

Integrated annual report 2024



We are Elkem

Advanced silicon-based materials shaping a better and more sustainable future



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Who we are and what we do

Elkem is a world-leading supplier of advanced silicon-based materials shaping a better and more sustainable future. The company produces silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human resourcefulness. Elkem helps customers develop and improve products that are essential for the green and digital transitions, such as electric mobility, digital communication, health and personal care, as well as smarter, more sustainable cities.

With a strong track record since 1904, Elkem's global team of around 7 200 people has a joint commitment to stakeholders: Delivering your potential. Elkem is listed on the Oslo Stock Exchange (ticker: ELK) where it is part of the OBX® ESG Index, a selection of 40 companies demonstrating best Environmental, Social and Governance (ESG) practices.

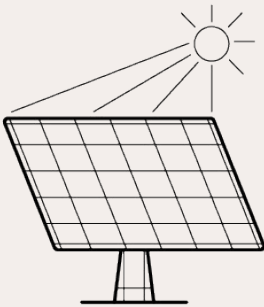


33.0

NOK billion total
operating income

13%

EBITDA margin



High share of
renewable energy

0

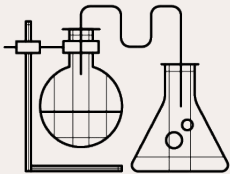
net zero
emissions
by 2050

One company, three divisions



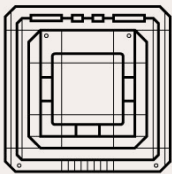
Elkem is organised in three divisions, providing silicones, silicon products and carbon solutions. These products are essential to making a large number of innovative products that people use in their daily life and which are necessary components for sustainable solutions for the future, from digital communication, health and personal care to green mobility and transportation, as well as energy and power.

Elkem aims to grow profitably, through a focus on building strong cost and market positions, with integrated and regionally based value chains. Elkem also has a strong emphasis on innovation and R&D to enable a higher degree of product specialisation, creating added value for customers.



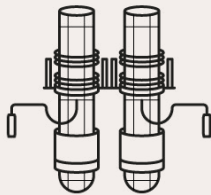
Silicones

A fully integrated producer from silicon metal to upstream siloxanes and downstream silicone specialities.



Silicon Products

A leading producer of silicon-based materials, including silicon, ferrosilicon, specialty alloys based on ferrosilicon and Microsilica.



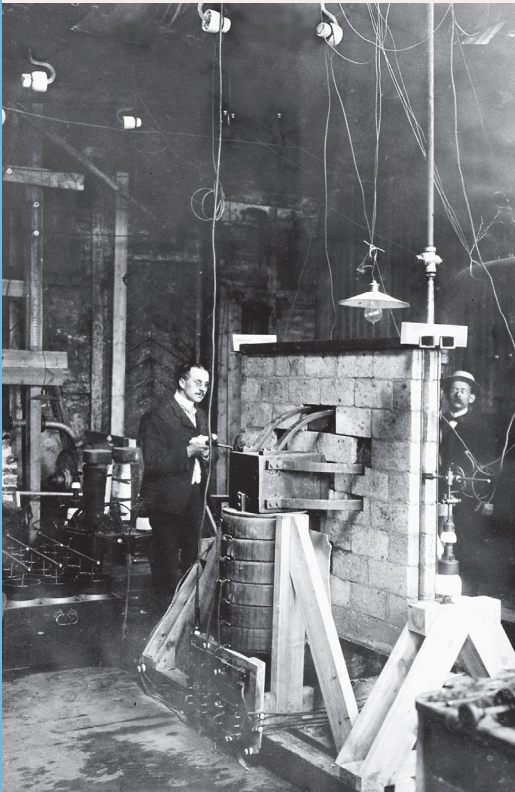
Carbon Solutions

A leading producer of speciality carbon products for various metallurgical smelting processes and primary aluminium industries.

A collection of milestones

1904

Elkem was founded



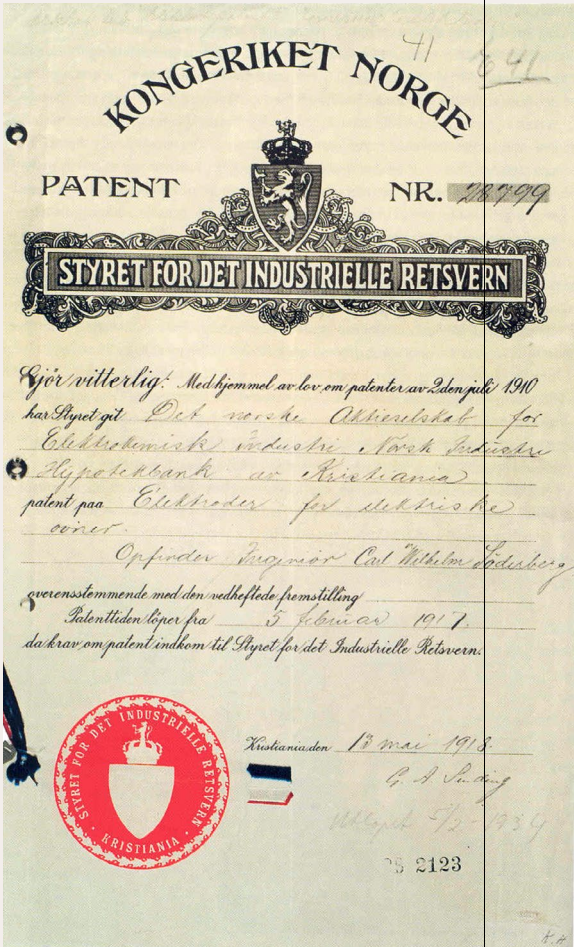
1913

Elkem listed on the Oslo Stock Exchange



1918

Patenting of the Söderberg electrode technology



1944

First trial batch of silicones in Lyon, France



1951

World's largest ferrosilicon smelter put into operation at Fiskaa



1964

Silgrain© first production (Bremanger)



A collection of milestones

1978

Beginning of silicones production in China (Xinghuo)



1981

Acquisition of Union Carbide Ferroalloys Division



2005 -
2011

Orkla aquired Elkem in 2005, and de-listed the company. Ownership changed to China National Bluestar in 2011



2018

Re-listing on Oslo Stock Exchange



2023

Inauguration of world's first carbon capture pilot at Elkem's smelter in Rana, Norway



2024

Elkem is a top five global silicones producer, a top producer of silicon and foundry alloys in Western markets, and the only global producer of carbon products



Elkem's value chain



2024 in brief

The challenging market conditions of 2023 persisted throughout 2024, impacting sales prices and demand for most of Elkem’s products. Elkem worked extensively to counter these challenges and to improve financial results, through both internal measures and reduced investment levels. This improvement programme gradually improved Elkem’s financial performance, despite the absence of tailwind in the market.



1Q-2024

- On 2 January 2024, Elkem celebrated its 120-year anniversary. Since its beginning as an industrial start-up in 1904, the company has developed into one of the world's leading providers of advanced silicon-based materials.
- Elkem signed an agreement to acquire REC Solar Norway AS, in a transaction that gave the company control of industrial areas and facilities in Norway, including areas near its Fiskaa operations in Kristiansand.

- Elkem completed its first pilot for carbon capture and storage (CCS) at the Rana plant in Norway, recording CO₂ capture rates of up to 95 per cent.

2Q-2024

- Elkem received high scores from CDP with A- for Climate and Water, as well as A for Forest, making Elkem one of only 30 companies globally with top performance in this area.
- In line with its comprehensive programme to improve earnings and reduce capital expenditures, Elkem exited its financial investment in the advanced battery materials company Vianode to focus on core business.
- The silicones expansion project in China was finalised in May, on time and on budget. The start-up was successful and exceeded expectations.
- Elkem was awarded NOK 31 million in support from Enova for the groundbreaking Sicalo® (Silicon production with carbon looping) project, which aims to eliminate all CO₂ emissions from silicon production. The technology involves capturing the carbon emitted from the silicon furnace and reusing it in the production process. In October, Elkem received EUR 1.8 million in funding from the European Union for the project.

3Q-2024

- Elkem successfully issued NOK 1 500 million new senior unsecured bonds. Of these, NOK 400 million was issued with a tenor of 3 years, NOK 800 million with a tenor of 5 years, and NOK 300 million with a tenor of 7 years.
- Elkem earned Platinum rating for sustainability transparency from EcoVadis, one of the world's largest and most trusted providers of business sustainability ratings.

4Q-2024

- Elkem reached a successful scaling of its chemical silicone waste recycling project from a laboratory to a pilot unit at its Saint-Fons production site in Lyon, France. This marks a significant milestone in driving the transition to a circular economy for silicones.
- Elkem signed a long-term power agreement with Hafslund. The contract covers a capacity of approximately 400 GWh per year for the 2028 – 2035 period, providing Elkem's plants with competitively priced power and predictability of supply.
- Elkem met its improvement programme targets, achieving more than NOK 1 500 million in EBITDA improvements and NOK 2 000 million in investment reductions. These results position Elkem for stronger financial performance when the markets recover.



Key figures

	Unit	2024	2023	2022	2021	2020	2019	2018	2017
Total operating income	NOK million	33 004	34 760	45 898	33 717	24 691	22 668	25 230	20 985
Operating income growth	Ratio	-5%	-24%	36%	37%	9%	-10%	20%	26%
EBITDA	NOK million	4 146	3 771	12 925	7 791	2 675	2 656	5 793	3 188
EBIT	NOK million	1 294	1 365	10 898	5 899	948	1 189	4 522	1 927
Profit (loss) for the period	NOK million	577	170	9 642	4 664	278	897	3 367	1 249
Cash flow from operations	NOK million	1 484	3 027	9 551	4 100	1 513	2 133	4 031	2 336
Reinvestments in % of D&A	Ratio	77%	102%	84%	91%	81%	80%	84%	72%
Total assets	NOK million	53 432	50 500	52 781	41 850	30 888	29 004	31 129	25 507
Net interest-bearing debt	NOK million	10 327	8 373	1 280	3 341	7 327	5 106	2 101	6 481
Debt leverage	Ratio	2.5	2.2	0.1	0.4	2.7	1.9	0.4	2.0
Equity	NOK million	26 020	24 458	28 773	19 874	12 635	12 952	13 722	8 565
Equity share	Ratio	49%	48%	55%	47%	41%	45%	44%	34%
Return on capital employed (ROCE)	Ratio	4%	4%	39%	26%	5%	7%	26%	12%
Earnings per share (EPS)	NOK	0.77	0.11	15.09	7.49	0.41	1.47	5.74	2.08
Number of employees	Number	7 262	7 436	7 372	7 074	6 856	6 370	6 280	6 113
Total recordable injury rate H1+H2	Ratio	3.5	3.0	3.2	3.7	2.3	2.2	2.2	3.1
NO _x emissions	Tonnes	5 460	5 830	6 519	8 932	6 610	6 718	7 068	7 109
Total CO ₂ emissions (scope 1, 2 and 3)*	Mill tonnes	11.53	9.84	10.74	11.60	10.27			
Energy consumption	TWh	7.15	7.27	6.54	6.54	6.40	6.01	6.23	5.28

* Total scope not reported before 2020.



Improving results and positioning for growth

Despite the challenging market conditions in 2024, Elkem once again demonstrated its resilience and adaptability, a hallmark of our 120-year history. Profitability has been improved through a broad range of internal initiatives and we are well positioned to seize new opportunities once demand recovery gets underway.

Dear Elkem shareholder,

In 2024, we celebrated Elkem's 120-year anniversary. Since our beginning as an industrial start-up in 1904, our company has evolved into one of the world's leading providers of advanced silicon-based materials. Today, Elkem counts more than 7 200 talented employees across more than 30 different countries. We deliver critical materials to around 36 000 customers worldwide, many of whom are global leaders in their sectors, ranging from construction to electronics, renewable energy, healthcare, mobility and aerospace applications. Our materials are essential to the products future digital, low-emissions societies will rely upon, and will be increasingly critical to the markets we operate in.

The foundation of Elkem's robust business model is a combination of strong market positions supported by efficient and lean manufacturing, technology innovation, a diversified portfolio and a commitment to continuous improvement. All these tools were successfully leveraged in 2024, to counter challenging macro-economic conditions.

Prolonged downturn and geopolitical turmoil

The past two years have presented significant challenges for our industry. Weak global economic growth, inflationary pressures and high

interest rates have led to a slump in demand in the construction market in China and in Europe, and created headwinds for the automotive and steel sectors in Europe and the US. There has been an oversupply of silicone capacity in China. These factors have put pressure on sales prices for commodity silicones, silicon and ferrosilicon in all three markets in 2024.

While inflationary pressures are easing, 2025 has been off to a slow start. Global GDP growth outlook remains modest, with downside risks in the form of regional conflicts, geopolitical instability and shifts towards protectionist trade policies, threatening supply disruptions. The integration of the global economy is under strain, driven by geopolitical rivalries. In my 35 years at Elkem, I have not experienced price volatility as significant and changes as rapid as those we have witnessed since the pandemic.

In response to the weak market conditions, Elkem initiated a comprehensive improvement programme in 2024 aimed at increasing margins, particularly in the Silicones division. Measures were implemented to reduce costs and capital expenditures, enhance operational efficiencies and optimise capacity. The target was to improve EBITDA by at least NOK 1.5 billion and to reduce capital expenditures by NOK 2.0 billion year-on-year.



Improvement programme exceeding targets

I am proud to report that Elkem not only met but exceeded its targets. The realised effects of the EBITDA improvement programme stood at NOK 1.7 billion as per year-end 2024, while capex was reduced by NOK 2.2 billion compared to 2023. All three of our divisions reported satisfactory fourth-quarter results, with Silicones delivering its best result since the third quarter 2022.

Behind those numbers lie a tremendous amount of hard work to drive sales optimisation, productivity improvements and organisational efficiencies. I want to commend our Elkem employees for their collective efforts to strengthen our profitability. Despite relatively weak results in 2024, Elkem has delivered on its financial targets over the business cycle, with strong top line growth, good profitability, and a sound financial position.

We are well positioned to deliver a strong performance and seize attractive growth opportunities once demand recovery gets underway. We believe demand will be bolstered by regulations such as the European Union's (EU) Critical Raw Materials Act. The Act entered into force in May 2024 and aims to ensure a secure and sustainable supply of raw materials that are integral to key industrial sectors and to the EU's transition to a green and digital economy. Silicon metal has been classified as both a critical and strategic material by the EU, illustrating its critical role in multiple sectors.

Strategic review of the Silicones division initiated

In January 2025, we announced a strategic review of the Silicones division. The purpose is to streamline our business portfolio, and enable capital allocation to accelerate growth in the Silicon Products and Carbon Solutions divisions.

This decision follows a thorough assessment of Elkem's position in the silicones industry. Significant investments have been made in the division, which have improved our market and cost positions. However, to further develop the Silicones division and retain a leading position in the industry, Elkem's board of directors and management are of the view that continued significant investments will be required.

The Silicones division's profitability is improving and the expansion projects in China and France have been completed. Therefore, this is the right time to initiate this process.

We are carefully considering several alternatives and aim to advance the process in a timely manner.

Investments in growth, environmental performance and specialisation

Beyond our improvement programme, 2024 also included important highlights within operations, innovation, digitalisation and sustainability.

We completed the silicones expansion project in China on time and on budget in May. The plant was ramped up in six months, increasing overall production capacity by 50 per cent, i.e. an additional 120 kmt silox annually. We also expanded our silicones production in France, which is increasing total capacity by 25 per cent. These expansions will improve Elkem's cost position, environmental performance, and deliver better product quality upstream, which in turn will support further downstream specialisation. In the fourth quarter, the new line in China was already generating a positive EBITDA contribution estimated at approximately NOK 120 million.

Elkem also signed new long-term power contracts in Norway, securing our future cost position and predictability of supply. Elkem is well-positioned with long-term power contracts in Norway with around 75 per cent of its electricity consumption secured until end of 2029.

At the heart of Elkem are its people and our focus on safety. We believe that all injuries are preventable and have therefore adopted a zero-harm philosophy in our operations. Following a setback in our safety performance during the pandemic, we rolled out a new and reinforced system for Health, Safety and the Environment (HSE) improvement. While the initiative showed positive results in 2023, the number of low severity incidents rose in 2024. We take this very seriously and have taken steps to reinforce management focus in the affected areas. The safety of our employees shall always be our first priority.

Innovation at our core

Research and innovation are at the core of Elkem's DNA, with 3.2 per cent of 2024 revenues dedicated to new products and new processes, including technical support to customers. We're continuously exploring new ways of manufacturing our existing product-portfolio more sustainably and efficiently, and developing new and more specialised products for our customers. We have around 550 researchers globally, working in areas such as energy efficiency and CO₂ emissions reduction, circular economy, new materials and digitalisation. In 2024, we reported pioneering achievements in several of these areas.

At our Test Center in Kristiansand, Norway, we completed the first pilot phase of Elkem Sicalo®, which aims to eliminate all CO₂ emissions from silicon production. The concept is based on recycling the carbon emitted from the furnace, using it again as a reductant in the production process in a closed loop. The project received a NOK 31 million grant from Enova earlier in the year. Subsequently, the EU granted EUR 9.9 million in funding for the Horizon Europe project MECALO, which builds on our project. MECALO will develop the concept of carbon looping further for general metal production, with the aim of achieving zero CO₂ silicon and manganese alloys. If successful and fully implemented in all European production of silicon and manganese, this project could save 33 million tonnes of CO₂ emissions per year in 2050.

Other climate technology breakthroughs included the successful completion of the world's first pilot for carbon capture and storage (CCS) at a smelter, at our Rana facility in Northern Norway. The high capture rates of up to 95 per cent, combined with low amine degradation, proved the technical effectiveness of the technology. Carbon capture, along with the use of biocarbon, can potentially contribute significantly towards our global climate strategy of reducing emissions towards net zero. Now the challenge is to strengthen the business case for CCS, to make it commercially viable in an industry with global competition.

In France, our research team at Saint-Fons in Lyon successfully scaled its chemical silicone waste

recycling project. Recycling waste is a central tenet of the circular economy, yielding significant advantages such as reduced material consumption and a diminished environmental footprint. As part of its climate strategy, Elkem aims to increase recycling in its own operations and develop circular loops with customers and suppliers.

Green leadership:

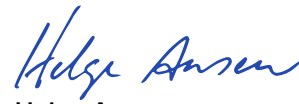
Sustainability and innovation go hand in hand at Elkem and green leadership is what will keep us relevant also for the next 120 years.

Our climate roadmap is based on cutting emissions and resource-use in our operations to reach net zero production and focus growth on enabling the green transition by supplying critical materials to customers.

In 2024, our sustainability efforts and our commitment to corporate social responsibility were recognised with high scores from CDP and a Platinum rating for sustainability transparency from EcoVadis, one of the world's largest and most trusted providers of business sustainability ratings. The Platinum rating is awarded to the top 1 per cent of companies globally.

In 2025, Elkem will continue to focus on operational excellence, digitalisation to accelerate productivity improvement, the health and safety of our people, and sustainability. Our divisions will keep strengthening their leading positions within their respective markets, enhancing their strong cost positions, expanding their product portfolios and pursuing selective growth initiatives.

In doing so, we will ensure that Elkem remains a competitive producer of world-leading advanced materials, creating value for all stakeholders through profitable and sustainable growth.


Helge Aasen,
CEO, Elkem ASA

The Elkem way

Who we are, how we work and why we are here

We are Elkem	→ A leading global provider of silicon-based advanced materials
Our mission To produce advanced silicon-based materials shaping a better and more sustainable future	<div>→ Elkem's materials are essential to most products used in daily life, such as digital communication, health and personal care, green mobility and transportation, as well as renewable energy and power. Elkem's products are therefore critical to the green and digital transition, enabling sustainable solutions for the future.</div> <div>→ Elkem's goal is to create value through profitable and sustainable growth. We aim to develop our business in accordance with the UN Sustainable Development Goals and to reduce emissions to reach climate neutral production.</div>
Our purpose Delivering your potential	<div>→ Elkem's team of professionals is dedicated to developing innovative, high-quality, specialised solutions to unleash the potential of our customers.</div> <div>→ We believe that the long-term megatrends will drive growth in demand for advanced materials, including silicones, silicon and carbon solutions.</div>
Our values Involvement Respect Precision Continuous improvement	<div>→ Involvement commits people. We believe that our employees closest to the production processes are best positioned to identify problems and opportunities, and to find solutions. By involving colleagues, customers and other stakeholders, and by being transparent and committed to teamwork, we increase our ability to learn and develop new solutions.</div> <div>→ We respect the law, the environment, our employees, colleagues, customers, suppliers, owners, local communities and different cultures. Respect is about being fair, open and honest, trusting your colleagues and partners and appreciating diversity.</div> <div>→ Commitment to precision expresses itself through our work to develop and follow standards of best practice and safe and stable production. By establishing work and safety standards, we can measure and continuously improve our performance.</div> <div>→ We know that the value chain can always be improved. We do this through experimenting, using new technology and looking for ways to eliminate waste. Continuous improvement means that we are always looking for improvement potential, keeping an open mind and always ready to learn and share our knowledge.</div>

Our corporate strategy

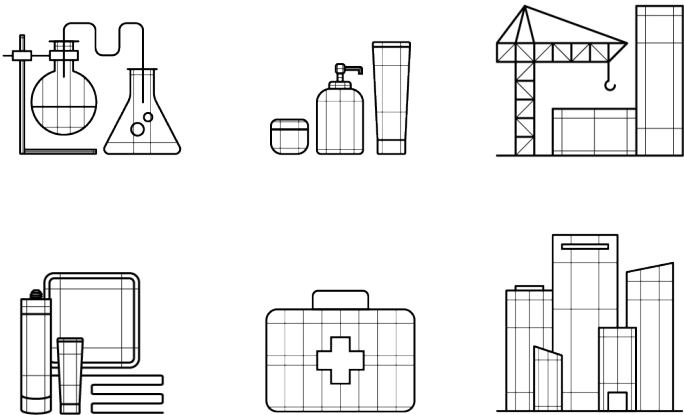


Silicones	Silicon Products	Carbon Solutions
→ Improve underlying profitability and value creation.	→ Strengthen leading cost positions.	→ Further improve profitability through operational excellence.
→ Accelerate product specialisation and the drive towards a circular economy.	→ Pursue organic growth and bolt-on acquisitions.	→ Expand our green product portfolio.
→ Pursue selective growth initiatives.	→ Reduce CO ₂ emissions and energy consumption.	→ Pursue organic growth and bolt-on acquisitions.

New investments improving competitive positions

End markets

- Construction
- Automotive
- Chemical formulators
- Personal care
- Healthcare
- Paper and film release
- Silicone rubber
- Textile



15.1
NOK billion in total
operating income

46%
of group sales*

13 main production sites

China	Xinghuo, Shanghai, Zhongshan , Yongdeng (silicon)
France	Roussillon, Saint-Fons, Salaise-sur Sanne
Italy	Caronno
Spain	Santa Perpetua
USA	York
Brazil	Joinville
India	Pune
Korea	Gunsan

Elkem is a global leader in fully integrated silicone manufacturing, from silicon metal to upstream siloxane and downstream silicone specialties. Silicones can be manufactured into many forms including solids, liquids, semi-viscous pastes, foams, oils and rubber. They are flexible and can resist moisture, chemicals, heat, cold and ultraviolet radiation. Due to its wide range of application areas, silicones are used in a large number of products and industries, including manufactured goods, construction materials, electronics, consumer and medical items.

Silicones can be encountered every day in several areas, including in personal care products, in cars, in the gel on wound dressing, and in sealing and insulating materials in electrical equipment.

The main growth drivers are the green transition and the rise of middle class worldwide to serve markets such as electrification of transportation, electronics, and healthcare.

The division's key strategic focus is to improve profitability and value creation through continuous cost improvement and accelerated product specialisation. The division completed an expansion project in China in 2024, and a project in France will be completed first quarter 2025. The division is well-invested in the upstream siloxane production, and the focus going forward will be on R&D and further specialisation of the product portfolio.

In 2024, the Silicones division's main focus has been to complete the expansion of the upstream siloxane capacity in France and China. These projects will improve the plants' cost positions and underlying profitability, as well as the environmental footprint and upstream product quality. In addition, a key focus area has been to improve profitability through a comprehensive and well-defined improvement programme, which was successfully implemented.

Key figures

	2024	2023	2022	2021	2020
Total operating income (in NOK million)	15 091	14 163	19 288	17 429	12 800
EBITDA (in NOK million)	521	-605	2 022	3 672	1 326
EBITDA margin (in %)	3%	-4%	10%	21%	10%
Number of employees	4 335	4 525	4 637	4 395	4 224
Sales volume (thousands metric tonnes)	388	332	394	409	372

*Share of group sales from external customers ex. Other

Industry leader with strong cost and market positions



15.5
NOK billion in total
operating income

44%
of group sales*

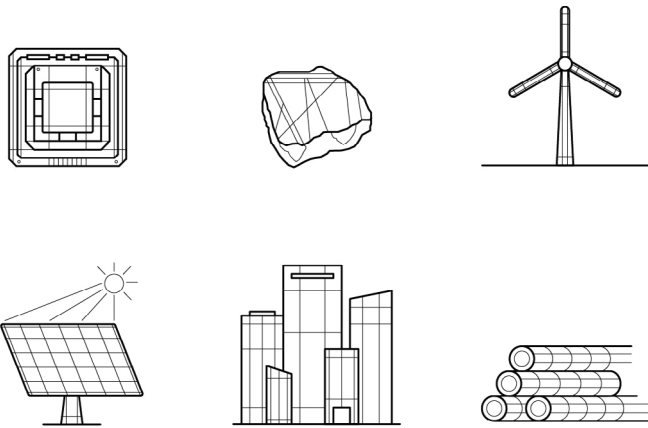
12 main production sites

Norway	Salten, Thamshavn, Rana, Bremanger, Bjølvfossen, Tana
Iceland	Grundartangi
China	Shizuishan
India	Nagpur
Paraguay	Limpio
Canada	Chicoutimi
Spain	Erimsa has various locations

*Share of group sales from external customers ex. Other

End markets

- Automotive
- Construction/industrial equipment
- Electronics
- Specialty steel
- Solar and wind turbines
- Refractories
- Oil and gas



Elkem is a leading producer of silicon-based materials, including silicon, ferrosilicon, specialty alloys based on ferrosilicon, and Microsilica.

Silicon is used in silicones, aluminium alloys and polysilicon, and has a number of favourable chemical and physical properties, including semi-conductivity, making it highly versatile for numerous industrial and electronic applications. Ferrosilicon is used in steel industry, with Elkem’s specialty grades primarily employed in the production of electrical steel for motors and power network components, supporting the electrification.

Foundry alloys are used in the production of iron castings to improve their properties such as tensile strength, ductility, and impact properties. Microsilica is a process product of the silicon and ferrosilicon production and is used in construction, refractory, oilfield, and polymer industries.

Drivers for the division’s growth are key mega trends, such as the green transition, digital communications, and smarter and more sustainable cities. Its main markets are automotive, construction, electronics, and renewable energy sectors.

Elkem has low-cost positions driven by scale and operational excellence, as well as strong market positions in specialty niches based on deep application knowledge and close customer relationships.

The division’s strategy is to strengthen its leading cost positions and pursue selected organic growth initiatives and opportunities for bolt-on acquisitions. In addition, the target is to reduce carbon emissions and energy consumption throughout the value chain. In 2024, the key focus areas have been to improve cost and to increase the share of bio-based reduction materials in the smelting process.

Key figures

	2024	2023	2022	2021	2020
Total operating income (in NOK million)	15 506	17 836	24 489	14 789	10 807
EBITDA (in NOK million)	2 864	3 304	10 226	3 704	1 214
EBITDA margin (in %)	18%	19%	42%	25%	11%
Number of employees	2 114	2 070	1 958	1 904	1 890
Sales volume (thousands metric tonnes)	422	462	522	566	479

A leading supplier of specialty products to metallurgical industries



3.6
NOK billion in total
operating income

10%
of group sales*

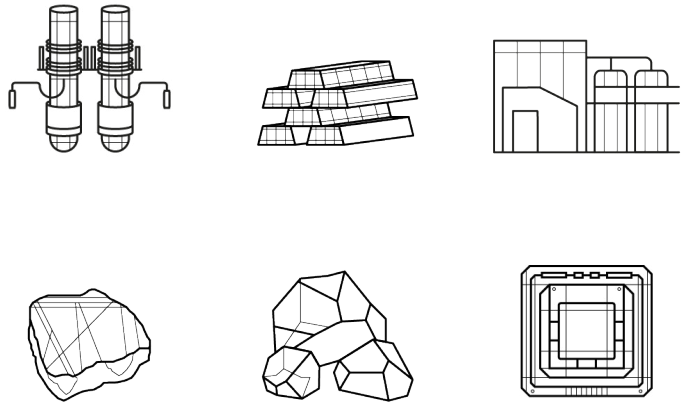
6 main production sites

Norway	Kristiansand
Slovakia	Žiar nad Hronom
Brazil	Serra (Carboindustrial and Carboderivados)
South Africa	Emalahleni
China	Shizuishan

*Share of group sales from external customers ex. Other

End markets

- Ferroalloys
- Silicon
- Aluminium
- Iron foundries



Elkem is a leading producer of specialty carbon products for various metallurgical smelting processes and primary aluminium industries, uniquely positioned as the only producer with a global reach.

Carbon products are used in electric arc furnaces and by the aluminium and iron foundries industries. Elkem's Søderberg electrode paste is the most common electrode system used in submerged arc furnaces to ensure that the raw material reaches the required process temperatures. The Søderberg electrode technology has more than 100 years of successful technology leadership. The technology and carbon products are used by producers of silicon, ferrosilicon, ferrochromium, ferronickel, ferromanganese, silicomanganese, calcium carbide and copper and platinum matte.

The main market drivers are linked to the production of steel and ferroalloys critical for the green transition, and for transportation and construction. High-quality electrodes are critical for the customers to ensure stable and reliable production processes.

The division's strategy is to further strengthen profitability through operational excellence, develop selective growth projects organically and through acquisitions, and to expand its green product portfolio.

In 2024, the Carbon Solutions division has focused on the integration of Elkem Carbon Slovakia (former VUM), which was acquired in 2023, and a project in Brazil to expand its capacity for high-quality products. The project in Brazil will start production in 2025. The division has delivered excellent results in challenging markets.

Key figures

	2024	2023	2022	2021	2020
Total operating income (in NOK million)	3 649	4 210	3 752	2 176	1 870
EBITDA (in NOK million)	1 131	1 286	1 166	508	437
EBITDA margin (in %)	31%	31%	31%	23%	23%
Number of employees	455	454	401	395	394
Sales volume (thousands metric tonnes)	274	279	302	294	256



The Elkem share

Elkem aims to be an attractive investment for shareholders by delivering sustained growth and competitive profitability through the cycle.

NOK 11.2 bn

Elkem’s market capitalisation as at 31 December 2024

18 448

shareholders as at 31 December 2024

639.4

million shares

NOK 0.30

divided per share for 2024

- Elkem ASA is a public limited company. The share is listed on the Oslo Stock Exchange and the ticker code is ELK
- Elkem ASA was re-listed on Oslo Stock Exchange on 22 March 2018
- Elkem ASA has one share class with 639 441 378 ordinary shares, each with a nominal value of NOK 5
- All shares have equal rights and are freely transferable. Each share grants the holder one vote and there are no structures granting disproportionate voting rights
- Bluestar Elkem International Co. Ltd. SA, owned by China National Bluestar is the majority shareholder with 52.9 per cent
- Eight analysts are covering Elkem, providing market updates and estimates for Elkem’s financial development



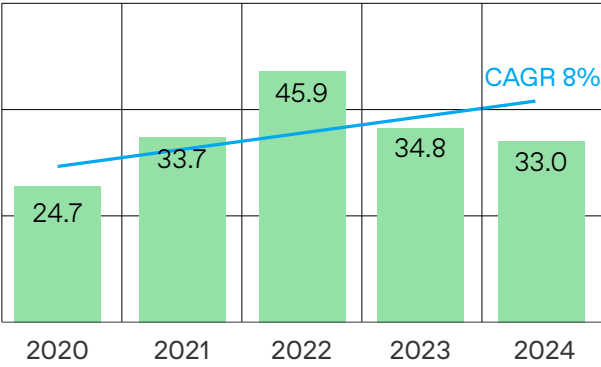
Elkem intends to pay dividends reflecting the underlying earnings and cash flow and will target a dividend pay-out ratio of 30-50 per cent of the group’s profit for the year

The proposed dividend for 2024, subject to approval from the annual general meeting in 2025, is NOK 0.30 per share, representing 39 per cent of the group’s profit for the year

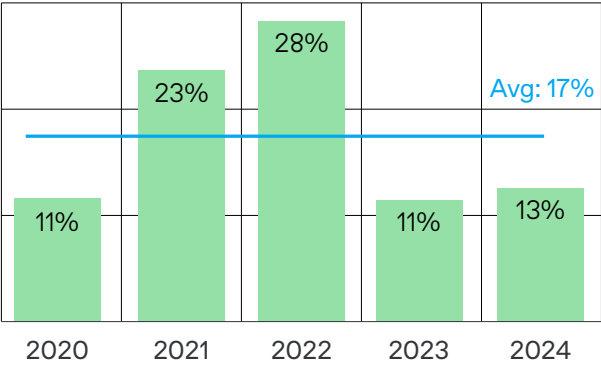
Year	Earnings per share	Dividend per share	Date proposed	Date of approval	Ex date	Pay-out ratio	Dividend yield (%)
2024	0.77	0.30	12.02.2025	30.04.2025	02.05.2025	39%	1%
2023	0.11	0.00	08.02.2024	18.04.2024	19.04.2024	0%	0%
2022	15.09	6.00	08.02.2023	28.04.2023	02.05.2023	40%	17%
2021	7.49	3.00	09.02.2022	27.04.2022	28.04.2022	40%	9%
2020	0.41	0.15	09.02.2021	27.04.2021	28.04.2021	37%	1%
2019	1.47	0.60	12.02.2020	08.05.2020	11.02.2020	41%	2%
2018	5.74	2.60	11.02.2019	30.04.2019	02.05.2019	45%	8%

Elkem's historical performance on key figures

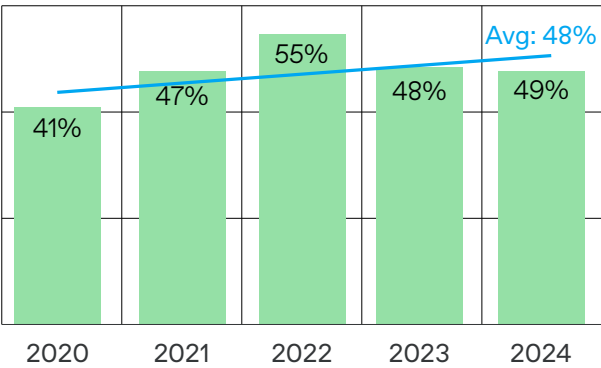
Operating income



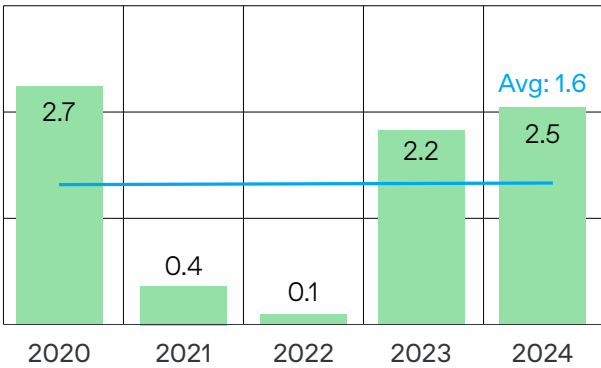
EBITDA margin



Equity ratio



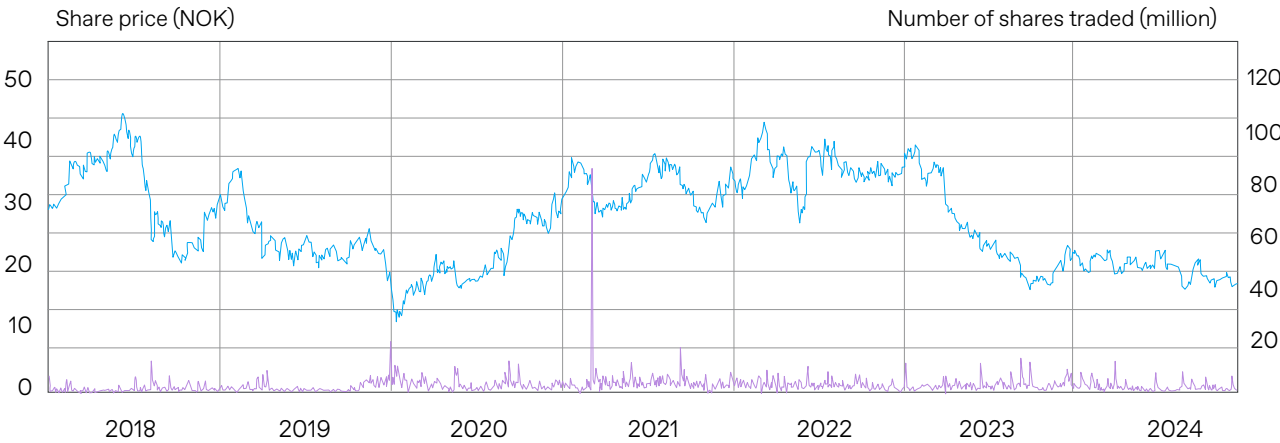
Leverage ratio



Elkem's financial targets

Target metric	Targets	Comments
Revenue growth (%)	5 - 10%	Grow faster than market through specialisation, organic growth and acquisitions
EBITDA margin (%)	15 - 20%	Target average margin through the economic cycle
Reinvestments % of D&A	80 - 90%	Ensure appropriate and disciplined capital allocation following long-term plans
Debt leverage ratio	1.0x - 2.0x	Ensure efficient and robust capital structure
Dividend target	30 - 50% of group profit	Stable and predictable over time

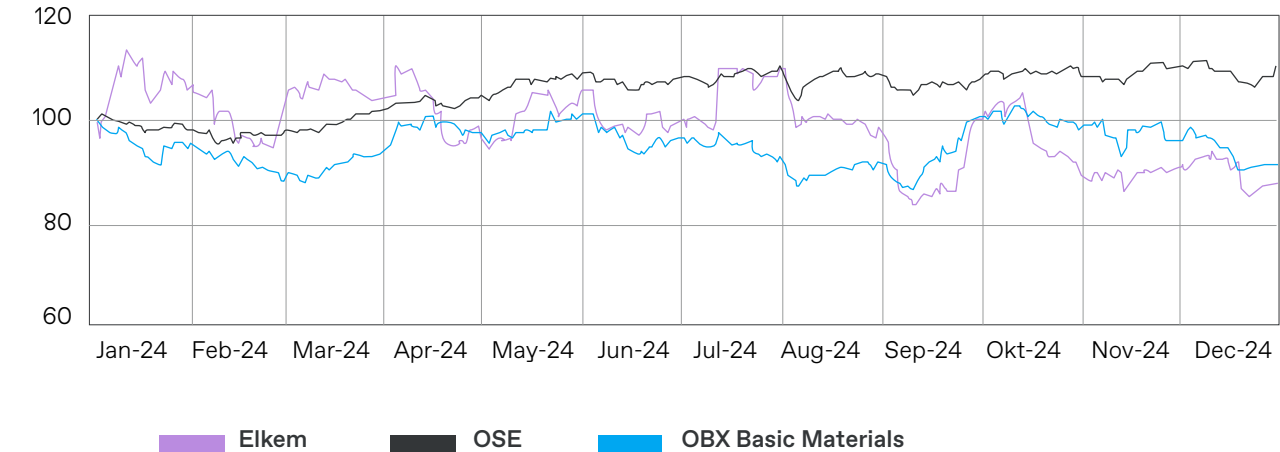
Combined graphs: Share price + number of share traded



