



Third quarter results 2021



Delivering your potential

Contents

Highlights 3 rd quarter 2021	3
Key figures.....	3
Record results in extraordinary markets.....	4
Financial review	5
Group results	5
Cash flow	6
Financial position	6
Segments.....	7
Silicones.....	7
Silicon Products	7
Carbon Solutions	8
Outlook for the fourth quarter	8
Condensed consolidated interim statement of profit or loss	9
Condensed consolidated interim statement of comprehensive income	10
Condensed consolidated interim statement of financial position	11
Condensed consolidated interim statement of cash flows	12
Condensed consolidated interim statement of changes in equity	13
Notes to the condensed consolidated interim financial statements	14
Note 1 General information, basis for preparation and judgements, estimates and assumptions	14
Note 2 Operating segments	14
Note 3 Fixed assets, right-of-use assets, goodwill and intangible assets	16
Note 4 Other items.....	18
Note 5 Finance income and expenses	18
Note 6 Interest-bearing assets and liabilities	19
Note 7 Cash flow hedging.....	19
Note 8 Number of shares.....	20
Appendix - Alternative performance measures (APMs)	21

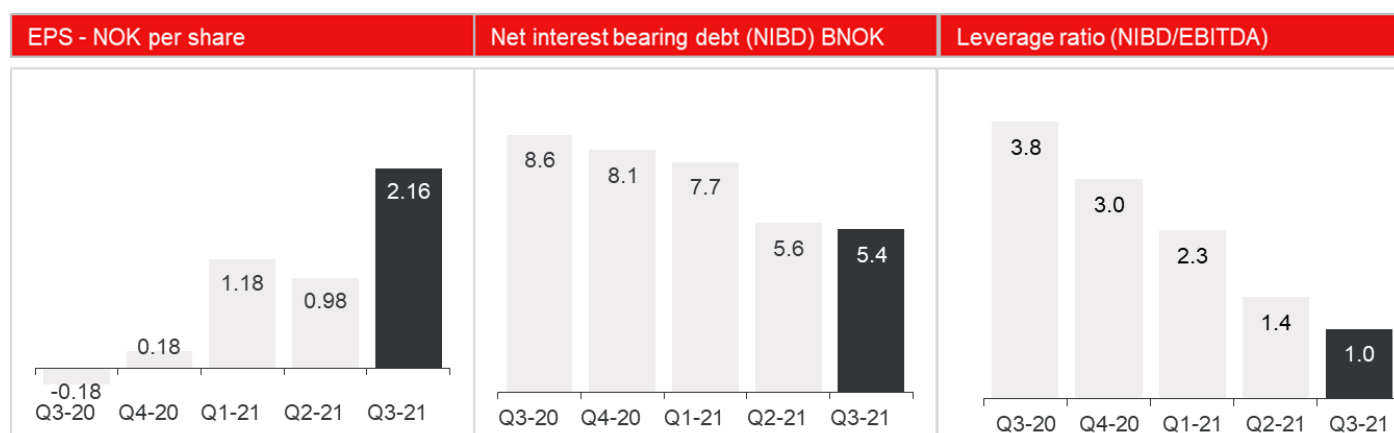
Highlights 3rd quarter 2021

- Helge Aasen will continue as permanent CEO of Elkem, after serving as interim CEO since June 2021.
- Elkem is delivering its best quarterly result ever, benefitting from a strong business model and attractive market positions.
- Strong market demand while supply has been hampered by capacity constraints and power curtailments. Elkem has kept normal production in the quarter.
- Elkem has launched a new ambitious climate strategy supporting the Paris agreement, leading the green transition in the industry.
- Elkem announces a major investment of NOK 350 million in France strengthening Elkem's specialty business in EMEA & Americas.
- Supply-demand balance for Elkem's products expected to remain tight until the global energy situation eases.

Key figures

(NOK million, except where specified)	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
Total operating income	8,796	5,886	23,321	17,563	24,691
EBITDA	2,131	512	4,733	1,746	2,684
EBITDA margin (%)	24 %	9 %	20 %	10 %	11 %
EBIT	1,666	99	3,313	508	957
Profit (loss) for the period ⁽¹⁾	1,371	-105	2,664	133	239
Earning per share (EPS) (NOK per share)	2.16	-0.18	4.34	0.23	0.41
Equity ratio (%)	46 %	40 %	46 %	40 %	41 %
Net interest-bearing debt (NIBD)	5,421	8,571	5,421	8,571	8,058
Cash flow from operations	1,886	182	3,386	457	1,522
ROCE - annualised (%)	34 %	2 %	23 %	4 %	5 %

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



Record results in extraordinary markets

In the third quarter 2021, Elkem delivered its best quarterly result ever. Market conditions have been extraordinary with all-time high prices across several products lines and regions. Due to its integrated business model and attractive market positions, Elkem has been well positioned to benefit from the strong market momentum. In addition, Elkem launched a new ambitious climate roadmap in the quarter, with an aim of delivering a 39 per cent reduction of its product carbon footprint by 2031.

Elkem's total operating income for the third quarter 2021 was NOK 8,796 million, which was all-time high and up 49% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 2,131 million in the quarter, which was as much as 316% higher than third quarter 2020. Earnings per share (EPS) was NOK 2.16 in the quarter, and NOK 4.34 YTD-2021.

