution from share-based payment	64,454	935,989	177,263	1,338,108	798,645
Weighted average number of outstanding shares diluted	634,019,742	636,776,277	634,114,236	636,831,102	635,789,727

In the annual general meeting held on 18 April 2024, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 319,720,689. The maximum amount that can be paid for each share is NOK 150 and the minimum is NOK 1. The authorisation is valid until the annual general meeting in 2025, but not later than 30 June 2025. 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. Shares acquired under the authorisation may either be used to fulfil Elkem's obligations in connection with acquisitions, incentive arrangements for employees, fulfilment of earn-out arrangements, sale of shares to strengthen Elkem's equity or deletion of shares.

In the annual general meeting held on 18 April 2024, the board of directors was granted an authorisation to increase the company's share capital with an amount up to NOK 319,720,689 - corresponding to 10 % of the current share capital. The authorisation is valid until the annual general meeting in 2025, but not later than 30 June 2025. The authorisation can be used to cover share capital increases against contribution in kind and in connection with mergers.

Note 13 Change in presentation

Elkem has with effect from 1 January 2024 changed presentation of the items mentioned below;

- Presentation of grants related to income is changed from other operating income to net presentation where the grants are deducted from the expenses for which the grants have compensated in the statement of profit or loss.
- Presentation of capitalised salary of own developed fixed and intangible assets is changed from other operating expenses to employee benefit expenses in the statement of profit and loss.
- Presentation of changes in inventories of finished goods and work in progress for the activity cost part is changed from other operating expenses to raw materials and energy for production in the statement of profit and loss.

The impact on comparable figures in the statement of profit or loss are shown in the tables below.

Condensed consolidated statement of profit or loss	YTD Q2 2024	Impact grants	Impact capitalised salary	Impact changes in inventories	YTD Q2 2024 after change
	before change				
Other operating income	895	(441)			455
Raw materials and energy for smelting	(8,972)	338		(176)	(8,811)
Employee benefit expenses	(2,720)	40	42		(2,638)
Other operating expenses	(3,518)	63	(42)	176	(3,321)
Operating profit (loss)	77	-	-	-	77

Condensed consolidated statement of profit or loss	YTD Q2 2023	Impact grants	Impact capitalised salary	Impact changes in inventories	YTD Q2 2023 restated
Other operating income	572	(394)			178
Raw materials and energy for smelting	(10,714)	328		110	(10,276)
Employee benefit expenses	(2,711)	36	45		(2,630)
Other operating expenses	(3,275)	31	(45)	(110)	(3,400)
Operating profit (loss)	1,972	-	-	-	1,972

Condensed consolidated statement of profit or loss	Financial statement 2023	Impact grants	Impact capitalised salary	Impact changes in inventories	2023 restated
Other operating income	1,135	(785)			350
Raw materials and energy for smelting	(20,401)	573		387	(19,441)
Employee benefit expenses	(5,253)	83	96		(5,074)
Other operating expenses	(6,319)	129	(96)	(387)	(6,673)
Operating profit (loss)	1,682	-	-	-	1,682

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 excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.
- EBITDA margin is defined as EBITDA divided by total operating income.
- EBIT, also referred to as operating profit (loss) before other items and hedge adjustments 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 excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.

Below is a reconciliation of EBIT and EBITDA

Second quarter 2024	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						881
Income tax (expense) benefit						(892)
Finance expenses						218
Foreign exchange gains (losses)						35
Finance income						(35)
Share of profit from equity accounted financial investments						-
Other items						35
Hedge adjustments						24
EBIT	(360)	557	302	(207)	(27)	266
Impairment losses						139
Amortisations and depreciations						625
EBITDA	45	742	331	(63)	(27)	1,030

Second quarter 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						61
Income tax (expense) benefit						193
Finance expenses						174
Foreign exchange gains (losses)						53
Finance income						(45)
Share of profit from equity accounted financial investments						17
Other items						(37)
Hedge adjustments						52
EBIT	(732)	950	325	(187)	113	469
Impairment losses						1
Amortisations and depreciations						569
EBITDA	(374)	1,120	354	(174)	113	1,039

Year to date 30 June 2024	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						467
Income tax (expense) benefit						(789)
Finance expenses						440
Foreign exchange gains (losses)						(117)
Finance income						(66)
Share of profit from equity accounted financial investments						143
Other items						234
Hedge adjustments						69
EBIT	(851)	1,060	521	(316)	(34)	380
Impairment losses						139
Amortisations and depreciations						1,231
EBITDA	(57)	1,419	581	(159)	(34)	1,750