Common share data

	2024	2023	2022	2021	2020	2019
Share price high (NOK)	23.58	39.90	43.70	38.50	29.60	36.10
Share price low (NOK)	16.59	16.50	27.30	25.70	11.20	20.20
Share price avg (NOK)	20.19	26.90	35.60	32.20	20.40	25.10
Share price year-end (NOK)	17.52	21.20	35.20	29.80	28.40	24.80
Volume	280 820 162	267 010 261	290 206 422	438 749 361	303 729 619	369 570 346
Turnover	5 677 871 575	6 779 641 881	10 324 893 777	14 103 001 272	6 114 487 641	9 438 910 774
EPS (NOK)	0.77	0.11	15.09	7.49	0.41	1.47
Market cap. year-end (NOK billion)	11.2	13.5	22.5	19.1	16.5	14.4
Shares outstanding as of 31.12	634 169 478	633 890 288	634 476 985	633 037 606	581 310 344	581 310 344
Shares issued	639 441 378	639 441 378	639 441 378	639 441 378	581 310 344	581 310 344

Share price performance compared to Oslo Stock Exchange and OBX Basic Materials (indexed)



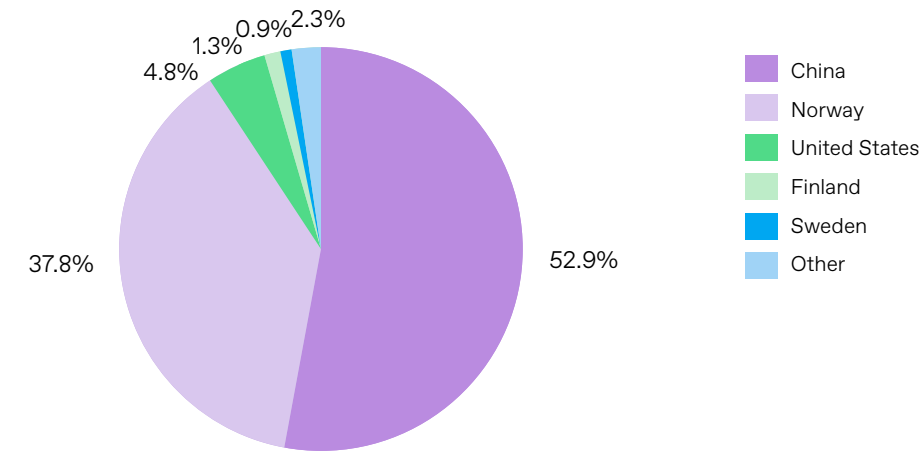
The 20 largest shareholders as of 31 December 2024

Rank	Name	Holding	Stake	Change from 2023	%	Citizenship
1	China National Bluestar	338 338 536	52.91 %	•	-	China
2	Folketrygdfondet	27 352 230	4.28 %	↑	6%	Norway
3	Must Invest	19 618 035	3.07 %	↑	11%	Norway
4	Pareto Asset Management	16 853 626	2.64 %	↑	10%	Norway
5	Storebrand Asset Management	16 822 744	2.63 %	↑	15%	Norway
6	DNB Asset Management AS	15 856 880	2.48 %	↑	124%	Norway
7	Vanguard	11 033 453	1.73 %	↑	10%	United States
8	Nordea Funds	7 327 333	1.15 %	↑	20%	Finland
9	Arctic Fund Management	7 200 000	1.13 %	↓	-3%	Norway
10	Dimensional Fund Advisors	5 968 791	0.93 %	↑	151%	Norway
11	BlackRock	5 732 138	0.90 %	↑	4%	United States
12	First Fondene	5 556 219	0.87 %	↓	-35%	United States
13	Elkem ASA	5 271 900	0.82 %	↓	-5%	Norway
14	KLP Kapitalforvaltning AS	5 263 234	0.82 %	↑	41%	Norway
15	Forsvarets Personellservice	4 578 300	0.72 %	↑	26%	Norway
16	Cape Invest AS	3 495 299	0.55 %	↓	-22%	Norway
17	Alfred Berg Kapitalforvaltning	2 332 881	0.36 %	↓	-72%	Norway
18	Fidelity International (FIL)	2 305 754	0.36 %	↓	-12%	Great Britian
19	Charles Schwab Investment Management Inc	2 297 848	0.36 %	•	New	United States
20	Zolen & Månen AS	2 050 000	0.32 %	•	New	Norway
Total 20 largest shareholders		505 255 201	79.0 %			

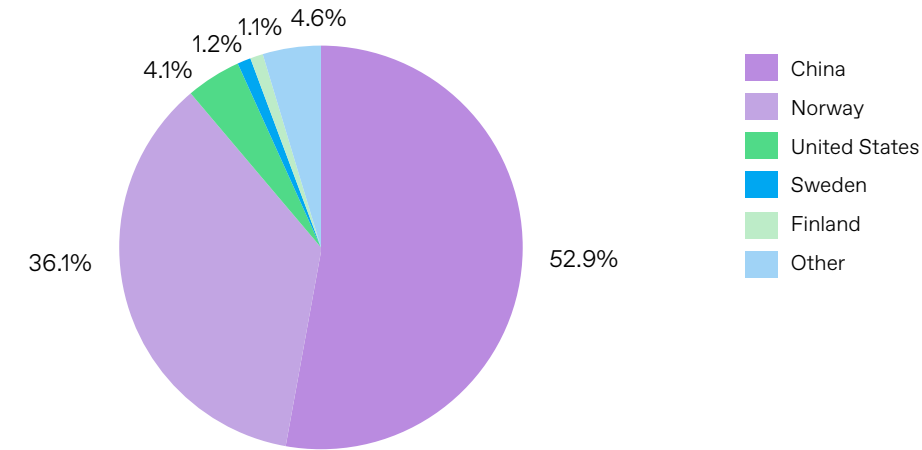
Share ownership (number of shares)

	Number of shares	Share of capital
1-100	151 314	0.02%
101-500	1 224 262	0.19%
501-1000	2 016 875	0.32%
5 001-10 000	22 193 540	3.47%
10 001-100 000	44 048 460	6.89%
100 001 - 1 000 000	43 218 819	6.76%
> 1000 000	521 885 777	81.62%
Unknown holding size	4 702 331	0.74%
Total	639 441 378	100%

Geographical distribution of shareholders
As of 31 Decmber 2024 Elkem had 18 448 shareholders



Geographical distribution of shareholders
As of 31 December 2023 Elkem had 19 322 shareholders



Improved profitability in a challenging year

Profitability improved in 2024 compared to the preceding year, despite weaker and more challenging markets. 2024 marks the second consecutive year with a weak macro-economic environment impacting sales prices and demand for most of Elkem's products. The company has carried out comprehensive EBITDA improvement programmes, concluded growth investment projects and ramped up new capacity in Elkem Silicones China. Elkem is well positioned to deliver improved financial results once the markets recover.

On 23 January 2025, Elkem announced a strategic review of the Silicones division. The purpose of the review is to streamline Elkem, and to reallocate capital to accelerate growth in the Silicon Products and Carbon Solutions divisions. The decision by the board of directors to initiate this review follows a lengthy and thorough assessment of Elkem's growth and return prospects, capital allocation strategy, as well as the dynamics in Elkem's various markets.

The Silicones division has been reclassified in the financial statements as discontinued operations and assets held for sale, following the strategic review decision. The tables and reporting segments in this report reflect the combined results of the three divisions, including Silicones. The reason for this is that the Silicones division was, and will continue to be, managed as an integrated part of Elkem Group and included in corporate management's reporting and responsibility. Note 40 shows the reconciliation of Elkem Group figures with Elkem's continued operations, the Silicones division, and respective eliminations.

The challenging economic conditions that marked 2023 persisted throughout 2024 with generally weak growth, inflationary pressures and high interest rates. Elkem experienced weak demand particularly from the

construction market in China and Europe, headwinds on automotive and steel in Europe and the US, in addition to oversupply of upstream silicones in China. These factors have contributed to weaker silicones prices in China and weaker silicon and ferrosilicon prices in the EU, compared to 2023. Despite challenging market conditions in 2024, Elkem realised extensive margin improvement initiatives, strengthened underlying profitability, in particular in the Silicones division, succeeded in the ramp up of more than 120 kmt/y new siloxane capacity in China, executed high impact investment projects and carried out maintenance programmes. These measures position Elkem for attractive financial results once markets recover. The board of directors believes that the long-term underlying growth and development prospects remain positive for Elkem and is of the opinion that Elkem has a solid asset base and financial capability to support further growth, creating value for all stakeholders.

Elkem's consolidated operating income decreased by 5 per cent Year-over-Year (YoY) to NOK 33 004 million in 2024. EBITDA improved to NOK 4 146 million in 2024 resulting in an EBITDA¹ margin of 13 per cent compared to 11 per cent in 2023. The leverage² ratio was 2.5x as at 31 December 2024. This is above the leverage target of 1.0x to 2.0x over the cycle and is a consequence of the weak results and higher debt levels. Despite relatively weak

¹ EBITDA commented under APM section
² Leverage ratio commented under APM section

results in 2024, Elkem is delivering on its financial targets over the business cycle, based on strong top line growth, good profitability, and a sound financial position.

Elkem's policy is to pay a dividend of 30-50 per cent of the owners of the parent's share of profit for the year. The board of directors has proposed to the annual general meeting a dividend payment of NOK 0.30 per share for 2024, which would represent 39 per cent of profit for the year, in line with the dividend policy. The board of directors' view is that the proposed dividend is appropriate based on the current financial position, market outlook and investment plans.

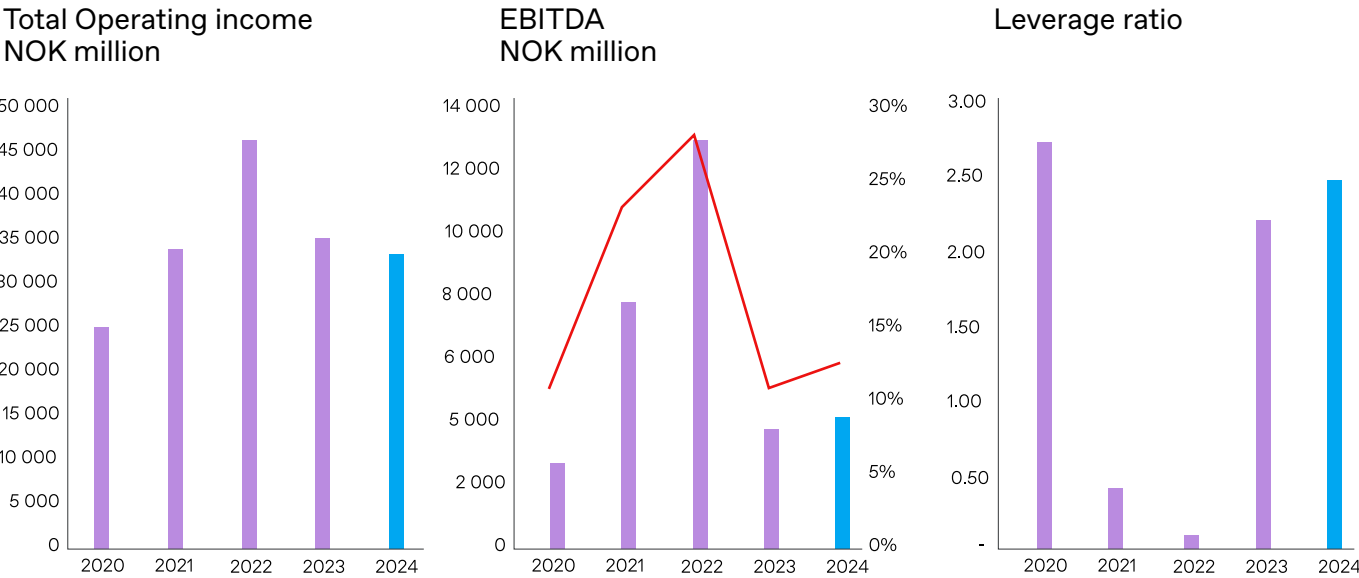
Elkem's commitment to a safe workplace remains a top priority. The total injury rate own employees per million working hours has been 3.5 in 2024 compared to 3.0 in 2023. Elkem made significant efforts in enhancing its Health, Safety, and Environment (HSE) practices through the implementation of the FORUS programme 2024. This upgraded HSE initiative aimed to improve awareness, precision, and follow-up of safe behaviour across all operations. The programme included comprehensive training sessions covering essential topics related to the lifesaving rules and FORUS introductions. A comprehensive understanding of health and safety risks has the highest priority in the company, and the understanding is founded on critical process control combined with a culture of precision and continuous improvement.

Environmental, Social and Governance (ESG) activities enable Elkem to operate environmentally friendly and socially responsible production of advanced silicon-based materials. Elkem is continuously pursuing its global climate roadmap to reduce the average product group

carbon footprint by 32 per cent by 2030, and achieve carbon-neutral production globally by 2050. The ambition is to strengthen our position at the forefront of green leadership and be a part of the solution to combat climate change by reducing our emissions, supplying the green transition, and enabling circular economies. Furthermore, social and governance principles are advocated to support a diverse workforce built on respect and inclusive work culture, and protection of human rights throughout the value chains.

Key business developments 2024
Investments supporting growth and specialisation
Elkem's ambition is to grow revenue by 5-10 per cent per year through the cycle, supported by organic growth initiatives and acquisitions. The compound annual growth has been an attractive 8 per cent since 2020. Key investment projects in 2024 include:

- The silicones expansion project in China was finalised in May. The upstream silox capacity has increased by 50 per cent yielding additional 120 kmt silox capacity annually. The ramp-up has been successful and has exceeded expectations. The new line will improve Elkem's cost position, environmental performance, and deliver higher upstream product quality.
- Elkem acquired assets of REC Solar Norway AS from REC Solar Holdings AS, a subsidiary of Reliance Industries. The acquisition secures control of industrial areas and facilities in Kristiansand and at Herøya, enabling the realisation of local synergies and providing access to attractive facilities for testing and optimisation of products and green production processes.



- Elkem is investing around NOK 200 million to increase its production capacity in Brazil for pitch binder, a key material for carbon anode to aluminium smelters and electrode paste to industrial smelters. The investment is an expansion of an existing facility based on known technology, thereby further improving productivity and profitability. The investment will increase the facility's production capacity by up to 40 per cent, once production starts in the first quarter of 2025.

→ The silicones expansion in France is expected to be ramped up during the first quarter of 2025. The upgraded facilities will provide a 25 per cent capacity increase resulting in 20 kmt silox capacity annually. The new capacity will improve the plant's cost position and allow for higher speciality volumes through existing lines in France.

→ As part of the comprehensive earnings improvements and investment reductions programme, which entails focusing on the company's core business, Elkem decided to exit its financial investment in the advanced battery materials company Vianode.
- Throughout the year, a comprehensive programme for EBITDA improvements was executed across Elkem's divisions. In addition, investment levels were reduced to reflect the weaker market conditions. In total, Elkem realised NOK 1.7 billion in EBITDA improvements and NOK 2.2 billion in investment reductions, both parameters ahead of targets. In particular, extensive EBITDA improvements have been realised in the Silicones division which turned negative EBITDA in 2023 to positive in 2024.

→ Elkem signed two new, large long-term power contracts in Norway. The contracts provide Elkem's plants with competitively priced power and predictability of supply. Elkem is well-positioned with long-term power contracts in Norway with around 80 per cent of the electricity supply secured until end of 2027.

→ Elkem successfully issued NOK 1 500 million new senior unsecured bonds. Of these, NOK 400 million was issued with a tenor of 3 years, NOK 800 million with a tenor of 5 years, and NOK 300 million with a tenor of 7 years.

→ Elkem reached a successful scaling of its chemical silicone waste recycling project from a laboratory to a pilot unit at its Saint-Fons production site in Lyon, France. This marks a significant milestone in driving the transition to a circular economy for silicones.
- Strategic initiatives to accelerate improved profitability

Key initiatives to accelerate and optimise shareholder value have been implemented during the year, providing a continuous basis for improved profitability and secure strategic positions.



Elkem places a high priority on its ESG and climate roadmap

At the heart of Elkem are its people and their safety, along with sustainable operations conducted responsibly through operational excellence. Elkem strives to be an attractive employer and aims to be a leader in the green transition, playing a pivotal role in combating climate change.

- Elkem completed its first pilot for carbon capture and storage (CCS) at the Rana plant in Norway, recording CO₂ capture rates of up to 95 per cent.
- Elkem was awarded NOK 31 million in support from Enova for the groundbreaking Sicalo® (Silicon production with carbon looping) project, which aims to eliminate all CO₂ emissions from silicon production. The technology involves capturing the carbon emitted from the silicon furnace and reusing it in the production process. In October, Elkem received EUR 1.8 million in funding from the European Union for the project.
- Elkem received high scores from CDP with A- for Climate and Water, as well as A for Forest, making Elkem one of only 30 companies globally with top performance in this area.
- Elkem earned Platinum rating for sustainability transparency from EcoVadis, one of the world's largest and most trusted providers of business sustainability ratings.
- Elkem is committed to reducing its total fossil CO₂ emissions by 25 per cent from 2022 to 2030. Additionally, the company aims to increase the supply of products that support the green transition, leading to a 32 per cent improvement in its average product carbon footprint over the same period. Elkem's long-term goal is to achieve net-zero emissions by 2050.

About Elkem

Established in 1904, Elkem is one of the world's leading providers of advanced silicon-based materials shaping a better and more sustainable future. The company is headquartered in Oslo, Norway and is listed on the Oslo Stock Exchange (ticker code: ELK). The company has more than 7 200 full time equivalents (FTE), about 31 main production sites and an extensive network of sales offices worldwide. In 2024, Elkem had a total operating income of NOK 33 004 million. To learn more, please visit www.elkem.com.

Elkem's mission is to provide advanced silicon-based materials shaping a better and more sustainable future. The board of directors believes that a safe and environmentally responsible business model is a prerequisite for value creation. With a highly competent organisation, well-invested assets, attractive market positions and ongoing growth initiatives, Elkem is committed to creating value for all stakeholders.

Elkem is a fully-integrated producer with operations throughout the silicon value chain from quartz to silicon and downstream silicone specialities as well as speciality ferrosilicon alloys and carbon materials. Elkem has organised its operations into three business divisions: Silicones, a fully integrated silicones producer; Silicon Products, a provider of silicon, ferrosilicon, foundry alloys, Elkem MICROSILICA® and related speciality products; and Carbon Solutions, a supplier of electrode paste and speciality products to the ferroalloys, silicon and aluminium industries.

The Silicones division is one of the world's leading fully-integrated silicone companies, with approximately 4 300 FTEs and a global footprint. The division has R&D centres in Europe and Asia, sales offices worldwide, and plants in China, France, Italy, Spain, USA, Brazil, India, and South Korea. The Silicones division represents 46 per cent of the group total operating income.

The markets for the Silicones division's products are large and growing. Demand is driven by megatrends, such as the green transition, digitalisation and energy demand growth. The Silicones division serves diverse markets, from electric cars to construction, via electronics, aerospace, healthcare, personal care, packaging, airbag coating and more. Elkem has a comprehensive range of silicone products (> 5 000 stock keeping units) with leading market positions in engineering elastomers for EV's, coatings for packaging, hygiene and bakery paper and airbag coatings.

The Silicon Products division is a world-leading supplier of silicon, ferrosilicon, foundry alloys, Elkem MICROSILICA® and other speciality products. The Silicon Products division represents 44 per cent of the group total operating income. Silicon Products has about 2 100 FTEs and has plants in Norway, Iceland, Canada, India, Paraguay and China, and quartz mines in Norway and Spain.

Silicon has a number of favourable chemical and physical properties, including semi-conductivity, making it highly versatile for numerous industrial and electronic applications. As such, it has a wide range of applications, predominantly as an alloying material for aluminium and in the production of silicones and polysilicon for electronics and solar cells. Ferrosilicon and foundry alloys are used in the steel industry and iron foundry industry, respectively. The Silicon Products division serves customers in a number of end markets, such as chemicals, aluminium, electronics, automotive, speciality steel segments, solar, construction, refractories, military equipment, and oil and gas. China has been the largest growth market for silicon in recent years, however the material is critical for the green transition in Europe and the United States.

The Carbon Solutions division is the world-leading supplier of electrode paste, prebaked electrodes and speciality products to the ferroalloys, silicon, and aluminium industries. The division has approximately 400 FTEs, with plants in Norway, South Africa, Brazil, Malaysia, Slovakia and China. The Carbon Solutions division represents 10 per cent of Elkem’s operating income from external customers. The steel and aluminium industries account for a significant portion of the division’s end-user applications and, as a result, drive the demand dynamics in the industry.

Financial performance

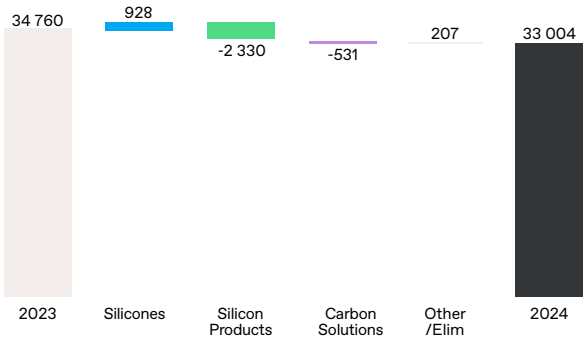
The consolidated financial statements are prepared and based on International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective at 31 December 2024.

The analysis in this section reflects the combined results of the three divisions, including Silicones. Note 40 shows the reconciliation of Elkem Group figures with Elkem continued operations, the Silicones division, and respective eliminations.

Consolidated profit and loss statement

Consolidated operating income for the Elkem group amounted to NOK 33 004 million compared to NOK 34 760 million in 2023. The 5 per cent decrease was driven by lower sales prices. The Silicones division saw a 7 per cent increase in operating income driven by higher sales volumes countered partially by weaker sales prices in particular in China. Operating income for the Silicon Products division decreased by 13 per cent due to negative price development for silicon and ferrosilicon driven by weaker demand, in addition to lower sales volume. Carbon Solutions’ operating income decreased by 13 per cent, driven by lower prices and lower sales volumes.

Operating income
NOK million



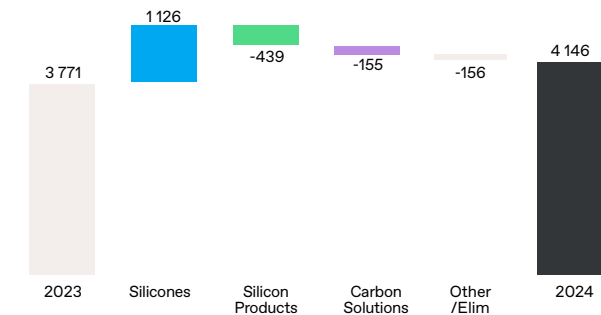
Consolidated EBITDA ended at NOK 4 146 million compared to NOK 3 771 million in 2023. The corresponding margin improved from 11 per cent in 2023 to 13 per cent in 2024. EBITDA improved YoY supported by improved EBITDA from Silicones driven by higher sales volumes and comprehensive margin improvement initiatives. Silicon Products and Carbon Solutions delivered weaker EBITDA as a result of lower sales prices and sales volumes. We refer to “Divisions business performance” for further descriptions.

Consolidated operating profit was NOK 712 million in 2024 compared to NOK 1 682 million in 2023, a decrease of NOK 969 million explained mainly by increased amortisation, depreciation and impairment losses and negative contributions from other items. Amortisation and depreciation were NOK 2 674 million in 2024 compared to NOK 2 312 million in 2023. The increase in amortisation and depreciation is attributed to higher investment levels in recent years, in particular in Silicones. Impairment losses were NOK 178 million in 2024 compared to NOK 94 million in 2023. Impairment losses were mainly related to write-down of assets in BioCarbon and Silicones Lübeck. Other items were negative NOK 460 million in 2024 compared to positive NOK 516 million in 2023. Other items effect in 2024 are largely related to currency exchange hedge losses, embedded EUR derivatives in power contracts, and restructuring expenses primarily in the Silicones division.

Consolidated profit before income tax ended at NOK 47 million for the year, compared to NOK 951 million in 2023.

Net financial items were negative NOK 665 million in 2024 compared to negative NOK 731 million in 2023. The share of profit from equity-accounted financial investments was negative NOK 143 million in 2024 compared to negative NOK 63 million in 2023. Finance income was NOK 147

EBITDA
NOK million



million and foreign exchange gain were NOK 247 million in 2024 compared to NOK 182 million and negative NOK 106 million in 2023 respectively. Finance expenses were NOK 916 million compared to NOK 743 million in 2023 driven by higher interest rate charges and higher interest bearing debt level.

The consolidated profit for the year was NOK 577 million, after NOK 530 million in tax income. The tax income is driven by a positive effect of NOK 1 067 million due to recognition of tax losses forward from the REC Solar Norway acquisition. The tax expenses are driven by positive results in most countries whereas negative results in France and China are not capitalised as deferred tax assets. The tax income mainly consisted of taxes on the current year’s result.

The main items recognised in the consolidated statement of other comprehensive income are related to cash flow hedges (foreign currency hedges and power price hedges) and currency translation differences. These items had a net income of NOK 1 100 million for 2024, compared to a net expense of NOK 566 million in 2023.

The share of consolidated profit attributable to shareholders of Elkem ASA was NOK 488 million, resulting in basic earnings per share NOK 0.77 per share in 2024 compared to NOK 0.11 per share in 2023.

The total comprehensive income for the year was positive NOK 1 677 million in 2024 compared to negative NOK 396 million in 2023.

Divisions business performance

The Silicones division had an operating income in 2024 of NOK 15 091 million (NOK 14 163 million in 2023). EBITDA was positive NOK 521 million in 2024 compared to negative NOK 605 million in 2023. The EBITDA

improvement was driven by higher sales volumes in all regions and comprehensive margin improvement initiatives, while partially countered by weaker sales prices. DMC market index prices in China fell to a new 10 year low level in December 2024 and averaged 6 per cent lower in 2024 compared with 2023 level. Prices overall was weak as a result of weak demand in all regions and segments of Elkem. Sales volumes increased by 17 per cent YoY from 332 thousand metric tons (mt) in 2023 to 388 thousand mt in 2024 supported by the ramp up of a new production line in China and less maintenance stops in 2024 compared to 2023.

The Silicon Products division had an operating income in 2024 of NOK 15 506 million (NOK 17 836 million in 2023). EBITDA was NOK 2 864 million in 2024 compared to NOK 3 304 million in 2023. EBITDA fell during the year mainly due to lower sales prices and sales volumes partially compensated by lower raw material cost. During 2024 sales prices developed negatively on continued weak demand. Silicon and ferrosilicon sales prices were on average 4 per cent and 12 per cent lower respectively in 2024 compared to 2023. Sales volumes decreased from 462 thousand mt in 2023 to 422 thousand mt in 2024 driven by weak demand and rebuild of furnaces at Salten after the fire in late 2023.

The Carbon Solutions’ division had an operating income in 2024 of NOK 3 649 million (NOK 4 210 million in 2023). EBITDA was 1 131 million in 2024 compared to all time high NOK 1 286 million in 2023. The reduced EBITDA was mainly due to lower prices partially countered by lower raw material cost. Sales volumes decreased by 2 per cent from 279 thousand mt in 2023 to 274 thousand mt in 2024.

Cash flow and statement of financial position

Cash flow from operating activities (IFRS) was NOK 2 030 million for the year, compared to NOK 2 769 million in 2023. Positive cash flow contribution from EBITDA (NOK 4 146 million) was reduced by operating loss discontinued operations (NOK 1 382 million), increased working capital (NOK 629 million), changes in provisions, bills receivable and other (NOK 27 million), interest payments made (NOK 885 million) and income taxes paid (NOK 614 million). This was countered partially by gains from equity accounted companies (NOK 27 million), changes in fair value of derivatives (NOK 475 million) and interest payments received (NOK 119 million).

In 2024, amortisation, depreciation, and impairment saw an increase due to higher investment levels over the past few years. A significant portion of these investments were directed towards expanding production capacity for Silicones in China and France. The expansion



project in China, completed in May 2024, is exceeding expectations, while the expansion in France is anticipated to ramp up in the first quarter of 2025. These extensive growth investments, along with maintenance programs, underscore the dual-play growth strategy and green leadership ambition.

Changes in working capital were negative YoY primarily due to an increase in inventories. This rise in inventories was a result of the production strategy. Management remains highly focused on optimising working capital. Optimisation actions include a thorough review and adjustments to align production and sales forecasts, optimising minimum and maximum stock levels, actively pushing to sell slow-moving stocks, individually following up on credit days with customers and suppliers, and adjusting factoring arrangements for the group.

Cash flow from investing activities amounted to NOK 3 303 million negative for the year, compared to NOK 5 299 million negative in 2023. Elkem invested NOK 2 060 million in maintenance, environment, health and safety, and productivity improvement initiatives during the year. In addition, Elkem had NOK 957 million in strategic investments. The cash flow from investing activities in 2024 is mainly explained by investments in the Silicones division particularly related to expansion of production capacity in China and France, Carbon Solutions' expansion project in Brazil and continuous maintenance and improvement investments at selected plants in all divisions.

Cash flow from financing activities was positive NOK 737 million, compared to negative NOK 487 million in 2023.

The positive cash flow from financing activities in 2024 was mainly related to new interest-bearing loans and borrowings of NOK 2 470 million, countered by payment of interest-bearing loans and borrowings of 1 474 million, dividends paid to non-controlling interests (NOK 123 million) and payment of lease liabilities (NOK 143 million).

Change in cash and cash equivalents was negative NOK 536 million for the year.

Elkem's financial position was strong at the end of 2024. The group's equity ratio ended at 49 per cent at the end of the year, which was similar to 48 per cent in 2023. The leverage ratio for the group increased from 2.2x in 2023 to 2.5x at the end of 2024 due to higher Net interest-bearing debt³ (NIBD).

The board of directors views the group's underlying competitive positions and strong equity ratio as a good basis to support further profitable growth of the group.

Total interest-bearing liabilities were NOK 12 907 million as of 31 December 2024, of which NOK 1 090 million matures in 2025. Cash and cash equivalents amounted to NOK 4 397 million in addition to NOK 6 519 million in undrawn credit facilities. NIBD amounted to NOK 10 327 million as of 31 December 2024. The board views the group's cash and financial position to be strong.

³ See APM section

Going concern

The board of directors is of the opinion that Elkem has the ability to continue its business in the foreseeable future and hence confirms that the financial statements have been prepared on a going concern basis and that this assumption is appropriate at the date for the accounts, and that the group has sufficient equity and liquidity to fulfil its obligations.

Strategic priorities

The board of directors conducts an annual review of Elkem's strategy, which includes an assessment of strategic priorities and financial scenarios based on industry trends, market development, and other framework conditions.

The challenging market conditions of 2023 continued throughout 2024, affecting sales prices and demand for most of Elkem's products. Elkem has taken measures to address these challenges and improve financial results through a comprehensive programme aimed at enhancing EBITDA and cash flow generation, while also reducing investments to conserve cash and lower debt leverage.

Elkem is among the few companies with complete and integrated value chains, covering both Eastern and Western markets. Additionally, the company holds strong cost and market positions. The board views Elkem as well-positioned to benefit from a macroeconomic recovery when markets improve.

In the longer term, global megatrends are expected to remain strong and drive demand for Elkem's products, creating opportunities based on the company's geographic presence and solid market positions. Elkem aims to grow by more than 5 per cent annually, with an EBITDA margin over the cycle of at least 15 per cent. Since 2020, Elkem has achieved a compound annual growth rate of 8 per cent with an average EBITDA margin of 17 per cent.

The main strategic priorities are dual-play growth and green leadership. Dual-play growth means driving growth and value creation in all divisions while securing supply chain resilience through geographical diversification. Green leadership means focusing on cutting emissions and resource use to reach climate-neutral production and enabling the green transition through supply of critical materials.

Elkem's approach to product specialisation through Research and Innovation (R&I) and selected acquisitions remains a strategic measure to improve and stabilise the group's profitability throughout the business cycle.

To achieve its strategic goals, Elkem will concentrate on operational excellence, digitalisation, people development,

and ESG. The divisions of Elkem will work on developing and sustaining low-cost positions in their respective markets. Operational excellence and lean manufacturing principles are integrated into the Elkem Business System (EBS). Built on Elkem's core values, EBS is designed to involve everyone in improvement activities and promote a culture of operational excellence, continuous improvement, and deep learning. The objective is to maintain Elkem as a competitive producer through strong operational performance, economies of scale, and an integrated value chain from raw materials to advanced end products.

Elkem announced in January 2025 that it has initiated a strategic review of the Silicones division. The purpose of the review is to streamline Elkem and enable allocation of capital to accelerate growth in the Silicon Products and Carbon Solutions divisions. The decision follows a thorough review of the growth and return prospects of Elkem, as well as its capital allocation strategy and the market dynamics in the silicones business.

Research and Innovation is key to Elkem's strategy on sustainable growth and specialisation

Elkem devotes considerable effort and resources to R&I activities, with 3.2 per cent of 2024 revenues dedicated to new products and new processes, including technical support to customers. Through this investment, and with more than 550 researchers working globally across 14 R&I and application centres, the R&I teams filed 68 patents across the world in 2024. New products introduced less than five years ago represent 18 per cent of Elkem's revenue.

R&I efforts are key to create and develop innovative products that meet new needs in the market, including demand for environmentally-friendly products and energy-efficient production technologies. Optimising the global value chain is at the heart of the projects managed by Elkem and is a key part of Elkem's strategy.

Elkem's R&I facilities within chemistry and new chemicals, new materials and supporting laboratories, play a crucial role in our customers' success. Elkem's R&I efforts contribute to the development of new products with tailored properties for high-end markets, new additives for process aids, or reinforced materials and support with critical analysis information needed for troubleshooting. Elkem's R&I is also important to support Elkem's ambitions related to specialisation and growth based on global megatrends.

Open innovation and collaborative mindset

With around 30 national and European collaborative projects conducted with start-ups, small and medium-sized enterprises, groups, academics and clusters, Elkem

is recognised for its open and innovative mindset. Elkem aims to be at the forefront of new technologies in five prioritised areas:

- Energy efficiency and CO₂ emission reductions, notably by replacing fossil coal with biomass in the production of silicon and ferrosilicon alloys
- Circular economy, mainly through recycling (including waste and end-of-life) and eco-design (products and processes)
- New materials, including 3D printing and additive manufacturing processes, battery cells and batteries, and lightweight materials
- R&I digitalisation, processes and new materials modelling to speed up the capture of value
- Technology scouting, to better anticipate the future needs of our customers and markets

Highlights from 2024 include:

- **Focus on energy efficiency and CO₂ emission reductions:**
 - Elkem completed the first pilot phase of Elkem Sicalo®, which aims to eliminate all CO₂ emissions from silicon production. The project, which has now entered a three-year phase of medium-scale testing at Elkem's centre in Kristiansand, Norway, entails capturing the carbon emitted from the furnace and reusing it as a reductant in the production process. During 2024, the project received a NOK 31 million grant from Enova and subsequently, the EU granted EUR 9.9 million in funding for the Horizon Europe project MECALO, which builds on Elkem's project. MECALO will develop the concept of carbon looping further for general metal production, with the aim of achieving silicon and manganese alloys produced with zero CO₂ emissions. If successful and fully implemented in all European production of silicon and manganese, this project could save 33 million tonnes of CO₂ emissions per year in 2050.
 - Elkem successfully completed the world's first pilot for carbon capture and storage at a smelter at the Rana plant in Northern Norway. The pilot recorded high capture rates of CO₂, up to 95 per cent, demonstrating the technical viability of CCS in smelters. The project received financial support from Gassnova CLIMIT, and was a collaboration between Elkem and Mo Industripark, SINTEF, Alcoa, Celsa, Ferroglobe, SMA Mineral, Norcem, Norfrakalk, Arctic Cluster Team and SLB Capturi (formerly Aker Carbon Capture).
- **Focus on 3D printing and new materials:**
 - Elkem expanded its portfolio of silicone solutions within the new AMSil™ 20 503 and AMSil™ Silbione™ 24 503 ranges for additive

manufacturing. Additive manufacturing, commonly known as 3D printing, has gained traction across various industries due to its ability to produce complex and customised products more efficiently than traditional manufacturing methods. In addition, Elkem has invested in the startup 3Deus Dynamics, which offers a new 3D printing technology for particularly complex shapes and new functionalities.

- **Focus on climate strategy and circular economy:**
 - In France, Elkem's research team at Saint-Fons in Lyon successfully scaled a chemical silicone waste recycling project, which could reduce CO₂ emissions from silicone production by around 65 per cent and waste by around 75 per cent. The project was funded by the France 2030 national innovation and industry investment programme, operated by ADEME (the French Agency for Ecological Transition), and the European Union's NextGenerationEU fund.
 - Elkem is also a partner of the European PLANETS project. The consortium will receive EUR 14.5 million from the EU's research and innovation programme to demonstrate the applicability of the SSbD (Safe and Sustainable by Design) Draft Framework published by the JRC 5Joint Research Centres), while developing technical alternatives for three of the most important classes of molecules in chemical industries: plasticisers, flame retardants and surfactants.
- **Technology scouting to better anticipate the future needs of our customers and markets**
 - Elkem entered a strategic partnership with Startuplab, Norway's leading incubator and early-stage investor for ambitious technology startups, to accelerate the development of green industrial technologies and digital solutions.

To maintain and develop this technological edge, Elkem is evolving through internal projects and the support of collaborative platforms, such as:

- Axel One in Lyon, France, is one of the hubs for smart processes, online analysis, new materials and circular economy. The partnerships with the region and the French government have created a centre of excellence around the industry of the future, integrating environmental and societal concerns and process optimisation. Elkem is highly involved in this platform with new collaborative projects, both at the national and European level.
- The pilot facility at Elkem's corporate R&I centre in Kristiansand, Norway, is an important asset for both



process and product development. The partnership with the Norwegian Catapult Centre, Future Materials, and new collaborative projects, national and European, has further strengthened the position of the centre.

R&I initiatives and expansion

At Elkem’s production sites, new applications are developed and supported by laboratory expertise and analysis to ensure that the latest technologies and capabilities are put to use. The working methodology is used across all segments and markets, to optimise the customer or market interaction.

- In 2021, Elkem’s new R&I centre ATRiON opened at the Saint-Fons site in Lyon, France, at the heart of the so-called “Chemistry Valley” to reinforce innovation within Elkem and Open Innovation together with external partners. The state-of-the-art R&I centre is dedicated to the Silicones division and brings together more than 130 researchers.
- In 2022, Elkem announced a plan to invest more than RMB 100 million to enlarge its Flagship Asia-Pacific R&I Center in Shanghai. The new centre was inaugurated in 2024 following a comprehensive upgrade of the centre’s research system and hardware, and the establishment of four application centers for E-mobility, bioscience, coating and 3D printing, to develop high-performance products and promote the innovative development of the industry. The centre supports customers in the Asia-Pacific region improve their innovation capabilities, accelerate the development of new products and applications and seize emerging opportunities for advanced silicone products and technology in the region.

Sustainability and Environmental, social governance (ESG)

Elkem, as a signatory to the UN Global Compact, is dedicated to developing its business in alignment with the UN Sustainable Development Goals and the Paris Agreement. The company emphasises the increasing importance of safe and environmentally friendly production. Elkem collaborates with customers and partners to create both current and future solutions, recognising the vital role of responsible practices.

For 2024, Elkem will report according to the requirements of the Corporate Sustainability Reporting Directive (CSRD), and the material topics have been identified by a double materiality assessment. The material topics are areas where Elkem has an impact on its surroundings and stakeholders, and topics that has a financial materiality to Elkem. The topics that were identified as material are climate change (ESRS E1), pollution (ESRS E2), water and marine resources (ESRS E3), biodiversity and ecosystems

(ESRS E4), resource use and circular economy (ESRS E5), own workforce (ESRS S1), workers in the value chain (ESRS S2), affected communities (ESRS S3), and business conduct (ESRS G1).