Elkem's board of directors and Helge Aasen have agreed that Aasen will continue as CEO of Elkem, after serving as interim CEO since June 2021. Helge Aasen has previously served as CEO of Elkem from 2009 to 2019. He has a broad industrial experience after working in most of the company's different functions for nearly 30 years.

Market conditions have been extraordinary in the third quarter, particularly for Elkem's two largest divisions; Silicones and Silicon Products. Elkem has seen strong demand in all regions and steady price increases for its main product categories. The group has kept normal production in the quarter, while many other producers have been hampered by low raw material availability, transportation constraints, high power prices and in some cases energy curtailments. The combination of strong demand and disruptions on the supply side have pushed market prices up to new record levels.

Elkem has a strong business model with an integrated value chain and a highly competent global workforce. The group is therefore in a good position to benefit from the current market situation. In addition, access to reliable and renewable electricity is a key competitive advantage and paramount to ensure stable production, predictable cost development and the lowest possible CO₂ emissions. The recent market trends, which could mark a structural shift for global silicon markets, will further strengthen Elkem's long-term competitive position.

The focus on CO₂ emissions is becoming more critical for all types of industry and Elkem's response has been to launch a new ambitious climate roadmap for the group. The company aims to reduce its fossil CO₂ emissions by 28% from 2020-31 while growing its supplies to the green transition – thereby delivering a 39% improvement in the carbon footprint of its products in the same period. Elkem's long-term goal is net zero emissions by 2050. From an already favourable position where 83% of the electricity consumption is based on renewable energy, Elkem is leading the green transition in the industry.

The board has approved an investment in Elkem's silicones plant in Roussillon, France, amounting to NOK 350 million. This project will further develop and strengthen Elkem's specialty business in EMEA & Americas and will be finalised in 3Q-2023. There is a structural deficit of siloxane in EMEA and further capacity is required to meet increasing demand from customers. The project will also improve Elkem's cost position and environmental performance through debottlenecking, better energy efficiency and upgraded wastewater treatment.

The group's equity as at 30 September 2021 amounted to NOK 17,512 million, which gave a ratio of equity to total assets of 46%. Net interest-bearing debt was NOK 5,421 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.0 time. The net interest-bearing debt and leverage ratio have been significantly reduced due to the strong improvement in results and the capital increase in April. Elkem had cash and cash equivalents of NOK 7,176 million as at 30 September 2021 and undrawn credit lines of around NOK 3,200 million.

There is strong underlying demand for Elkem's products going into the fourth quarter and industry supply continues to be hampered by energy and raw material constraints. Elkem is well positioned to benefit from the current market conditions despite inflationary pressure, due to its integrated value chains in Asia and Europe/US. Silicones markets are expected to remain tight in the fourth quarter. Due to time lag versus market prices, Elkem expects to realise higher sales prices in the quarter both for commodities and specialities. Market prices for silicon- and ferrosilicon-based products are at all-time high. Elkem is benefitting from attractive positions and expects to realise higher sales prices due to time-lag in sales contracts. Carbon products continues to benefit from strong steel and ferroalloys markets.

Financial review

Group results

KEY FIGURES	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	8,796	5,886	23,321	17,563	24,691
EBITDA	2,131	512	4,733	1,746	2,684
EBIT	1,666	99	3,313	508	957
Other items	16	-18	-29	4	-130
Net financial items	-10	-153	-23	-179	-229
Profit (loss) before income tax	1,675	-74	3,289	306	584
Tax	-295	-23	-599	-141	-306
Profit (loss) for the period	1,380	-97	2,690	164	278

Quarter

Elkem group had total operating income of NOK 8,796 million in 3Q-2021, which was up 49% from NOK 5,886 million in 3Q-2020. Increased operating income was driven by all three divisions and mainly explained by higher sales prices and higher sales volumes.

The group's EBITDA for 3Q-2021 was NOK 2,131 million, which was up 316% from NOK 512 million in the corresponding quarter last year. All divisions reported significantly stronger EBITDA compared to 3Q-2020 due higher sales prices and higher sales volumes. Raw material costs are also increasing, partly offsetting higher sales prices.

EBIT for 3Q-2021 was NOK 1,666 million, up from NOK 99 million in 3Q-2020.

Other items include fair value changes commodity contracts, gains (losses) on embedded derivatives in power contracts, currency forward contracts and other income and expenses. Other items amounted to NOK 16 million in 3Q-2021 which mainly consisted of positive currency effects MNOK 39 from working capital items. This was partly offset by negative effects on embedded derivatives MNOK 17 and other expenses of MNOK 6.

Net financial items were NOK -10 million in 3Q-2021, compared to NOK -153 million in 3Q-2020. Net interest expenses amounted to NOK -59 million, which was in line with the corresponding quarter last year. Gains on foreign exchange amounted to NOK 52 million, compared to losses of NOK -89 million in 3Q-2020. The foreign exchange gains in 3Q-2021 was mainly explained positive translation effects on group loans in CNY. Other financial expenses amounted to NOK -2 million.

Profit before income tax was NOK 1,675 million in 3Q-2021 compared to NOK -74 million in 3Q-2020.

Tax expenses in the quarter was NOK -295 million, giving a tax rate for the quarter of 18%.