Year to date 30 June 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						1,044
Income tax (expense) benefit						596
Finance expenses						320
Foreign exchange gains (losses)						60
Finance income						(89)
Share of profit from equity accounted financial investments						41
Other items						(590)
Hedge adjustments						112
EBIT	(1,104)	2,048	672	(313)	191	1,494
Impairment losses						3
Amortisations and depreciations						1,107
EBITDA	(405)	2,377	728	(287)	191	2,604

Year 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						170
Income tax (expense) benefit						781
Finance expenses						743
Foreign exchange gains (losses)						106
Finance income						(182)
Share of profit from equity accounted financial investments						63
Other items						(516)
Hedge adjustments						199
EBIT	(1,104)	2,048	672	(313)	191	1,365
Impairment losses						94
Amortisations and depreciations						2,312
EBITDA	(405)	2,377	728	(287)	191	3,771

Elkem's financial APMs, Leverage ratio

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

Below a calculation of Elkem's leverage ratio.

	30 June 2024	30 June 2023	31 December 2023
Net interest-bearing assets (liabilities)	(10,272)	(8,132)	(9,390)
Other restricted deposits, non-current	(61)	(50)	(51)
Receivables from related parties, non-current	(0)	(1)	(1)
Loans to external parties, non-current	-	(8)	(9)
Accrued interest income, current	(0)	(1)	(0)
Net interest-bearing debt	(10,333)	(8,191)	(9,450)
EBITDA (LTM)	2,918	7,730	3,771
Leverage ratio	3.5	1.1	2.5

Elkem's financial APMs, ROCE

- ROCE, Return on capital employed, is defined as EBIT divided by the average capital employed.
- Working capital is defined as accounts receivable, inventories, other current assets, accounts payable, current 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, other intangible assets, goodwill, equity accounted investments, grants payable, trade payables and prepayments related to purchase of non-current assets.
- Average capital employed is defined as the average of the opening and ending balance of capital employed for the relevant reporting period.

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

Working capital bridge from statutory accounts to company definition

	30 June 2024	30 June 2023	31 December 2023
Inventories	8,265	10,401	9,018
Trade receivables	3,831	3,928	3,209
Bills receivable	(983)	(877)	(823)
Accounts receivable	2,849	3,052	2,386
Other assets, current	1,830	1,989	2,062
Other receivables from related parties interest-free	(0)	(5)	(8)
Grants receivables	(359)	(554)	(671)
Tax receivables	(330)	(390)	(261)
Accrued interest	(0)	(1)	(0)
Other current assets included in working capital	1,141	1,039	1,122
Trade payables	4,927	5,149	5,281
Trade payables related to purchase of non-current assets	(915)	(1,199)	(1,313)
Accounts payable included in working capital	4,012	3,950	3,968
Employee benefit obligations	884	882	912
Provisions and other liabilities, current	1,112	1,280	1,381
Provisions, contingent considerations and contract obligations	(132)	(146)	(101)
Liabilities to related parties	(13)	(18)	(17)
Other current liabilities included in working capital	967	1,116	1,263
Working capital	6,393	8,544	6,383
Property, plant and equipment	23,324	21,955	22,754
Right-of-use assets	838	791	854
Other Intangible assets	1,277	1,472	1,458
Goodwill	1,038	1,130	1,015
Equity accounted investments	373	1,316	1,296
Grants payable	(17)	(18)	(17)
Trade payables- and prepayments related to purchase of non-current assets	(868)	(1,136)	(1,295)
Capital employed	32,357	34,055	32,449

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, bills receivables and other, changes in fair value of derivatives, other items (from the statement of profit or loss) excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.
- Reinvestments generally consist of maintenance capital expenditure to maintain existing activities or that involve investments designed to improve health, safety or the environment.
- Strategic investments generally consist of investments which result in capacity increases at Elkem's existing plants or that involve an investment made to meet demand in a new geographic or product area.

	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Reinvestments	(445)	(729)	(742)	(1,059)	(2,351)
Strategic investments	(257)	(733)	(574)	(1,494)	(2,866)
Periodisation ¹⁾	(18)	200	(455)	67	361
Investments in property, plant and equipment and intangible assets	(719)	(1,263)	(1,771)	(2,486)	(4,856)

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

	Second quarter		Year to date		Year
	2024	2023	2024	2023	2023
Cash flow from operating activities	405	1,136	1,065	1,845	3,006
Income taxes paid	227	385	420	955	2,281
Interest payments made	252	190	438	306	716
Interest payments received	(15)	(44)	(47)	(87)	(179)
Changes in provisions, bills receivables and other	(144)	(223)	(56)	(232)	(190)
Changes in fair value of derivatives	36	(123)	(247)	(5)	59
Other items	35	(37)	234	(590)	(516)
Hedge adjustments	24	52	69	112	199
Reinvestments	(445)	(729)	(742)	(1,059)	(2,351)
Cash flow from operations	375	607	1,134	1,244	3,027