For detailed information on Elkem's response to material topics, refer to the sustainability statement (previously ESG report) detailing commitments and activities within environmental, social, and governance. The chapters on own workforce and workers in the value chain are compliant with the requirements stated in the Norwegian Transparency Act (2021), the UK Modern Slavery Act (2015) and the Forced Labour in Canadian Supply Chains Act (2023). This report, an integral part of the annual report, has undergone independent verification by a third party, and it can be accessed on page 190-191.

Health, Safety and Environment

HSE forms the foundation of Elkem's business, consistently holding the top priority. Guided by a zero-harm philosophy, our HSE management system is methodically implemented to progress toward this paramount goal.

The safety of our employees stands as the cornerstone of our philosophy. The group firmly believes, and has demonstrated, that Elkem's operations can be conducted without harm to employees and individuals. Elkem allocates significant resources to hazard identification and the implementation of suitable measures, aiming to reduce risks to an acceptable level. This ensures that all employees and contractors working at Elkem can conclude their tasks as healthy as when they commenced.

Elkem’s commitment to a safe workplace remains the top priority. The total injury rate own employees per million working hours has been 3.5 in 2024 compared to 3.0 in 2023. Elkem made significant efforts in enhancing its Health, Safety, and Environment (HSE) practices through the implementation of the FORUS program in 2024. This upgraded HSE initiative aimed to improve awareness, precision, and follow-up of safe behaviour across all operations. The program included comprehensive training sessions covering essential topics related to the lifesaving rules and FORUS introductions. A comprehensive understanding of the health and safety risks has the highest priority in the company, and the understanding is founded on critical process control combined with a culture of precision and continuous improvement.

For detailed insights into Elkem's management system, reporting, safety metrics, and organizational and value chain follow-up, consult the chapter on own workforce in the sustainability statement on page 156.

Elkem’s total emissions increased by 17 per cent (location based) in 2024. The group’s scope 1 emissions were decreased by 16 per cent, primarily due to lower production and maintenance. Scope 2 emissions increased by 25% (location-based) in 2024, primarily due to higher production at our sites in China. The expansion of the Silicones division at the Xinghou production site increased plant efficiency in 2024. While the introduction of a cogeneration boiler reduced scope 1 emissions, the increased production led to higher energy consumption, resulting in higher scope 2 emissions. Increased use of biocarbon as a reduction agent in the production of silicon and ferrosilicon is a key element in Elkem’s climate roadmap to reduce fossil GHG emissions. In 2024, the biocarbon share decreased slightly, mainly due to shifts in production, and the biogenic share of Elkem’s total emissions was at 19 per cent. The access to sufficient amounts of biocarbon is expected to be challenging in the coming years, hence continued research on carbon capture and storage (CCS) and usage (CCU) are expected to be key to reduce Elkem’s absolute emissions in the long term. For more on these topics please refer to the sections in climate change in the sustainability statement on pages 104-109.

Diversity, inclusion, and equality

Elkem is dedicated to fostering equal opportunities within a diverse and inclusive work environment. The company recognises and values the uniqueness of each individual, emphasising respect for their distinct abilities. Elkem expects all colleagues to adhere to these principles and champion the four Elkem values.

The company views its human capital as its most valuable asset. The collective wealth of individual differences, life experiences, knowledge, creativity, self-expression, unique capabilities, and talent that employees bring to their work not only shapes Elkem's culture but significantly influences its reputation and business outcomes. Elkem maintains a zero-tolerance policy for any form of harassment or discrimination.

Well-established policies and practices in place encompass diversity, equality, and inclusion (DEI). These include the Code of Conduct, human rights policy, people policy, and global standard procedures covering recruitment, working conditions, promotions, development, on- and off-boarding, and protection against harassment.

Elkem's DEI vision is to cultivate a workplace that is diverse, equitable, and inclusive, where all employees feel engaged, valued, and enjoy a sense of belonging. The promotion of diversity, inclusion, and equality is crucial in attracting and retaining talent, establishing and maintaining profitability, competitive advantage, and sustained success at Elkem. The group aims to create an

inclusive culture where all voices are heard, encouraging individuals to ask questions, embrace new approaches, and bring diverse perspectives to the table. Through maintaining a diverse, equal, and inclusive working culture, Elkem seeks to enhance its ability to deliver market-leading products and services profitably.

In 2024, Elkem conducted its global employee engagement survey, and though there was a slight decrease on the score on the DEI dimensions (from 84 to 81) the sentiment of the employees is still very positive. For further information on Elkem’s activities related to DEI please refer to the sections on own workforce in the sustainability statement and the Activity and Reporting Duty Report.

Governance

The board of directors recognises the importance of good corporate governance. The goal is to ensure equal treatment and protection of all shareholders' interests, compliance with laws and regulations, and adherence to high ethical and social standards.

Elkem is subject to corporate governance reporting requirements under section 2-9 of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 of the continuing obligations of publicly listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance can be found at www.nues.no.

Elkem’s board consist of 11 persons as of 31 December 2024, of which eight are shareholder-elected and three are elected by and among the company’s employees. Four of the shareholder-elected board members represent the majority shareholder, while the other four shareholder-elected members are independent. Elkem had 10 board meetings in 2024. A detailed overview of the board members' attendance may be found in the board of directors’ report on salary and other remuneration to leading personnel in Elkem.

The board of directors’ report on corporate governance can be found on page 61 in this report and is an integral part of the Report of the board of directors.

Risk management

Elkem’s board and management have a robust approach to risk management, which is a key part of Elkem’s corporate governance structure to monitor the risk profile and ensure that adequate risk management processes are in place.

To monitor the group’s risk profile and to ensure that adequate risk management processes are in place, Elkem carries out a yearly risk mapping process based on interviews with divisions and corporate staff



functions. Each risk factor is evaluated based on internal and external conditions and takes deemed likelihood, estimated financial impact, time horizon and mitigating activities into consideration. By identifying the top risks for each division and corporate function, the board and management gain a thorough understanding of the risk profile and financial risk tolerance. A summary of the risk analysis is presented on page 76 in this annual report.

Assessment of climate-related risks and opportunities is an integral part of Elkem's risk management processes, involving both transitional and physical risks. Elkem's production facilities are typically situated near the coast or rivers, or within cities or local communities. Rising temperatures and extreme weather events may lead to business interruptions and damage to assets. Climate change exposure has been evaluated for each business unit in line with the Corporate Sustainability Reporting Directive (CSRD) requirements. Elkem actively works to reduce its impact on the climate and environment by focusing on sustainable raw material sourcing, renewable energy-based production, energy recovery projects, investments to minimise dust and NO_x emissions, and the use of biogenic reduction materials in smelting processes. Additional focus areas include recycling and waste reduction.

In recent years, significant crises have been caused by rare and unforeseen events, known as "black swans." Examples include the global financial crisis of 2008 and the Covid-19 pandemic. These incidents highlight the importance of general risk preparedness, strong supply

chains, and maintaining a stable financial position. To address these risks, Elkem has concentrated on developing a resilient and geographically diverse supply chain and ensuring a robust financial position.

Geopolitical tensions, sanctions and regulatory framework conditions have gained importance over recent years. Elkem operates in various countries and may face trade tensions, sanctions, and changes in regulatory frameworks. These factors could affect access to raw materials and markets. Elkem monitors sanction lists and trade restrictions to ensure compliance. The business model focuses on supply chain resilience through geographical diversification, minimising reliance on shipping intermediate products or finished goods across regions. This dual business model aims to reduce Elkem's exposure to trade restrictions, sanctions, and disruptions in global logistics and transportation.

Elkem's financial performance has been affected by macroeconomic conditions, including weak growth, high inflation, and rising interest rates, reducing demand in sectors like construction and automotive. By closely monitoring market conditions and maintaining strong cost positions, Elkem aims to mitigate these effects. Additionally, its integrated value chain allows flexibility in production across different product groups, helping manage economic downturns.

Elkem's working environment includes a significant inherent risk of injuries and there are risks of fires and

explosions in connection with high temperature and chemical production processes. The safety of our employees and contractors is a main priority, and Elkem uses considerable resources to prevent hazards and reduce risk to an acceptable level. This includes safety instructions, training, physical protection, and adherence to EBS principles.

Elkem operates in an international market and is exposed to a variety of financial risk factors, including currency risk, interest rate risk, liquidity risk and counterparty risk. Elkem's result, cash flow and equity are exposed to fluctuations in currency exchange rates, and Elkem seeks to reduce the impact from changes in currency exchange rates by a pre-defined cash flow hedging programme. The balance sheet risk is mitigated by keeping loans in foreign currencies to match the underlying assets.

Liquidity risk pertains to a company's capability to fulfil its financial obligations. Elkem maintains a robust cash position, has substantial access to undrawn credit facilities, and possesses satisfactory long-term financing arrangements. To prevent a potential breach of financial covenants in loan agreements, Elkem obtained a waiver from lenders to reduce the interest cover covenant from 4.0x to 3.0x in 2024. At year-end 2024, Elkem remains compliant with the original covenant requirement. During 2024, Elkem secured new bond loans amounting to NOK 1 500 million. Additionally, Elkem raised local long-term loans in China to finance the expansion project for silicones. Elkem holds an investment-grade rating of BBB- from Scope. This rating was downgraded in 2024 due to a slower-than-anticipated recovery in credit metrics amidst ongoing market challenges. Elkem is dedicated to maintaining an investment-grade profile, aiming for a leverage ratio of 1.0 – 2.0x over the business cycle.

Counterparty credit risk is managed by monitoring the receivables portfolio and using credit insurance and payment conditions. Elkem's financial transactions and deposits are conducted with established and reputable banks.

Elkem has entered into a liability insurance policy that provides coverage for any past, present, or future member of the board of directors and company officers. This insurance encompasses pure financial losses, including defence costs, that the insured individuals are legally required to pay as a result of or in connection with a claim. The liability insurance extends to cover any financial losses incurred by the company and its subsidiaries due to securities claims and indemnified claims against the board of directors and company officers.

See note 32 in the financial statements for more details on financial risk.

Financial reporting process

Elkem has established routines to ensure that financial statements are reported in compliance with applicable laws and regulations, as well as adopted accounting policies. These routines are detailed in internal reporting manuals, which are regularly updated to reflect new accounting principles.

The financial reporting plan includes controls and checks of reports to ensure consistency of the financial reporting. The financial information is consolidated and controlled at multiple levels within the respective divisions.

The audit committee reviews the quarterly, half-year, and annual reports, with a particular focus on accounting topics such as provisions and liabilities, estimates and judgments, and issues with a significant impact on the financial statement. Additionally, the committee reviews Elkem's ESG and climate-related reporting. External auditors participate in these meetings, along with representatives from Elkem's management and finance functions.

Future prospects

Elkem has initiated a strategic review of the Silicones division to streamline Elkem and accelerate growth in Silicon Products and Carbon Solutions. The decision follows a thorough review of the growth and return prospects of Elkem, as well as its capital allocation strategy and the market dynamics in the silicones business.

The macro-economic sentiment continued to be challenging in 2024 with generally weak growth, inflationary pressures and high interest rates. Elkem experienced weak demand in all regions and markets combined with an oversupply situation of siloxane in China. Markets are challenging going into the first quarter of 2025. In the near term, we continue to see significant uncertainty regarding the macroeconomic development combined with high geopolitical and sanctions risk. The board of directors' assessment is that the fundamentals and long-term prospects for Elkem are positive. Elkem has a dedicated and competent global organisation, a cost competitive and a well-integrated business model in addition to a solid financial position at the end of 2024.

Elkem aims to expand its presence in both the Eastern and Western markets while prioritising financially attractive opportunities. The company closely monitors the geopolitical situation and potential trade restrictions. Climate risk and environmental regulations necessitate reduced emissions and more sustainable solutions. Elkem is well-positioned to meet these challenges, thanks to its high proportion of renewable energy and targeted climate ambitions.

Elkem's financial position is considered to be good at the end of the year, with a robust equity ratio and healthy cash flow generation and strong liquidity position.

Elkem ASA

Elkem ASA is the parent company of the Elkem group. The company's accounts have been presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway. The accounts are prepared on the basis of a going concern assumption.

For Elkem ASA, the operating income amounted to NOK 9 710 million in 2024 compared to NOK 11 070 million in 2023. The operating profit ended at NOK 181 million in 2024, compared to NOK 1 065 million in 2023.

The net change in cash and cash equivalents amounted to NOK 600 million negative. Cash flow from operating activities amounted to NOK 81 million, investing activities of NOK 381 million and negative cash flow from financing activities of NOK 1 062 million.

Elkem ASA's equity was NOK 15 665 million at the end of 2024. The equity ratio⁴ ended at 43 per cent. Profit for the year was NOK 2 323 million. The net interest-bearing liabilities amounted to NOK 10 880 million per 31 December 2024. Cash and cash equivalents amounted to NOK 2 730 million. The board of directors' view is that the dividend proposal for the year is appropriate given the financial position of the company.

Allocation of 2024 net profit: The Board of Directors proposes the profit for the year of NOK 2 323 million to be allocated to retained earnings. The board of directors proposes to distribute NOK 0.30 per share corresponding to NOK 192 million as dividend distributed from retained earnings. In total the board of directors proposes the following allocation (in NOK million):

Dividends from retained earnings
NOK -192 million

Profit for the year to retained earnings
NOK 2 323 million

⁴ See Note 26 Interest-bearing liabilities

The board of directors of Elkem ASA
Oslo, 12 March 2025

Bo Li
Chair

Dag Jakob Opedal
Vice chair

**Olivier Tillette de
Clermont-Tonnerre**
Board member

Wei Yao
Board member

Dachuan Dong
Board member

Grace Tang
Board member

Nathalie Brunelle
Board member

Marianne Elisabeth Johnsen
Board member

Terje Andre Hanssen
Board member

Marianne Færøyvik
Board member

Thomas Eggan
Board member

Helge Aasen,
CEO



Board of directors 2024



Bo Li
Chair



Dag Jakob Opedal
Vice chair



Marianne Elisabeth Johnsen
Board member



Olivier Tillette de Clermont-Tonnerre
Board member



Wei Yao
Board member



Dachuan Dong
Board member



Grace Tang
Board member



Nathalie Brunelle
Board member



Marianne Færøyvik
Board member



Terje Andre Hanssen
Board member



Thomas Eggan
Board member

For more information, please see [Elkem.com](https://www.elkem.com)

Corporate management 2024



Helge Aasen
CEO



Morten Viga
CFO



Katja Lehland
SVP Human Resources



Asbjørn Søvik
SVP Green Ventures & Digital



Håvard Moe
SVP Technology



Louis Vovelle
SVP Innovation and R&D



Morten Magnus Voll
SVP Strategy & Business Development



Sandy Chen
SVP Silicones



Inge Grubben-Strømnes
SVP Silicon Products



Luiz Simao
SVP Carbon Solutions

For more information, please see [Elkem.com](https://www.elkem.com)



The board of directors’ report on corporate governance

Good corporate governance is important to ensure confidence in the company and value creation in the best interest of shareholders, employees and other stakeholders. Elkem emphasises the importance of good relationships with society and stakeholder groups that are affected by the company’s activities. Elkem strives to meet high standards in the areas of corporate governance, and environmental and social criteria (ESG). This report, combined with the sustainability statement, annual report and website, document Elkem’s group activities and results.

Elkem is subject to corporate governance reporting requirements according to section 2-9 of the Norwegian Accounting Act and the Continuing obligations of stock exchange listed companies at Oslo Stock Exchange. Further, Elkem’s board of directors endorses "The Norwegian Code of Practice for Corporate Governance" (the "Code"), most recently revised on 14 October 2021 and issued by the Norwegian Corporate Governance Policy Board (NCGB). The Code of Practice is available at www.nues.no. This report follows the system used in the Code, and forms part of the board of directors’ report. Elkem generally follows the recommendations set out in the Code, but has deviations in the following sections:

Section 3	The board of directors' authorisation to increase the share capital corresponding to 10% of the current share capital can be used for several purposes, to ensure flexibility and ability to act quickly. Pursuant to the Code, such authorisation should be intended for a defined purpose.
Section 6	Voting on members to the board of directors and the nomination committee takes place as a combined vote, reference to section 7. Pursuant to the Code the shareholders should be able to vote on each individual candidate nominated for election.
Section 7	The nomination committee justifies its proposals combined, and not separately for each board member pursuant to the Code. The nomination committee focuses on the combined qualifications and experience, as well as diversification on background and gender.

1. Implementation and reporting on corporate governance

Elkem's corporate governance policy is based on the Code, and as such designed to establish a basis for good corporate governance to support achievement of the company's core objectives, strategies, and risk profile on behalf of its shareholders, including the achievement of sustainable profitability.

Elkem believes good corporate governance involves openness and trustful cooperation between all parties involved in the group: the shareholders, the board of directors and executive management, employees, customers, suppliers, public authorities, and society in general.

By pursuing the principles of corporate governance, the board of directors and management contributes to achieving open communication, equal rights for all shareholders, and good control and corporate governance mechanisms. The board of directors assesses and discusses Elkem's corporate governance policy, strategy, and risk profile on a yearly basis.

Elkem aspires to comply with the recommendations of the Code. If the Code is deviated from, the deviation is described and explained in the relevant section of this statement. A summary of the deviations is also provided above.

No deviations from the Code.

2. Business

Elkem's mission is to provide advanced silicon-based materials shaping a better and more sustainable future. Elkem develops its business in support of the ambitions of the UN Sustainable Development Goals and the Paris agreement. Our strategy is focused on dual play growth and green leadership. Dual-play growth means to drive growth and value creation in all three divisions while securing supply chain resilience through geographical diversification. Green leadership is a key part of Elkem's strategy, focusing on cutting emissions and resource use to reach climate-neutral production and enabling the green transition through supply of critical materials. Operational excellence, selective growth initiatives, a higher degree of specialisation, and securing sustainable low-cost positions are key strategic goals on divisional level.

Elkem's business scope is clearly described in section 3 of the articles of association:

- The object of the company is to develop and engage in industry, mining, trade and transportation, as well as exploration and exploitation of natural resources. The company may also develop, acquire and exploit patents

inventions and technical knowhow. The company may participate directly or indirectly or by other means in companies engaged in activities outlined above or activities that promote or support such objects.

With a strong track record since 1904, Elkem is one of the world's leading suppliers of advanced silicon-based materials shaping a better and more sustainable future. The company develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy, and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health, and personal care as well as smarter and more sustainable cities.

Elkem is operating in capital intensive and cyclical industries and has 31 main production sites and an extensive network of sales offices around the world. While this gives competitive strengths, it also gives exposure to a range of risk factors. The board of directors has defined goals and strategies for the business and has a clear focus on risk management to create value for the company's shareholders. The past two years have been marked by weak macro-economic conditions in most markets, and the board of directors has focused on actions to mitigate negative impact on Elkem by reducing costs and investments. More details on risk management principles and an overview of Elkem's main risks are presented in the annual report. See also section 10 below.

Elkem's main strategic goals are dual play growth and green leadership. Dual-play growth means to drive growth and value creation in all three divisions while securing supply chain resilience through geographical diversification. Green leadership means that Elkem is cutting emissions and resource use to reach climate-neutral production and enabling the green transition through supply of critical materials. To support its strategic goals, Elkem will focus on operational excellence, digitalisation, people development and ESG (Environmental, Social and Governance). In addition, Elkem's divisions will focus on developing and maintain sustainable low-cost positions. Together these initiatives comprise the group's strategic and operational goals to secure profitable and sustainable growth.

Risk management and internal control systems are in place to manage operational risks. The company aims to maintain a sound financial profile with a robust capital structure. The target, based on earnings over the business cycle, is to have a leverage ratio of 1.0x - 2.0x, defined as net interest-bearing debt to EBITDA.

Sustainability is central in Elkem's business strategy. Elkem defines sustainability work as continuous efforts to maximise the positive impact on the environment and societies, as well as to minimise any negative impact.

Elkem is a signatory to the UN Global Compact and applies sustainability in line with the principles of the UN Global Compact. Elkem is committed to develop its business in support of the ambitions of the Paris climate agreement and the UN Sustainable Development Goals (SDGs). Elkem is also committed to follow the United Nations Guiding Principles on Human Rights and Business. Elkem's Silicones division is a member of the Responsible Care Global Charter which is the chemical industry's global initiative to drive continuous improvement in environment, health, safety and security.

Elkem has implemented guidelines and procedures in accordance with section 2-9 of the Accounting Act, including Code of Conduct, policy on anti-corruption and CSR polices. Elkem's ESG report is included in the annual report for 2024.

Elkem's objectives, strategy, risk profile and financial targets are evaluated by the board of directors on an annual basis. The board also reviews the group's performance in ESG and evaluates the climate risks and opportunities and makes regular assessments to ensure compliance and high-quality standards.

No deviations from the Code.

3. Equity and dividends

As at 31 December 2024, the group's equity was NOK 26 020 million, which is equivalent to 49 per cent of total assets. The total issued share capital of Elkem amounted to NOK 3 197 206 890 divided into 639 441 378 shares, each with a nominal value of NOK 5.

Elkem aims to maintain an investment grade profile and targets a leverage ratio, defined as net interest-bearing debt to EBITDA, in the level of 1.0 - 2.0x, based on earnings over the business cycle. As at 31 December 2024, the leverage ratio was 2.5x. The leverage ratio weakened from 2.2 as at 31 December 2023, as a result of higher net interest-bearing debt. The board of director's target is to ensure a leverage ratio in line with policy over the business cycle. In addition, Elkem aims to keep a robust liquidity reserve and a smooth maturity profile on its loan portfolio to mitigate financing and liquidity risk. As at 31 December 2024, available cash and cash equivalents amounted to NOK 6 070 million, providing a strong liquidity position. In addition, Elkem has undrawn credit facilities amounting to NOK 6 519 million.



In 2024, Elkem signed new bond loans of NOK 1 500 million with tenors of 3, 5 and 7 years. The main purpose of the bond loans was to refinance loans maturing in 2024 and 2025. The board of directors considers Elkem's capital structure, including equity and debt structure, to be appropriate to the company's objective, strategy and risk profile.

Elkem's dividend policy aims to align dividend distributions with the underlying earnings and cash flow of the group, targeting a dividend pay-out ratio of 30-50 per cent of the group's annual profit.

The board of directors has proposed to the annual general meeting to pay a dividend of NOK 0.30 per share for 2024. The proposed dividend represents a pay-out ratio of 39 per cent. The board of directors has not been granted any authorisation to approve distribution of dividends.

At the annual general meeting on 18 April 2024, the board of directors was granted the following authorisations:

- To ensure that the board of directors has financial flexibility and to enable quick access to the market in the event of an acquisition with shares as settlement

or for general corporate purposes, the board of directors was granted an authorisation to increase the company's share capital by up to NOK 319 720 689 corresponding to 10 per cent of the company's current share capital. To exercise the authorisation in the best possible commercial manner, it may be relevant in certain situations to make a private placement of shares directed at certain named persons and/or enterprises. It may also be appropriate to use the authorisation in the event of acquisition of business/assets with shares as settlement. It was therefore approved that the board of directors was authorised to deviate from the shareholders' preferential rights when using the authorisation. The authorisation covers share capital increases against contribution in kind and share capital increase in connections with mergers. The authorisation is valid until the annual general meeting in 2025, but no longer than to and including 30 June 2025. This authorisation was not utilised in the financial year ended 31 December 2024.

- In order to allow the board of directors to utilise the mechanisms permitted by the Norwegian Public Limited Liability Companies Act to acquire treasury shares, the board of directors was granted



an authorisation to acquire shares in the company, with a nominal value of up to NOK 319 720 689, equal to 10 per cent of the current share capital. The authorisation can be used to fulfil the company's obligations in connection with acquisitions, incentive arrangements for employees, fulfilment of earn-out arrangements, sale of shares to strengthen the company's equity or deletion of shares. 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 no longer than to and including 30 June 2025. This authorisation was not utilised in the financial year ended 31 December 2024.

Deviations from the Code: The board of directors' authorisation to increase the share capital with an amount up to NOK 319 720 689, corresponding to 10 per cent of the current share capital can be used for several purposes.

Elkem believes that this authorisation is important in order to allow the board of directors, in the interest of time, to act quickly in connection with a transaction or other corporate events where it is in the shareholders and Elkem's interest to increase the share capital.

4. Equal treatment of shareholders

All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

No deviations from the Code.

5. Freely negotiable shares

The shares in Elkem are freely negotiable and there are no restrictions on any party's ability to own, trade or vote for the share in the company. Elkem has only one class of shares. Each share grants the holder one vote and there are no structures granting disproportionate voting rights.

No deviations from the Code.

6. General meetings

The board of directors will ensure that the company's shareholders can participate in the general meetings.

The annual general meeting in 2024 was held as a digital meeting. The shareholders could attend the general meeting through a live webcast and submit questions relating to the items on the agenda and cast their votes in real time. The webcast was organised by DNB Bank ASA, Elkem's registrar in the Central Security Depository, Verdipapirsentralen ASA (Euronext Securities Oslo), and its subcontractor.

The board of directors will further ensure that:

- notices for the general meetings are sent to all

shareholders individually, or to their depository banks, at least 21 days in advance, that all matters to be considered by the meeting are specified and that relevant documents are made available on the company's website;

- the resolutions and any supporting documentation are sufficiently detailed, comprehensive and specific, allowing shareholders to understand and form a view on all matters to be considered at the general meeting;
- the CEO, the chair of the board of directors and the chair of the nomination committee attend the general meeting; and
- the general meeting is able to elect an independent chair for the general meeting.

The articles of association of Elkem do not specify a deadline for shareholders to give notice of their attendance at the general meeting. The board of directors may still encourage shareholders to give such notice within a set deadline. A shareholder holding shares through a nominee account must, however, notify Elkem two days prior to the date of the general meeting (unless the board of directors has included a shorter notification deadline in the notice for the general meeting).

Shareholders who are unable to participate in the general meeting will be given the opportunity to vote by proxy or through written voting in a period prior to the general meeting. The company will in this respect provide information on the procedure and prepare a proxy form/written voting form.

The company will nominate a person to act as proxy. All board members and members of the nomination committee are encouraged, but not obliged, to participate in the annual general meeting.

Elkem has chosen not to follow the recommendation to vote separately on each candidate nominated for the board of directors and the nomination committee. The process of the nomination committee is focused on the combined qualification and experience of the proposed members to the board of directors and the nomination committee, and the voting should therefore also be carried out as a combined vote.

Deviations from the Code: Voting on members to the board of directors and the nomination committee takes place as a combined vote.

7. Nomination committee

According to section 7 of Elkem's articles of association, the company shall have a nomination committee

consisting of two or three members in accordance with the decision of the general meeting. The members of the nomination committee are elected by the annual general meeting. The general meeting has also approved guidelines for the duties of the nomination committee, elected the chairperson and determined the remuneration of the members of the committee.

As of 31 December in 2024 the nomination committee comprises the following members:

- **Sverre S. Tysland** / Chair / Practicing lawyer / Independent / Re-elected in 2024 for a term of office of two (2) years until the annual general meeting in 2026;
- **Lingxiao Liu** / Committee member / HR Director of China National Bluestar (Group) Co, representing the majority shareholder / Elected in 2024 for a term of office until the annual general meeting in 2026; and
- **Anne Grete Dalane** / Committee member / Vice President Improvement Project Finance in Yara International ASA / Independent / Elected in 2023 for a term of office of two (2) years until the annual general meeting in 2025.

Lingxiao Liu was elected as member of the nomination committee at an extraordinary general meeting on 8 October 2024. Lingxiao Liu replaced Dachuan Dong who was elected to the board of directors of Elkem ASA.

The members of the nomination committee have been elected to take into account the interests of shareholders in general, and to consider and ensure compliance with the guidelines in section 9 of the Code regarding the composition and independence of the board of directors. The nomination committee does not include members of the board of directors or the executive management.

The nomination committee shall make recommendations to the general meeting for the election of shareholder elected board members and members of the nomination committee, and the remuneration of the board of directors and the nomination committee. When nominating shareholder representatives to the board of directors, the nomination committee presents relevant information about the candidates, together with an evaluation of their independence.

In connection with the nomination committee's work with proposing candidates, and to ensure that the candidates represent a broad group of the company's shareholders, the nomination committee is in contact with the board of directors, the CEO and major shareholders. The nomination committee will consider holding individual discussions with each member of the board of directors, and furthermore, ensure that the board of directors is composed to comply with legal requirements and the corporate governance code.

The nomination committee have justified its proposal for the board of directors. While the nomination committee presents relevant information about each candidate separately, the nomination committee focuses on the combined qualifications and experience of the proposed members of the board of directors when presenting its proposal to the general meeting. Information on how to propose candidates is available on Elkem's webpage.

Deviations from the Code: The nomination committee justifies its proposals combined and not separately for each board member.

8. Composition and independence of the board
As of 31 December 2024, the board of directors of Elkem comprises 11 members, of which eight members, including the chair, are shareholder elected. The remaining three members are elected by and among the company's employees.

As of 31 December 2024, the board of directors of Elkem comprise of the following persons:

- **Bo Li** / Chair / Representing the majority shareholder / Elected in 2023 as new board member until the company's annual general meeting in 2025;
- **Dag Jakob Opedal** / Vice chair / Independent / Re-elected in 2024 for a term of office of one (1) year until the company's annual general meeting in 2025;
- **Olivier Tillette de Clermont-Tonnerre** / Board member / Representing the majority shareholder / Re-elected in 2024 for a term of office of two (2) years until the company's annual general meeting in 2026;
- **Nathalie Brunelle** / Board member / Independent / Re-elected in 2024 for a term of two (2) years until the company's annual general meeting in 2026;
- **Wei Yao** / Board member / Representing the majority shareholder / Elected in 2024 as new board member until the company's annual general meeting in 2026;
- **Grace Tang** / Board member / Independent / Re-elected in 2023 for a term of two (2) years until the company's annual general meeting in 2025;
- **Marianne Elisabeth Johnsen** / Board member / Independent / Re-elected in 2023 for a term of office of two (2) years until the company's annual general meeting in 2025;
- **Dachuan Dong** / Board member / Representing the majority shareholder / Elected in 2024 as new board member until the company's annual general meeting in 2026;

- **Terje Andre Hanssen** / Board member / Elected by and from the employees / Elected for a term of office until the annual general meeting in 2025;
- **Marianne Færøyvik** / Board member / Elected by and from the employees / Elected for a term of office until the annual general meeting in 2025 and;
- **Thomas Eggan** / Board member / Elected by and from the employees / Elected for a term of office until the annual general meeting in 2025.

Wei Yao and Dachuan Dong were elected as new board members at an extraordinary general meeting on 8 October 2024 representing the majority shareholder. Wei Yao replaced Zhigang Hao and Dachuan Dong replaced Yougen Ge.

The composition of the board of directors is considered to attend to the common interests of all shareholders and meet the company's need for expertise, capacity and diversity. Four of the board members are women, and none of the members of the company's executive management are members of the board of directors.

The board of directors is composed so that it can act independently of any special interests. The majority of the shareholder elected board members are independent of the executive management and material business connections of the company.

Further, four out of the current eight shareholder elected board members are independent of the company's majority shareholder. Further information on each of the board members is presented at www.elkem.com and information on their record of attendance at board meetings can be found in the board of directors' report on salary and other remuneration for leading personnel for 2024.

Members of the board of directors are encouraged to own shares in the company, however, with caution not to let this encourage a short-term approach which is not in the best interests of the company and its shareholders over the longer term. As of 31 December 2024, the following board members owned shares in the company: Olivier Tillette de Clermont-Tonnerre (15,517 shares), Dag Jakob Opedal (40,000 shares through Alcaran AS), and Marianne Færøyvik (4,950 shares).

No deviations from the Code.



9. The work of the board of directors

The board of directors' work follows an annual plan, with a particular focus on objectives, strategy and implementation. The plan is evaluated and approved around the beginning of each calendar year. The board of directors also annually evaluates its performance and expertise, the evaluation is presented to the nomination committee.

The board of directors has implemented instructions for the board of directors and the executive management, which are focused on determining allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the board of directors and the CEO are in compliance with rules and standards applicable to the group and are described in the company's annual report. The board of directors has also implemented procedures to ensure that members of the board of directors and executive personnel make the company aware of any material interests they may have to be considered by the board of directors. The board of directors will also be chaired by some other member of the board if the board is to consider matters of a material character in which the chair of the board is, or has been, personally involved.

The board of directors held 10 board meetings in 2024. Most board members have attended all board meetings during their respective terms of office, and the overall attendance rate was 92 per cent. The instructions for the board of directors state how agreements with related parties shall be handled. In the event of a not immaterial transaction between the company and its shareholders, a shareholder's parent company, members of the board, executive management, or closely related parties of any such parties, the board will arrange for a valuation to be obtained from an independent third party. Agreements with related parties will be disclosed in the directors' annual report.

The board of directors has established an audit committee and a remuneration committee.

No deviations from the Code.

The audit committee

The board of directors has established an audit committee which is a working committee for the board of directors, preparing matters and acting in an advisory capacity. The audit committee is responsible for overseeing the financial and sustainability reporting and disclosure. The audit committee assists the board of directors with assessments of the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The audit committee is responsible for preparatory work and supervision related to the board's management of sustainability and non-financial reporting, internal control over sustainability and non-financial reporting, and sustainability-related risk management.

The board of directors has issued instructions for the work of the audit committee, and the duties and composition of the committee are in compliance with the Norwegian Public Limited Liability Companies Act. The members of the audit committee are elected by and amongst the members of the board of directors for a term of up to two years and comprised the following persons as of 31 December 2024:

- **Dag Jakob Opedal** / Chair/ Independent
- **Grace Tang** / Member / Independent
- **Wei Yao** / Member / Representing the majority shareholder

Wei Yao replaced Zhigang Hao as member of the audit committee with effect from 8 October 2024, following Zhigang Hao's resignation from the board of directors. The committee members have the overall competence required to fulfil their duties based on the organisation and operations of the group, at least one member of the audit committee is competent in respect of finance and audit. The majority of the members are independent of the business.

No deviations from the Code.

The remuneration committee

The board of directors has appointed a remuneration committee which comprised the following persons as of 31 December 2024:

- **Bo Li** / Chairperson / Representing the majority shareholder
- **Dachuan Dong** / Member / Representing the majority shareholder
- **Marianne Elisabeth Johnsen** / Member / Independent

Dachuan Dong replaced Olivier Tillette de Clermont-Tonnerre as member of the remuneration committee with effect from 8 October 2024. The remuneration committee is a preparatory and advisory committee for the board of directors in questions relating to the company's compensation of the executive management. The purpose of the remuneration committee is to ensure thorough and independent reparation of matters relating to compensation to the executive personnel. The remuneration committee puts forth a recommendation for the board of directors' guidelines for remuneration to senior executives in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act.

The members of the remuneration committee are elected by and amongst the members of the board of directors for a term of up to two years and are independent of the company's executive management.

The board of directors has issued instructions for the work of the remuneration committee.

No deviations from the Code.

10. Risk management and internal control

It is ultimately the responsibility of the board of directors to ensure that the company has sound and appropriate internal control systems and risk management systems reflecting the extent and nature of the company's activities. Sound risk management is an important tool to create trust, ensure a good environment, health and safety standards and enhance value creation. Evaluation of climate related risks and opportunities is an important part of Elkem's overall risk management processes. As part of this work Elkem has prepared a global climate roadmap targeting reductions of absolute CO₂ emissions and of the group's relative product carbon footprint. Elkem is reporting on climate risks and opportunities according to the Corporate Sustainability Reporting Directive (CSRD) implemented by EU. Evaluation of climate related risks have been implemented as an integrated part of Elkem's yearly risk assessment. Elkem complies with all laws and regulations that apply to the group's business activities. The group's Code of Conduct sets out the overall ethical guidelines, which apply to all Elkem employees, members of the board of directors, as well as those acting on Elkem's behalf.

The company has a comprehensive set of relevant corporate manuals and procedures, which provide detailed descriptions of procedures covering all aspects of managing the operational business. The procedures and manuals are continuously revised to reflect best practice derived from experience or adopted through regulations.

The board of directors conducts annual reviews of the company's most important areas of exposure to risk and such areas' internal control arrangements. A summary of the main risks is presented in the annual report. The board of directors describes the main features of the company's internal control and risk management systems connected to the company's financial reporting in the company's annual report. This covers the culture of control, risk assessment, controlling activities and information, communication and follow-up. The board of directors is obligated to ensure that it is updated on the company's financial situation, and to continuously evaluate whether the company's equity and liquidity are adequate in terms of the risk from, and the scope of, the company's activities. The board of directors shall immediately take necessary actions if it is demonstrated at any time that the company's capital or liquidity is inadequate. This work has had a particular focus

in 2024 due to the weak market conditions and to follow up on the status of Elkem's improvement programme. The company focuses on frequent and relevant management reporting to the board of directors. The reports contain matters related to health and safety, market development, operations, and financial performance. The purpose is to ensure that the board of directors has sufficient information for decision-making and is able to respond quickly to changing conditions or important incidents. Board meetings are held regularly, and management reports are provided to the board on a monthly basis.

No deviations from the Code.

11. Remuneration of the board of directors

The remuneration to the board of directors is determined by the shareholders at the annual general meeting based on a proposal from the nomination committee. The level of remuneration to the board of directors is considered to reflect an international level and the board of directors' responsibility, expertise, the complexity of the company and its business, as well as time spent and the level of activity in both the board of directors and any board committees.

The remuneration of the board of directors is not linked to the company's performance and Elkem does not grant share options to its members of the board of directors.

The board members, or companies associated with board members, have not been engaged in specific assignments for the company in addition to their appointments as members of the board of directors.

The remunerations for the period from May 2024 until the annual general meeting in 2025 are as follows:

Board of directors:

- Chair: NOK 936 936
- Vice chair: NOK 702 702
- Board members: NOK 468 468
- Observers: NOK 234 234

Audit committee:

- Leader: NOK 168 648
- Member: NOK 112 432

Remuneration committee:

- Leader: NOK 168 648
- Members: NOK 112 432

The total compensation to members of the board of directors is disclosed in the board of directors' report on salary and other remuneration for leading personnel for 2024.

No deviations from the Code.

12. Remuneration of executive personnel

The board of directors prepares guidelines for the remuneration of executive management. These guidelines include the main principles for the company’s remuneration policy and contributes to Elkem’s commercial strategy, long-term interests and financial viability, which align the interests of the shareholders and the executive management. The guidelines were communicated to the annual general meeting in 2023 and will be presented to the annual general meeting every four years, or if there should be substantial changes. A report on the salary and other remuneration to the executive management will be prepared in accordance with the rules of the Norwegian Public Companies Act and relevant regulations.

Performance-related remuneration of the executive management in the form of share options, bonus programmes or similar are linked to value creation for shareholders or the company’s profit over time. Such performance-related remuneration is subject to an absolute limit.

No deviations from the Code.

13. Information and communications

Elkem is under an obligation to continuously provide its shareholders, Oslo Stock Exchange and the financial markets in general with timely and precise information about the company and its operations. Relevant information is given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed appropriate from time to time. Elkem maintains an open and proactive policy for investor relations and has given regular presentations in connection with annual and quarterly results. The goal is that Elkem’s information work shall be in accordance with best practice at all times and all communications with shareholders shall be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of the company’s shareholders.

Investor contact/investor relations (IR) activities are conducted in accordance with the IR policy and by the IR team only. The IR team comprises the CEO, the CFO and the VP Finance and Investor relations.



The company publishes an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, and payment of dividends, if applicable.

In addition to the board of directors’ dialogue with the company’s shareholders at general meetings, the board of directors promotes suitable arrangements for shareholders to communicate with the company at other times. The board of directors has delegated this task to the IR team. Elkem has held regular investor meetings in connection with each of the quarterly presentations in 2024 and attended several investor conferences. The IR team has conducted meetings with both domestic and international investors from for example United Kingdom, United States, Germany, France, Switzerland, and Benelux. The plan is to arrange regular investor meetings and capital market updates when considered expedient, in order to keep the market updated on the company’s development, goals, and strategies.