Profit for the period was NOK 1,380 million, compared to NOK -97 million in 3Q-2020. Owners of the parent's share of profit was NOK 1,371 million, which gave earnings per share of NOK 2.16 in 3Q-2021.

Year to date

The group's total operating income was NOK 23,321 million YTD-2021, which was up 33% compared to YTD-2020. EBITDA YTD-2021 amounted to NOK 4,733 million, which was up 171% from NOK 1,746 million YTD-2020. All divisions reported significantly improved EBITDA YTD-2021 compared to YTD-2020, mainly explained by higher sales prices and higher sales volumes. Earnings per share (EPS) was NOK 4.34 YTD-2021.

Cash flow

CASH FLOW FROM OPERATIONS	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
<i>NOK million</i>					
Operating profit (loss) before other items	1,666	99	3,313	508	957
Amortisation, depreciation and impairment	465	412	1,420	1,238	1,727
Changes in working capital	141	-55	-367	-456	232
Reinvestments	-385	-269	-983	-829	-1,387
Equity accounted investments	-1	-6	3	-3	-7
Cash flow from operations	1,886	182	3,386	457	1,522
Other cash flow items	-735	-879	577	-1,871	-2,839
Change in cash and cash equivalents	1,151	-697	3,962	-1,414	-1,317

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

Quarter

Cash flow from operations was NOK 1,886 million in 3Q-2021, compared to NOK 182 million in 3Q-2020. The increase was mainly explained by higher operating profit and improved working capital.

Reinvestments were NOK 385 million in 3Q-2021, which amounted to 83% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 440 million, up from NOK 185 million in 3Q-2020. Increased strategic investments mainly driven by Silicones Xinghuo expansion. Other strategic investments include silicones specialisation projects, silicon furnace upgrades and the battery materials project.

Change in cash and cash equivalents was NOK 1,151 million in 3Q-2021. Currency exchange differences was NOK 28 million. As at 30 September 2021 the total cash and cash equivalents amounted to NOK 7,176 million.

Year to date

Cash flow from operations amounted to NOK 3,386 million YTD-2021, up from NOK 457 million YTD-2020, mainly explained by higher operating profit. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2021 were NOK 983 million, which amounted to 73% of D&A. Strategic investments ex. M&A amounted to NOK 836 million.

Financial position

FINANCIAL POSITION	3Q 2021	3Q 2020	FY 2020
Total equity (NOK million)	17,512	12,724	12,635
Equity ratio (%)	46 %	40 %	41 %
EPS (NOK per share)	2.16	-0.18	0.41
Net interest bearing debt (NOK million) ⁽¹⁾	5,421	8,571	8,058
Leverage ratio based on LTM EBITDA (ratio)	1.0	3.8	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 30 September 2021 was NOK 17,512 million, up NOK 4,877 million from 31 December 2020. Elkem has raised new equity of NOK 1,901 million in 2021. Profit for the period YTD-2021 was NOK 2,690 million. Other changes in equity were NOK 286 million.

The equity ratio as at 30 September 2021 was 46%. Compared to year-end 2020, the equity ratio was up from 41%.

Net-interest bearing debt as at 30 September 2021 was NOK 5,421 million, which was a reduction of NOK 2,637 million from 31 December 2020. The reduction was mainly explained by increase in cash and cash equivalents due to capital increases. Positive cash flow generation has also contributed to lower debt levels. The leverage ratio was 1.0 time as at 30 September 2021.

Segments

Silicones

KEY FIGURES	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,849	3,222	12,160	8,869	12,800
EBITDA	1,168	349	2,328	770	1,326
EBITDA margin	24 %	11 %	19 %	9 %	10 %
Sales volume (thousand mt)	111	98	310	263	372

Quarter

The Silicones division had total operating income of NOK 4,849 million in 3Q-2021 up 50% from NOK 3,222 million in 3Q-2020. The increase in operating income was largely explained by higher sales prices, but also higher sales volumes.

EBITDA for 3Q-2021 was NOK 1,168 million, up 235% from 3Q-2020. The strong improvement in EBITDA was mainly explained by higher sales prices and higher sales volumes. Higher raw material costs, mainly for silicon and methanol, were partly offsetting the higher sales prices.

Strong sales volumes were based on strong demand with stable and good production.

Year to date

The Silicones division reported total operating income of NOK 12,160 million YTD-2021, which was 37% higher than YTD-2020. The EBITDA was NOK 2,328 million YTD-2021, up 202% from NOK 770 million YTD-2020. Improved result YTD-2021 was explained by higher sales prices and higher sales volumes.

Silicon Products

KEY FIGURES	3Q 2021	3Q 2021	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,558	2,463	10,049	7,907	10,804
EBITDA	858	140	2,056	883	1,221
EBITDA margin	24 %	6 %	20 %	11 %	11 %
Sales volume (thousand mt) ¹⁾	122	113	377	343	479

1) Excluding Microsilica and quartz

Quarter

The Silicon Products division had total operating income of NOK 3,558 million in 3Q-2021, which was up 44% from NOK 2,463 million in 3Q-2020. Higher operating income was mainly explained by higher sales prices, with contribution from slightly higher sales volumes.