No deviations from the Code.

14. Take-overs

Elkem has one major shareholder controlling 52.9 per cent of the shares as of 31 December 2024. Elkem has not been subject to any takeover bids in 2024.

In the event of a takeover bid, the board of directors and executive management each have an individual responsibility to ensure that the company’s shareholders are treated equally and that there are no unnecessary interruptions to the company’s business activities.

The board of directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer. In the event of a take-over process, the board of directors shall abide by the principles of the Code, and also ensure that the following take place:

- the board of directors will not seek to hinder or obstruct any takeover offer for the company’s operations or shares unless they have valid and particular reasons for doing so;
- the board of directors shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the offer;
- the board of directors shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;

- the board of directors shall not enter into an agreement with any offeror that limits the company’s ability to arrange other offers for the company’s shares, unless it is self-evident that such an agreement is in the common interest of the company and its shareholders;
- the board of directors and executive management shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the board of directors must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over offer, the board of directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This includes obtaining a valuation from an independent expert. On this basis, the board of directors will make a recommendation as to whether or not the shareholders should accept the offer.

A takeover process gives rise to a particular duty of care to disclose information, where openness is an important tool for the board of directors to ensure equal treatment of all shareholders. The board of directors shall strive to ensure that neither inside information about the company, nor any other information that must be assumed to be relevant for shareholders in a bidding process, remains unpublished.

There are no other written guidelines for procedures to be followed in the event of a takeover offer. The company has not found it appropriate to draw up any explicit basic principles for Elkem’s conduct in the event of a take-over offer, other than the actions described above. The board of directors otherwise concurs with what is stated in the Code regarding this issue.

No deviations from the Code.

15. Auditor

The board of directors is responsible for ensuring that the board and the audit committee are provided with sufficient insight into the work of the auditor. In this regard, the board of directors ensured that the auditor submitted the main features of the plan for the audit of the company to the audit committee in 2024. Further, the board of directors invited the auditor to participate in the board meeting that dealt with the annual accounts. At these meetings, the auditor (i) reports on any material changes in the company’s accounting principles and key aspects of the audit, (ii) comments on any material estimated accounting

figures, and (iii) reports all material matters on which there has been disagreement between the auditor and the executive management of the company.

Once a year, the board of directors reviews the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. In this regard, a review of the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement, was carried out by the board of directors in 2024.

In order to ensure the auditor's independence of the company's executive management, the board of directors has established guidelines in respect of the use of the auditor by the management for services other than the audit.

No deviations from the Code.

The board of directors of Elkem ASA
Oslo, 12 March 2025



Bo Li
Chair



Wei Yao
Board member



Nathalie Brunelle
Board member



Marianne Færøyvik
Board member



Dag Jakob Opedal
Vice chair



Dachuan Dong
Board member



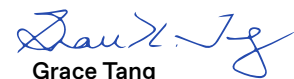
Marianne Elisabeth Johnsen
Board member



Helge Aasen,
CEO



**Olivier Tillette de
Clermont-Tonnerre**
Board member



Grace Tang
Board member



Terje Andre Hanssen
Board member



Thomas Eggan
Board member



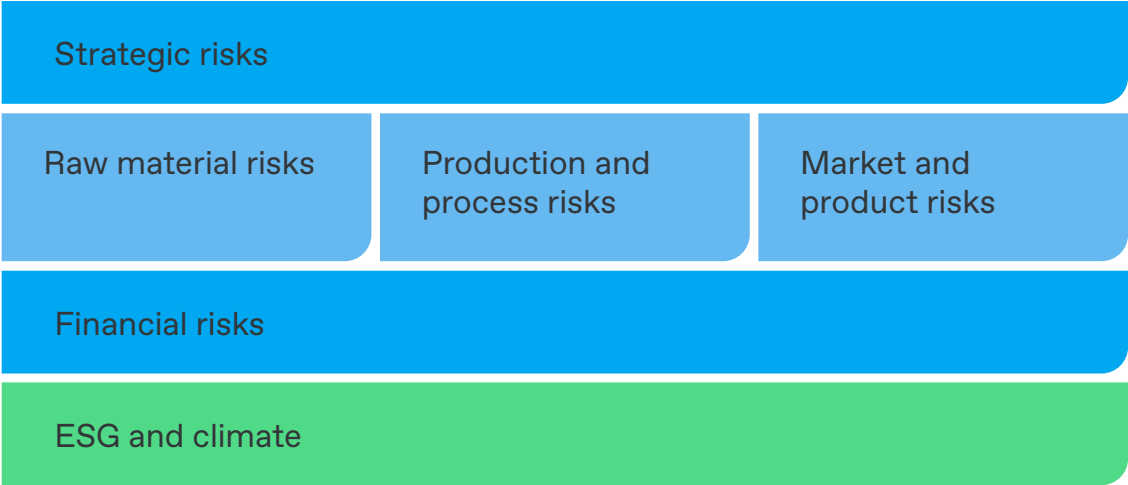


Overview of main risk areas

Elkem's board and management have a robust approach to risk management, which is a key part of Elkem's corporate governance structure and important to create trust and to enhance value creation. To monitor the group's risk profile and to ensure that adequate risk management processes are in place, Elkem carries out a yearly risk mapping process based on interviews with divisions and corporate staff functions.

By identifying the top risks for each division and corporate function, the board and management gain a thorough understanding of the group's risk profile and financial risk tolerance.

Each risk factor is evaluated based on internal and external conditions and takes deemed likelihood, estimated financial impact, time horizon and mitigating activities into consideration. Individual risks are then aggregated into 10 group risks, as detailed below. These group risks fall under five main categories structured according to Elkem's value chain: strategic risks, financial risks, raw material risks, production and process risks, and market and product risks.




Assessment of risks related to climate and ESG (Environmental, Social and Governance) are integrated parts of the five risk categories, because Elkem considers that these could impact strategic positioning, raw material supply, end-markets, and financial performance. Please refer to the sustainability statement for more information.

The board is responsible for overseeing the group's risk management activities, and line management is responsible for risk monitoring and handling of the day-to-day activities.

On the following pages is a summary of the main group risks.

>7 200
employees


worldwide
presence

31
main
production
sites



Risk descriptions

1. Black Swan

A “Black swan” is a rare, unexpected event with major ramifications such as the global financial crisis of 2008 and the Covid-19 pandemic. “Black swans” demonstrate the need for general risk preparedness, strong supply chains, and the importance of a generally sound financial position. Elkem’s global operations expose the company to unforeseen risks on a local, regional and global level. Elkem’s key mitigating actions include developing a competent organisation to pro-actively manage changing conditions, having strong and regionally independent value chains, and keeping a robust financial position at all times to limit risk of financial distress.

2. Geopolitical tensions and sanction risks

Geopolitical tensions and sanction risks have increased in recent years, and related trade sanctions and tariffs could impact Elkem’s access to raw materials and/or attractive end-markets. In addition, there is a risk that Elkem, or a business partner, could get involved in activities with sanctioned entities or individuals. This could result in business disruptions, breach of contract or other legal proceedings. Elkem has independent value chains in Europe and Asia and is not dependent on shipping raw materials, intermediaries or finished goods between the regions, which mitigates exposure to trade restrictions and tariffs. Elkem closely monitors prevailing sanction lists and trade-related restrictions to ensure compliance and to avoid activities with sanctioned entities or individuals, by either the company or its business partners.

3. Macro economic development

Elkem is exposed to macro-economic conditions. The challenging conditions of 2023 persisted throughout 2024, with weak growth, high inflation, and high interest rates. This has generally resulted in weak demand, particularly from construction and automotive, which are important end-markets to Elkem. Consequently, sales volume and sales prices have been negatively impacted, and higher inflation and interest rates have increased costs. In addition, high power prices in Europe have affected several of Elkem’s end-markets.

Elkem aims to mitigate macro-economic risks through its global presence and integrated value chains, and by maintaining its attractive cost positions through a lean manufacturing model, supported by cost- and margin improvement programmes. Elkem is actively working to ensure adequate financing and liquidity reserves to manage fluctuations in earnings. Market conditions are closely monitored to ensure adequate and timely response to changes in market conditions.

4. Sales prices and volumes

Elkem’s sales volume and sales prices may vary depending on the economic conditions and the competitive environment. This constitutes one of the main risks affecting the group’s financial performance. In 2024, macro-economic conditions have been challenging, and the silicones market in China has been characterised by excess supply. Specialty products tend to have more stable pricing over the business cycle, but sales prices, particularly for commodities, could be volatile depending on economic cycles and the supply and demand development. In addition, sales volumes and prices are impacted by industry conditions and capacity. Elkem seeks to mitigate price and volume risks by developing a diversified and specialised product portfolio based on good cost positions. In addition, Elkem has a diverse customer base, a global presence, and an integrated value chain which offers flexibility to realise sales in various markets.

5. Regulatory framework conditions

Elkem’s global operations could be exposed to changes in regulatory framework conditions. Examples of such conditions are environmental regulations, product related regulations, anti-dumping duties, export taxes, export control, sanctions, and electrical power regulations. Changes to regulatory framework conditions could negatively affect the group’s competitive position, profitability and market access. Elkem seeks to manage and mitigate these risks by securing supply chain resilience through diverse geographical presence and integrated value chains. In addition, Elkem is closely monitoring the regulatory landscape to ensure that the company can comply with new requirements when possible.

6. Health and safety

Elkem’s operations and working environment includes a significant inherent risk of injuries and even fatalities. This is due to high temperature smelting processes, advanced chemical processes, potential leakages of hazardous substances, and other potential hazards. Elkem’s target is zero injuries, but accidents and injuries could still happen. In December 2023, the Salten plant had a large fire. Fortunately, no one was injured, but the fire caused significant damage to buildings and production equipment.

The safety of employees and contractors is our main priority, and Elkem uses considerable resources to identify hazards and implement appropriate measures to avoid incidents and to reduce risk to an acceptable level. This includes safety instructions, training, physical protection, and adherence to Elkem Business System principles. In 2024, Elkem launched an upgraded HSE programme named FORUS to improve awareness, precision and follow-up of safe behaviour in operations. Processes have also been initiated to improve fire safety at Elkem’s plants. Insurance and risk survey programmes are in place to mitigate risks and financial exposure.

7. Return on investment projects

Elkem's strategy is to grow the business based on organic growth projects and potential M&As. Investment projects carry an inherent risk of delays, cost overruns, and underperformance compared to expectations, and the development of new technology projects implies a high risk. Elkem has made significant reinvestments and strategic investments over the past years, such as the Silicones division's expansions in China and France. The project in China was completed in 2024 on cost and on time, and the start-up exceeded project expectations. In relation to M&A, there is a risk that an acquired entity does not deliver the expected profit or synergies, or that due diligence processes have failed to identify potential claims or other obligations. Elkem seeks to mitigate project related risks by diligent project management and thorough due diligence processes, comprising professional support from legal, financial, audit and industry expertise. Elkem carries out post evaluation of projects to identify improvement potentials and risk mitigation actions that can be utilised in future projects.

8. Cyber and IT risk

Virtually all business-related activities, including sales, production systems, planning, procurement, and financial management rely heavily on IT systems. The financial impact of an IT or cyber incident could be significant, and the operations could be severely halted. Many companies have experienced significant operational disturbances and losses from cyber-attacks. Good IT procedures with a high focus on security, segmentation of systems, training of employees, up-to-date equipment, and frequent software updates are important actions to mitigate and prevent these risks. In addition, Elkem has a cyber insurance in place to mitigate the financial impact in case of an incident.

9. Environment and climate

Elkem's global operations are exposed to environmental regulations, and potential impact of climate change. Climate risks comprise transitional and physical risks. Elkem's production facilities are generally located close to sea or river, or near cities or local communities and rising temperatures and extreme weather events may cause business interruptions and damages to assets. Exposure to climate change has been assessed for each business unit according to the requirements in the Corporate Sustainability Reporting Directive (CSRD). Elkem seeks to ensure a sustainable business model by reducing emissions and ensuring compliance with regulations. Sustainable sourcing of raw materials and increased use of biogenic materials are key initiatives to reduce fossil carbon emissions from the production processes. Elkem is also working on energy recovery and efficiency. Long-term initiatives include research and development of carbon capture projects to eliminate direct CO₂ emissions from the production process. Recycling and reduction of waste are also key focus areas and an integrated part of Elkem Business System.

10. Compliance and legal risks

Elkem has operations in many countries, including countries ranked high on indices for corruption and human rights violations. This carries an inherent risk of unacceptable business behaviour through corruption, breach of competition law, breach of sanctions, breach of human rights, or other unethical activities, either by employees or business partners. There are also legal and litigation risks in connection with contracts and/or intellectual property. The negative reputational and financial impact could be material. Elkem has a high focus on compliance and internal control and has strengthened these functions in recent years. Guidelines for ethical conduct, training of all employees, and a visible and accessible channel for reporting misconduct (whistleblower) are in place. Insurance coverage is in place for directors and officers, employment practices liability and crime.



Sustainability statement

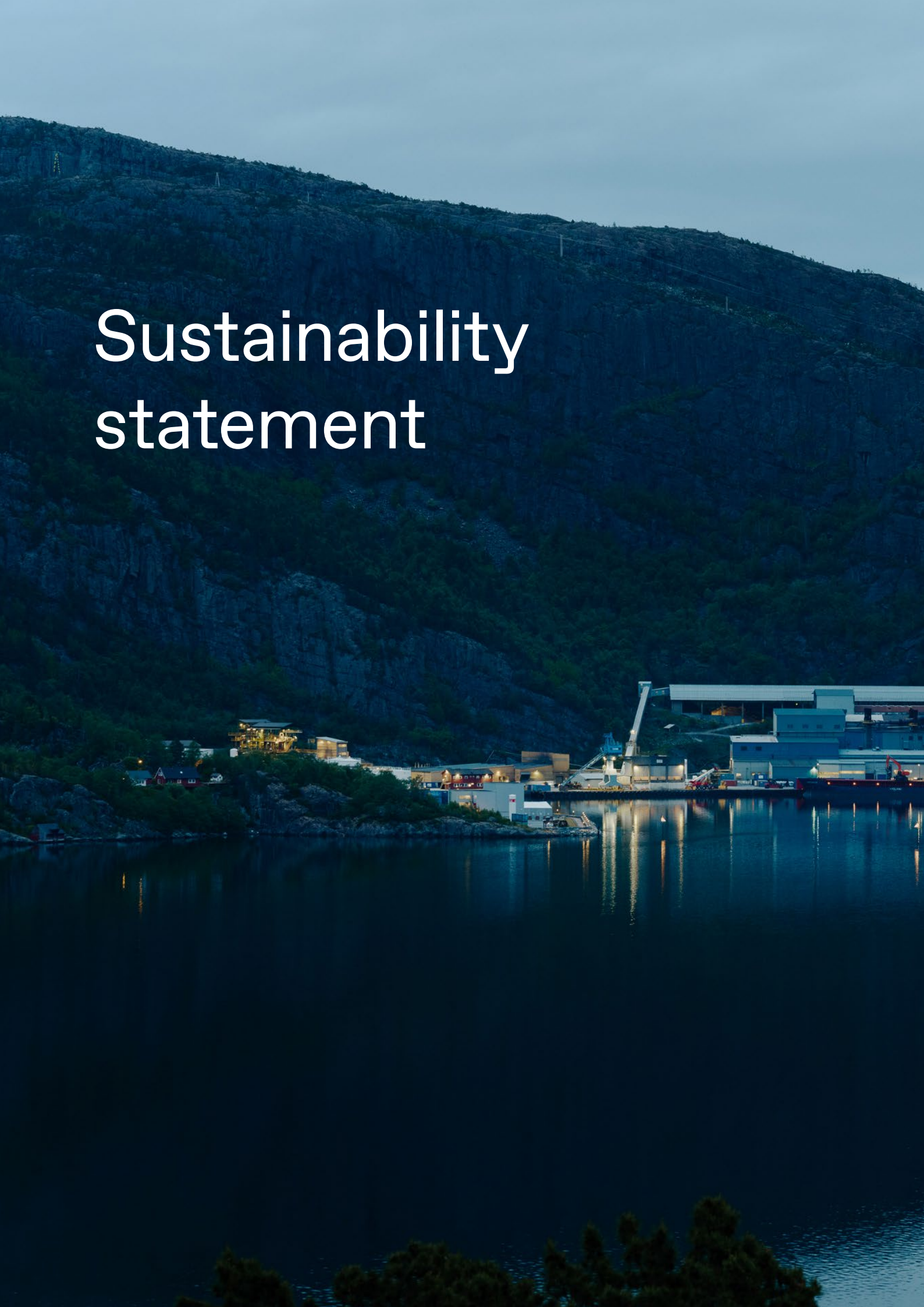
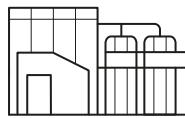
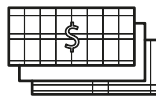


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The sustainability statement presents Elkem's management of material environmental, social and governance (ESG) topics. The report covers the key strategy of the company, how the company manages sustainability and climate change issues, and the progress on each topic.



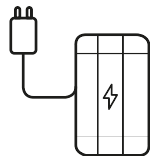
Operations:
31 main production sites
world-wide and more
than 7 200 employees



Operating income 2024:
NOK 33.0 billion



Total scope 1+2+3
emissions 2024:
11.53 million tonnes



>80 per cent of production
based on electricity from
regions where renewable
energy is abundant

Introduction to sustainability statement

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Sustainability statement

Elkem’s approach to sustainability



Elkem’s products are foundational to a low-carbon society and essential for the green transition. They support various sectors, including renewable energy, energy storage, mobility solutions, infrastructure improvements, digitalisation, and healthcare. At the core of Elkem are our people and our commitment to safe, sustainable operations, conducted responsibly and with excellence.

Elkem develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human resourcefulness. The production requires significant amounts of energy, and a key component of our low CO₂-footprint is due to most of our silicon production is in areas where hydropower being readily available. Still, the production of silicon requires reductants to free the silicon from the quartzite. This, in addition to our scope 2 and scope 3 emissions, is the reason why Elkem focuses on improving production efficiency and reducing emissions. Climate change is one of our material topics, together with other key topics such as HSE, water management, circularity, and more. Our material topics are categorised into environmental, social and governance areas.

In the following sections, we will describe how we identify, manage and mitigate our impact, risks and opportunities related to the topics identified in the double materiality analysis.

Sustainability foundation: Material topics
Elkem follows the principles, requirements, and guidelines of the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS).



ESRS 2

General disclosures



The sustainability statements are prepared according to the requirements in European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG). All the data points included in the E, S, and G sections have been assessed as material according to our double materiality assessment (DMA). Please see the pages below for information on our DMA's limitations to scope and our methodology. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

Consolidation

This report covers the fiscal year 2024. The data is consolidated according to the same principles as the financial statements. Therefore, the consolidated quantitative ESG data includes the parent company Elkem and its controlled subsidiaries. However, associates and joint ventures are not included in the consolidated ESG data points.

Elkem will report numbers from our downstream and upstream value chain for certain topics. Our scope 3 reporting includes categories 1-7, and 11 and 12. We will also report on grievances received, screening and audit results from our supply chain.

All quantitative ESG data is consolidated following these principles, unless otherwise specified in the accounting policy accompanying each reported data point in the tables in sections E, S, and G.

Statutory reporting and reporting standards

Elkem's sustainability statement is prepared in compliance with the Norwegian Accounting Act and other applicable regulations. Disclosures required by the Norwegian Equality and Anti-Discrimination Act are included in Own workforce. Disclosures required by the UK Modern Slavery Act 2015, and the Norwegian Transparency Act 2021 are provided in the chapters Own Workforce, Workers in the value chain, and Affected communities.

In 2024, Elkem has changed and restructured its sustainability disclosures based on the EU Corporate

Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS). Elkem will report in compliance with the implementation schedule of the CSRD and applicable ESRS in the 2024 annual report.

Key accounting estimates and judgements

We use assessments and estimates for reporting certain data points, such as our taxonomy KPIs and scope 3 emissions. These estimates and judgements are regularly reassessed based on experience, developments in ESG reporting, and various other factors. Changes in estimates are recognised in the period in which the estimate is revised. Additionally, we make judgements when applying accounting policies. For further information on the key estimates, judgements, and assumptions applied, please refer to the pages with quantitative ESG data tables.

Threshold for restatements

For adjustments to financial numbers, we follow the financial statements. For adjustments to ESG data, we exercise judgement to determine whether restatements are necessary. We clearly indicate where data has been restated.

External review

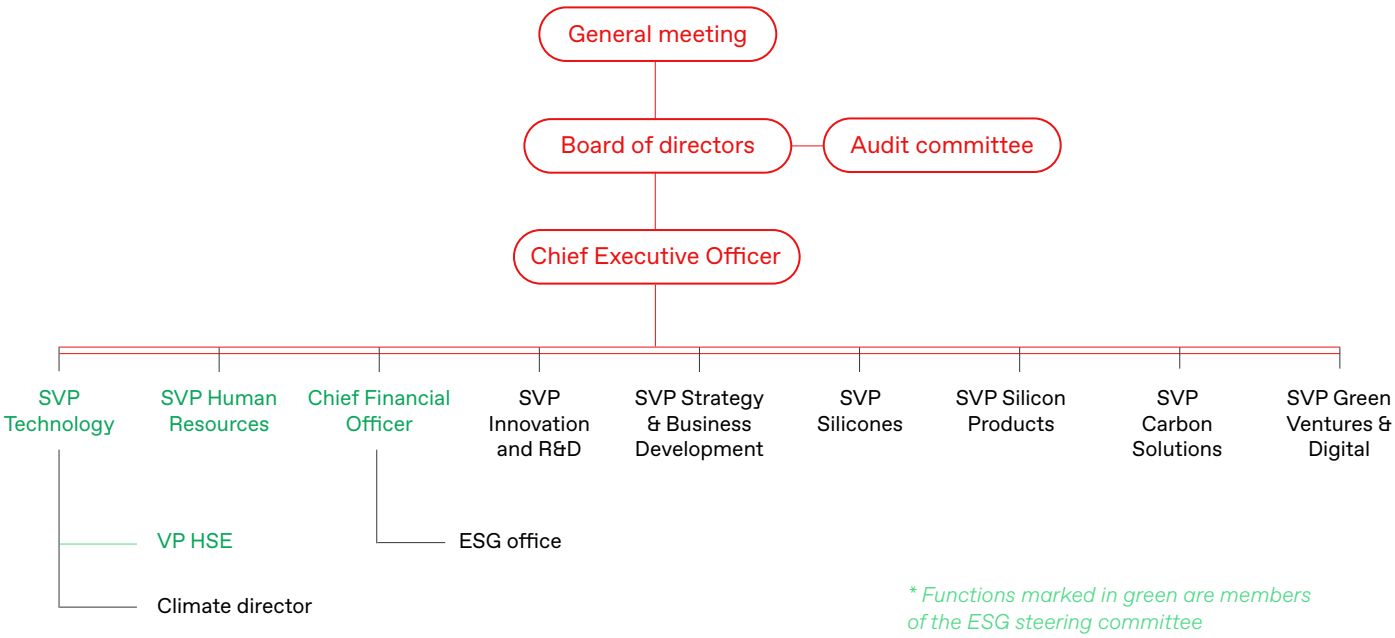
KPMG has performed a limited assurance of Elkem's sustainability statements according to the requirements in the CSRD. Please see the auditor's limited assurance report on page 190.

Governance GOV-1, GOV-2, GOV-3

The board's commitment to ESG and sustainability

ESG and sustainability are integral components of Elkem's overarching business strategy, collectively overseen by the board. ESG-related risks and opportunities are regularly featured on board meeting agendas, reflecting our commitment to responsible corporate practices. Annually, the board evaluates the group's ESG strategy as part of the strategic review process. Comprehensive information on the company's ESG performance and projects is consistently presented to the board during regular reporting sessions and meetings.

ESG and sustainability governance structure



The audit committee handles preparatory work for sustainability and non-financial reporting. It plays a crucial role in preparing the board for subsequent follow-up, review, and internal control of Elkem's sustainability and other non-financial reporting. The committee actively oversees sustainability-related risk management and monitors the company's performance in sustainability ratings. These efforts ensure the board maintains effective procedures and internal controls over sustainability and non-financial reporting, reinforcing Elkem's commitment to transparency and accountability.

The board conducts an annual assessment of its performance, competence, and expertise. This assessment includes a thorough evaluation of the board's composition, the effectiveness of its individual members, and group dynamics. Additionally, the board evaluates its overall performance, considering aspects such as agenda management, meeting topics, and preparation processes. The assessment also appraises the board's competence in alignment with both existing and newly established objectives and requirements for its operations.

Management and operational oversight

The CEO holds operational responsibility for ESG and sustainability at Elkem, acting under the board's direction and oversight. The CFO is in charge of daily operations related to ESG and sustainability and leads the ESG

steering committee, a management body comprised of members from corporate management with a specific focus on ESG responsibilities. The ESG steering committee operates on behalf of the CEO. Elkem's board of directors approves the business strategy and corporate governance policy, establishing the overarching framework for the group's strategic direction and governance.

The ESG steering committee meets monthly to review, discuss, and propose actions according to the strategy. The committee assesses and proposes changes to the strategy to the board and monitors the development of key indicators. The implementation of the strategy is the responsibility of the business units and divisions. The ESG steering committee consists of key members of Elkem's top management, with topical experts invited to discuss and decide on key ESG topics.

The main coordinator of ESG within the organisation is the ESG office. The ESG office reports to the ESG steering committee and collaborates closely with business units and divisions to review and advise on relevant sustainability and ESG issues, set targets, and drive systematic improvements. As part of the Elkem Business System (EBS), we believe that what gets measured gets managed. An essential part of this work is to advise on and improve key performance indicators monitored by corporate management.

Sustainability-related performance in incentive schemes [GOV-3](#)

The CEO and group management receives performance-based compensation tied to predefined metrics aligned with their respective areas of responsibility. The performance-related short-term incentives (STI) are capped at 100 per cent of the CEO's base salary and 50 per cent for corporate management.

The group management is evaluated on the progress and achievement of ESG-related targets, such as the transition plan, set by the board. This progress is validated by the performance on chosen ESG ratings.¹ 1.5 per cent of the group management's variable bonus is determined by the ESG-related target achievement and performance.

Corporate management's bonus for 2024 aligns with CEO metrics, emphasising compliance and sustainability. Additional criteria involve employees completing compliance training to foster a robust compliance culture, mitigating the risk of substantiated misconduct cases. For a detailed overview of remuneration management, refer to the board of directors' report on salary and other remuneration for leading personnel in 2024. [↗](#)



Figure: Management and operational oversight

Governing documents

[E1-2](#), [E2-1](#), [E3-1](#), [E4-2](#), [E5-1](#), [S1-1](#), [S2-1](#), [S3-1](#), [G1-1](#)

Elkem's governing documents establish the guiding principles for the group's business conduct. Central to these documents are the Code of Conduct and the Governance policy.

¹ The prioritised ESG ratings are Carbon Disclosure Project's scoring of Elkem, S&P's Corporate Sustainability Assessment, and EcoVadis.

The **Governing policy** provide direction for common objectives, commitments, and behaviours, defining principles and commitments for Elkem's governing processes while allocating roles and responsibilities within the group's functions. This policy impose mandatory requirements on all Elkem group companies and operational units, irrespective of division and geography. Most group policies are available online, and all governing documentation is available to employees on our intranet. Each policy owner formulates an implementation plan tailored to specific target groups based on roles and responsibilities. To ensure consistency in responsible business conduct across all activities and relationships, company governing documents must align with the Code of Conduct.

The **Code of Conduct** is a cornerstone of Elkem's culture, defining our business conduct based on honesty and respect. It mandates compliance with all applicable laws and regulations, upholding ethical standards, and respecting the dignity and rights of individuals globally. Where local laws differ from the Code, the highest standard will be applied. This Code outlines Elkem's ethical guidelines, ensuring all representatives act ethically, exercising good judgment and care. It serves as a framework for responsible conduct, supplemented by detailed policies and procedures. All governing documents must align with the Code, and the Code is reinforced by various group policies, procedures, and supporting documentation.

The **Elkem People policy** outlines the principles, objectives, and commitments related to the people processes within Elkem. It aims to ensure standardised HR procedures across all business units, supporting employees throughout their employment lifecycle. The policy emphasises a sustainable working environment, equality, inclusion, and respect for human rights. It covers various aspects such as recruitment, competency development, employment terms, diversity, and work-life balance. The policy also details the roles and responsibilities for implementation, monitoring, and correction of HR practices, ensuring compliance with both global and local regulations.

Key components include the recruitment process, which prioritises internal candidates and requires HR involvement in all stages, and the competency development cycle, which focuses on continuous improvement and regular feedback. The policy also addresses employment terms, promoting diversity and inclusion, and ensuring fair treatment and equal opportunities for all employees. Additionally, it includes guidelines for handling exits, maintaining employee data privacy, and ensuring a safe

and respectful working environment. The policy is reviewed annually to remain current and relevant, with amendments approved by the CEO.

The Elkem **Health, Safety, and Environment (HSE) policy** outlines the company's commitment to maintaining a safe and healthy working environment while minimising environmental impact. It emphasises continuous improvement, risk management, and adherence to local and international regulations. The policy includes principles such as the "Zero Harm Philosophy" and the use of the FORUS HSE system to ensure consistent safety practices across all operations. It also highlights the importance of sustainability, with goals aligned with the Paris Agreement to achieve net-zero emissions by 2050, and focuses on energy efficiency, biodiversity conservation, and responsible resource management.

The policy assigns clear roles and responsibilities for HSE management, from the group CEO to individual employees, ensuring accountability at all levels. It mandates regular risk assessments, compliance monitoring, and corrective actions to address any non-compliance. The policy also includes specific commitments to sustainable practices, such as waste reduction, circular economy principles, and supply chain management. Overall, the HSE policy aims to integrate health, safety, and environmental considerations into all aspects of Elkem's operations, promoting a culture of continuous improvement and sustainability.

The **Speak Up policy** at Elkem outlines the process for reporting suspected violations of the company's Code of Conduct and how these reports are managed. It encourages employees and stakeholders to report issues such as bribery, fraud, discrimination, and environmental violations, ensuring reports are handled confidentially and professionally. The policy applies globally and provides multiple reporting channels, including anonymous options. It emphasises good faith reporting, protection against retaliation, and the importance of privacy for both the reporter and the subject of the report. The policy aims to maintain ethical standards and improve business practices through transparent and responsible conduct.

Elkem's **Code of Conduct for Business Partners** aligns with international standards and outlines expectations for ethical business practices, human rights, worker's rights, and environmental protection. It mandates compliance with laws, prohibits corruption, and promotes fair treatment and safe working conditions. Business partners must also minimise environmental impact and ensure their own partners adhere to similar standards. The policy includes provisions for audits and encourages reporting of

misconduct through a confidential channel. By partnering with Elkem, businesses commit to these principles, ensuring responsible and sustainable operations.

The Elkem **Human Rights programme** outlines the company's commitment to supporting and respecting internationally recognised human and labour rights. It applies to all employees, directors, and majority-owned subsidiaries. The programme includes governance structures, human rights due diligence, risk assessments, communication strategies, training, third-party risk management, and monitoring and reporting mechanisms. It emphasises continuous improvement and adherence to international guidelines, such as those from the UN and OECD. The programme also includes mechanisms for whistleblowing, grievance handling, and regular audits to ensure compliance and address any human rights concerns effectively.

The Elkem **Anti-Corruption Compliance programme** outlines the company's zero-tolerance approach to corruption and facilitation payments, applicable to all employees, directors, and majority-owned subsidiaries. It includes adherence to international and national anti-corruption laws, risk assessments, training, and strict procedures for gifts, hospitality, and third-party interactions. The programme emphasises the importance of reporting concerns through the Speak Up channel, conducting due diligence on third parties, and maintaining accurate records. It also details the roles and responsibilities of management and employees in preventing, detecting, and responding to corruption, with regular monitoring and audits to ensure compliance.

Elkem's **Procurement policy** regulates all procurement activities to ensure effective processes and risk management globally. It applies to all employees and organisational units, promoting strong governance, competition, sustainable practices, and supplier management. The policy outlines principles for sourcing, contracting, and supplier management, emphasising transparency, integrity due diligence, and compliance with internal controls and international standards. Elkem will implement sustainable procurement practices and manage its supplier relationships in accordance with the UN Guiding Principles on Business and Human Rights, aiming to optimise total cost of ownership, reduce risks, and support Elkem's long-term competitive position.

Elkem's **Raw Material Sourcing and Qualification procedure** outlines the process for sourcing and qualifying raw materials, ensuring they meet the company's environmental, social, and governance commitments. It includes steps for market screening, integrity due

diligence, pre-qualification audits, trial planning, process verification, and commercial contracting. The procedure emphasises compliance with internal controls, risk management, and supplier management, with all documentation stored in the lvalua platform. It applies to all personnel involved in raw material procurement across Elkem's divisions and subsidiaries.

Elkem's **Corporate Standard for Sourcing of Biocarbon** outlines the company's commitment to sustainable and ethical sourcing of wood and charcoal for silicon alloy production. It mandates the use of legally established and sustainably managed wood sources, ensures acceptable working conditions and respect for human rights, and enforces zero tolerance for corruption and legal non-compliance. The policy requires cooperation with NGOs and local authorities, regular audits, and adherence to international standards to maintain transparency and traceability throughout the biocarbon value chain.

Elkem's **Conflict Minerals policy** ensures that the company sources minerals such as tin, tantalum, tungsten, cobalt, and gold responsibly, in alignment with the OECD Due Diligence Guidance. The policy prohibits procurement from conflict-affected areas to avoid supporting human rights abuses or environmental degradation.

Elkem's **Third-Party Risk Management procedure** ensures that all third-party relationships are managed to mitigate risks related to corruption, human rights breaches, environmental impacts, and legal non-compliance. The procedure involves identifying, categorising, conducting due diligence, approving, and managing third parties throughout the business relationship. It applies to all Elkem employees and includes specific guidelines for different types of third parties, emphasising transparency, regular audits, and adherence to international standards and Elkem's internal policies.

The **Communication and Public Affairs policy** outlines the principles, objectives, and commitments for managing communication and public affairs activities within the organisation. It emphasises open, honest, and accurate communication, with specific guidelines for authorised spokespersons and the handling of sensitive information. The policy applies to all employees and organisational units, detailing roles and responsibilities for implementation, monitoring, and corrective actions. It also includes guidelines for internal and external communication channels, social media use, and engagement with government and other stakeholders, ensuring alignment with Elkem's Global Communications Strategy and compliance with relevant procedures and laws.

Elkem's **Sponsoring and Donations procedure** ensures that all sponsorships, charitable donations, and community support activities align with the company's values and compliance policies. It includes guidelines on restricted organisations, conflict of interest, anti-corruption measures, and documentation requirements, with specific approval processes for contributions over EUR 5 000. The procedure promotes transparency, proper accounting, and due diligence to support ethical and compliant practices.

The company adheres to the principles outlined in "The Norwegian Code of Practice for Corporate Governance" issued by the Norwegian Corporate Governance Board ("NUES" or the "Code"). This Code aims to ensure that companies listed on regulated markets in Norway adhere to comprehensive corporate governance practices that go beyond legal requirements. For further details on Elkem's corporate governance, refer to the board of directors' report on corporate governance in the annual report.

This section covers all relevant governing documents requested in the different sections on the report. This includes references E1-2, E2-1, E3-1, E4-2, E5-1, S1-1, S2-1, S3-1 and G-1.

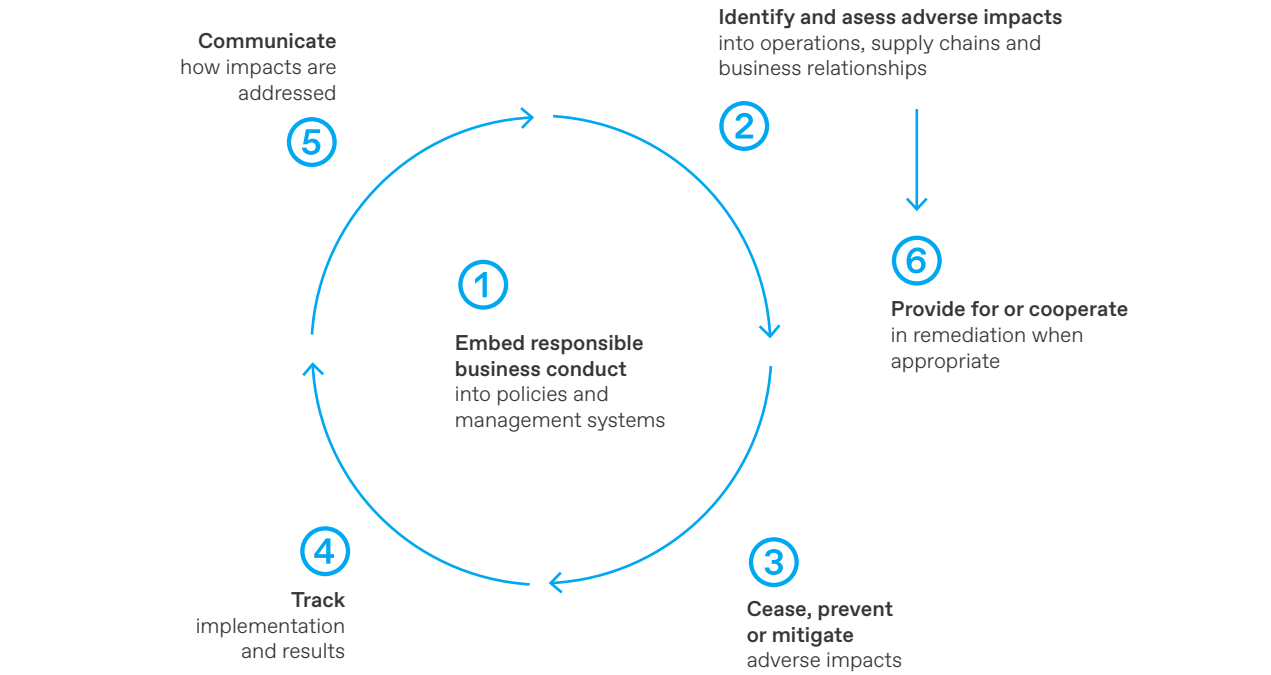
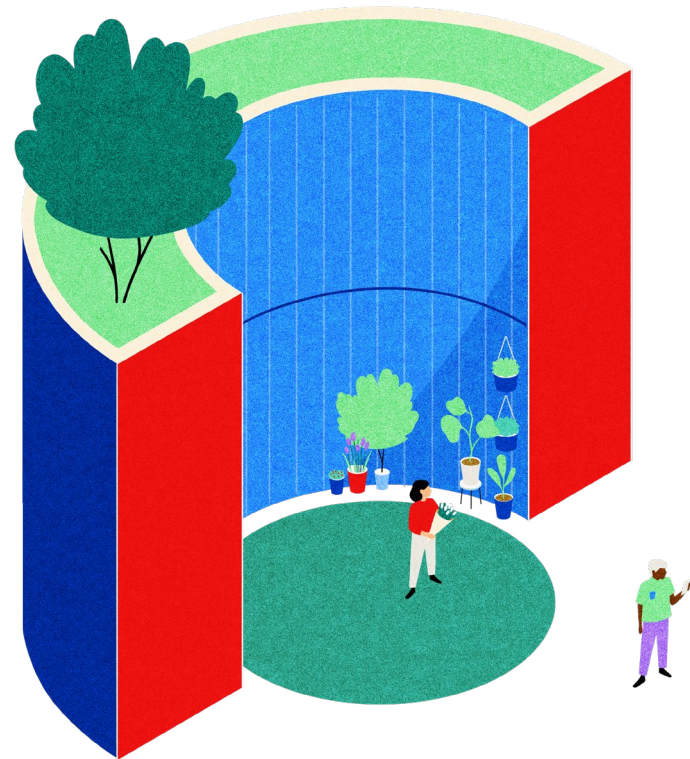


Figure: Elkem's ESG due diligence process

Statement on due diligence GOV-4

Elkem has aligned its due diligence process with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. It also seeks to follow OECD Due Diligence Guidance for Responsible Business Conduct. Elkem conducts due diligence to avoid and address adverse impacts related to workers, human rights, the environment, bribery, corruption, and corporate governance. Elkem conducts due diligence processes with all new business ventures, such as M&As or JVs, but more importantly when engaging business partners such as suppliers, agents and customers and resellers. We always seek to follow the recommended steps as recommended by OECD.