The EBITDA for Silicon Products was NOK 858 million in 3Q-2021, up 513% from NOK 140 million in 3Q-2020. Improved EBITDA was mainly explained by higher sales prices and slightly higher sales volumes. Raw material prices are increasing, particularly for coal, which is used as a reduction material.

High and stable sales volumes were reflecting good operations and strong demand in all main sectors.

Year to date

The Silicon Products division reported total operating income of NOK 10,049 million YTD-2021, which was 27% higher than YTD-2020. The division reported an EBITDA of NOK 2,056 million, up 133% from NOK 883 million YTD-2020.

Carbon Solutions

KEY FIGURES	3Q 2021	3Q 2020	YTD 2021	YTD 2020	FY 2020
<i>MNOK except where indicated otherwise</i>					
Total operating income	560	452	1,552	1,409	1,870
EBITDA	140	111	379	333	438
EBITDA margin	25 %	25 %	24 %	24 %	23 %
Sales volume (thousand mt)	73	64	216	193	256

Quarter

The Carbon Solutions division reported total operating income of NOK 560 million in 3Q-2021, up 24% from 3Q-2020. Higher operating income was due to higher sales volumes and higher sales prices. This was partly offset by currency effects.

EBITDA for 3Q-2021 was NOK 140 million, up 26% from NOK 111 million in the corresponding quarter last year. Improved EBITDA was mainly explained by higher sales volumes. Higher sales prices have been offset by higher raw material costs.

Strong sales volumes in 3Q-2021 were reflecting good underlying market for steel and ferroalloys.

Year to date

Carbon Solutions reported total operating income of NOK 1,552 million YTD-2021, which was 10% higher than YTD-2020. EBITDA YTD-2021 was NOK 379 million, up 14% from NOK 333 million YTD-2020. The improvement was mainly due to higher sales volumes and better sales mix.

Outlook for the fourth quarter

There is strong underlying demand for Elkem's products going into the fourth quarter and industry supply continues to be hampered by energy and raw material constraints. Elkem is well positioned to benefit from the current market conditions despite inflationary pressure, due to its integrated value chains in Asia and Europe/US.

Silicones markets are expected to remain tight in the fourth quarter. Due to time lag versus market prices, Elkem expects to realise higher sales prices in the quarter both for commodities and specialities.

Market prices for silicon- and ferrosilicon-based products are at all-time high. Elkem is benefitting from attractive positions and expects to realise higher sales prices due to time-lag in sales contracts.

Carbon products continues to benefit from strong steel and ferroalloys markets.

Condensed consolidated interim statement of profit or loss

Amounts in NOK million	Note	Third quarter		Year to date		Year
		2021	2020	2021	2020	2020
Revenue	2	8,646	5,723	22,846	17,093	24,025
Other operating income	2	134	156	443	447	631
Share of profit (loss) from equity accounted companies	2	15	6	31	23	35
Total operating income		8,796	5,886	23,321	17,563	24,691
Raw materials and energy for production		(4,063)	(3,145)	(11,164)	(9,168)	(12,858)
Employee benefit expenses		(1,128)	(910)	(3,313)	(2,935)	(4,028)
Other operating expenses		(1,474)	(1,318)	(4,111)	(3,714)	(5,121)
Amortisation and depreciation	3	(464)	(411)	(1,352)	(1,231)	(1,710)
Impairment losses	3	(0)	(1)	(68)	(7)	(17)
Operating profit (loss) before other items		1,666	99	3,313	508	957
Other items	4	16	(18)	(29)	4	(130)
Operating profit (loss)		1,682	82	3,284	512	827
Share of profit (loss) from equity accounted financial investments		3	(3)	28	(28)	(15)
Finance income	5	6	7	21	30	31
Foreign exchange gains (losses)	5	52	(89)	168	6	17
Finance expenses	5	(68)	(72)	(212)	(215)	(278)
Profit (loss) before income tax		1,675	(74)	3,289	306	584
Income tax (expenses) benefits		(295)	(23)	(599)	(141)	(306)
Profit (loss) for the period		1,380	(97)	2,690	164	278
Attributable to:						
Non-controlling interests' share of profit (loss)		9	8	26	31	39
Owners of the parent's share of profit (loss)		1,371	(105)	2,664	133	239

Earnings per share		Third quarter		Year to date		Year
		2021	2020	2021	2020	2020
Basic earnings per share in NOK		2.16	(0.18)	4.34	0.23	0.41
Diluted earnings per share in NOK		2.15	(0.18)	4.31	0.23	0.41
Weighted average number of outstanding shares (million)	8	634	581	613	581	581
Weighted average number of outstanding shares diluted (million)	8	638	581	618	581	581

Condensed consolidated interim statement of comprehensive income

Amounts in NOK million	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Profit (loss) for the period	1,380	(97)	2,690	164	278
Remeasurement of defined benefit pension plans	-	-	2	-	(55)
Tax effects on remeasurements of defined benefit pension plans	-	-	(0)	-	13
Change in fair value of equity instruments	-	(0)	2	(0)	7
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-	-
Total items that will not be reclassified to profit or loss	-	(0)	3	(0)	(35)
Currency translation differences	132	49	190	796	47
Hedging of net investment in foreign operations	4	(48)	86	(339)	(168)
Tax effects hedging of net investment in foreign operations	(1)	11	(19)	75	37
Cash flow hedges	275	65	559	(727)	(148)
Tax effects on cash flow hedges	(60)	(14)	(123)	160	33
Share of other comprehensive income (loss) from equity accounted companies	2	(1)	9	(12)	(11)
Total items that may be reclassified to profit or loss	352	62	702	(48)	(211)
Other comprehensive income, net of tax	352	62	704	(48)	(245)
Total comprehensive income	1,732	(35)	3,394	117	32
Attributable to:					
Non-controlling interests' share of comprehensive income	10	7	26	40	40
Owners of the parent's share of comprehensive income	1,722	(42)	3,368	77	(8)
Total comprehensive income	1,732	(35)	3,394	117	32

Condensed consolidated interim statement of financial position

Amounts in NOK million	Note	30 September 2021	30 September 2020	31 December 2020
ASSETS				
Property, plant and equipment	3	14,588	14,416	14,131
Right-of-use assets	3	1,003	747	875
Goodwill	3	932	1,439	919
Other intangible assets	3	1,529	885	1,319
Deferred tax assets		92	121	96
Investments in equity accounted companies		212	136	183
Derivatives	7	361	21	59
Other assets		448	334	432
Total non-current assets		19,166	18,099	18,015
Inventories		6,020	5,791	5,241
Trade receivables		3,957	2,706	2,796
Derivatives	7	164	51	148
Other assets		1,624	1,468	1,212
Restricted deposits	6	371	400	322
Cash and cash equivalents	6	7,176	3,197	3,154
Total current assets		19,311	13,614	12,873
TOTAL ASSETS		38,477	31,713	30,888
EQUITY AND LIABILITIES				
Paid-in capital	8	8,084	6,288	6,296
Retained earnings		9,336	6,317	6,232
Non-controlling interests		92	119	108
Total equity		17,512	12,724	12,635
Interest-bearing liabilities	6	9,778	9,588	7,189
Deferred tax liabilities		461	96	336
Employee benefit obligations		678	651	679
Derivatives	7	125	493	252
Provisions and other liabilities		297	457	326
Total non-current liabilities		11,339	11,285	8,782
Trade payables		3,631	3,124	3,157
Income tax payables		535	44	65
Interest-bearing liabilities	6	1,965	1,314	3,292
Bills payable	6	1,225	1,267	1,053
Employee benefit obligations		819	667	740
Derivatives	7	40	239	101
Provisions and other liabilities		1,412	1,048	1,064
Total current liabilities		9,627	7,703	9,471
TOTAL EQUITY AND LIABILITIES		38,477	31,713	30,888

Condensed consolidated interim statement of cash flows

Amounts in NOK million	Note	Third quarter		Year to date		Year
		2021	2020	2021	2020	2020
Operating profit (loss)		1,682	82	3,284	512	827
Amortisation, depreciation and impairment	3	465	412	1,420	1,238	1,727
Changes in working capital		141	(55)	(367)	(456)	232
Equity accounted companies		(1)	(6)	3	(3)	(7)
Changes fair value of derivatives		7	(34)	44	(223)	(196)
Changes in provisions, bills receivables and other		(653)	(75)	(535)	328	(69)
Interest payments received		5	7	16	30	28
Interest payments made		(55)	(52)	(182)	(182)	(239)
Income taxes paid		(7)	(4)	(299)	(126)	(192)
Cash flow from operating activities		1,584	276	3,384	1,118	2,111
Investments in property, plant and equipment and intangible asset:	3	(897)	(329)	(2,024)	(1,534)	(2,201)
Acquisition of subsidiaries, net of cash acquired		-	(240)	-	(1,015)	(1,032)
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	(78)	-	-
Acquisition/capital contribution of/to joint ventures		-	-	-	-	(40)
Other investments / sales		(38)	(0)	(76)	0	10
Cash flow from investing activities		(935)	(568)	(2,179)	(2,549)	(3,262)
Dividends paid to non-controlling interests		-	-	(42)	(17)	(29)
Dividends paid to owners		-	-	(96)	(349)	(349)
Capital increase		-	-	1,901	-	-
Net sale (purchase) of treasury shares		(273)	-	(301)	-	-
Net changes in bills payable and restricted deposits		(49)	(72)	88	200	113
Payment of lease liabilities		(34)	(25)	(87)	(77)	(104)
New interest-bearing loans and borrowings		1,251	1	3,176	1,619	1,636
Payment of interest-bearing loans and borrowings		(393)	(308)	(1,882)	(1,358)	(1,433)
Cash flow from financing activities		502	(404)	2,757	18	(166)
Change in cash and cash equivalents		1,151	(697)	3,962	(1,414)	(1,317)
Currency exchange differences		28	(6)	60	115	(24)
Cash and cash equivalents opening balance		5,998	3,900	3,154	4,496	4,496
Cash and cash equivalents closing balance		7,176	3,197	7,176	3,197	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	-	2,664	2,664	26	2,690
Other comprehensive income	-	704	704	0	704
Total comprehensive income	-	3,368	3,368	26	3,394
Share-based payment	20	-	20	-	20
Capital increase (note 11)	1,901	-	1,901	-	1,901
Net movement treasury shares (note 11)	(37)	(264)	(301)	-	(301)
Dividends to equity holders	(96)	-	(96)	(42)	(138)
Closing balance 30 September 2021	8,084	9,336	17,419	92	17,512

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	-	133	133	31	164
Other comprehensive income	-	(56)	(56)	9	(48)
Total comprehensive income	-	77	77	40	117
Share-based payment	21	-	21	-	21
Dividends to equity holders	(349)	-	(349)	(17)	(365)
Closing balance 30 September 2020	6,288	6,317	12,605	119	12,724

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 third quarter of 2021 were approved at the meeting of the board of directors on 26 October 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.