In addition to assessing business ventures and partnership, we work to integrate the same due diligence principles in our own operations and projects. We do extensive assessments of environmental and social impacts of all our projects and operations, and we have conducted a double materiality assessment that covers the group. We have conducted a group wide human rights risk assessment, and developed an action plan accordingly. We have also performed a group wide biodiversity risk assessment, and we are working to develop an action plan and related initiatives.

Risk management and internal controls over sustainability reporting GOV-5

Elkem's board and management prioritise risk management to monitor the group's risk profile and ensure adequate processes are in place. They view risk management as a key part of corporate governance, essential for building trust and enhancing value creation.

Elkem conducts an annual risk mapping process through interviews with divisions and corporate staff to identify top risks. Each risk is evaluated based on likelihood, financial impact, time horizon, and mitigating activities, and then aggregated into group risks to understand the overall risk profile and financial tolerance.

Elkem categorises risks into five main areas: strategic, financial, raw material, production and process, and market and product risks, structured according to the value chain. Environmental, Social, and Governance (ESG) risks and climate-related risks are integral to these categories, as they can impact strategic positioning, raw material supply, end-markets, and financial performance. Elkem follows the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for reporting on climate risks and opportunities and has assessed biodiversity risk in 2024.

As described in the section on governance (GOV-1, GOV-2, GOV-3) Elkem's board and management prioritise ESG and sustainability as key components of the business strategy. The board regularly reviews ESG-related risks and opportunities, evaluates the ESG strategy annually, and receives comprehensive updates on ESG performance. The audit committee prepares the board for sustainability and non-financial reporting, ensuring effective procedures and internal controls. The CEO oversees ESG operations, with the CFO leading the ESG steering committee, which meets monthly to review and propose strategic actions. The board conducts annual assessments of its performance and competence, ensuring alignment with strategic objectives and governance policies.

The ESG steering committee is an essential part of Elkem's internal control related to sustainability topics, but in the day-to-day operations the internal control is carried out in the line, as described in our governing documents (see section above).

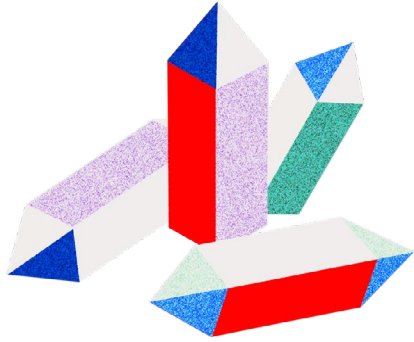
The Corporate Internal Control function support corporate management and the Internal control and internal audit committee in their responsibilities related to design of an adequate internal control system and compliance to internal regulations, described and deployed through group governing documents. The function shall provide regular reports to owners of group governing documents on identified weaknesses and potential improvements in design, implementation and functioning of the internal control system for the group, and give recommendations for corrective actions..

Elkem's risk management methodology involves organising risk management within line management, ensuring adherence to laws, regulations, and internal policies. The process includes mapping and analysing risks based on interviews with divisions and corporate staff, evaluating risks by financial impact and likelihood, and categorising them into strategic, financial, raw material, production, and market risks, with ESG and climate risks integrated into these categories. Risks are ranked by their impact on EBIT (high: >10 per cent, medium: 5-10 per cent, low: <5 per cent) and their frequency (high: 1-4+ times per year, medium: every 1-5 years, low: every 5-10+ years).

The top 10 risks identified for 2024 include geopolitical tensions, macroeconomic development, return on investment projects, health and safety, cyber and IT risk, environment and climate, regulatory conditions, and compliance. Mitigating activities are implemented to address and reduce these risks, focusing on maintaining efficient operations and realising business opportunities. In addition to the annual enterprise risk review, the double materiality analysis (DMA) includes a comprehensive risk analysis related to the specific sustainability topics. The result from the DMA, and the related impacts and risks are discussed in each topical sections. Please refer to the sections on ESRS E1, E2, E3, E4, E5, S1, S2, S3 and G1 for more details.

Strategy, business model and value chain SBM-1

Elkem's growth ambitions and strategy focus on dual-play growth and green leadership. The company aims for growth and value creation in all three divisions while securing supply chain resilience through geographical diversification. The strategy contains the following targets: 5 per cent annual growth and a 25 per cent reduction in CO₂ emissions (scope 1 and 2) by 2030. Elkem seeks



to strengthen its position as an industry leader in low CO₂ emissions, support the green transition, and create green ventures. Specific strategies include balanced geographical growth and cost improvements in silicones, selective growth and lower carbon emissions in silicon products, and sustainable low-cost positions in carbon solutions. Elkem also aims for a 15 per cent EBITDA margin per year and net zero emissions by 2050.

Elkem's climate roadmap aims to achieve fully climate-neutral production throughout its value chain by 2050, with an interim target of reducing absolute scope 1 and 2 emissions by 25 per cent from 2022 to 2030. We also intend to reduce the carbon footprint of our products by 32 per cent in the same period. ² The roadmap focuses on three key pillars: reducing emissions, supplying advanced materials for the green transition, and enabling circular economies. Elkem has made significant progress, reducing total GHG emissions by 7 per cent from 2022 to 2024, but we have seen an increase in our product footprint of 29 per cent due to shifts in sourcing.

Elkem is a leading provider of advanced silicon-based materials essential for the green transition. The company supplies materials for various green applications, including electric vehicles, renewable energy, and energy storage. Elkem's products, such as silicone solutions for EV battery protection and high-purity ferrosilicon for electrical steel, play a crucial role in enhancing the performance and sustainability of these applications. The increasing demand for low-carbon technologies like solar panels and batteries is expected to drive growth in Elkem's product segments.

Elkem is committed to reducing its environmental impact through improved water and waste management and reducing local emissions to air. The company also focuses on increasing recycling in its operations and with customers, developing eco-designed products, and engaging in new green markets such as battery materials and biomass. Elkem's efforts are aligned with global sustainability goals, and the company actively participates in initiatives to secure key materials for the green transition, contributing to a more sustainable future.

² This is a revised version of the strategy and transition plan launched in 2021. The revision is due to the reporting requirements of CSRD, and included a new baseline (2022) and a shorten timeframe (from 2022 to 2030).

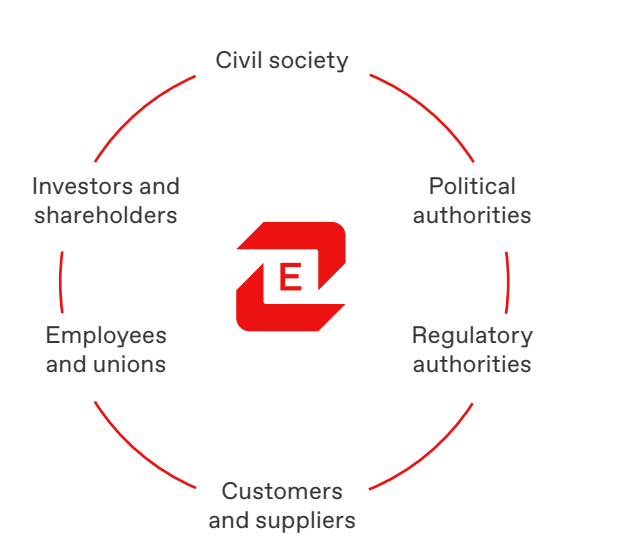


Figure: Key stakeholders

Interests and views of stakeholders SBM-2

Engaging with Elkem's stakeholders helps the company understand expectations, important issues, and impacts. Elkem consults stakeholders to identify and manage social, health, safety, environmental, and economic impacts. This dialogue informs action plans and integrates stakeholder views into sustainability reporting. Elkem aims to act ethically and transparently, gathering views for a common understanding and integrity in decisions. Elkem's engagement includes unions, works councils, local community groups, NGOs, suppliers, business partners, customers, and industry associations. Elkem also partners with sustainability experts and engages authorities, banks, and investors on sustainability commitments and progress.

Stakeholder engagement is organised at both corporate and business levels through local meetings, bilateral engagements, multi-stakeholder meetings, and industry associations. All business areas have forums for dialogue between management and employee representatives. The views of stakeholders help shape Elkem's DMA, and our consequent strategy.

Business model and value chain

Elkem's business model and value chain focus on producing advanced silicon-based materials, and are centered on the production and supply of advanced silicon-based materials, leveraging an integrated value chain to ensure quality and sustainability. The company operates across the entire value chain, from raw material extraction to the production of specialised products.

Here are the key components:

- 1. Raw material sourcing:** Elkem sources high-quality raw materials such as quartz, coal, and wood, which are essential for producing silicon and its derivatives.
- 2. Production process:** The company operates state-of-the-art manufacturing facilities to produce silicon, silicones, and carbon solutions. This includes refining raw materials and transforming them into high-purity silicon and specialised products.
- 3. Specialisation and customisation:** Elkem develops customised products tailored to the needs of various industries, including renewable energy, electronics, automotive, and construction. This specialisation allows Elkem to meet specific customer requirements and market demands.
- 4. Sustainability focus:** A core aspect of Elkem's business model is its commitment to sustainability. The company emphasises reducing CO₂ emissions and implementing sustainable practices throughout its operations. This includes energy-efficient production methods and recycling initiatives.
- 5. Innovation and R&D:** Elkem invests significantly in research and development to drive innovation. This focus on R&D helps the company develop new products, improve existing ones, and enhance production processes, ensuring they remain at the forefront of technological advancements.
- 6. Integrated value chain:** By controlling the entire value chain—from raw material extraction to the production of finished goods—Elkem ensures high standards of quality, efficiency, and sustainability. This integration also allows for better cost management and responsiveness to market changes.

Elkem's business model is designed to create value for stakeholders by delivering high-quality, sustainable products while maintaining a strong focus on innovation and environmental responsibility.

The Elkem House
The Elkem House serves as a visual representation of the fundamental components of Elkem's business model. At its core, our mission and values form the foundation for our working practices and defines our organisational culture. These elements - mission, values, and working practices - combine to strengthen and advance our corporate strategy.

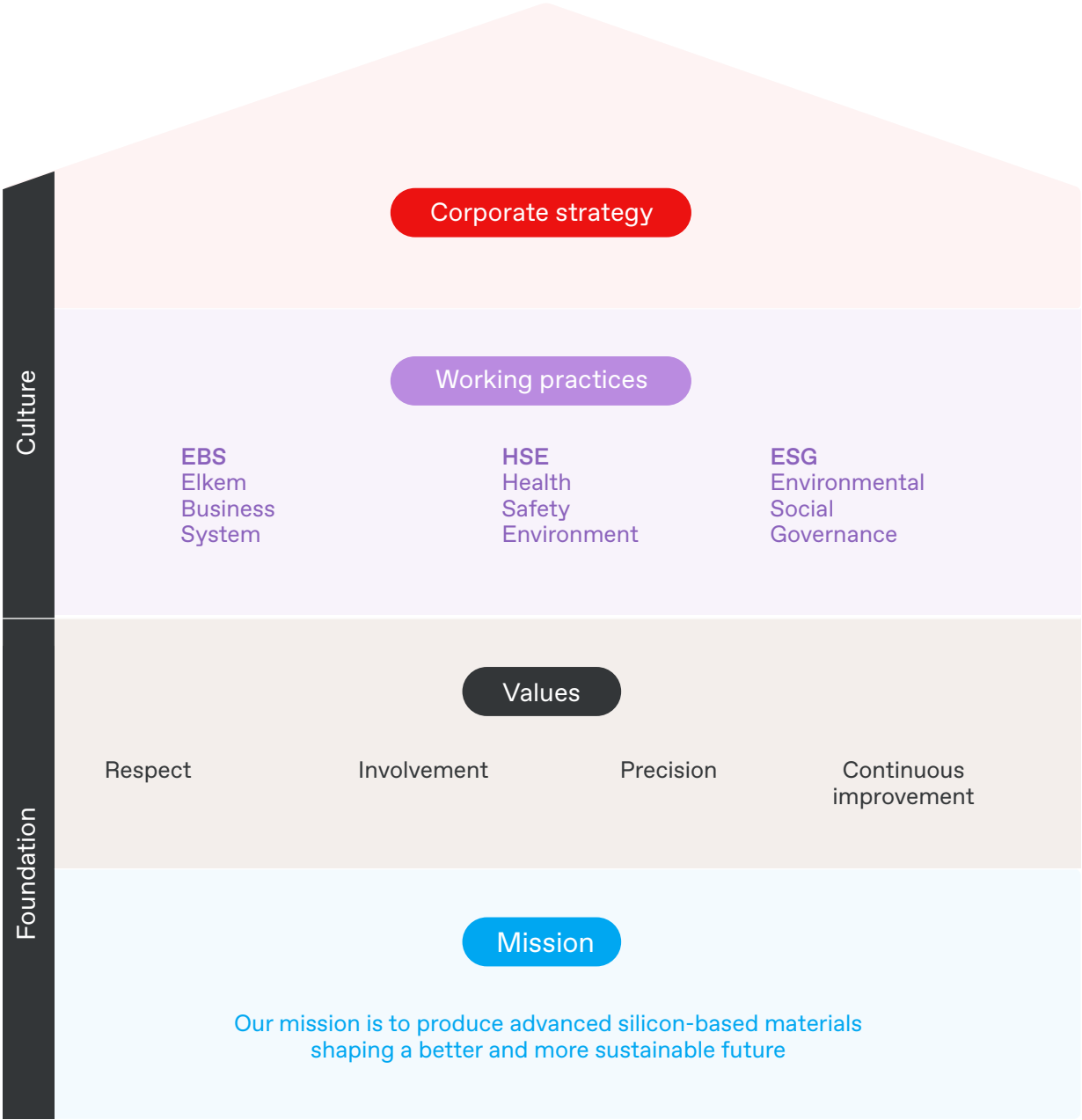
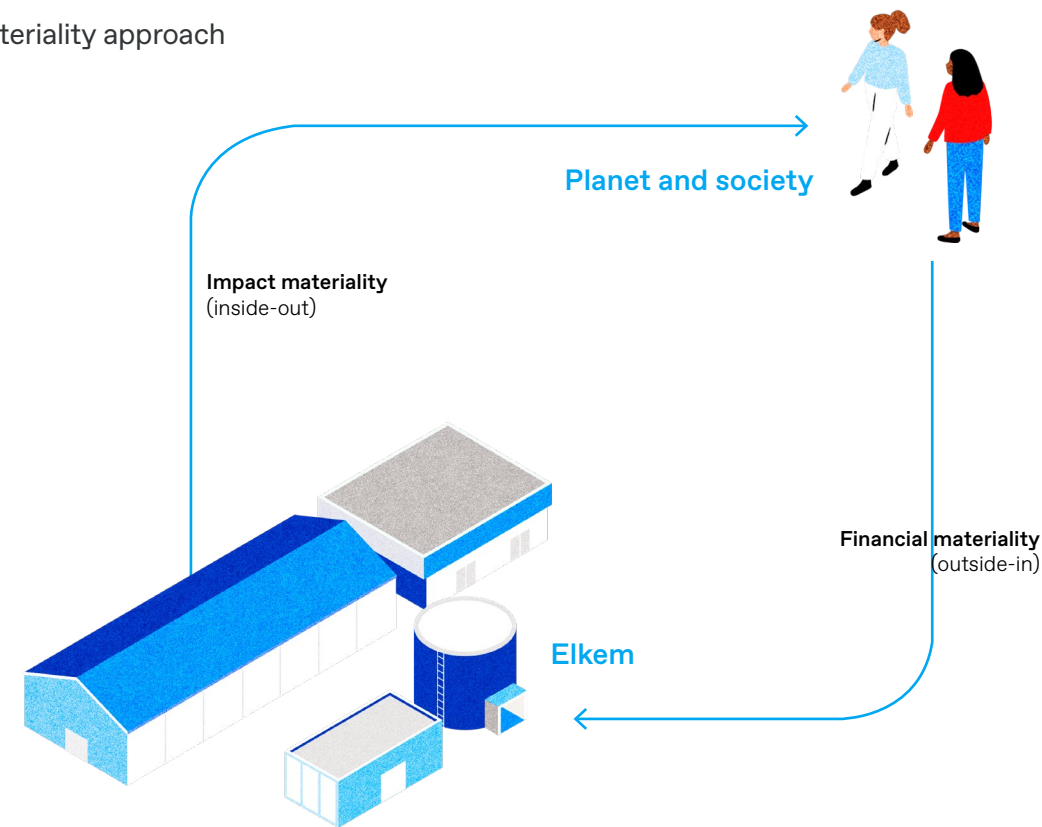


Figure: The Elkem House

Double materiality approach



Double materiality assessment – Material impacts, risks and opportunities SBM-3, IRO-1

The foundation for Elkem’s sustainability approach is the double materiality analysis (DMA). We have conducted this DMA with reference to the requirements in ESRS. This approach assess impact materiality, – meaning the impact Elkem has on its surroundings, – and financial materiality, which refers to the impact different factors have on Elkem.

Our starting point was an impact assessment (inside-out) of Elkem’s effects on the environment and society, building on our previous evaluations of sustainability-related impacts within our operations and value chain. Additionally, we conducted a financial assessment (outside-in) of the sustainability-related risks our business faces.

Where possible, we quantified these effects and supplemented them with qualitative assessments. Given our prior work in assessing sustainability impacts and the complexity of quantifying sustainability-related risks, our efforts this year focused primarily on the impact assessment.

Due to the extensive ESRS principles on double materiality and assessment requirements, we limited the number and groups of stakeholders involved to internal subject-matter experts only. To verify and calibrate the results of our new DMA, we also performed a light update of our former materiality assessment using our previous approach. This served as a proxy for direct external stakeholder

involvement, informing us about the interests and views of stakeholders relevant to our business.

We believe the outcome presented below provides a true and fair picture of our impacts and risks, though we acknowledge our methodology has limitations. The following pages provide detailed information on the results of our double materiality assessment and the process we applied.

Double materiality analysis results

We have identified our impacts on the environment and society through an impact materiality assessment, as well as the sustainability-related risks we face through a financial materiality assessment. The results, aggregated by ESRS topic, indicate that all main topics, apart from consumers and end-users (S4), are material to Elkem. As Elkem only sells business-to-business, it has little direct impact on consumers. Since the different ESRSs have several sub-topics and sub-sub-topics, these have been assessed, and not all sub-topics are material to Elkem. Given the nature of Elkem’s operations, the environmental risks and impact in E1, E2 and E3 are especially important to Elkem. We have significant emissions, consumption and use of energy and water, and the potential and actual impact of local emissions and pollutants is important to mitigate. These topics are also related to transitional risks related to regulation changes and emission costs.

Own workforce, and especially HSE, is a topic that does not rank very high on financial impact, but it is still a key topic for Elkem. This is an area where we have invested significant resources and time to improve our performance. This is a tendency that we find when analysing several of the topics. The financial impact, meaning the outside-in impact, is limited, but we still consider them important, and we acknowledge that there is considerable risk, and some opportunities, related to these topics.

The material impacts, risks and opportunities (IROs) are disclosed in the various chapters on the material topics (ESRS E1, E2, E3, E4, E5, S1, S2, S3 and G1). Here we also go into detail on how this IROs shape our actions, investments, and how the integrate into our business model.

Methodology

All assessed impacts and risks have been aligned with the relevant topical ESRS standards. We have assessed whether the topics have an actual or a potential impact, what stakeholder would be affected, the relevant time horizon, irremediability, scale, scope, and likelihood. This has given us an impact score. We have applied a similar approach for our positive impacts. For the opportunities we have mapped the topics, the source of the opportunity, time horizon, financial impact, and likelihood. We have assessed the value chain where required, or we have deemed it prudent.

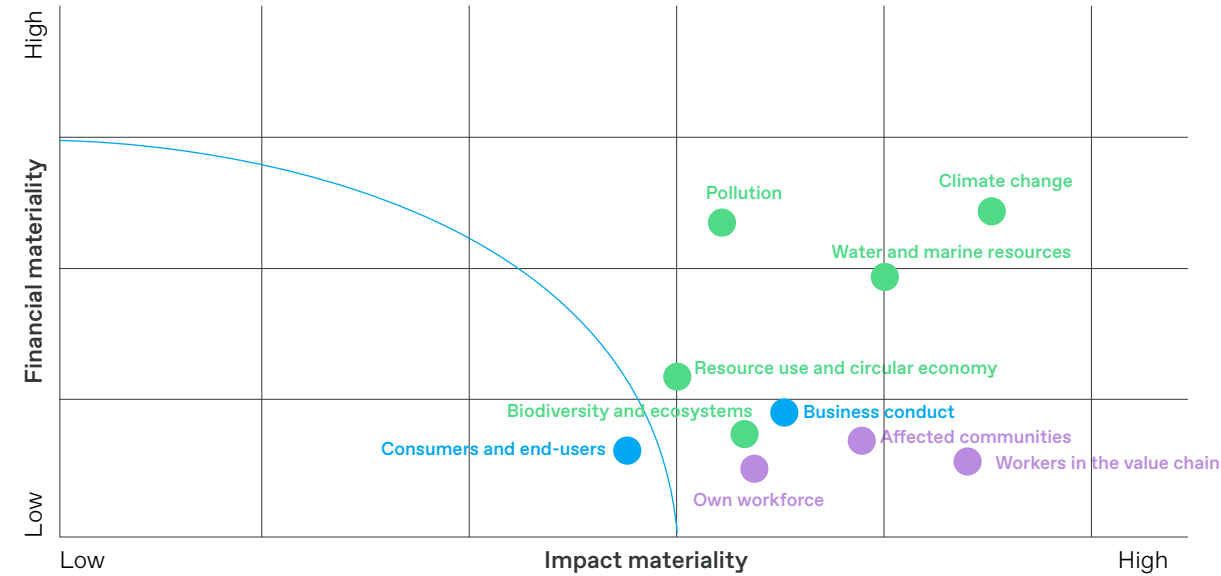


Figure: Double materiality matrix

Disclosure requirements in ESRS covered by sustainability statement IRO-2

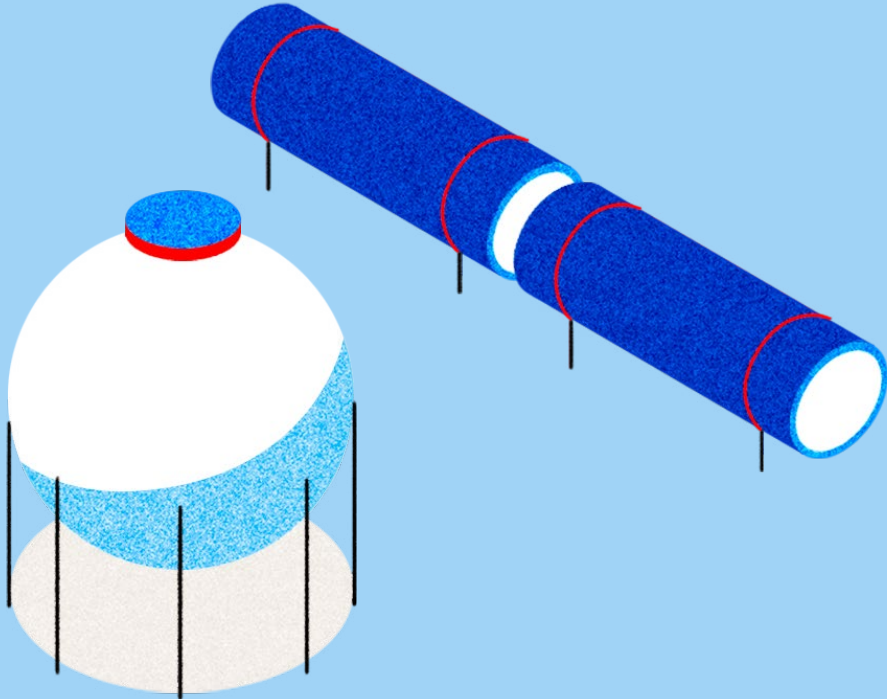
Standard		Pages
E1	Climate change	pp. 104-129
E2	Pollution	pp. 130-135
E3	Water and marine resources	pp. 136-141
E4	Biodiversity and ecosystems	pp. 142-147
E5	Circular economy	pp. 148-153
S1	Own workforce	pp. 156-165
S2	Workers in value chain	pp. 166-171
S3	Affected communities	pp. 172-177
G1	Business conduct	pp. 180-186

Disclosure of topics assessed not to be material

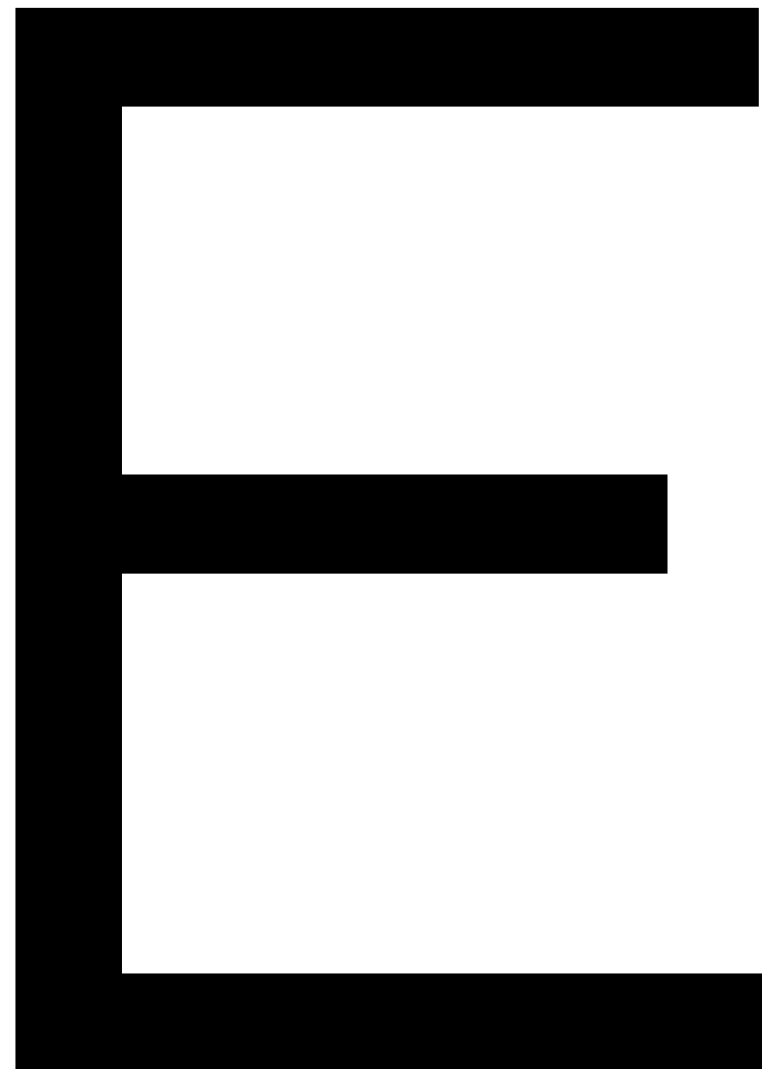
Standard		Explanation
S4	Consumers and end-users	ESRS S4 is omitted and assessed to be not material to Elkem. Elkem sells its goods to other companies who in turn produce consumer goods. Thus we have deemed our direct impact on consumers and end-users as non-existent, and our possibility to affect our indirect impact as very limited. This means that the associated risks and opportunities are also limited.

Minimum disclosure requirements – Policies, actions, metrics and targets MDR-P, MDR-A, MDR-M, MDR-T

All policies, actions, metrics and targets relevant to the different topics are described in the different sections covering ESRS 2 (policies), E1, E2, E3, E4, E5, S1, S2, S3 and G1.



Environmental



ESRS E1

Climate change disclosure for Elkem

As a company in the process industry, Elkem's environmental footprint is of crucial importance, particularly related to GHG emissions. Converting quartz to silicon is an energy-intensive process that uses carbon sources like fossil coal, charcoal, and wood chips, for reduction, resulting in CO₂, NO_x, SO₂, and dust emissions. While CO₂-equivalent emissions are inherent to the process, Elkem aims to reduce its fossil CO₂ footprint by increasing renewable carbon use and developing innovative production processes.

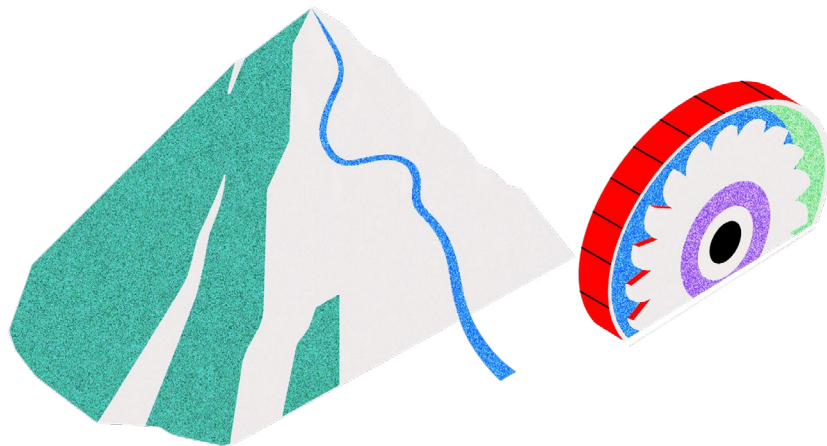
Elkem supports the goal of the Paris Agreement to limit global warming to well below 2 degrees Celsius. Elkem's strategy includes increasing material and energy efficiency, replacing fossil carbon with biocarbon, and developing carbon-neutral smelting technologies.

Material impacts, risks and opportunities - Resilience of Strategy and Business Model

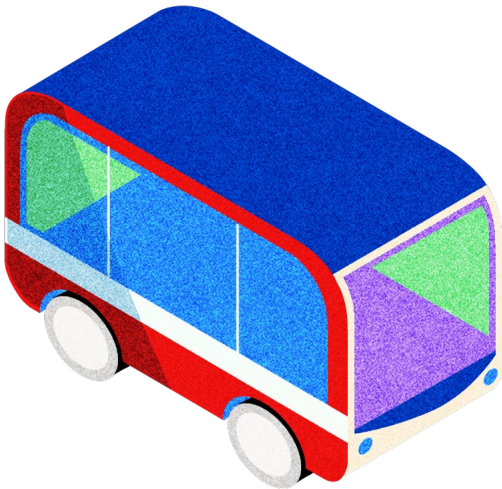
ESRS 2, SBM-3

Elkem's operations have an impact on the climate, both directly and indirectly. Scope 1 emissions result directly from the dependence on carbon sources for reduction in the process, resulting in CO₂ emissions. As the smelting process requires large amounts of electricity for the furnaces, Elkem's scope 2 emissions are also significant. Fortunately, Elkem's silicon production is almost exclusively based in regions where renewable power, i.e. hydropower, is abundant. We acknowledge the impact Elkem has on the climate through its value chain, both through upstream sourcing of raw materials and through our products as input factors in high emitting industries.

Elkem's products are critical to the green transition as Elkem supplies materials for various applications, including EV battery protection with reliable silicone solutions and silicon-enhanced aluminium for eco-friendly vehicles. We provide high-purity ferrosilicon for electrical steel used in EVs, wind turbines, and power lines. Elkem also offers cost-effective products for durable photovoltaic panels and improves concrete sustainability with our Microsilica® brand.



ESRS topic	Sub-topic	Description
E1	Climate change	
	Climate change adaptation	
	Climate change mitigation	<p>Use of reductants in production of silicones results in CO₂ emissions</p> <p>Use of coal in various in own products (e.g. carbon paste), and used in value chain (e.g. steel, aluminium)</p> <p>Transportation of quartz and other purchased goods</p> <p>Silicon and related products (Si, FeSi, Microsilica) are used in high-emitting products (e.g. concrete, steel, aluminium)</p> <p>Production of silicon is mainly based in regions (Norway, Iceland, Paraguay) where renewable energy is abundant</p> <p>Silicon and silicone products are enablers for the green transition and help reduce emissions through other technologies and products (e.g. EV production, more sustainable construction, renewable power construction and infrastructure)</p>
	Energy	<p>Production of silicon and silicone powder is energy intensive</p> <p>The use of silicones, siloxanes and silanes generates energy savings and reductions in greenhouse gas emissions that exceed the impacts of production and end-of-life disposal. The durability makes silicone result in less waste over time</p>



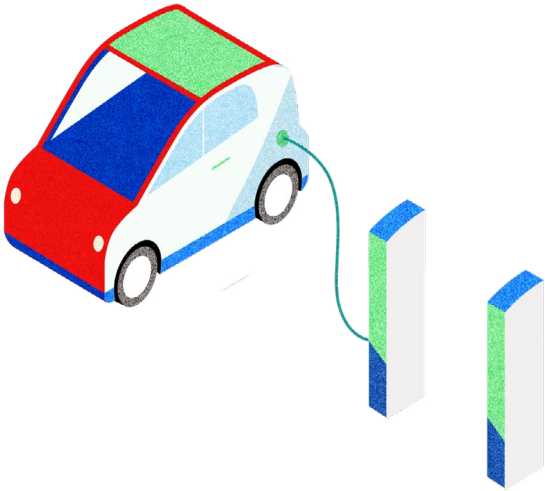
Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Actual	Yes	Yes	Negative	High	Short	OO, VC
Actual	Yes	Yes	Negative	High	Short	OO, VC
Actual	Yes	Yes	Negative	High	Short	OO, VC
Actual	Yes	Yes	Negative	High	Short	VC
Actual	Yes	Yes	Positive	High	Short	VC
Actual	Yes	Yes	Positive	High	Short	VC
Actual	Yes	Yes	Negative	High	Short	OO
Actual	Yes	Yes	Positive	High	Short	VC

Elkem’s approach to climate-related risks and opportunities is fully integrated into its governance and strategic processes. Climate strategy oversight is centrally governed by the board of directors, with regular annual reviews of climate risks and opportunities as part of the overall business strategy. This governance framework includes the audit committee, which supervises sustainability reporting and climate-related risk management, ensuring compliance and alignment with emission reduction targets.

Climate-related risk management spans short-, medium-, and long-term horizons and includes both transition and physical risks. The CFO presents a comprehensive risk assessment, including climate factors, at board meetings. Climate risks are systematically categorised as low, medium, or high based on probability and potential financial impact on Elkem’s EBIT, cash flow, and equity. These assessments help evaluate the likelihood and frequency of risks over different time horizons. For instance, regulatory changes in emissions trading systems (ETS) and carbon pricing mechanisms present key transition risks due to the inherent CO₂ emissions from silicon production, while extreme weather events and droughts are assessed as low-impact physical risks due to Elkem’s operational geography.

Transitional risks are significant in areas such as regulatory changes in emissions allowances under the ETS in Europe and evolving quota systems in China, which could increase operational costs. A type of transitional risk is technological risks, which for Elkem involve potential shifts in demand due to the EU Taxonomy’s requirements for sustainable production. Elkem mitigates this risk by increasing biocarbon use as a reduction agent, developing low-GHG technologies, and exploring carbon capture and storage (CCS).

Opportunities also emerge from the green transition. Elkem’s focus on advanced silicon-based materials positions the company to benefit from the growing demand for electric vehicles (EVs), energy storage, and renewable power. Products such as EV battery components, silicone insulation, and low-carbon graphite enable Elkem to contribute to the transition while increasing its market share.



Transitional risks

Risk type	Probability	Potential financial impact	Time horizon	Description	Mitigation
Regulatory	High	Medium	Short	Elkem produces silicon and ferrosilicon in Norway and Iceland, and silicones in France, all under the EU's emission trading system (ETS). Changes in free allowances or higher prices may raise Elkem's direct costs. In China, Elkem has silicon and silicones production, and the evolving quota system could potentially increase operational costs. The introduction of CBAM will also pose challenges to Elkem as we compete in a global market.	Increase share of biocarbon as reduction agent in silicon production
Technological	Medium	High	Medium	Elkem faces potential impacts from the EU Taxonomy, requiring technological upgrades for sustainability. Global efforts to reduce fossil GHG emissions could diminish Elkem's product attractiveness, leading to substitutes. The cost of transitioning to low emission technologies such as CCS, is significant. Additionally, reliance on coal and char as reduction agents poses a risk due to potential scarcity, affecting access to critical raw materials.	Reinforce efforts to reduce energy consumption, reduce GHG emissions, and continue to develop products that enable GHG emission reductions Increase share of biocarbon as a reduction agent Continue research and development of CCS and CCU
Market	High	Medium	Short	Political instability and uncertainty related to framework conditions, such as the CO ₂ compensation scheme, may increase the costs for Elkem.	Efforts to explain Elkem's competitive situation through industrial organisations (i.e. Norsk Industri, Eurometaux).
Market	Medium	Medium	Medium	Elkem faces the potential risk of increased cost of lower emitting raw materials, such as certified biocarbon, lower emitting coal and iron, due to increased demand (i.e. biocarbon) and increased competition among companies compete for the same resources.	Develop good relationships with reliable suppliers
Market	Medium	High	Medium	Electrification of our society may lead to an increase in demand and thus result in increased power prices. This may affect all Elkem's locations.	
Regulatory	Low	Low	Short	More regulatory requirements and directives may follow, which can result in increased operational costs to monitor and meet requirements.	

Physical climate risks have been mapped since Elkem's first TCFD report in 2021, with regular updates based on new research and mapping services, such as the World Bank Group's Climate Change Knowledge Portal. For instance, site-specific analyses in 2023 led to a downgrading of risks in Canada due to location resilience and an increased risk in France related to drought and heatwaves.

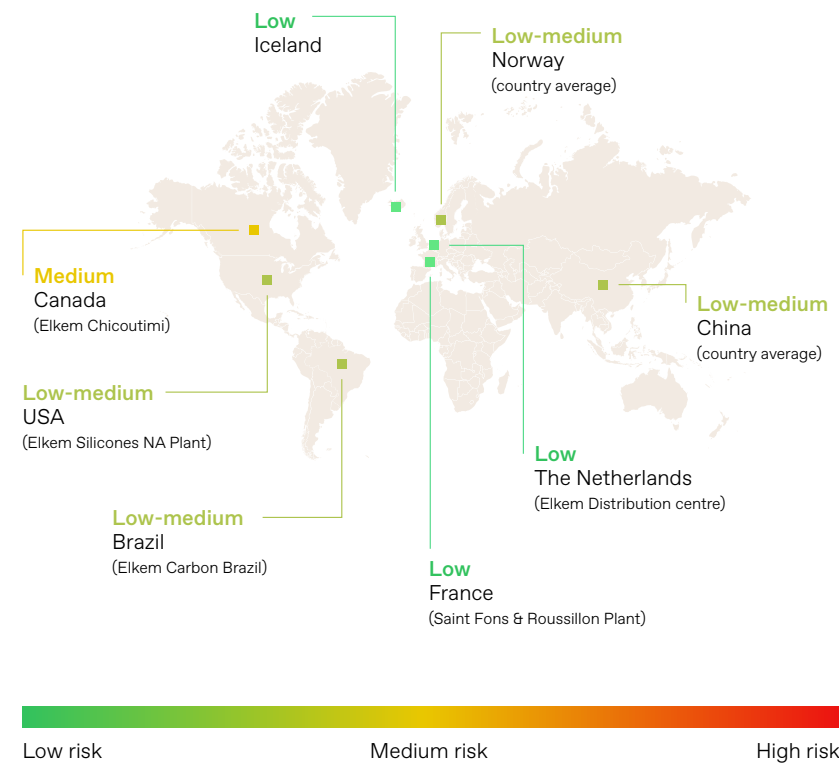
Hypothetical future scenarios, including 2°C and 4°C global warming scenarios, provide a basis for long-term strategic planning. Elkem's physical climate risks vary as Elkem has global operations. The key risk for most sites include an increase in extreme weather events such as storms, floods, and downpours, but no sites have been deemed at such risk that mitigation has been necessary.

For our silicone production in France, access to water is identified as a risk due to an increase in dry periods on certain regions of France, and the government has established a directive that enables it to limit the water withdrawal to industry. However, the region where Elkem is located has not yet been affected, though we are closely monitoring the development. Our operations in Brazil also face water access as a key risk, as droughts have increased.

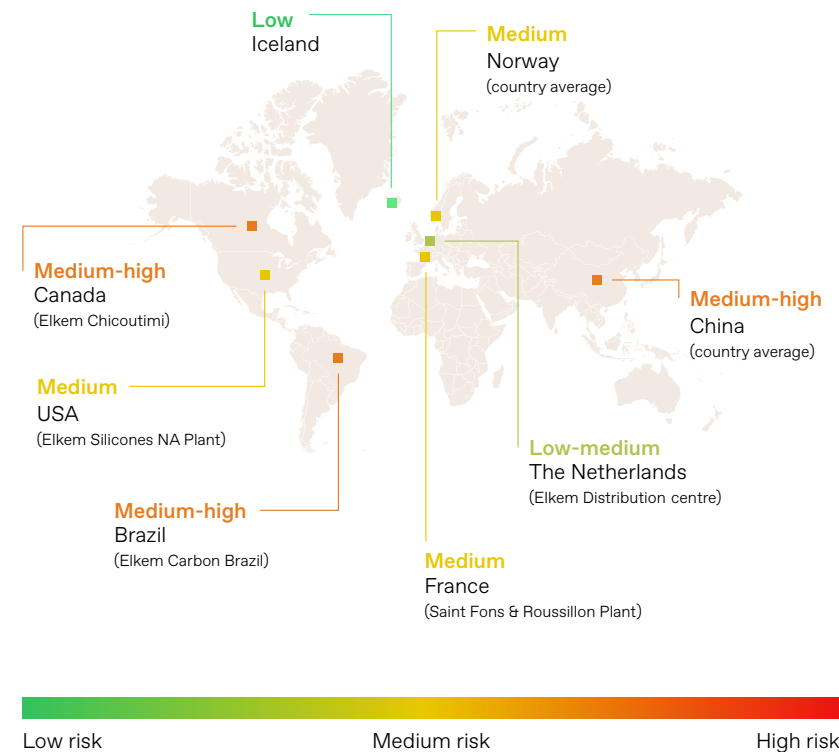
Transitional opportunity

Opportunity type	Probability	Potential financial impact	Time horizon	Description	Strategy to realise opportunity
Products and services	High	High	Short	The increasing demand for electric vehicles (EVs) and battery cells presents an opportunity for Elkem, as the company supply key components needed for these products. Silicones are used as a non-flammable insulation for wiring and batteries, and EVs require four times more silicone compared to internal combustion vehicles. Li-ion batteries have a key component that is the anode that usually consists of graphite.	Elkem is already capitalising on these opportunities as the company is already a qualified supplier of wire and battery insulation and speciality silicones to the EV industry. Elkem has developed technology to produce graphite, main component in anodes, with 90 per cent lower GHG emissions than today's standard graphite. This has led to the establishment of Vianode. Elkem has sold its share in Vianode now.
Products and services	High	High	Medium	The shift otwards a circular economy and increased recycling and reuse presents opportunities for Elkem. In silicones production, there is potential to recycle silicones in order to reduce emissions, up to as much as 65 per cent. By-products from silicon production also represents an opportunity for Elkem.	Elkem is exploring the possibilities to recycle silicone through projects such as REPOS and RENOV. Elkem is looking into opportunities to increase the use of recycled packaging materials and the reuse of wooden pallets used in transport. Elkem has developed products such as Microsilica, a by-product from silicon production, that makes concrete less brittle and increase the lifespan of concrete construction. Elkem has increased its use of biocarbon as a reduction agent in the silicon production to 24 per cent.
Products and services	High	Medium	Short	Increased demand for renewable power, power storage, electrification and improvement of electrical infrastructure presents an opportunity for Elkem to expand in these sectors.	Elkem supplies products that enable these developments, contributing to a more sustainable society. One of Elkem's goals is green leadership by increasing our deliveries to these sectors.
Technology	Medium	Low	Long	Most of Elkem's silicon production is located in industrial clusters in Norway, which are suitable for installation of CCS facilities. There is also a positive sentiment towards CCS in Norway, which presents an opportunity for Elkem to leverage on.	Elkem continues its research on CCS to assess new and more cost effective options.

Global overview of risks analysed: low emission scenario



Global overview of risks analysed: high emission scenario



Transition plan for climate change mitigation

Disclosure requirement E1-1

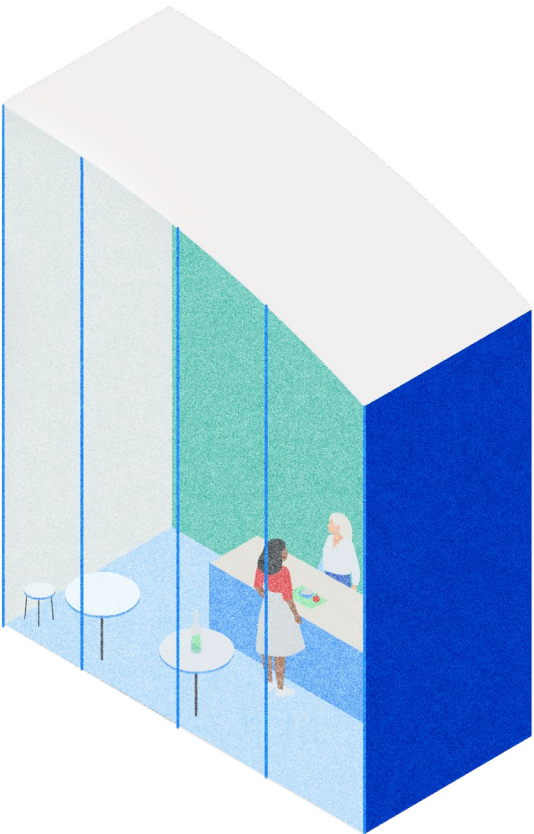
Elkem's climate roadmap aligns with the Paris Agreement's goal of limiting global warming to well below 2°C. Elkem has a target of reducing scope 1 and 2 emissions by 25 per cent from 2022 to 2030, and this equals a reduction of approximately 840 000 tCO₂e. Elkem also plans to reduce the carbon intensity of our main products by 32 per cent in the period from 2022 to 2030. Aiming for net zero by 2050, Elkem has identified several decarbonisation levers: shifting to biomass in smelting, reducing the emissions in our supply chain, increasing the renewable energy share in China, and implementing carbon capture and storage (CCS).

Elkem presented its global climate roadmap and transition plan in 2021¹, closely aligned with the corporate strategy of green leadership. By 2024, Elkem has continued its efforts to reduce GHG emissions, and in the period from 2022 to 2024 we have reduced our scope 1 emissions by 16 per cent, i.e. 390 000 tCO₂e. In the same period we saw an increase in scope 2 emissions of approx. 220 000 tCO₂e (23 per cent) due to increased production in China. The roadmap outlines how Elkem aims to mitigate global warming resulting from climate change, focusing on three key pillars: reducing fossil CO₂ emissions, supplying materials for the green transition, and enabling more circular economies.

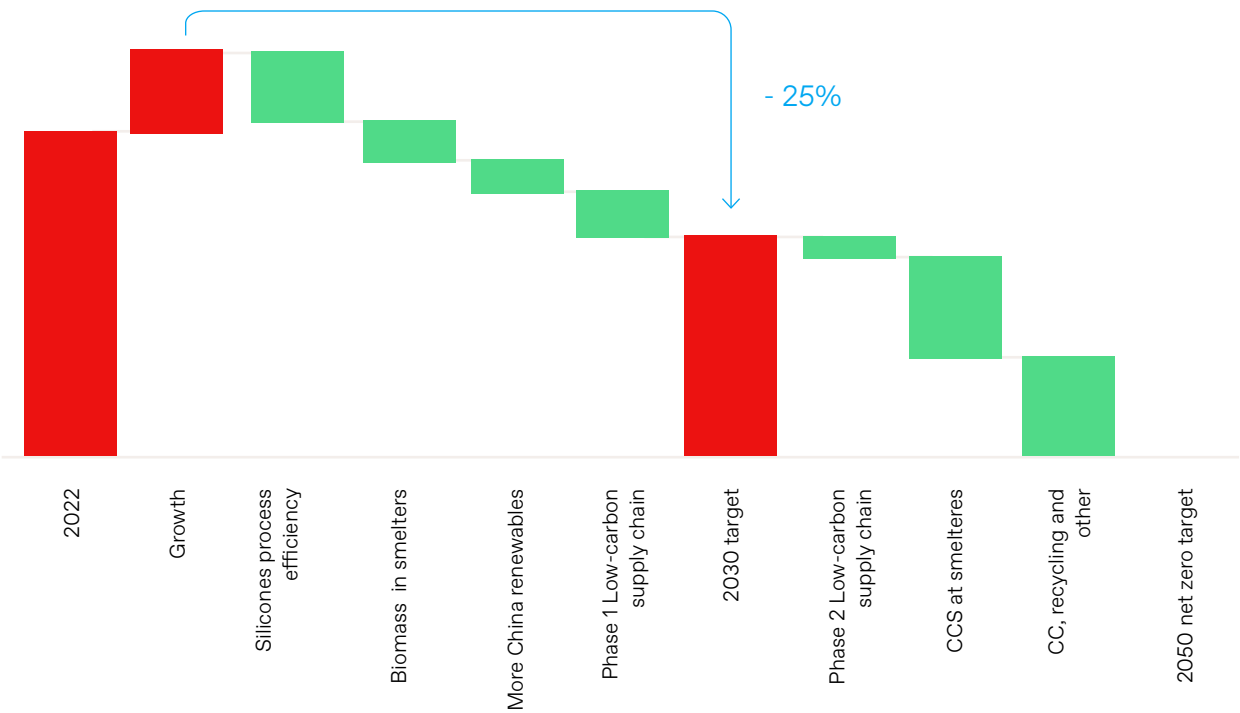
In addition to reducing our own emissions, Elkem also aims to grow its supply of advanced materials to the transition to a more sustainable economy. Elkem is capitalising on the growing demand for key materials essential for the green transition, such as silicon and electrical steel, which are critical for renewable energy, energy storage, and electric vehicles. The company is committed to reducing its environmental impact by lowering greenhouse gas emissions and improving water and waste management. Elkem's products, including silicone solutions for EV battery protection, silicon alloys for vehicle electrification, and high-purity ferrosilicon for electrical steel, play a vital role in various sustainable applications. Elkem's innovations support the durability and efficiency of photovoltaic panels and concrete structures, contributing significantly to the advancement of low-carbon technologies and infrastructure improvements.

¹ The current transition plan and targets are a revision of the transition launched in 2021. The revision was done to comply with the requirements in CSRD. We have adjusted the baseline year to 2022 and the target year to 2030, but staying on the same absolute emissions linear reduction trajectory and target.

Elkem is working to increase recycling and develop more sustainable products. We already supply products based on circular economy principles, such as Microsilica, which is used in major construction projects. Elkem is also involved in a project to reduce the carbon footprint of silicones by over 65 per cent through chemical recycling.



Elkem's transition plan:



Elkem aims to cut absolute CO₂ emissions by 25 per cent by 2030 (scope 1 and 2), despite projections of increased growth owing to its strong product alignment with the green transition. Subsequently, the company has established a goal to reduce the carbon intensity of our main products by 32 per cent by 2030. While absolute CO₂ reduction is crucial, the relative decrease in carbon intensity is vital to evaluate the group's overall performance.

Elkem's intensity target encompasses reduction strategies covering scope 1, scope 2 and upstream scope 3 emissions resulting from our two main product categories. These categories are characteristic of Elkem's primary product segments, which contributed to approximately 93 per cent of total operating income in 2022 and include: i) upstream production of silicones (silox), and ii) tapped silicon and ferrosilicon metal, measured in CO₂e (scope 1, 2 and 3 to-gate) per kilogram of product produced.

Scope 3 to-gate reductions are to be achieved through supply chain decarbonisation, majorly related to raw material sourcing and efficiency. Market conditions have proven such sourcing difficult in the current target period. Though we have not yet set an absolute target for our scope 3 emissions, value chain activity data is improving, providing us a better basis to design and follow-up the target. In addition to the scope 3 emissions captured in the current carbon intensity target, an absolute scope 3 target is planned to be launched in 2025.

Policies related to climate change mitigation and adaptation E1-2

Elkem's policies address climate mitigation through GHG emissions reduction, adaptation to climate impacts, and promoting energy efficiency and renewable energy. The company's emissions reduction policy emphasises replacing fossil-based reduction materials with biocarbon. Additionally, policies support circular economies, aligning with EU critical raw material priorities for products like silicon. Please refer to the section on governing documents under ESRS 2 for more details.

Actions and resources in relation to climate policies E1-3

Elkem is actively pursuing several initiatives to enhance its energy efficiency and reduce its environmental impact. One of the key areas of focus is improving the energy efficiency of existing facilities and equipment. This includes replacing old, inefficient electrical motors with new, efficient ones featuring variable frequency drives. Additionally, Elkem is transitioning from inefficient coal boilers to cogeneration technology at its Xinghuo site, which helps reduce coal consumption and expand siloxane capacity at lower energy intensity.

Another significant initiative is Elkem's commitment to energy recovery from processes that generate surplus heat. The company has been a pioneer in waste heat utilisation since the 1970s, using recovered heat for district heating, steam for various production processes,

and generating new electricity. This approach not only improves energy efficiency, but also reduces the overall environmental footprint.

Elkem is also dedicated to reducing CO₂ emissions through innovative projects like Sicalo, which aims to achieve zero emissions by 2050. This project, in collaboration with SINTEF and supported by The Research Council of Norway and the EU, involves medium-scale pilot testing and the development of new technologies to eliminate CO₂ emissions in silicon production. In 2024 Elkem spent NOK 21.7 million on the Sicalo project and received NOK 9.5 million in support. Elkem has several other research projects to reduce GHG emissions, and in 2024 the group spent NOK 42.8 million on these projects.

In its efforts to replace fossil carbon sources with biocarbon, Elkem aims to reach a 50 per cent biocarbon share in its smelting operations by 2031. The company is actively seeking sustainable and financially viable sources of biocarbon, including pioneering new production technologies in Canada that use residues from sawmills. Elkem ensures that all biocarbon is sourced sustainably, adhering to certification schemes like FSC, SFI, SVLK, and PEFC.

Since the implementation of the transition plan (Elkem's Climate Roadmap) Elkem has invested NOK 397 million in the biocarbon research including recieved grants, and pilot production in Canada. The OpEx related to the shift to biocarbon reductants from fossil reductants equals NOK 2 439 million over the last three years.

Going forward, we will continue to work to increase the share of biocarbon in our smelters. We are also working on further improving the efficiency of our silicones production, reducing the footprint of our supply chain, and studying the potential for carbon capture at our smelters.

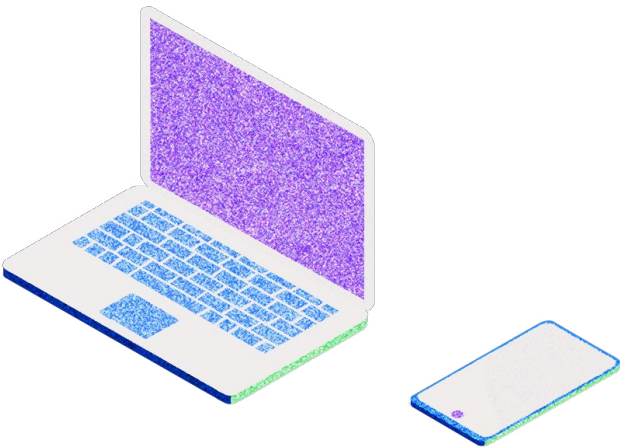
Targets for climate change mitigation and adaptation E1-4

Elkem's targets focus on absolute greenhouse gas emissions and carbon intensity of our main products: By 2030, Elkem has set a target of 25 per cent reduction from 2022 in scope 1 and 2 emissions, and a 32 per cent reduction in the carbon intensity of its main products. An absolute scope 3 target will be set in 2025.

Energy consumption and mix E1-5

Elkem's total energy consumption in 2024 was 7 153 GWh, where the brunt of this being sourced in regions where renewable power is abundant. The company's smelting facilities, except for one in China, operate on renewable electricity (Paraguay, Island, Canada, and Norway). Energy-saving measures include reducing fossil fuel use and transitioning to more efficient production technology. Energy intensity per net revenue is calculated annually, and the company aims to improve efficiency in high-impact sectors, particularly silicon and ferrosilicon production.

Parts of Elkem's value chain involve high-energy processes, particularly in the production of silicon, ferrosilicon, and foundry alloys using high-temperature electric arc furnaces. These processes imply both impacts, risks and opportunities. In relation to this chapter, the high-energy processes are primarily seen as an opportunity for Elkem, as Elkem is a forerunner in waste heat utilisation. Recovered heat finds versatile applications, serving as hot water for district heating, steam for various production processes, and new electricity generation. In 2024 Elkem recovered 738 GWh of energy from our facilities. This equates to the annual consumption of more than 46 000 Norwegian households.





Energy consumption and mix (E1-5):

Energy consumption and mix, (scope 2 market based reporting)	2024	2023	2022 (base year)	Development vs. base year	
Fuel consumption from coal and coal products (GWh)	-	694	852	-100%	Driven by the decommissioning of coal fired steam boilers at the Xinghuo plant and the changes in the electricity residual mix factors for Norway and Iceland
Fuel consumption from crude oil and petroleum products (GWh)	88	83	77	14%	
Fuel consumption from natural gas (GWh)	497	434	499	0%	
Fuel consumption from other fossil sources (GWh)	-	-	1	-100%	
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (GWh)	5 101	4 717	3 913	30%	
Total fossil energy consumption (GWh) (calculated as the sum of lines 1 to 5)	5 686	5 928	5 341	6%	
Consumption from nuclear sources (GWh)	558	766	1 139	-51%	Driven by changes in the electricity residual mix factors for Norway and Iceland
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (GWh)	0.35	0.21	-	100%	
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (GWh)	909	578	1 543	-41%	
The consumption of self-generated non-fuel renewable energy (GWh)	-	-	-		
Total renewable energy consumption (GWh) (calculated as the sum of lines 8 to 10)	909	578	1 543	-41%	Driven by changes in the electricity residual mix factors for Norway and Iceland
Total energy consumption (GWh) (calculated as the sum of lines 6, 7 and 11)	7 153	7 272	8 024	-11%	
Share of fossil sources in total energy consumption (%)	79%	82%	67%	13%	
Share of consumption from nuclear sources in total energy consumption (%)	8%	11%	14%	-6%	
Share of renewable sources in total energy consumption (%)	13%	8%	19%	-7%	

Energy consumption and mix, (scope 2 location based reporting)	2024	2023	2022	Development vs. base year (base year)	
Total fossil energy consumption (GWh)	2 434	2 363	2 593	-6%	
Consumption from nuclear sources (GWh)	112	102	105	6%	
Total renewable energy consumption (GWh)	4 607	4 807	5 325	-13%	Driven by lower activity levels of the smelters in Norway and Iceland
Share of fossil sources in total energy consumption (%)	34%	32%	32%	2%	
Share of consumption from nuclear sources in total energy consumption (%)	2%	1%	1%	0%	
Share of renewable sources in total energy consumption (%)	64%	66%	66%	-2%	Driven by lower activity levels of the smelters in Norway and Iceland
Share of renewable electricity in total electricity consumption*	80%	82%	81%	-1%	Driven by lower activity levels of the smelters in Norway and Iceland
Energy recovery (GWh)*	738	995	892	-17%	
Energy recovery percent of total energy consumption*	10%	14%	11%	-1%	
Energy intensity based on net revenue (MWh/Net revenue NOK)	0.00022	0.00020	0.00017		

*These are Elkem specific KPIs.

Gross scopes 1, 2 and 3 and total GHG emissions [E1-6](#)

Scope 1 emissions primarily stem from smelting, representing 95 per cent of emissions. In 2024, scope 1 and 2 location-based emissions totaled 3.19 million tonnes, a decrease vs. the 2022 base year driven by activity level changes at the major production plants. Scope 2 emissions for indirect energy use include location-specific emissions factors for China’s grid. Scope 3 emissions, reported since 2021, encompass activities from “purchased goods and services” to “end-of-life treatment”.

Gross scopes 1, 2, and 3 GHG Emissions (E1-6)

	2024	Retrospective				Milestones and target years		
		2023	2022	Development vs. base year (base year)		2030 target	2050 target	Annual % target /base year
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (million tCO2eq)	2.03	2.21	2.42	-16%	Decrease driven by the stop of the Xinghuo coal fired boilers and reduced activity at some smelters.	1.82	0	-3.10%
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	69%	62%	67%	2%	Driven by activity level changes.	na	na	-
Biogene CO2 share of total scope 1 emissions	19%	20%	20%	-1%	Driven by activity level changes	47%		
Scope 2 GHG emissions								
Gross location-based scope 2 GHG emissions (million tCO2eq)	1.16	0.83	0.94	23%	Increase driven by the start of the Xinghuo external cogen plant.	0.71	0	-3.10%
Gross market-based scope 2 GHG emissions (million tCO2eq)	3.42	2.89	2.64	30%	Increase driven by the increase of the electricity residual mix emission factors for Norway and Iceland (+48% and +41%).	na	na	na
Scope 3 emissions	8.34	6.81	7.38	13%		4.83		
Total GHG emissions								
Total GHG emissions (location-based) (million tCO2eq)	11.53	9.85	10.74	7%		na	na	na
Total GHG emissions (market-based) (million tCO2eq)	13.79	11.91	12.44	11%		na	na	na
Product Group Carbon Footprint (PGCF) (kg CO2e/kg product)	8.9	8.0	6.9	29%		na	na	na
GHG Intensity based on net revenue (location based) (tCO2e/ Net revenue NOK)	0.00035	0.00028	0.00023	49%		na	na	na
GHG Intensity based on net revenue (market based) (tCO2e/ Net revenue NOK)	0.00042	0.00034	0.00027	54%		na	na	na

GHG removals and carbon credits **E1-7**

While Elkem’s primary strategy is emissions reduction, the company also evaluates potential carbon credits and GHG removal projects. Current efforts include researching CCS for smelting and expanding sustainable biocarbon sources. All carbon credits follow third-party verification standards.

Internal carbon pricing **E1-8**

Elkem applies an internal price of carbon. This internal carbon pricing mechanism is designed to reflect the true cost of carbon emissions, and the price is therefore set to match the prevailing market price. By doing so, we ensure that our carbon pricing reflects current market conditions and thus the real alternative cost to reduce carbon emissions. The market price also represents the cumulative knowledge of market participants, not only the view of one or a few market analysts.

Financial effects of climate-related risks and opportunities **E1-9**

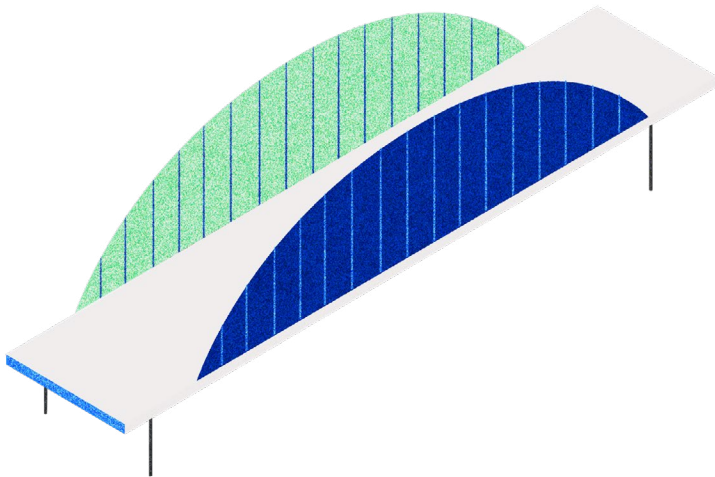
Climate risks, such as shifts in energy policy, may impact Elkem’s financial position over the long term. Conversely, growing demand for green materials presents opportunities for revenue growth. Elkem projects cost savings through improved energy efficiency and renewable energy reliance, and anticipates increased revenue from low-carbon products, such as EV materials and eco-designed silicones. Quantitative assessments of these financial impacts are ongoing.

None of Elkem’s assets are considered to be exposed to material physical climate risk, and we have not seen the need to improve sites or change operations to accommodate for such risk. The transitional risk of our assets is explained in the section on climate risk.

Elkem’s climate roadmap, policy framework, and annual disclosures are integral to its commitment to transparency and alignment with ESRS E1 standards. The company’s strategy and targets for climate neutrality by 2050 ensure compliance with EU regulations and contribute to global climate objectives.

Statement on the EU Taxonomy for sustainable economic activities

The EU Taxonomy serves as a classification framework that outlines a list of environmentally sustainable economic activities. Its primary aim is to enhance sustainable investments directed toward environmentally sustainable initiatives, thereby supporting the EU’s climate and environmental objectives for 2050 and the goals outlined in the European Green Deal.



The EU Taxonomy

The EU Taxonomy Regulation specifies six environmental objectives to which predefined economic activities may contribute significantly, as defined by the EU Commission:

- 1. Climate change mitigation (CCM)
- 2. Climate change adaptation (CCA)
- 3. Sustainable use and protection of water and marine resources (WTR)
- 4. Transition to a circular economy (CE)
- 5. Pollution prevention and control (PPC)
- 6. Protection and restoration of biodiversity and ecosystems (BIO)

An activity is deemed Taxonomy-eligible if it is outlined in the EU Commission’s Delegated Acts, irrespective of whether it meets the technical criteria. Conversely, non-eligible activities are those not yet described in these Acts.

A Taxonomy-aligned activity fulfills the technical criteria in the Delegated Acts by making a substantial contribution to an environmental objective, while not significantly harming other objectives, and adhering to minimum safeguards (e.g., human rights, labour rights, consumer interests, anti-corruption, taxation, fair competition).

Scope

Elkem falls within the scope of the EU Taxonomy Regulation, as it applies to large public interest entities with more than 500 employees.

Elkem, with a financial year running from 1 January to 31 December, provides Taxonomy disclosures in this report for the period spanning 1 January 2024, to 31 December 2024. For the financial year 2024, companies are required to report their eligibility against all six environmental objectives of the EU Taxonomy.

Disclosure Requirements

Companies within the regulation's scope are obligated to report performance indicators on net turnover, capital expenditure (CapEx), and operational expenditure (OpEx) associated with both Taxonomy-eligible and aligned economic activities across the various environmental objectives outlined in the regulation.

Elkem Taxonomy-eligible and aligned activities

The subsequent section details the percentage of Elkem's net turnover, capital expenditure (CapEx), and operating expenditure (OpEx) attributed to economic activities eligible for the EU Taxonomy and aligned with the six environmental goals of the EU Taxonomy. This data pertains to the financial reporting period of 2024.

Taxonomy-eligible activities

Elkem has identified the following economic activities as Taxonomy-eligible across the six environmental objectives in the Taxonomy Regulation:

Economic Taxonomy activity
3.17 Manufacture of plastics in primary form

Description

The manufacture of plastics in primary form is recognised as an eligible activity under the EU Taxonomy. Although silicones are not defined within the general terms of plastics (from oil), this activity gathers all Elkem's silicones products that have generic applications. The description of this economic activity in the Taxonomy refers to NACE code C20.16, which includes silicones. As of the reporting date, Elkem considers silicones as an eligible activity.

Relevant environmental objective in the EU Taxonomy

Climate change mitigation
Climate change adaptation

3.1 Manufacture of renewable energy technologies

Description

The manufacture of renewable energy technologies with specialised applications qualifies as eligible under the EU Taxonomy. Ferrosilicon and foundry alloys are specialised products for wind power equipment and, as such, comply with the EU Taxonomy’s definition for this activity.

Relevant environmental objective in the EU Taxonomy

Climate change mitigation
Climate change adaptation

3.6 Manufacture of other low carbon technologies

Description

The manufacture of other low carbon technologies, that aim to significantly reduce GHG emissions in use, can qualify under this category. Microsilica significantly reduces carbon impact by decreasing cement use and increasing longevity compared to conventional cement production, meeting the EU Taxonomy's definition of this activity.

Relevant environmental objective in the EU Taxonomy

Climate change mitigation
Climate change adaptation

Assessment of Taxonomy-alignment

Many of Elkem's upstream products are defined as Taxonomy-non-eligible economic activities, meaning that these activities are not described in the supplementing

delegated acts. Silicon-based advanced materials are essential to the green transition, with silicon metal on the EU's 2023 list of critical raw materials.

As long as the EU Taxonomy regulation does not cover silicon-based materials, the company's assessment of the taxonomy-aligned activities will be limited.

Over the past years, Elkem has conducted initial assessments of the EU Taxonomy to determine the eligibility of its portfolio. These efforts have included identifying eligible activities and expanding assessments to cover alignment with the Taxonomy's criteria. Activities not assessed as core and material to Elkem have been scoped out from reporting for 2024.

3.17 Manufacture of plastics in primary form
Substantial contribution to Climate change mitigation:

Manufacturing of plastics in primary form has been included in the technical screening criteria of the delegated acts. For silicones to meet the sustainable contribution criteria, the production must be derived wholly or partially from renewable feedstock. Silicon metal is essential to the production of silicones. Elkem Silicones sources silicon-metal from, e.g., Norwegian plants that use a biocarbon as a reduction material in the production process. This criterion is also in line with one of Elkem's primary CO₂ strategies, which aims to replace fossil carbon with biocarbon in our smelting operations. Silicones derived partly from silicon metal with a share of biocarbon will qualify as aligned and, therefore, meet the first "alignment test" as a substantial contribution to climate change mitigation.

Do no significant harm (DNSH):

Elkem has reviewed its activities against DNSH criteria and identified areas needing further evaluation. As of the reporting date, Elkem reports zero alignment with DNSH, demonstrating its commitment to integrity and ongoing assessment.

3.1 Manufacture of renewable energy technologies

Substantial contribution to Climate change mitigation: This activity is automatically complying with the criteria.

Do no significant harm (DNSH):

As of the reporting date, Elkem has not yet completed the assessment of the DNSH criteria for this activity. Consequently, the company will report zero alignment.

3.6 Manufacture of other low carbon technologies

Substantial contribution to Climate change mitigation: Elkem’s Microsilica improves concrete performance,

making it more durable, increasing the service life and reducing maintenance costs. It also contributes to reducing the carbon footprint for a concrete mix. Elkem has performed an LCA of Microsilica. As of the reporting date, the LCA has not yet been verified by a third party; hence this eligible activity does not meet the substantial contribution criteria for climate change Mitigation.

Do no significant harm (DNSH):

As of the reporting date, Elkem has not yet completed the assessment of the DNSH criteria for this activity. Consequently, the company will report zero alignment.

Minimum safeguards

The next section outlines Elkem’s compliance with the minimum safeguards criteria across four areas: Human rights, anti-corruption, taxation, and fair competition, demonstrating Elkem’s commitment to maintaining high standards in its operations.

Human rights (including labour rights and consumer interests, as well as issues related to science, technology and innovation):

Based on the UNGPs and the OECD MNE Guidelines, including the OECD Due Diligence Guidance for Responsible Business Conduct, Elkem has implemented a six-step approach to identify, prevent, and, if necessary, mitigate and remediate any actual and potential negative impacts on human rights. Elkem's human rights programme, which outlines the company's strategy, key focus areas, and measures to prevent negative impacts, is available on the company's website. It is also detailed in the annual ESG report, fulfilling the reporting duties under the Norwegian Transparency Act.

Elkem's strategy for combating human rights violations is based on a third-party impact assessment that takes account of geographical and sectoral risks. The impact assessment considers Elkem's own business units, subsidiaries, business partners, and value chain. The company continuously take measures to identify, prevent, and mitigate actual and potential adverse human rights impacts. Elkem's processes ensure that remedial action is taken promptly in the event of an acute human rights violation and, if necessary, remedy is provided to affected individuals. The effectiveness of these processes is monitored by internal reviews on a regular basis.

Corruption and bribery

To prevent and combat corrupt practices, Elkem has implemented an anti-corruption programme. The company's control mechanisms to prevent corruption and bribery in its business units and value chains are based on a risk assessment, including geographical and sectoral criteria. Anti-corruption is an integral part of Elkem's Code

of Conduct and is detailed in the dedicated anti-corruption programme description. The company's zero tolerance for corruption and bribery is also communicated to business partners through the Code of Conduct for business partners. The company provides regular mandatory training on anti-corruption rules and their application to target groups who are identified as particularly exposed to corruption risks.

Taxation

In line with Elkem's ethical business values, tax governance and tax compliance are important elements of the company's oversight, and Elkem is committed to complying with all relevant tax laws and regulations. Therefore, in line with the group's strategy, the company's tax strategy is transparent, sustainable in the long term, and complies with the Code of Conduct. Tax risk management is an essential component of the corporate management system and is embedded in the overall company risk management system. Elkem's risk-based tax governance framework is managed by a team of dedicated, qualified tax experts, who work closely with group management.

Fair competition

Elkem carry out activities in a manner consistent with all applicable competition laws and regulations, taking into account the competition laws of all jurisdictions in which the company's activities might have anticompetitive effects. With the company's competition law procedure and guidelines, Elkem pursue the goal of achieving and maintaining lively competition in a free market environment for the entire group by establishing a corresponding corporate culture. The company's guideline provides the employees with assistance in preventing and detecting any competition violations. Raising awareness and conducting training that addresses competition law risks of our business activities are of particular importance to ensure fair competition.

3. KPIs and accounting policy

Turnover KPI

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with paragraph 82(a) of IAS 1. For further details on our accounting policies regarding our consolidated Revenue, see page 220 of our Annual report 2024. Our consolidated net turnover can be reconciled to our consolidated financial statements revenue, see the income statement on page 300 of our Annual report 2024.

To calculate the turnover from activity 3.1, Manufacture of renewable energy technologies, customer information has been used as the basis. Since all foundry customers operate in more than one market segment, they are

categorised by revenue. If a foundry customer generates over half of their revenue from the 'wind energy turbines' sub-segment, that revenue is counted towards this activity.

For activity 3.6, Manufacture of other low carbon technologies, the volume of Microsilica sold to construction was used to calculate the revenue in this segment.

At 31 December 2024 the total revenue from activity 3.17, Manufacture of plastic in primary forms, is held for sale and is therefore classified as discontinued operations in the 2024 financial statement. Please see note 40 Assets held for sale and discontinued operations on page 291 of our Annual report 2024. Consequently, the revenue from this activity as set to zero.

CapEx KPI

The CapEx KPI is defined as Taxonomy-eligible and aligned CapEx (numerator) divided by our total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any remeasurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40). Additions resulting from business combinations are also included. Goodwill is not included in CapEx, because it is not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our CapEx, see page 251 of our Annual report 2024 (the CapEx definition needs to be adapted to the actual CapEx of Elkem).

Given the nature of Elkem's production processes, CapEx projects impact both eligible and non-eligible activities. At 31 December 2024 the CapEx for the Silicones activity is included in the additions to tangible and intangible fixed assets. Hence, the total CapEx for this division has been included as taxonomy-eligible CapEx, both in numerator and denominator. For other eligible activities, we have used the total revenue split as proxy.

OpEx KPI

The OpEx KPI is defined as Taxonomy-eligible and aligned OpEx (numerator) divided by total OpEx as defined in the Taxonomy (denominator).

Total OpEx as defined in the Taxonomy (restrictive scope) consists of direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair

and any other direct expenses relating to the day-to-day maintenance of fixed assets.

- Research and development expenditure is recognised as an expense during the reporting period in our income statement (see page 232 of our Annual report 2024). In line with our consolidated financial statements (paragraph 126 of IAS 38), this includes all non-capitalised expenditure that is directly attributable to research or development activities.
- The volume of non-capitalised leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases (see page 243 of our Annual report 2024).
- Maintenance and repair expenditures were determined based on the maintenance and repair costs allocated to our internal cost centres. The related cost items can be found in various lines items in our income statement, including production costs (maintenance in operations), sales and distribution costs (maintenance logistics) and administration costs (such as maintenance of IT systems). This also includes building renovation measures.

In general, this includes staff costs, costs for services and material costs for daily servicing, as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to our PP&E. This does not include expenditures relating to the day-to-day operation of PP&E, such as raw materials, costs of employees operating the machinery, electricity or fluids that are necessary to operate PP&E. Amortisation and depreciation costs are also not included in the OpEx KPI.

The total operating expenditures included in the OpEx KPI are:

- Research and development costs cover NOK 176 million, related to employee benefits.
- Building renovation measures are currently of limited relevance to Elkem, as there is no ongoing significant project related to this subject.
- Short term leases cover NOK 55 million, described in note 13.
- Maintenance and repair expenses include Elkem's maintenance and repair costs not qualifying for capitalisation as part of the relevant asset. Repair and maintenance activities consist of NOK 778 million.

To calculate the proportion for the eligible OpEx, the total revenue split has been used as proxy. Hence, OpEx for the silicones activity is set to zero.



Turnover KPI

	2024		Substantial contribution criteria							DNSH criteria (‘Does not significantly harm’) (h)							Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)(a)	Turnover (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
Economic activities (1)																			
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)				(f)	(f)	(f)	(f)	(f)	(f)										
3.17 Manufacture of plastics in primary form	CCM	0	0.0 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-40%		
3.1 Manufacture of renewable energy technologies	CCM	245	1.4 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
3.6 Manufacture of other low carbon technologies	CCM	444	2.5 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		689	4 %	42%	0%	0%	0%	0%	0%								-38%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		689	4 %	42%	0%	0%	0%	0%	0%										
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-eligible activities		17 121	96%																
Total		17 810	100%																

OpEx KPI

2024	Substantial contribution Criteria									DNSH criteria (‘Does not significantly harm’) (h)							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)(a)	OpEx (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
Economic activities (1)																			
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)				(f)	(f)	(f)	(f)	(f)	(f)										
3.17 Manufacture of plastics in primary form	CCM	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-40%		
3.1 Manufacture of renewable energy technologies	CCM	14	1.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
3.6 Manufacture of other low carbon technologies	CCM	25	2.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		39	4%	4%	0%	0%	0%	0%	0%								-38%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		39	4%	4%	0%	0%	0%	0%	0%										
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-eligible activities		970	96%																
Total		1 009	100%																

CapEx KPI

2024	Substantial Contribution Criteria									DNSH criteria (‘Does Not Significantly Harm’) (h)							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)(a)	CapEx (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
Economic activities (1)																			
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which Transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)				(f)	(f)	(f)	(f)	(f)	(f)										
3.17 Manufacture of plastics in primary form	CCM	1416	44.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-23%		
3.1 Manufacture of renewable energy technologies	CCM	17	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
3.6 Manufacture of other low carbon technologies	CCM	31	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1464	46%	46%	0%	0%	0%	0%	0%								-22%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		1464	46%	46%	0%	0%	0%	0%	0%										
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		1700	54%																
Total		3 165	100%																

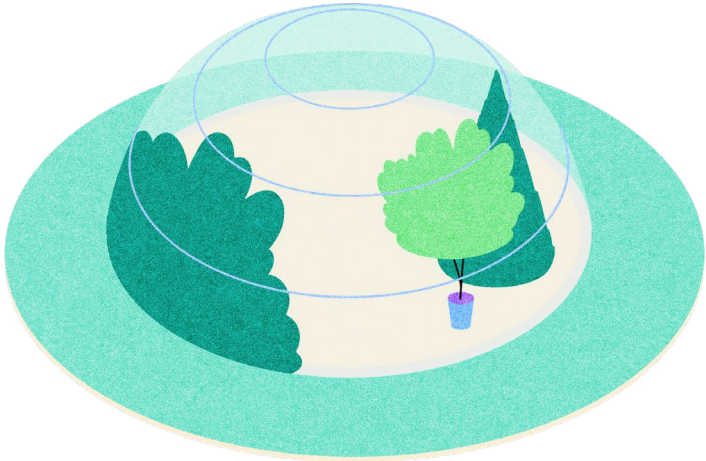
Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS E2

Pollution

Pollution of air, soil, and water is closely monitored in our operations. Local emissions are inherent to many of Elkem’s main production processes and are therefore deemed material to the company. Measures to control and reduce emissions are priority areas for improvement. These local emissions can impact our employees and local biotopes, and Elkem is committed to reducing these emissions and limiting the impact.