Third quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	4,803	3,259	498	12	-	8,571
Other revenue	4	25	6	40	-	75
Other operating income	29	97	1	8	-	134
Share of profit from equity accounted companies	-	-	-	15	-	15
Total operating income from external customers	4,836	3,380	505	74		8,796
Operating income from other segments	13	178	55	96	(342)	(0)
Total operating income	4,849	3,558	560	170	(342)	8,796
Operating expenses	(3,681)	(2,700)	(420)	(186)	322	(6,665)
EBITDA	1,168	858	140	(16)	(20)	2,131
Operating profit (loss) before other items (EBIT)	875	727	117	(33)	(20)	1,666

Third quarter 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,161	2,177	392	(65)	-	5,664
Other revenue	6	14	4	35	-	59
Other operating income	44	96	2	14	-	156
Share of profit from equity accounted companies	-	-	-	6	-	6
Total operating income from external customers	3,211	2,287	397	(10)		5,886
Operating income from other segments	11	176	55	85	(328)	0
Total operating income	3,222	2,463	452	75	(328)	5,886
Operating expenses	(2,873)	(2,323)	(342)	(145)	309	(5,374)
EBITDA	349	140	111	(70)	(18)	512
Operating profit (loss) before other items (EBIT)	101	8	90	(82)	(18)	99

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

Year to date 30 September 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	12,019	9,163	1,368	50	-	22,600
Other revenue	13	66	14	152	-	246
Other operating income	87	333	4	20	-	443
Share of profit from equity accounted companies	-	-	-	31	-	31
Total operating income from external customers	12,119	9,562	1,386	254		23,321
Operating income from other segments	41	487	167	339	(1,033)	(0)
Total operating income	12,160	10,049	1,552	593	(1,033)	23,321
Operating expenses	(9,832)	(7,992)	(1,173)	(616)	1,025	(18,588)
EBITDA	2,328	2,056	379	(23)	(8)	4,733
Operating profit (loss) before other items (EBIT)	1,473	1,658	254	(65)	(8)	3,313

Year to date 30 September 2020 *)	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	8,718	7,049	1,220	(172)	-	16,815
Other revenue	19	123	11	125	-	278
Other operating income	104	269	5	68	-	447
Share of profit from equity accounted companies	-	-	-	23	-	23
Total operating income from external customers	8,841	7,442	1,236	44		17,563
Operating income from other segments	28	466	173	299	(965)	0
Total operating income	8,869	7,907	1,409	343	(965)	17,563
Operating expenses	(8,099)	(7,025)	(1,076)	(538)	920	(15,817)
EBITDA	770	883	333	(195)	(45)	1,746
Operating profit (loss) before other items (EBIT)	28	482	269	(225)	(45)	508

*) 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 customers	12,757	10,224	1,647	64		24,691
Operating income from other segments	43	580	223	412	(1,258)	-
Total operating income	12,800	10,804	1,870	476	(1,258)	24,691
Operating expenses	(11,474)	(9,582)	(1,432)	(743)	1,224	(22,007)
EBITDA	1,326	1,221	438	(267)	(34)	2,684
Operating profit (loss) before other items (EBIT)	269	685	349	(312)	(34)	957

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

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

30 September 2021	Property, plant and equipment	Right-of-use assets	Goodwill	Other intangible assets
Cost				
Opening balance	31,759	1,087	919	2,753
Additions	1,613	217	-	206
Reclassifications	(138)	-	-	142
Disposals	(98)	(32)	-	(9)
Currency translation differences	407	8	13	(20)
Closing balance	33,544	1,280	932	3,073
Accumulated depreciation				
Opening balance	(15,043)	(212)	-	(1,433)
Addition	(1,131)	(83)	-	(137)
Reclassifications	-	(4)	-	-
Disposals	72	30	-	5
Currency translation differences	(124)	(2)	-	23
Closing balance	(16,227)	(272)	-	(1,543)
Impairment losses				
Opening balance	(2,584)	-	-	(1)
Addition	(60)	(5)	-	(4)
Disposals	15	0	-	4
Currency translation differences	(100)	(0)	-	0
Closing balance	(2,729)	(5)	-	(1)
Net book value 30 September 2021	14,588	1,003	932	1,529

30 September 2020	Property, plant and equipment	Right-of-use assets	Goodwill	Other intangible assets
Cost				
Opening balance	29,437	702	466	1,987
Additions	1,282	188	-	124
Reclassifications	(14)	3	-	11
Business combinations	113	27	991	0
Disposals	(113)	(22)	-	(0)
Currency translation differences	1,926	50	(18)	200
Closing balance	32,632	949	1,439	2,323
Accumulated depreciation				
Opening balance	(13,668)	(123)	-	(1,209)
Addition	(1,049)	(82)	-	(99)
Reclassifications	1	(1)	-	(0)
Disposals	89	12	-	0
Currency translation differences	(777)	(8)	-	(129)
Closing balance	(15,405)	(202)	-	(1,437)
Impairment losses				
Opening balance	(2,567)	-	-	(1)
Addition	(7)	-	-	-
Disposals	9	-	-	-
Currency translation differences	(247)	-	-	(0)
Closing balance	(2,812)	-	-	(1)
Net book value 30 September 2020	14,416	747	1,439	885

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

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Change in fair value commodity contracts ¹⁾	(3)	(78)	(0)	(103)	(144)
Embedded EUR derivatives power contracts, interest element	(17)	70	(50)	233	234
Ineffectiveness on cash flow hedges	1	(1)	2	(2)	(12)
Net foreign exchange gains (losses) - forward currency contracts	(3)	13	8	43	49
Operating foreign exchange gains (losses)	39	(20)	17	51	(83)
Total other gains / (losses)	18	(16)	(23)	221	44
Dividends from other shares	1	(0)	2	1	1
Change in fair value from other shares measured at fair value through profit or loss	0	(2)	1	(3)	0
Gains (losses) on disposal of subsidiaries	-	-	-	-	-
Restructuring expenses	-	-	-	(199)	(158)
Other	(3)	0	(10)	(16)	(18)
Total other income / (expenses)	(2)	(2)	(6)	(217)	(174)
Total other items	16	(18)	(29)	4	(130)

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

Note 5 Finance income and expenses

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Interest income on loans and receivables	5	7	16	29	27
Other financial income	1	0	6	1	4
Total finance income	6	7	21	30	31
Foreign exchange gains (losses)	52	(89)	168	6	17
Interest expenses on interest-bearing liabilities measured at amortised cost	(54)	(54)	(156)	(168)	(221)
Interest expenses from other items measured at amortised cost	(4)	(7)	(19)	(18)	(22)
Interest expenses on lease liabilities	(8)	(4)	(20)	(13)	(17)
Capitalised interest expenses	1	-	3	-	4
Unwinding of discounted liabilities	(2)	(4)	(8)	(7)	(10)
Interest on net pension liabilities	(2)	(2)	(5)	(5)	(7)
Other financial expenses	(0)	(2)	(7)	(4)	(4)
Total finance expenses	(68)	(72)	(212)	(215)	(278)
Net Finance income (expenses)	(10)	(153)	(23)	(179)	(229)

Note 6 Interest-bearing assets and liabilities

	30 September 2021	30 September 2020	31 December 2020
Lease liabilities	676	447	566
Loans from external parties, other than bank	4,418	4,200	1,996
Bank financing	4,684	4,941	4,627
Total non-current interest-bearing debt	9,778	9,588	7,189
Lease liabilities	112	90	97
Loans from external parties, other than banks	1,266	380	2,407
Bank financing, current	558	812	762
Accrued interest	29	32	27
Total current interest-bearing debt	1,965	1,314	3,292
Bills payable, current	1,225	1,267	1,053
Restricted deposits bills payable, current	365	394	315
Net bills payable	859	873	737
Cash and cash equivalents	7,176	3,197	3,154
Other restricted deposits, current	5	7	6
Other restricted deposits, non-current	42	39	39
Receivables from related parties	1	1	1
Loans to external parties	8	8	8
Accrued interest income	1	1	1
Total other interest-bearing assets	7,233	3,254	3,209
Net interest-bearing assets / (liabilities)	(5,370)	(8,522)	(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. 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 September 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	2,612	156	130	34	19	23	54
Embedded EUR derivatives	3,949	(138)	(181)	(31)	(31)	(29)	(90)
Power contracts ¹⁾	2,193	339	384	123	51	37	173
Warrants	3	3	-	-	-	-	-
Platinum contracts	21	1	(0)	(0)	-	-	-
Total derivatives		361	332	126	39	31	137
EUR loan designed as cash flow hedging instrument		136	(15)	(6)	(6)	(3)	0
Total			317	119	33	28	137

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

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Realised effects hedge accounting, recycled from OCI					
Realised effects from forward currency contracts, Revenue	19	(39)	96	(137)	(164)
Realised effects from embedded derivatives EUR, Revenue	(10)	(14)	(26)	(37)	(45)
Realised effects from EUR loans, Revenue	0	0	(2)	(6)	(11)
Realised effects from power contracts, Raw materials and energy for production	81	(111)	156	(326)	(450)
Total realised hedging effects recycled from OCI	91	(164)	224	(506)	(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.

	Shares outstanding	Treasury shares	Total issued shares
<i>Numbers are whole numbers</i>			
As at 1 January 2021	581,310,344	-	581,310,344
Capital increase on 15 February 2021	1,675,000		1,675,000
Capital increase on 30 April 2021	56,456,034		56,456,034
Increase treasury shares	-	11,000,000	-
Sale of treasury shares	3,529,304	-	3,529,304
As at 30 September 2021	631,970,682	7,470,696	639,441,378

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
<i>Numbers are whole numbers</i>					
Weighted average number of shares outstanding	634,107,589	581,310,344	613,249,867	581,310,344	581,310,344
Effects of dilution from share-based payment	4,234,057	-	4,350,682	-	94,282
Weighted average number of outstanding shares diluted	638,341,647	581,310,344	617,600,549	581,310,344	581,404,626

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

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

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

The share capital was increased with the issuance of 1 675 000 new shares on 15 February 2021 with a proceeds of NOK 39 million. On 30 April 2021 the share capital was increased by issuing 56 456 034 new shares raising proceeds of NOK 1,891 million. At 30 June 2021, Elkem share capital are NOK 3 197 206 890, comprising in total 639 441 378 shares, each with a nominal value of NOK 5. Net expenses after tax related to the capital increases amount to NOK 29 million resulting in total share capital increase of NOK 1,901 million.