Description of processes to identify and assess material pollution-related impacts, risks and opportunities IRO-1

Elkem’s operations and products rely on specific raw materials and industrial processes where emissions occur, and the raw materials are the source of these emissions. Any emission to water, air or soil is subject to strict permits and closely monitored where relevant. Pollutants, such as heavy metals and polycyclic aromatic hydrocarbons (PAHs), are strictly regulated under international and local frameworks. For example, the production of our carbon products involves raw materials that inherently contain hazardous substances, requiring stringent controls and mitigation measures.

Elkem identifies and assesses pollution-related impacts, risks, and opportunities by leveraging scientific research, collaborating across the value chain, and maintaining a proactive approach to regulatory compliance. Elkem engages in regional and international industry associations to anticipate and understand emerging regulations and standards impacting its industry. This process provides a clear understanding of both the negative environmental impacts and potential positive contributions of our products and processes. The risks associated with pollution include regulatory non-compliance, reputational harm, and operational challenges.

On the other hand, opportunities arise from market demand for more sustainable practices and products that align with emerging environmental standards. By balancing these factors, Elkem aims to mitigate pollution-related risks while exploring innovative solutions to create value for stakeholders and the environment. In addition to materials defined as critical for the green shift, Elkem actively supports customers with knowledge for more efficient production.

Results of our double materiality assessment on pollution can be found in the figure on the next page.



ESRS topic	Sub-topic	Description
E2	Pollution	Pollution of water
		Tailings from mining operations can pollute water bodies.
		Production of carbon products use raw materials that contain hazardous substances (e.g. heavy metals, PAHs) that can pollute water bodies if not managed properly.
		The process to produce silicones involves substantial quantities of water effluent that is treated before discharge to remove residuals from the process (e.g. COD). If not managed properly, this could lead to anaerobic conditions, which are harmful to fish and biota.
	Pollution of air	Use of fossil based reductants in production of silicon and carbon products result in local emissions of SO ₂ , NO _x and dust.
		Local emissions of SO ₂ and NO _x can lead to acid rain.
	Pollution of soil	If not handled correctly silicon powder can result in diseases. The severity depending on levels of crystalline silica and exposure.
		Silicon products are often combined with graphite that are produced in China. The air pollution from the mines may impact the drinking water, the air quality etc. and impact the biodiversity in the area. The mines are shown to damage crops.
		Substances of very high concern
		PAHs released from coke manufacturing, sintering, iron making, casting, mold poring and cooling, and steel making can cause health issues to downstream workers. Health issues depend on levels and exposure.
		Cyclotetrasiloxane (D4) from silicone products can end up and accumulating in nature, compromising ecosystems.
		Improper management of D4, D5 and D6 can lead to soil contamination and water pollution, due to strong absorbing potential to organic matter.

Policies related to pollution E2-1

The HSE principles in Elkem highlight our pollution strategy: “Focus on hazard identification, risk analysis, action implementation through understanding and removing causes.” Please refer to the section on governing documents under ESRS 2 for more details.

must meet specific technical, regulatory, health, and environmental standards in all markets. Specific industry regulations are followed, especially for products in contact with food, water, or healthcare applications. With over 4 000 diverse products, regulatory and product compliance is a priority.

Actions and resources related to pollution E2-2

Local air emissions are closely monitored for compliance with public permits, and applicable sites report 17 parameters related to air emissions quarterly to corporate HSE. The HSE managers at the sites are responsible for reporting this data, which is reviewed by corporate HSE team that reports to the Vice president HSE.

Elkem consistently monitors its product portfolio for SVHC substances that are subject to existing or future regulatory requirements or that are associated with particular concerns. We review our management plans regularly defining the specific risks associated with each identified SVHC substance. We review all possible options to mitigate identified risks, including possible substitution where possible, phasing out substances posing an unacceptable risk to human health and/ or the environment, or limiting the exposure of the SVHC substance if substitution is not deemed possible. No SVHCs currently listed on REACH annex XIV are intentionally added to Elkem’s silicon and ferroalloy products.

Elkem ensures compliance with various chemical product regulations, covering registrations, authorisations, safety data sheets, and labels. Elkem globally complies with regulatory requirements, providing safety data sheets (SDS) following the UN Globally Harmonised System of classification and labelling of chemicals. Products

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	Yes	Negative	Low	Short	OO, VC
Actual	Yes	Yes	Negative	Medium	Short	OO
Potential	Yes	Yes	Negative	Medium	Short	OO
Actual	Yes	Yes	Negative	High	Short	OO
Potential	Yes	Yes	Negative	Low	Short	OO
Potential	Yes	Yes	Negative	Low	Long	OO
Potential	Yes	Yes	Negative	Low	Medium	VC
Potential	Yes	Yes	Negative	Low	Short	VC
Actual	Yes	Yes	Negative	Low	Long	VC
Potential	Yes	Yes	Negative	Medium	Long	OO

Some of the key enablers to reduce pollution in our operations and value chain in 2024 are:

- As part of the Xinghuo expansion project, Elkem changed the old boilers with efficient Co-Gen Technology reducing dust, CO₂, NO_x and SO₂. The Xinghuo expansion project also significantly reduced the carbon and water intensity of the silicones production.
- 2024 SEAL Sustainable Product Award recognises Elkem’s low-VOC, high-compatibility silicone innovation for automotive airbag coating.
- SILCOLEASE™ UV POLY 125 and POLY 126 are coatings that reduce toxic substances such as mercury and ozone.
- Elkem will invest NOK 60 million to improve cleaning of SO₂ at Elkem Ferroveld.



Targets related to pollution **E2-3**

Elkem will develop new targets related to pollution in 2025. The previous voluntary target has been to:

- Reduce dust by 30 per cent by 2025 from baseline year 2015 (1 970 tonnes). By 2024, Elkem has reduced dust emissions by 59.9 per cent, and we will develop new targets.
- Reduce SO₂ emissions by 3 000 tonnes from baseline year 2015. By 2025 we have reduced SO₂ emissions by 26.1 per cent, equaling 1 932 tonnes. The development is closely linked to the introduction of biocarbon reductants.
- Elkem has reduced its NO_x emissions by 27.9 per cent since the baseline year of 2015. Targets will be further developed in 2025.
- Elkem has a target of full discharge permit compliance, meaning no significant spills to water.

Pollution of air, water and soil – general **E2-4**

Previous variations in emissions are primarily tied to production volume changes inherent to the process, influenced by raw material quality, process control, and investments in filtration or scrubber systems, all regulated by public permits. All production sites with emissions to air/water are ISO 14001 certified and subject to regularly third-party audits and control.

Substances of concern and substances of very high concern **E2-5**

Substances of concern:

A vital part of the European REACH regulation (Regulation (EC) 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals) is the identification and authorisation of substances of very high concern (SVHC). The European Chemicals Agency ECHA regularly updates its SVHC candidate list for authorisation.

Elkem has three main product areas where SVHC occur:

- In carbon products: High-temperature coal tar pitch (CAS no. 65996-93-2) is used as an intermediate in the production of Söderberg electrode paste. The pith is transformed to coke in the following process.
- In silicones: D4, D5 and D6 are key intermediates (building blocks) in the production of silicones-based polymers. In addition, some other essential SVHC substances are used under strict conditions in a limited number of products.
- In silicon products and ferroalloys: These are made from natural raw materials, such as quartz, carbon, and iron oxide, which often contain trace amounts of heavy metals. Cadmium and lead are listed as SVHC, but their concentrations in Elkem’s products are far below the generic threshold limit value of 0.1 per cent weight per weight and do not trigger regulatory action.

The only exception is Söderberg electrode paste from Elkem Carbon, which is used as an intermediate and which is as such exempted from authorisation requirements. Elkem Carbon is successfully developing alternative products with new and safe binders.

ESRS E2 Pollution

	Metric	2024	2023	2022	Development
Dust to air	Tonnes	789	1 012	1 204	-22.0%
SO ₂ to air	Tonnes	6 440	6 700	7 229	-3.9%
NO _x to air	Tonnes	5 460	5 830	6 519	-6.3%
COD to air	Tonnes	2 38	237	183	0.4%
PAH to air*	Kg	686.2			
PAH to water*	Kg	35.5			
Nickel to water*	Kg	43.3			
HFC-134 to air*	Kg	2 900			
HCFC to air*	Kg	619.6			
Copper to air*	Kg	136			
Copper to water*	Kg	126.4			
Chrome to water*	Kg	110.2			
Arsenic to air*	Kg	65.2			
Arsenic to water*	Kg	7.1			

*Emissions exceeding threshold levels



ESRS E3

Water and marine resources at Elkem

Elkem recognises the criticality in efficient water and marine resources management, as a leading provider advanced silicon-based materials in the chemical manufacturing industry. As an international company with indirect dependence on water for its production processes and hydropower consumption, Elkem is committed to ensuring a sustainable water footprint in its direct operations and value chain.



ESRS topic	Sub-topic	Description
E3	Water and marine resources	Water consumption
		Water is a component in the production of silicone products. Water consumption in areas more prone to prolonged periods of drought, and in areas where water can be scarce, could have a negative impact on surroundings and access to water.

Material water and marine resources-related impacts, risks and opportunities ESRS 2 IRO-1

Water is a crucial input in numerous Elkem production processes, and its indirect dependence on water is significant, with over 80 per cent of its electricity sourced from hydropower. Ensuring a sustainable water footprint is vital. Challenges related to water vary considerably throughout Elkem's value chain, primarily focused on preventing hazardous discharge. As water is a key component in the production of silicones there is a potential negative impact if areas where Elkem produces should be hit by prolonged periods of drought.

Elkem is dependent on water for various parts of its production. This implies that Elkem to maintain solid water management practices, both in treating discharge water to avoid emissions or spills of hazardous substances and making sure that cooling water is discharged in a manner that minimises the impact on marine biotopes. Elkem also has operations in areas where water is scarce, but not classified as water stressed, and Elkem works to minimise the water consumption in these areas. Fortunately, these are small operations that require limited amounts of water. On an annual basis, Elkem uses the WWF Water risk filter to assess sites in which it operates for water stress. This assessment is also applied when considering expanding to new sites of operation. Further, Elkem assesses water risk by conducting scenario analysis following the TCFD framework.

While Elkem's production sites in water-abundant areas pose low water consumption risks, the focus sharpens on environmental repercussions linked to water discharge. The majority of Elkem's largest production sites neighbour substantial bodies of water, warranting stringent water management to avert enduring negative environmental impacts. This involves comprehensive

understanding of the environmental effects of all water discharges connected to production, ensuring effective water monitoring, and treatment systems to comply with discharge permits and meet targets for reducing harmful substance discharges.

Violations of water quality and marine conservation regulations could lead to reputational damage if linked to Elkem's activities. Additionally, compromising local drinking water sources could negatively affect worker health and harm the company's reputation. Elkem has operations in areas with occasional water scarcity, but the water consumption is very low in these sites, as they are mainly distribution hubs (less than 0.2 per cent of Elkem water withdrawals), and thus the related risk is low. Financial impacts could arise from increased costs related to water pollution control and the need to upgrade technology due to stricter regulations. Pollution can also degrade the quality of water used in operations, leading to higher treatment costs.

Community sentiment and conflicts may arise from perceived or actual harm caused by Elkem's water-related activities. Failure to adapt to changing water reporting dynamics could decrease competitiveness. Water supply shortages, exacerbated by climate change and drought, pose risks to production continuity and revenue. Water stress at supplier locations could lead to raw material shortages, impacting prices and sold volumes. New regulations may require significant investments in wastewater treatment. Changes in cooling water temperatures and drought-induced water rationing could further disrupt operations. Lastly, evolving perceptions and regulations on water pollution could necessitate costly adaptations and affect financial terms.

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	Yes	Negative	Medium	Medium	OO

Policies related to water and marine resources E3-1

Elkem is committed to responsible consumption of water and marine resources. Water and marine resources-related policies focus on driving Elkem's overall consumption down, providing facilities that adhere to the UNICEF WASH principle and continuously making sure that no deviations occur in any of Elkem's sites globally. Furthermore, policies outline water maintenance and effective waste-water discharge to ensure that Elkem is always compliant with applicable effluent and discharge regulations wherever it operates.

Elkem has outlined our commitments for sustainable water stewardship in our HSE and Elkem Corporate policies. Please refer to the section on governing documents under ESRS 2 for more details.

Actions and resources related to water and marine resources E3-2

Recognising water as a vital shared resource, Elkem has initiated programmes to enhance corporate water stewardship. We monitor water withdrawal, consumption, and discharge to uphold responsible water management.

Most production units benefit from abundant water access, crucial for both production and hydropower-based electricity. A few sites in regions like north-east China, South Africa, and India, face occasional water scarcity, though not water stress. Elkem implements water management measures, conducts systematic risk assessments (including those related to TCFD), and limits withdrawals in these areas. All Elkem sites provide free potable water for employees and contractors, along with sanitary facilities. Showers and changing rooms are available where needed, and working uniforms are provided and cleaned by the company. Indirect water use in the value chain beyond Elkem is yet to be fully evaluated, with ongoing discussions centring on the critical role of hydroelectric power as an energy source for Elkem's smelters. This is identified as a possible risk in Elkem's mapping of physical climate risk, and the developments in water reservoirs that Elkem depends on are monitored, but it is not considered a significant risk.

- Key enablers to attain strategic water-related goals include:
- Substitution of raw materials.
 - Implementation of good housekeeping practices.
 - Continuous development of new processes and production technology.
 - An advanced control programme incorporating environmental monitoring.
 - Wastewater treatment and reduction through recycling or reuse.
 - Transparency, including participation in CDP Water (A obtained for 2024).

Targets related to water and marine resources E3-3

Ensuring Elkem's commitment to safe and sustainable water management, KPIs and targets are continuously implemented and updated with regard to water consumption, water pollution, the provision of WASH facilities, and compliance with applicable regulations. Water-related targets are developed following the Sustainable Development Goal 6: Clean water and sanitation, and the Sustainable Development Goal 12: Sustainable consumption and production.

- Key targets include:
- Per unit of produced silicones by 12 per cent by 2031 from baseline year 2020. Production of silicones accounts for 71 per cent of Elkem's total water consumption.

The target is aimed at water withdrawals at Elkem sites in Roussillon, Saint-Fons and Xinghuo per tonne silox produced. In 2024, an increase in production capacity at site Xinghuo, without a corresponding increase in water withdrawals, show Elkem's commitment to increasing water efficiency and driving down overall consumption.

Further, Elkem has implemented targets that include having fully functioning WASH services on all Elkem facilities, and at all sites adhering to production permits on thresholds for discharge pollutants. Any non-compliance with these targets is treated as an HSE deviation, reported, and corrected in accordance with Elkem's internal procedures.

Water consumption E3-4

The primary water consumption in Elkem is related to silicone production which accounts for 71 per cent of Elkem’s water consumption.

- Water intensity (freshwater withdrawals) related to silicone production has increased by 8.4 per cent by 2024 compared to 2020 (base year), driven by reduced production volumes. Driven by reduced production
- CDP water security: A (up from A- in 2024)

Elkem’s use of freshwater is typically related to water as a raw material for production (silicones), water for cooling of production equipment and products, water for cleaning purposes, and for emergency preparedness. The majority of water usage falls into the first two categories, demanding high-quality water to prevent product contamination, equipment corrosion, and clogging, as well as safeguarding water infrastructure. Water consumption, including discharge and withdrawals, is regularly monitored and reported quarterly to corporate. Measurement methods vary based on availability and source, utilising in-line water meters for direct measurement or capacity calculations reflecting operational time. In regions with water scarcity, third parties control water withdrawals, typically via external suppliers. Process water discharge volumes are reported quarterly to corporate, excluding cooling water, which is returned to the source at similar quality.

Elkem's production sites adhere to discharge regulations, reporting annual parameters specified in permits. 17 water discharge parameters are reported quarterly to corporate from applicable plants. The top three critical discharges include organic substances affecting oxygen concentration (COD), Silicone cyclic (D4, D5, and D6), and Polycyclic aromatic hydrocarbon (PAH). Elkem employs extensive monitoring and maintenance measures to ensure compliance:

- *COD*: Monitoring and minimising organic waste generation, infrastructure maintenance, and optimal on-site water treatment to purify before discharge.
- *Silicone Cyclics (D4, D5, D6)*: A focus on process control, avoidance of spills and leakages, R&D collaboration with customers to reduce residues, and substantial investments in China to replace cyclic materials.
- *PAH Discharges*: Originating from coal-tar pitch in carbon product production, Elkem ensures compliance through process control, on-site water treatment, and substantial R&D investments in alternative binders without PAH.

In the last three years, Elkem has seen water consumption per production unit decrease. This is due to our rigorous maintenance of water consumption and the continuous implementation of initiatives focused on reducing consumption.

ESRS E3 Water and marine resources

Water consumption, megaliters	2024	2023	2022	Development vs. 2023	
Total water withdrawals from freshwater	77 481	80 636	89 587	-4%	
Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers, and lakes	46 358	39 385	46 509	Not comparable	Development mainly due to improvement of data quality
Withdrawals from groundwater - renewable	3 059	2 321	452	Not comparable	
Withdrawals from third party sources	28 064	3 8391	42 716	Not comparable	
Total water discharges	70 532	70 923	62 147	-1%	
Discharge of cooling water	63 848	60 423	54 542	6%	
Discharge of process water	6 684	7 766	7 605	-14%	Development mainly due to improvement of data quality
Discharge to fresh surface water, including wetlands, rivers, and lakes	8 537	4 621	4 489	Not comparable	
Discharge to brackish water or seawater	19 208	39 961	56 347	Not comparable	
Discharge to third party destinations	42 787	13 416	1 210	Not comparable	
Water consumption	6 949	9 713	27 439	Not comparable	
Water consumption in areas of high water stress*	85	91	105	-6%	
Water recycled and reused (circulating cooling water excluded)	290	300	288	-3%	

Share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates

2024	Direct measurement	Sampling and extrapolation	Best estimates
Water withdrawals	69%	1%	30%
Water discharges	56%	0%	44%

Anticipated financial effects from material water and marine resources-related risks and opportunities E3-5

Elkem’s indirect dependence on water and marine resources results in high financial effects of associated risks. As evident in our double materiality assessment, water and marine resources (ESRS E3) are material topics for Elkem. Water maintenance, including measuring, auditing, and water treatment facilities, is resource-demanding. However, the potential loss of access to water sources for Elkem’s production sites, could have a high financial impact.

Key water-related risks include:

- Water availability, directly as process water and indirectly as power source
- Water quality (contamination and discharge)
- Water-related regulatory framework and permits
- Biodiversity and ecosystems
- Stakeholder conflict

Key water-related opportunities include:

- Improvements of water handling, particularly the production expansion project at the Xinghuo plant in China
- Improved water efficiency and management reduces the physical climate risk and biodiversity risk for production sites

Financial impacts on the identified risks and opportunities vary in size, depending on identified time horizon as well as their likelihood of occurrence. Risks involving water availability, such as Elkem production sites becoming water-stressed in the long term due to climate change and withdrawals, may pose the highest potential financial impact. On the contrary, increased water efficiency and management, driving costs down related to water consumption, may pose the greatest positive financial impact.

ESRS E4

Biodiversity and ecosystems

Elkem recognises the critical importance of biodiversity and environmental stewardship in achieving a sustainable future. As a global company with operations spanning diverse ecosystems, Elkem is committed to addressing biodiversity and ecosystem challenges throughout its value chain.

ESRS topic	Sub-topic	Description
E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss
		If not managed properly Elkem's intervention with nature, through mining operations, could impact biodiversity at sites. The negative impact on the local biodiversity and ecosystems can come from heavy metals, noise, light pollution, waste, effluent etc.
		If not sourced from trusted and certified sources the use of biocarbon can have an indirect negative impact on biodiversity and soil quality through deforestation.
		Hydropower production can have adverse effects on marine life in rivers and lakes if production has large fluctuations. Installation of new hydropower will also effect biodiversity.
		Effluent and spills of hazardous substances may cause harm to ecosystems through pollution or bioaccumulation. E.g. accumulation of heavy metals from silicon production and mining, toxic by-products from carbon solutions, and hydrogen chloride from hydrolysis and cyclosiloxanes from silicone production.

Material impacts, risks and opportunities and their interaction with strategy and business model E4 SBM-3

Over the past three years, Elkem has gone beyond regulatory requirements to deepen its understanding of its impact, risks, and opportunities related to biodiversity. Elkem has locations close to key biodiversity areas but not inside these sites. Mining, high-temperature calcining, high-temperature smelting processes, and chemical production have the potential to impact biodiversity and ecosystems. Pollution is a by-product of the industrial process and pollution of air, soil, and water has the potential to impact surrounding areas. Pollution has been strictly regulated and consistently reduced over the past decades, with the main risks is now associated with to incidents such as fires or spills.

Quartz mining

Environmental and biodiversity risk assessments are conducted as part of mining permit applications, and Elkem excludes protected areas from mining operations, working closely with national mining authorities. Monitoring programmes track emissions to air and water, as well as impacts on soil, vegetation, and landscapes. Quartz mining, while presenting inherent biodiversity risks, has comparatively lower ecological impacts than other mining practices. The key risks include water and terrestrial ecosystem disturbances, GHG emissions, soil contamination, and solid waste generation.

Elkem’s sustainable mining practices have been acknowledged in Spain, and the company adheres to IMA-Europe’s sustainability charter and the Towards Sustainable Mining Initiative through its membership in the Norwegian Mineral Industry. Annual contributions to a restoration fund ensure post-mining site rehabilitation.

Smelting and calcination processes

Elkem’s smelting and calcination processes impact biodiversity through emissions of SO₂, NO₂, and dust, as well as noise and heat pollution. The radius of impact is limited, and mitigating measures, such as advanced emission control technologies, are in place. Major biodiversity risks are linked to operational incidents, such as fires or chemical spills.

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	Yes	Negative	Low	Short	OO
Potential	Yes	Yes	Negative	Low	Short	VC
Potential	Yes	No	Negative	Medium	Short	VC
Potential	Yes	Yes	Negative	Low	Short	OO, VC

Chemicals

The production of silicones carries biodiversity risks because of impacts, including water withdrawal and process water discharge, and the potential release of hazardous air pollutants (HAPs) and persistent organic pollutants (POPs) due to accidents. Elkem mitigates these risks through rigorous water management and chemical safety protocols, comprehensive biodiversity risk assessments for new processing plants, and collaboration with local authorities and biodiversity experts to minimise environmental impacts. The company aligns with the Responsible Care Global Charter, emphasising safe chemical management and sustainable development. As a member of Silicones Europe, Elkem remains actively engaged with the latest scientific research on the applications and environmental impact of silicones.

Elkem’s chemical and smelting plants and mines are expected to remain in full operation in the foreseeable future. Site closures are very rare for the company. However, Elkem is committed to ensure good practice by incorporate closure planning in the early stages of site’s life cycle.

Any closure activities will be integrated into our business plans and will include a short-, medium- and long-term planning process for the possible closure. Elkem is committed to rehabilitate and minimise the negative impacts on biodiversity and ecosystem. This includes impacts on water, soil, habitats, vegetation, and the physical condition and stability of landforms.

Value chain

Impacts, risks, and opportunities related to biodiversity are integral to Elkem’s value chain, reflecting the industrial nature of our business operations. A key positive impact of our strategy is the increased use of biocarbon. Elkem sources materials such as wood, wood waste, and other biocarbon (e.g. charcoal) for use as chemical components in the production of silicon and silicon alloys. Our biocarbon sourcing policy emphasises sustainable forest management, aligning with international standards. Elkem is committed to ethical and sustainable biocarbon sourcing, contributing to the elimination of deforestation, the prevention of natural ecosystem conversion, and adherence to best practices for soil and peatland conservation. These measures mitigate potential negative impacts, such as land degradation and desertification.

Elkem recognises the potential negative impacts on biodiversity in its upstream value chain, particularly related to coal and char sourcing. To address this, Elkem employs a rigorous raw material sourcing process. In the downstream value chain, while some of our products

may be involved in chemical processes with potential biodiversity impacts, Elkem actively works to minimise these risks. Notably, our products contribute positively by enabling alternatives such as synthetic leather, extending product lifespans, and collaborating with key customers to enhance existing products. These efforts reflect Elkem’s dedication to reducing biodiversity impacts while driving innovation and sustainability.

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies, and opportunities E4 IRO-1

In 2023, the Integrated Biodiversity Risk Assessment Tool (IBAT) expanded the scope of reporting to where we have operations in protected areas and key biodiversity areas. Data have been collected with 5 km, 15 km, and 50 km granularity for all of Elkem’s sites. The sites have been prioritised based on their exposure to the concentration of protected species, what kind of species (migratory or stationary), the proximity of protected or key biodiversity areas within 5 km, 15 km, or 50 km, and an assessment of the sites’ preparedness to address the biodiversity risk.

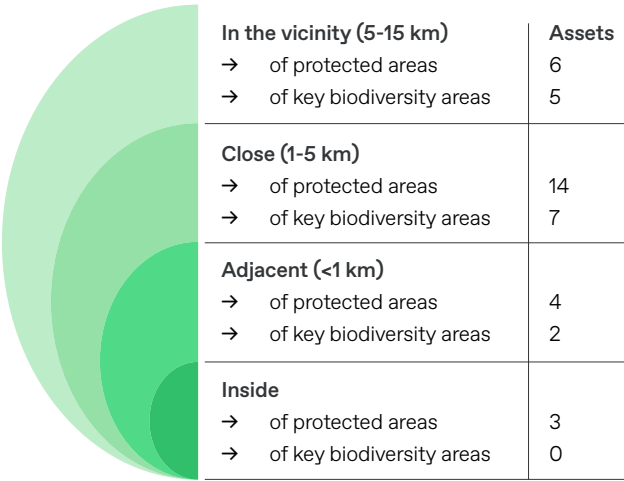


Figure 1: If several protected areas (PA) or Key Biodiversity Areas (KBA) are present within a proximity category around a given asset or operation, they are counted as one. If a given PA or KBA are within proximity categories for several assets or operations, it is counted in for each of these assets or operations.

Elkem has identified focus sites where the biodiversity risk is most significant. For security reasons, we do not disclose the specific locations of our sites. The identified sites are associated with carbon solutions, silicon and silicone production, and mining. While there are some negative impacts from our operations related to silicon and silicone production, our efforts to reduce these impacts (e.g. reducing our local emissions of SO₂, NO_x and

dust, and improving our water management) have been successful. However, there is still an incident risk for the sites that handle hazardous substances. Our mining sites also have a negative impact through area usage, and there is a risk of tailings, but this is well managed and limited due to the nature of quartz mining. The focus sites are in Norway, France, and Brazil, but we also monitor the risk at our remaining locations. Actions are implemented to avoid and/or minimise impact.

Elkem has a dedicated resource working on mapping biodiversity impacts, risks, and opportunities at its mining sites, while maintaining an active dialogue with affected stakeholders, such as local communities. One example is Elkem's dialogue and agreement on mitigation measures with reindeer grazing district 7 (Rákkonjarga), which enables the expansion of Elkem's mining operations in Tana, Norway – home to one of the world's largest quartzite mines and a critical source of raw materials for the green transition.

For our silicon production, we continue to focus on reducing local emissions, and for our silicone production, good water management and solid management of hazardous substances remain essential.

Transition plan on biodiversity and ecosystems in strategy and business model E4-1

While industrial processes inherently impact biodiversity through air, water, and soil pollution, Elkem diligently complies with regulations and continuously works to mitigate and reduce these effects. Most of Elkem's production facilities are located near rivers, coastal regions, or urban areas, stringent environmental safeguards are essential.

Additionally, Elkem acknowledges the potential risks of incidents at its plants that could negatively affect surrounding areas. To address these concerns, the company has long adhered to strict regulations on pollution control and incident mitigation.

The mitigation hierarchy forms the foundation of Elkem's strategy, prioritising avoidance and reduction while incorporating restoration activities where feasible. This proactive approach has delivered positive outcomes, with these efforts systematically embedded into the company's operations.

Elkem's existing business is overall resilient to changes in biodiversity and ecosystem, being less dependent on resources from nature that are vulnerable to biodiversity change or ecosystem collapse.

Policies related to biodiversity and ecosystems E4-2

Elkem has an HSE and sustainability policy covering biodiversity and ecosystem. For sourcing of biocarbon a separate policy document is available. Please refer to the section on governing documents under ESRS 2 for more details.

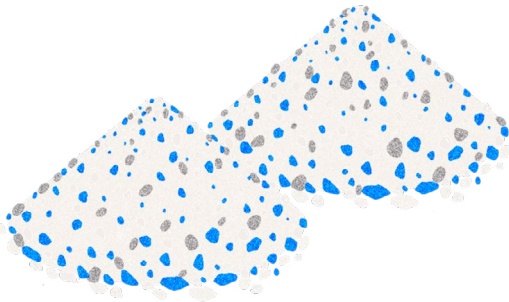
Actions and resources related to biodiversity and ecosystems E4-3

Elkem has worked with the Integrated Biodiversity Risk Assessment Tool (IBAT) to focus our efforts where our impacts might do the most harm. In 2024, our focus has been on consolidating our efforts to get a comprehensive overview of our mining sites.

In-house competence building within the organisation has fostered a common understanding of our impacts. Competence development will remain a key priority in 2025, ensuring that expertise grows across relevant areas and is strengthened locally at each site.

Looking ahead, Elkem will also focus on setting clear targets and developing comprehensive metrics to measure progress effectively. A key aspect of this process will be to determinate whether ecological thresholds should be included as a target. A deeper understanding of impacts, risks, and opportunities across the value chain, together with assessment of the resilience of our current strategy, will also be key items on the future agenda.

For more details on planned actions, refer to the sections on pollution, water management, and GHG emissions in this report.



E4-4 Targets related to biodiversity and ecosystems

Elkem is committed to achieving zero net loss of biodiversity in new projects, including mining operations. This target aligns with the EU Biodiversity Strategy for 2030, which emphasises preventing and restoring biodiversity loss, as well as with Goal A of the Kunming-Montreal Global Biodiversity Framework (GBF), which aims to halt biodiversity loss.

Our approach incorporates ecological thresholds, particularly by reducing pollutants such as PAHs (Polycyclic Aromatic Hydrocarbons) and VOCs (Volatile Organic Compounds), which can accumulate in ecosystems and adversely affect biodiversity. We are committed to the precautionary principle, implementing preventive actions to mitigate these risks.

Elkem follows the mitigation hierarchy, prioritising pollution avoidance and minimisation as the most effective means of protecting biodiversity. This is integrated into all stages of our operations, including during mine or plant closures, where restoration and rehabilitation efforts are key. At present, Elkem does not engage in biodiversity offsets but is focused on preventive and restorative measures to ensure that our impact on biodiversity is minimised.

These actions, guided by the mitigation hierarchy, reflect Elkem's broader commitment to sustainable development and biodiversity conservation. We continue to evaluate our targets and strategies to ensure that we are aligned with global biodiversity goals and contribute to halting biodiversity loss through the precautionary approach and targeted mitigation efforts.

E4-5 Impact metrics related to biodiversity and ecosystems change

Elkem has several sites witin close proximity to protected areas and key biodiversity areas (see figure 1 on the previous page for the specifics). Given this exposure to biodiversity risk it is important for Elkem to secure sites to reduce incident risk, and continue our work to reduce our negative impact on the surroundings. Elkem operates within strict regulations, and we are within the requirements with regards to effluents and local emissions to air (see data under chapter on pollution (ESRS E2)).

Elkem has identified high risk sites, and we are working to map our negative impact through land use and local emissions. We will develop targets and metrics on this topic.

E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

Biodiversity considerations are deeply integrated into Elkem's environmental management system and aligned with broader sustainability metrics, under the oversight of the Vice President of Health, Safety, and Environment (VP HSE). Elkem has dedicated resources specifically tasked with monitoring and managing biodiversity at mining sites and ensuring responsible sourcing of biocarbon.

As part of Elkem's strategy to increase the share of biocarbon in its operations, the company anticipates higher investments aimed at mitigating potential negative impacts on biodiversity and ecosystems. Additionally, Elkem is allocating further resources to enhance pollution control, prevent environmental incidents at its facilities, and strengthen employee competencies in these areas.



ESRS E5

Resource use and circular economy

Enabling circular economies is one of Elkem’s three main pillars in the green transition. Elkem’s business system (EBS) adheres to a zero-waste philosophy, emphasising the reduction of waste across the value chain. The primary focus lies on efficiently utilising resources, minimising waste generation, and promoting the reuse, recycling, or sale of residual waste. This aligns seamlessly with circularity principles, and Elkem remains dedicated to exploring fresh opportunities for the recycling and reuse of waste and products.

ESRS topic	Sub-topic	Description
E5	Resource use and circular economy	
	Waste	Improper handling of material at the end of life, can cause hazardous waste to end up in landfills (causing probable damage to environment and local communities).
		Improper handling of waste resources, may lead to inefficient use of materials and greater impact on environment.
	Resource inflow, including resource use	Increasing the share of sustainably sourced, and certified, biocarbon as a reductant in silicon production, reduces the environmental impact (reducing emission of SO ₂). It also ensures that Elkem does not contribute to deforestation or conversion.

Description of processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities IRO-1

Elkem’s value chain includes numerous process flows, including mining, high-temperature calcining, high-temperature smelting, and chemical processing. This results in a variety of impacts, risks, and opportunities related to resource use and circular economy. Our R&D departments look continuously into opportunities to reduce waste and increase resource efficiency, being a top priority in reaching our emission reduction targets and enabling customers to achieve their goals.

Quartz

Quartz is extracted from mountain seams using explosives or riverbeds with diggers. The process involves washing, crushing, and sizing without the use of hazardous chemicals. Waste streams include tailings, off-spec qualities, and sizes, most of which are repurposed for mine restoration or sold as by-products (such as construction sands and gravels). Some off-specification quartz rock from the operations is used for mining site restoration. Elkem explores alternative uses for sands in agriculture and sports.

Carbon production

Carbon production involves high-temperature treatment of anthracite and petroleum coke, creating various pastes for metallurgical smelting. Most of the off-specification production and degraded raw materials can safely be reprocessed into new batches. The remaining waste is sent to approved suppliers for hazardous waste treatment. Non-hazardous (green) binders are in development to reduce reliance on high-temperature coal tar pitch (CTPht).

Waste in connection with shipment: Primary raw materials are shipped in bulk, eliminating the need for packaging. Finished products are delivered in big bags or on pallets, which may potentially generate customer waste. Packaging materials are of sufficient quality for multiple reuses.

Hazard classification: Degraded raw materials and off-spec production may contain CTPHT binders, which are listed as a substance of very high concern.

Silicon smelting

Silicon smelting involves a high-temperature chemical reaction, transforming quartz and carbon into silicon, with additional operations for alloying, crushing, and sizing to meet customer specifications in electronics, foundry, and chemical industries.

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	Yes	Negative	Low	Short	OO
Actual	Yes	Yes	Negative	Medium	Short	OO
Actual	Yes	Yes	Positive	Low	Short	OO, VC

Key waste streams include degraded raw materials, smelting slag, off-gas emissions particles, and fines from crushing and sizing. Since the 1970s, Elkem pioneered off-gas capture, converting waste into valuable products, totalling 150 000 tonnes annually. Historically, other waste streams were either sold as low-value products or landfilled. However, dedicated teams have significantly increased utilisation, treating these streams as valuable raw materials for reintroduction into Elkem's processes or as value-added products, recovering over 100 000 tonnes annually, reducing costs and offering new solutions.

Waste in connection with shipment: Except for charcoal and alloying materials (often shipped in smaller containers), most raw materials are shipped in bulk, minimising the need for packaging. Finished products are shipped in bulk or big bags on reusable pallets.

Hazard classification: Major waste streams are non-hazardous, while some hazardous materials used in post-smelting processing are sent to certified third-party suppliers for disposal.

Silicone formulation

Silicone formulation involves various chemical processes producing specialised products tailored to customer needs. It generates diverse waste streams, both hazardous and non-hazardous, including acid water, used solvents, hydrolysis by-products, sludge, and waste masses. Waste reduction is integrated into the annual objectives and improvement plans by production teams and research departments.

Waste in connection with shipment: Significant packaging is required for raw materials, intermediates, and finished products. Waste reduction focuses on reuse (IBCs, pallets, drums) and recycling.

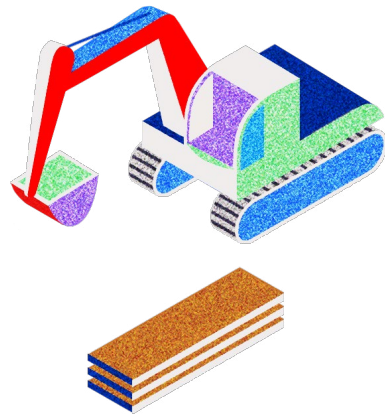
Hazard classification: A substantial portion of generated waste during production is hazardous. Hazardous waste is either treated on-site (incineration, neutralization, reuse) or sent to certified providers for destruction.

Recycling, whether mechanically or chemically, is another way of increasing circularity in our traditionally linear value chain. Today, the very nature of silicones and their longevity in end-applications means the need for recycling at the end of life is hard to identify. Therefore, Elkem’s main focus is on recycling waste from our own processes.

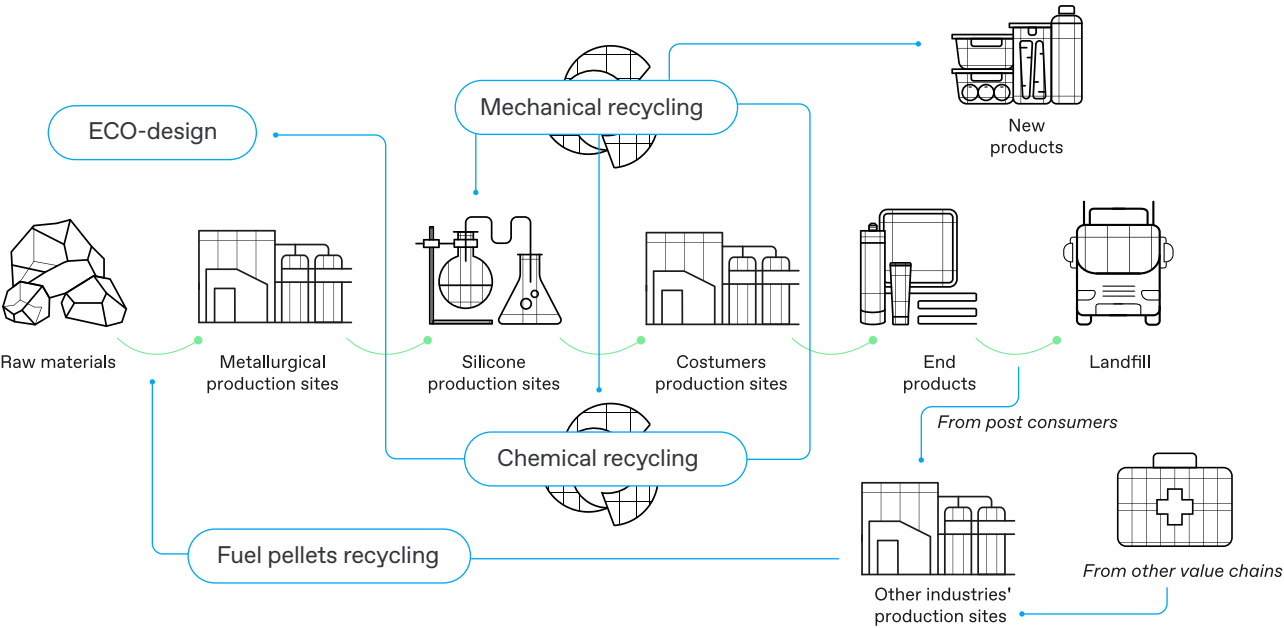
Generic waste streams

Elkem manages generic waste streams, including used oil from vehicles and equipment, and packaging materials from sourced goods. Each site implements dedicated waste sorting systems, delivering waste to approved service providers for recycling or reuse whenever possible.