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

Third quarter 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						1,380
Income tax (expense) benefit						295
Finance expenses						68
Foreign exchange gains (losses)						(52)
Finance income						(6)
Share of profit from equity accounted financial investments						(3)
Other items						(16)
EBIT	875	727	117	(33)	(20)	1,666
Impairment losses						0
Amortisations and depreciations						464
EBITDA	1,168	858	140	(16)	(20)	2,131

Third quarter 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						(97)
Income tax (expense) benefit						23
Finance expenses						72
Foreign exchange gains (losses)						89
Finance income						(7)
Share of profit from equity accounted financial investments						3
Other items						18
EBIT	101	8	90	(82)	(18)	99
Impairment losses						1
Amortisations and depreciations						411
EBITDA	349	140	111	(70)	(18)	512

Year to date 30 September 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						2,690
Income tax (expense) benefit						599
Finance expenses						212
Foreign exchange gains (losses)						(168)
Finance income						(21)
Share of profit from equity accounted financial investments						(28)
Other items						29
EBIT	1,473	1,658	254	(65)	(8)	3,313
Impairment losses						68
Amortisations and depreciations						1,352
EBITDA	2,328	2,056	379	(23)	(8)	4,733

Year to date 30 September 2020	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						164
Income tax (expense) benefit						141
Finance expenses						215
Foreign exchange gains (losses)						(6)
Finance income						(30)
Share of profit from equity accounted financial investments						28
Other items						(4)
EBIT	28	482	269	(225)	(45)	508
Impairment losses						7
Amortisations and depreciations						1,231
EBITDA	770	883	333	(195)	(45)	1,746

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.
-

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Reinvestments	(385)	(269)	(983)	(829)	(1,387)
Strategic investments	(440)	(185)	(836)	(576)	(835)
Periodisation ¹⁾	(72)	125	(205)	(129)	22
Investments in property, plant and equipment and intangible assets	(897)	(329)	(2,024)	(1,534)	(2,201)

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

	Third quarter		Year to date		Year
	2021	2020	2021	2020	2020
Cash flow from operating activities	1,584	276	3,384	1,118	2,111
Income taxes paid	7	4	299	126	192
Interest payments made	55	52	182	182	239
Interest payments received	(5)	(7)	(16)	(30)	(28)
Changes in provisions, bills receivables and other	653	75	535	(328)	69
Changes in fair value commodity contracts	(7)	34	(44)	223	196
Other items	(16)	18	29	(4)	130
Reinvestments	(385)	(269)	(983)	(829)	(1,387)
Cash flow from operations	1,886	182	3,386	457	1,522

Elkem's financial APMs, ROCE

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

	30 September 2021	30 September 2020	31 December 2020
Inventories	6,020	5,791	5,241
Trade receivables	3,957	2,706	2,796
Bills receivable	(1,428)	(660)	(920)
Accounts receivable	2,529	2,045	1,875
Other assets, current	1,624	1,468	1,212
Other receivables to related parties interest-free	(5)	(0)	(0)
Grants receivables	(401)	(479)	(525)
Tax receivables	(257)	(148)	(105)
Assets at fair value through profit or loss	(95)	-	-
Accrued interest	(1)	(1)	(1)
Other current assets included in working capital	865	840	581
Trade payables	3,631	3,124	3,157
Trade payables related to purchase of non-current assets	(153)	(243)	(448)
Accounts payable included in working capital	3,479	2,882	2,709
Employee benefit obligations	819	667	740
Provisions and other liabilities, current	1,412	1,048	1,064
Provisions, contingent considerations and contract obligations	(239)	(307)	(287)
Liabilities to related parties	(29)	(54)	(64)
Other current liabilities included in working capital	1,144	688	713
Working capital	3,972	4,440	3,536
Property, plant and equipment	14,588	14,416	14,131
Right-of-use assets	1,003	747	875
Investments equity accounted companies	212	136	183
Grants payable	(15)	(15)	(15)
Trade payables and prepayments related to purchase of non-current	(81)	(234)	(381)
Capital employed	19,680	19,490	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.

	30 September 2021	30 September 2020	31 December 2020
Net interest-bearing assets / (liabilities)	(5,370)	(8,522)	(8,009)
Other restricted deposits, non-current	(42)	(39)	(39)
Receivables from related parties	(1)	(1)	(1)
Loans to external parties	(8)	(8)	(8)
Accrued interest income	(1)	(1)	(1)
Net interest-bearing debt	(5,421)	(8,571)	(8,058)
EBITDA (LTM)	5,671	2,263	2,684
Leverage ratio	1.0	3.8	3.0