The results of our Double Materiality Assessment regarding pollution can be found in the figure below.



The figure below illustrates Elkem's opportunities for circular economy in the Silicones division:



E5-1 Policies related to resource use and circular economy

Elkem is committed to invest in sustainable and renewable sources. Developing a 3R culture to reduce, reuse, and recycle will be key to protecting and preserving rare resources. Our research and innovation teams are already integrating eco-design principles into current and future projects, with significant successes from bio-based solutions, design for recycling projects, and reprocessing services.

Our statements on biocarbon, circular economy, and conflict minerals can be found here. Please refer to the section on governing documents under ESRS 2 for more details on our policies related to resource use and circular economy.

E5-2 Actions and resources related to resource use and circular economy

Throughout 2024, Elkem has undertaken multiple initiatives to enhance efficiency, minimise waste, and collaborate with customers on circular designs and materials aimed at extending the lifespan of their products.

Biocarbon

We are dedicated to exploring the integration of biobased materials into our production processes, which can reduce

the dependence on finite raw materials. To achieve this, Elkem is developing a new industrial process for bio-based materials, specifically tailor-made for silicon and ferrosilicon production processes.

Packaging

Efforts have been implemented to minimise waste from packaging, primarily through process improvements focusing on reducing, reusing, and recycling. In alignment with the EU's Packaging Directive, Elkem has introduced new projects to reduce packaging waste. Elkem is adopting big bags with at least 30 per cent recycled polypropylene (rPP), reducing their carbon footprint by approximately 15 per cent annually. This transition, in collaboration with Accon, incorporates a closed-loop recycling system and advanced bio-water treatment technology to ensure quality and sustainability.

Another important initiative is stemming from the DISH programme: A circular economy approach in pallet management that minimises new purchases by reusing and repairing inbound wooden pallets to minimise new purchases. For example, Elkem Nagpur in India, which introduced the initiative, successfully repurposes approximately 6 000 pallets annually, showcasing a strong commitment to sustainability and resource efficiency.

Waste becomes products

We prioritise eco-design principles in our products and processes, embedding environmental considerations from concept through the entire lifecycle. Working closely with customers and researchers, Elkem applies the four R's of the circular economy: Reduce, Reuse, Recycle, and Renewable. Notably, 80 per cent of a product's environmental impact is determined at the design stage, and eco-design helps minimise material and energy consumption.

Our BRIQSIL™ product exemplifies innovation in material reuse. This ferrosilicon substitute is crafted from fine materials generated during quartz and coal processing. These durable briquettes, designed to withstand handling and transportation, are reintegrated into furnaces, boosting production efficiency while significantly reducing associated waste.

About one quarter of the quartz processed for silicon production is deemed unsuitable for use due to size or quality constraints. Over the past year, Elkem has successfully repurposed this rejected material into aggregates for the construction market, including applications in buildings and public works projects. In our carbon product division, most of the off-spec products and degraded raw materials can safely be reprocessed into new batches.

One key initiative is the REPOS project (Resourcing Polymers from Silicones). This collaborative innovation project aims to develop new processes economically and industrially viable for the chemical recycling of silicone polymers. Initially targeting our waste streams, it has the potential to reduce 65 per cent of the waste. The project will develop intensified depolymerisation processes of silicone waste to return to monomer or oligomer units reused in polymerisation and functionalisation.

Silica fume, also known as Microsilica, is a byproduct of the carbothermic reduction of high purity quartz in electric arc furnaces. Originally a residual product emitted into the air until the 1980s, Elkem transformed this by-product into a range of valuable materials, contributing to the construction of iconic structures such as some of the world's tallest buildings and longest bridges.

One of the biggest milestones in 2024, was the successful scaling of our chemical silicone waste upcycling project from a laboratory to a pilot unit at our Saint-Fons production site in Lyon, France. This will enable high conversion rates, chemical selectivity, and lower carbon emissions due to low process temperatures.

Another milestone in 2024 is the secured funding of the Sicalo project, where Elkem investigates capturing carbon looping. The project entails capturing the carbon emitted

from the silicon furnace and reusing it as a reductant in the silicon production process.

E5-3 Targets related to resource use and circular economy

Biocarbon targets include:

- Reach a 50 per cent biocarbon share at the smelters by 2031
- 100 per cent of the biocarbon used annually is sourced from verified, deforestation-free sources

Waste target (year-on-year):

- Hazardous waste to landfill: Reduction of 10 per cent
- Waste to disposal: Reduction of 10 per cent
- Waste recycled: Increase by 10 per cent

In 2024, we reduced the amount of hazardous waste to landfill by 58 per cent year over year, a slight increase in waste to disposal, but Elkem managed to increase the amount of recycled waste by 114 per cent from the prior year. The shifts are significant and a combination of improved data quality and efforts to reduce and recycle. We saw a significant decrease in the total waste generated in 2024.

Elkem has a target to reduce the carbon footprint per product, with a key focus on recycling and reusing existing materials. Specific targets are still to be developed.

E5-4 Resource inflows

Biocarbon as a reductant is a key tool for Elkem to reduce scope 1 emissions. By sourcing deforestation and conversion free biomass and using this as a reductant we reduce the need for fossil based carbon reductants, and reduce our emissions. In 2024, the biogene share of scope 1 emissions slipped to 19 per cent, from 20 per cent in 2023, due to shifts in production.

Certified biocarbon:

100 per cent in 2024, 2023 and 2022.

In 2024, 100 per cent of the biocarbon was based on verified sources as deforestation-free. 94 per cent of the biocarbon was under certification schemes (FSC/PEFC/SFI/SVLK), while the remaining six per cent were followed up with regular audits including traceability checks.

E5-5 Resource outflows

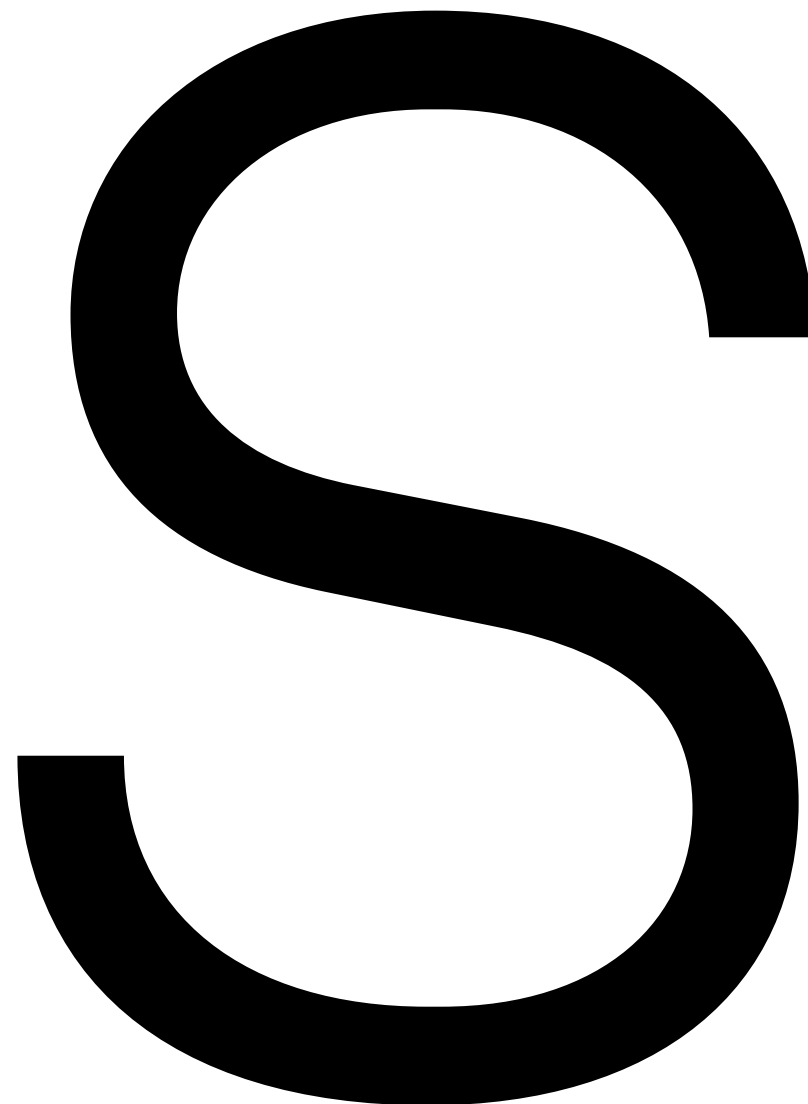
Elkem has a product line of about 4 000 products, and no metric currently exists for the number of products designed according to circular principles. However, most of our products are results of our three main product divisions, which implement circular principles. The results will be reflected in our product carbon footprint over time.

ESRS E5 Resource use and circular economy

	2024 tonnes	2023 tonnes	2022 Base year tonnes	Development vs. 2022	
Total waste generated	271 485	353 992	462 745	-41%	Changes in waste tonnages are linked to changes in business activity and efforts to reduce waste and improve circularity
Non-recycled waste	111 595	123 337	121 225	-8%	
Non-hazardous waste to landfill	53 407	55 163	45 273	18%	
Hazardous waste to landfill	2 617	7 781	6 301	-58%	
Non-hazardous waste to incineration	3 173	1 718	2 485	28%	
Hazardous waste to incineration	52 397	58 674	67 166	-22%	
Recycled waste	159 891	70 825	74 784	114%	
Non-hazardous waste recycled	148 963	65 071	65 386	128%	
Hazardous waste recycled	10 928	5 754	9 398	16%	
By-products excl. Microsilica, sold to customers	90 171	53 503	129 318	-30%	
Microsilica sold to customer	111 689	106 327	137 418	-19%	
Total recycled waste, incl. by-products and microsilica	361 750	230 655	341 520	6%	
Percentage of non-recycled waste	41%	35%	26%		
Mining ativities (Quartz rock fines for landscape restoration)	400 964	332 717	354 456	13%	
Total waste including mining activities	672 449	686 709	817 201	-18%	



Social



ESRS S1

Own workforce

Elkem values a strong, inclusive company culture that prioritises safety, equity, employee empowerment and continuous improvement. Organisational optimisation, competency development and performance management are key to its growth. Employees are supported through respect, involvement, and a focus on continuous development. Health and safety of people are core to Elkem's operations, guided by a zero-harm philosophy and systematic HSE practices.

While 2024 saw an increase in the total recordable injury rate the severity of injuries decreased, with only low and medium severity injuries being reported. The number of contractor injuries also decreased through dedicated follow up at sites and proactive HSE work. Elkem views its people as its most important asset. Embracing diversity and inclusion strengthens the company's culture, innovation and customer focus, driving its success.

Material impacts, risks, and opportunities - Resilience of strategy and business model

S1, SBM3

Elkem’s operations include handling and storage of hazardous substances, and hazardous operations (smelting operations, moving equipment, working at height, etc.), and these factors constitute potential negative impacts on our employees and contractors through potential injury, or worst-case, fatalities. The impact score is low on both these potential impacts, while the irremediability and scale (gravity of impact) is defined as high or highest, the scope and likelihood for severe injuries or death are very low. If there would be a case of child or forced labour in operations the impact would be negative, but we have strict controls in place and have yet to uncover a case in our operations.

On the positive side Elkem provides a stable, secure and flexible workplace for our employees, and opportunity for career and competency development. Furthermore, direct involvement in decisions impacting the work of the individuals, is highly valued in Elkem.

As many of Elkem’s operations are hazardous, many of the key risks are related to health and safety on site and working conditions. Key risks derive from working at height, exposure to hazardous substances, and moving equipment and safeguarding. These highlight the need for sufficient training, as a key mitigating factor. A strong safety culture depends on reliable reporting of incidents and near-accidents, and if our employees and contractors fail to report, this represents another risk. The continuous development of FORUS, Elkem’s HSE management system is an essential mitigating factor.

Even though the number of recordable injuries only decreased slightly from the previous year, it is foreseen that the improvement in training and improved awareness by all employees and contractors will lead to an improved performance in 2025. Sharing learnings from injuries and high-risk incidents enables Elkem to learn across the organisation and prevent recurrence. Continued implementation of FORUS establishes good systems for ongoing HSE improvement. This could also be an opportunity for Elkem to distinguish itself from its competitors.

There are other risks related to the workforce, such as availability of qualified personnel. It can be challenging to find and attract qualified workers to some of our locations as they are in rural areas. An aging workforce, in some units, could also lead to Elkem losing valuable knowledge and competence, and it may prove difficult to find qualified replacements. Thus, it is key for Elkem to work to retain and attract good talent across the organisation, as well to invest in developing the critical competencies in-house. This represents an opportunity for the employees, as Elkem is a global employer, recruiting globally and offering opportunities for employees who are willing to relocate.

There is a risk of non-compliance with legal requirements (i.e. HSE-regulations, and directives) and our Code of Conduct that could result in fines or damaged reputation. This is mediated by continuous, risk-based, and targeted training, and a good internal compliance function.

Elkem invests in leadership development at all levels globally, enhancing employee performance and motivation, while maintaining focus on increasing diversity and further developing a diverse workforce. These factors represent key elements to attract and retain talent and contribute to improved performance and well-being of employees and teams.

	ESRS topic	Sub-topic	Description
S1	Own workforce	Working conditions	<p>Various parts of Elkem's production processes involve hazardous substances that may cause damage or health issues, depending on exposure, for employees, contractors, and local communities. e.g. silica dust and heavy metals from silicon production, coal tar pitch (carbon solutions), VOC, methyl chloride and chlorosiloxanes from silicone production.</p> <p>Elkem's production processes often involve hazardous operations, moving equipment, and working at height. This represents a potential negative impact on employees and contractors through injuries or fatalities.</p> <p>Secure employment and flexible workplace for our employees</p> <p>Career development and progression through competency development, development discussions, and leadership development</p> <p>Child or forced labour in own operations through contractors</p>

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	Yes	Negative	Low	Short (injuries) and long (health issues)	OO
Potential	Yes	Yes	Negative	Low	Short	OO
Actual	Yes	Yes	Positive	High	Short	OO
Actual	Yes	Yes	Positive	High	Short	OO
Potential	Yes	Yes	Negative	Low	Short	OO



Policies related to own workforce S1-1

Topics related to our workforce are covered in our People policy, our HSE policy, our Code of Conduct and related procedures. Please refer to the section on governing documents in the chapter on ESRS 2.

Health and safety S1-14

Elkem's production activities involve high risks, such as high-temperature smelting and hazardous chemicals. The company is committed to a zero-harm philosophy, emphasising the health and safety of employees and contractors. Each site has a tailored HSE organisation, overseen by a divisional HSE organisation and finally the

corporate Vice President for HSE, with regular audits to ensure compliance. Elkem invests in training employees and contractors to manage workplace risks, using comprehensive risk management systems. In 2024, the continued development and implementation of the FORUS HSE management system has started to improve the awareness to HSE principles. The rollout of training for the organisation and alignment of life saving rules has ensured that severity of injuries have continued to decrease. Elkem follows strict reporting and investigation procedures for all incidents to prevent recurrence and share lessons learned across sites.

Employees

Work-related injuries	Metric	2024	2023	2022	Development
Fatalities	Absolute numbers Rate	0.0 0.0	0 0.0	0.0 0.0	No change
High-consequence work-related injuries	Absolute no. Rate	0.0 0.0	0 0.0	1 0.1	No change
Lost workday injuries	Absolute no. Rate	20 1.3	11 0.7	13 0.9	81.8%
Other recordable injuries	Absolute no. Rate	32 2.1	31 2.2	31 2.2	3.2%
Total recordable injuries	Absolute no. Rate	52 3.5	42 3.0	44 3.2	23.8%
Hours worked	Number	15 042 063	14 216 585	13 936 109	5.8%

Contractors

Work-related injuries	Metric	2024	2023	2022	Development
Fatalities	Absolute numbers Rate	0.0 0.0	4 0.4	2 0.3	-100%
High-consequence work-related injuries	Absolute no. Rate	0.0 0.0	4 0.4	2 0.3	-100%
Lost workday injuries	Absolute no. Rate	12 2.6	24 2.1	14 2.4	-50%
Other recordable injuries	Absolute no. Rate	13 2.8	14 1.3	8 1.4	-7.1%
Total recordable injuries	Absolute no. Rate	25 5.4	38 3.4	22 3.8	-34.2%
Hours worked	Number	4 596 943	11 176 605	5 722 932	-589%

Processes to engage with own workforce

S1-2, S1-3, S1-4, S1-13

Key topics for Elkem are health and safety on our site, as well as our people and the organisation. In order to engage with our employees on these topics, Elkem employs several tools to mitigate risks and negative impacts, and to capitalise on opportunities.

Elkem emphasises the importance of employee engagement in health and safety management. The company expects its workforce to actively contribute to maintaining a safe and healthy workplace, reinforcing this through tailored HSE organisations at each site and comprehensive training programmes. Employees and contractors are equipped with the necessary skills and tools to identify and manage workplace risks. Elkem's HSE management system, FORUS, requires all employees to undergo basic and specific work-related training, ensuring they understand workplace hazards and how to mitigate them. Regular audits, internal self-assessments, and continuous improvement efforts further support this commitment.

On the organisational side, Elkem values its employees as its most critical asset, focusing on developing one company culture based on the Elkem Business System (EBS), leadership development at all levels, as well as driving employee performance through continuous competency development and high engagement and involvement. The company offers standardised global leadership programmes and a multitude of different professional, internal training programmes, accessible through both digital and physical channels. Employees are encouraged to take ownership of their learning, supported by a global Learning Management System. Development Discussions (DD) are key for giving and receiving feedback

between the leader and the employee, setting individual work targets and identifying development needs. Elkem's People policy ensures consistent HR practices, and the Elkem Business System (EBS) fosters a culture of continuous improvement and employee involvement. Flexibility and work-life balance are prioritised, and diversity, equity, and inclusion (DEI) efforts are integral to Elkem's HR strategy.

In addition to training and development of our employees, and to making our sites as safe as possible, Elkem engages with its employees through employee representation on the board of directors (three of our board members are employee representatives), open continuous dialogue and negotiations with unions, internal communication through intranet and other channels, town hall meetings, as well as a speak-up channel available globally (i.e. whistleblower). All employees are free to join unions, and 39 per cent of our employees globally are covered by collective bargaining agreements determining salary and working conditions. Our Speak Up channel ensures that suspected violations of Elkem's Code of Conduct can be reported anonymously, without fear of retribution, and ensuring the privacy of both the reporter and the subject. This is described in detail in our Speak Up policy (see section on governing documents in ESRS 2).

Collective bargaining coverage and social dialogue

S1-4, S1-8

39 per cent of our workers are covered by collective bargaining agreements, and all employees are free to join unions. We have the following coverage in the different countries/regions:

Collective bargaining coverage	Employees EEA	Employees non-EEA	Total
Coverage rate	71%	12%	39%

Training and skills development metrics

S1-13

Metric	Female		Male		Total		Female	Male
	2024	2023	2024	2023	2024	2023	Development 2023 to 2024	
Percentage of employees that participated in regular performance and career development reviews					96	78	18	
Average number of training hours per employee	23.5	7.4	18.3	9.8	19.3	9.0	16.1	8.5
Participation in company internal leadership development programmes	37.5	25	62.5	75	100	100	12.5	-12.5

Percentage of employees participating in regular performance and career development reviews

This metric indicates the extent to which Elkem is engaging its workforce in regular performance and career development discussions. A high participation rate suggests that the organisation is actively involving its employees in evaluating their performance, setting goals, and planning their career paths. This can lead to increased job satisfaction, better alignment of individual goals with organisational objectives, and improved overall performance. The consistent participation rates across different gender categories and disclosure statuses reflect the organisation's commitment to inclusivity and equal opportunities for development.

Average number of training hours per employee and non-employee

This measures the average amount of time employees spend on training and development activities. An increase in the average number of training hours indicates that the organisation is investing in the continuous learning and skill enhancement of its workforce. This can lead to higher competency levels, better job performance, and increased adaptability to changing job requirements.

Elkem leadership programmes

This metric aims to increase the percentage of female participants in various leadership programmes. Elkem believes that diversity contributes to better decision making, involvement, job satisfaction, and well-being. Increasing diversity in the leadership population is also important in light of career development and retention of talents.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5

As HSE is critical to Elkem we aim to follow a zero-harm philosophy, reduce frequency rates by 10 per cent from the 2022 baseline, and ensure all site personnel meet required training hours per job level.

On the organisational side we have a target of 100 per cent completion of the annual development discussions as the main vehicle for giving and receiving feedback on employee and leader performance, setting targets supporting the organisation's main goals and planning for individual development and career advancement.

Elkem has set additional targets to enhance diversity, equity and inclusion.

Workforce distribution

Balanced gender distribution: The organisation aims to increase the percentage of females in the total workforce and all leadership levels. The target is to achieve a more balanced gender distribution throughout the organisation, where female share also at the leadership levels should reflect the female share of the overall organisation.

Age distribution: The goal is to maintain a balanced age distribution within the total workforce, blue/white-collar positions, and the management teams. This ensures a diverse range of perspectives and experiences.

Nationality distribution: The organisation aims to have a diverse cultural workforce. This target emphasises the importance of cultural diversity and inclusion.

Recruitment

Diverse applicant pool: Our objective is to attract a more diverse group of applicants, with a particular focus on increasing the number of female candidates. We are actively monitoring the proportion of female applicants wherever this data is available.

Unbiased recruitment: The objective is to ensure that recruiters in Elkem are making good and objective recruitment decisions ensuring equal opportunities for all applicants and contributing to increased diversity in the units.

Internal mobility: With our global HR system, our aim is to track and analyse internal recruitments and promotions to ensure employees are given opportunities for growth and development.

Succession planning

Systematic development of female leaders: The organisation aims to identify female successor for each position in corporate and divisional management. This ensures a pipeline of female leaders for future leadership roles.

Critical position planning (CPP) process: Our goal is to further develop the company’s CPP process for strategic workforce planning and competency development of successors to ensure a strong “bench” of future critical position holders and to further increase all aspects of diversity in talent pool.

Training

Mandatory training: 100 per cent completion of all mandatory training is our target.

Human and organisational performance (HOP) and safety leadership: The goal is to increase leaders’ competency in maintaining a good safety and organisational culture. This includes tracking the percentage of leaders who have completed relevant training programmes.

Elkem leadership programmes: The organisation aims to increase the percentage of female participants and diversity in general in all company internal leadership programmes.

Introduction to FORUS (Elkem HSE system): The target is to achieve a 100 per cent completion rate for the FORUS programme.

Turnover

Turnover analysis: To better understand and address turnover trends in the different Elkem units, the company analyses the gender distribution among leavers, service years of leavers, and the average age of leavers.

Pay equity

Our organisation is dedicated to promoting pay equity across all levels. To achieve this, we are performing pay equity audits and external benchmarks to identify and address any disparities. These efforts will help us create a more inclusive and fair workplace, where every employee feels valued and fairly compensated.

Health and well-being

Employee satisfaction: The organisation aims to achieve a high average engage score on specific dimensions related to employee satisfaction.

Organisational health: The targets include reducing short-term and long-term sick leave.

These targets are designed to create a more diverse, equitable, and inclusive workplace, ultimately leading to improved organisational performance and employee satisfaction.

Overall, this highlight the Elkem’s dedication to fostering a culture of continuous improvement, professional development, and inclusivity. By regularly reviewing performance and career development and providing ample training opportunities, we aim to enhance employee engagement, satisfaction, and overall organisational effectiveness.



Our workforce S1-6, S1-7, S1-9, S1-12

KPIs	Metric	2024	2023	2022	Development 2023 to 2024
Female share					
In the company	%	25.4	25.1	25	1%
In the management (Corporate mgmt, div. mgmt, plant mgmt)	%	27	24	30	13%
Among all leaders with personnel responsibility	%	27	25	22	8%
In the Elkem leadership -programmes	%	38	32	36	19%
In the global technical trainee programmes	%	41	31	38	32%
Among blue collar	%	17	14	17	21%
Among white collar	%	36	32	35	13%
Among part time workers	%	44	42	31	5%
Among temporary workers	%	31	27	25	15%
Among new hires	%	33	30	26	10%
Among leavers	%	31	29	27	6%
Parental leave - average women (Norway only)	weeks	39	37.3	38.3	5%
Parental leave - average men (Norway only)	weeks	18.6	21	17.5	-11%
Age distribution, employees					
< 30 years of age	%	16	17	16	-6%
30 - 50	%	55	53	56	4%
> 50	%	29	30	28	-
Age distribution, leaders					
< 30 years of age	%	2	2	3	7%
30 - 50	%	60	56	59	-10%
> 50	%	38	42	38	
Salary: CEO to median employee in Norway	ratio	11:01	11:01	10:1	-

Metric	APAC	EMEA	AMER	TOTAL
Number of employees	3 398	3 399	733	7 530
Number of permanent employees	3 391	3 050	722	7 163
Number of temporary employees	7	119	8	134
Number of non-guaranteed hours employees	0	230	3	233
Number of full-time employees	3 390	3 017	727	7 134
Number of part-time employees	8	382	6	396

Explanation:		5. <i>Number of part-time employees:</i> These employees work fewer hours than full-time employees, often less than 35 hours per week. They may receive partial benefits depending on the company's policies.
1. <i>Number of permanent employees:</i> These are employees who have an ongoing employment contract with the company, typically without a predetermined end date. They usually receive full benefits and job security.	Elkem employs persons with disabilities (S1-12) but we do not collect this kind of data nor report on the number of individuals with disabilities. Our office spaces are adapted to be used by persons with disabilities, and in Norway we follow the requirements in the Norwegian Equality and Anti-Discrimination Act and other relevant requirements. The same applies for other countries where Elkem operates, i.e. we always comply with local rules and regulations. Some of the operations at our production sites are exempt from the requirements due to the nature of the operations and are thus not suitable for persons with disabilities.	
2. <i>Number of temporary employees:</i> These employees are hired for a specific period or project. Their employment has a set end date, and they might not receive the same benefits as permanent employees.		
3. <i>Number of non-guaranteed hours employees:</i> These employees do not have a fixed number of working hours guaranteed by their contract. Their work hours can vary based on the company's needs, and they are often called in as needed.		
4. <i>Number of full-time employees:</i> These employees work the full number of hours defined as full-time by the company, typically around 35-40 hours per week. They usually receive full benefits.		

KPIs	metric	2024	2023	2022	Development 2023 to 2024
Turnover rate	%	6.7	4.5	6.0	49%
Blue collar / operators	%	59	55	59	7%
White collar / staff	%	41	45	41	9%
Temporary hire rate (%) to permanent employment	%	4	5.5	5	-27%
Part time workers rate (%) to permanent employment	%	2	3.9	1	-49%
Development discussions	%	96	78	89	23%
Total contractors	no	342	283	331	21%
Europe	no	149	96	125	55%
Asia	no	167	160	171	4%
Americas	no	26	27	35	-4%
Africa	no	0	0	0	-

Adequate wages, social protection, remuneration metrics, and incidents and complaints S1-10, S1-11, S1-16, S1-17

Elkem aims to offer competitive, but not leading, salaries based on local standards. Surveys are conducted to ensure equal pay for equal responsibilities, with annual reviews of base salaries. Other compensation elements, such as bonus programmes, follow corporate standards.

All employees, including part-time and temporary workers, have written documentation outlining their compensation, benefits, and working hours. This documentation is subject to complying with national laws, industry standards (whichever offers greater protection), and company agreements. Employees are entitled to at least one day off for every seven-day period. Full-time employees must receive wages and benefits sufficient to meet basic needs for food, clothing, and housing. Pensions and insurance are provided to all employees according to local legal requirements. For more on the efforts to ensure a safe working environment please refer to the sections concerning HSE. For our pay gap-analysis for Norway, please review our ARP report.

These metrics concern our own operations:	2024	Note/comment
Number of substantiated incidents of discrimination	0	
Number of complaints filed through channels for own workers to raise concerns	26	Total number of cases registered in Speak Up case management system from 1 January 2024 to 31 December 2024. Includes both unsubstantiated and fully or partially substantiated cases.
Number of severe human rights issues and incidents connected to own workforce	0	
Number of severe human rights issues and incidents connected to own workforce that are violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	0	No mention of “Elkem” in the OECD Database of Specific Instances ↗

ESRS S2

Workers in the value chain

Responsible sourcing is a strategic imperative for Elkem. With an annual global procurement spend of approximately NOK 25 billion, encompassing raw materials, energy, goods, services, and logistics, Elkem actively engages with a diverse supply base of around 18 000 global suppliers. While the count of raw material suppliers is relatively low, the spend is significant and this is an area of sourcing that is connected to higher risk levels. Elkem also uses independent contractors on our sites, and this has proven to be an area of significant HSE risk. For more information on contractors and HSE risk and data, please refer to the section on ESRS S1 Own workforce.

ESRS topic	Sub-topic	Description
S2	Workers in value chain	Working conditions
		Mining of quartz and coal could lead to third party workers developing health issues (i.e. silicosis and black lungs) due to inhalation of silica dust or float coal.
		Improper handling of hazardous materials and substances in transport or handling at suppliers may lead to incidents that can cause harm.
		Chinese internal migrant construction workers are often informally employed, and have no right to collective bargaining.
	Other work-related rights	Downstream violations of workers' rights in the construction industry (downstream).
		Child labour or forced labour in Elkem's upstream or downstream value chain.

Material impacts, risks, and opportunities and their interaction with strategy and business model S2-SBM3

There are potential negative impacts related to Elkem’s operations that could affect workers in our value chain. Given the nature of the raw materials we source there is an inherent risk of HSE impacts, and violations of workers’ rights, and child or forced labour.

Elkem operates globally with a value chain extending into regions where human rights violations can be systemic and widespread. To address these risks, Elkem has established robust measures, including integrity due diligence for intermediaries and producers, audits, and on-site visits for critical raw material suppliers. Health and safety are essential components of labour rights for Elkem’s suppliers and customers, reflecting the inherent risks of the industry. Health and safety training is a cornerstone of Elkem’s operations and is supported by a strong commitment to improving practices throughout the value chain. The company enforces stringent health, safety, and environmental (HSE) standards, particularly for high-risk suppliers.

We recognise the responsibility of businesses to respect human rights and remain dedicated to the UN Declaration and International Conventions on Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, ILO’s core conventions, and applicable local legislations in the countries where we operate. Our commitment aligns with the United Nations Guiding Principles on Business and Human Rights. Suppliers and contractors are also required to uphold fair employment practices, including offering transparent employment contracts, educating employees about their rights, and

enabling them to organise and bargain collectively where legally permitted. These efforts reflect Elkem’s dedication to ethical operations and the promotion of human rights throughout its global value chain.

Raw material sourcing

There are high environmental and social risks associated with the extraction and production of raw materials in Elkem’s value chain. To mitigate these risks, Elkem has implemented a range of measures, including signature of the Business Party Code of Conduct, integrity due diligence for intermediaries and producers, and on-site supplier audits for critical raw material suppliers. Elkem strives to pre-audit all new raw material suppliers. If, for any reason Elkem is unable to pre-audit a potential raw material supplier, Elkem shall document why an exemption has been granted. Exemptions are decided on a case-to-case basis and may include the security situation in source country, that the material is assessed to be both low risk and low criticality, and/or the supplier can document equivalent third-party audit / certification (ISO and/or EcoVadis).

Elkem is committed to promoting sustainable mining practices through active collaborations with industry partners and participation in key initiatives. As a member of the Towards Sustainable Mining Initiative, through its affiliation with Norsk Bergindustri, Elkem works to enhance environmental and social performance in the mining sector. Additionally, as part of IMA-Europe, the Industrial Minerals Association, Elkem contributes to advancing sustainability within the industrial minerals industry while driving continuous improvements in mining operations worldwide.

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	No	Negative	Medium	Long	VC
Potential	Yes	No	Negative	Medium	Short	VC
Actual	Yes	No	Negative	High	Short	VC
Potential	Yes	No	Negative	Medium	Short	VC
Potential	Yes	No	Negative	Medium	Medium	VC

Elkem prioritises sourcing certified raw materials, including biocarbon, to support sustainable practices. As an example, 100 per cent of the biocarbon was verified as deforestation-free, contributing to the protection of indigenous peoples and other affected communities.

Elkem has approximately 190 raw material suppliers, and of these approximately 25 per cent are ISO 9001 certified and 15 per cent are ISO 45001 certified. Critical suppliers without ISO-certification are audited annually, and all new raw material suppliers are audited. If adverse human rights incidents, or severe breaches to our Code of Conduct for business partners, are suspected we follow up the supplier. If improvement is not seen we will not purchase from the supplier.

Indirect materials

For Elkem’s indirect materials, the risk of human rights and labour rights violations is considered less critical. Packaging is one of the key categories of indirect materials. Due diligence processes are supported by dedicated software, enabling efficient pre-qualification and risk management of suppliers. The sourcing of indirect materials is considered an area of lower risk compared to raw material sourcing. This is due to the fact that most suppliers are based in low-risk countries, and the expenditure on these goods represents only a small share of the company’s total purchasing expenses. However, there are suppliers of indirect goods in high-risk countries that require closer follow-up.

Distribution

At Elkem’s plant sites, hazardous goods are transported by truck under stringent procedures to ensure safety during loading, unloading, and handling. Standard protocols include detailed checklists to verify vehicle and equipment conditions, enforce speed limits, and conduct alcohol checks. The plant sites are ISPS-compliant ports with restricted access, ensuring enhanced security. All personnel involved in handling hazardous goods undergo comprehensive safety training. Additionally, transport companies actively participate in safety drills in collaboration with the plant’s fire brigade to ensure preparedness for emergencies.

International regulations, including UN Transport Regulations and IMO standards, govern the transportation of hazardous goods. These regulations establish specific requirements for packaged materials (IMDG), solid bulk cargoes (IMSBC), and bulk liquids (IBC). Professional transport companies manage all hazardous goods transportation, strictly adhering to these standards.

Customers

Elkem is committed to ensuring safe and responsible practices throughout its downstream value chain. This includes adherence to international sanctions and trade

controls, and strict regulatory and technical standards across all markets, supported by a robust global compliance framework. All sales channels are subject to initial screening and continuous monitoring against a sanctions- and blacklists database, facilitated by integration into our customer relationship management platform. Intermediaries (distributors, traders, and sales agents) are required to commit to the principles of ethical business conduct expressed in the Business partner Code of Conduct. Safety Data Sheets (SDS), aligned with the UN Globally Harmonised System, serve as essential tools for hazard communication, ensuring safe product handling by customers and employees. Products in sensitive applications, such as food, water, and healthcare, are subject to specific industry regulations.

Elkem’s Silicones division employs an advanced document management system for easy access to regulatory compliance information, certifications, and statements. To stay ahead of emerging regulations, the company actively participates in international trade associations and collaborates closely with customers and researchers. This collaboration drives innovation in eco-design, recycling processes, and the development of safer, more sustainable products, such as alternatives to cyclic silicones (D4, D5, D6).

By fostering transparency, teamwork, and innovation, Elkem recognises the vital role of its customers and partners in driving responsible practices and developing solutions that align with evolving regulatory and market expectations.

Policies related to value chain workers S2-1

Elkem’s policies and statements regarding value chain workers are supported by the HSE and sustainability policy, Code of Conduct for business partners, and human rights programme. Please refer to the section on governing documents under ESRS 2 for more details.

Processes for engaging with value chain workers about impacts S2-2

Elkem’s approach to human rights due diligence is guided by the United Nations Guiding Principles on Business and Human Rights. Elkem maintains regular engagement with suppliers to reinforce its expectations and commitment to ethical practices throughout the value chain. All suppliers are required to comply with legal requirements and proactively address operational hazards by presenting actionable plans to mitigate or eliminate risks while working with Elkem.

When working with high-risk suppliers, Elkem conducts audits during both routine visits and unannounced inspections, involving external auditors when necessary to maintain impartiality. In cases of non-compliance, the company issues warnings and requires immediate

corrective actions. Persistent violations are addressed decisively through improvement plans, financial penalties, or contract termination. These measures underscore Elkem's dedication to upholding a responsible and sustainable value chain.

The head of the compliance function and responsible for the development and maintenance of Elkem's human rights programme. Elkem's Corporate Procurement Council shapes and implements the company's global procurement and logistics strategy, policies, and procedures. Additionally, Elkem has allocated dedicated resources for critical aspects of its operations: one focuses on human rights due diligence and the rollout of a new Supplier Relationship Management (SRM) system while another ensures the sourcing of certified and deforestation-free biocarbon. These efforts reflect Elkem's proactive approach to embedding sustainability and ethical practices across its value chain.

The Norwegian Transparency Act and similar legislation
The chapters Human Rights Responsible Value Chain Management and Responsible Economic Practices have been developed to comply with the legal requirements to report/produce an annual statement as stated in the Forced Labour in Canadian Supply Chains Act (2023), the Norwegian Transparency Act (2021), and the UK Modern Slavery Act (2015). The reporting requirements apply to Elkem as an enterprise resident in Norway with total assets of more than NOK 35 million combined with, on average, more than 50 full-time employees, a supplier of goods with a total turnover of GBP 36 million or more in the UK, and as an entity engaged in producing, selling or distributing goods in Canada having with CAD 20 million or more in assets, CAD 40 million or more in revenue, and/or an average of 250 or more employees. The information is valid for Elkem ASA and its consolidated subsidiaries. The statement is approved and signed by the board of directors of the parent company Elkem ASA as part of their approval of the annual sustainability statement.

Processes to remediate negative impacts and channels for value chain workers to raise concerns S2-3
Elkem is dedicated to fostering trust with stakeholders and addressing concerns related to our operations. Elkem's grievance mechanism is designed for individuals and communities affected by our plants, projects, or other business activities worldwide. This mechanism enables stakeholders to provide feedback or raise concerns that are not related to compliance with the Elkem Code of Conduct. The grievance mechanism is managed by Elkem's environmental, social, and governance (ESG) team, which coordinates with relevant parts of the organisation to resolve issues effectively. Each grievance is

monitored and followed by the ESG team to ensure timely and appropriate resolution.

The Speak Up channel is a secure reporting platform for external and internal parties to report potential non-compliance with Elkem's Code of Conduct. This channel is hosted by an independent external supplier, ensuring anonymity for whistleblowers. Investigations related to Speak Up channel reports are led by Elkem's Corporate Compliance Officer and are conducted following strict confidentiality protocols. The Speak Up channel is available in multiple Elkem languages.

Elkem strongly encourages stakeholders to report any behaviour that violates our ethical guidelines. The company is fully committed to protecting whistleblowers from retaliation and ensures all reports are handled with confidentiality. Our processes ensure that remedial action is taken promptly in the event of an acute human rights violation and, if necessary, compensation is provided to affected individuals.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions S2-4
In 2022, Elkem engaged independent third-party advisors to conduct a human rights risk assessment to evaluate the effectiveness of current due diligence processes. The final report was issued in January 2023. It concluded that Elkem has a high inherent risk of adversely affecting human rights due to the company's nature of operations, geographic presence, and size and complexity of the supply chain. In addition, a human rights risk assessment previously identified inconsistent practices in supply chain management processes. It was noted that Elkem has good systems and processes in place to manage the risk of adverse impacts on our operations. The main observed gap was the lack of a global supplier management system, which reduces our ability to work risk-based and systematically address human rights risks in our supply chain. The advisors also noted that Elkem could benefit from more systematic training and awareness efforts.

Incidents and investigations that uncover unwanted practices that put the company at risk of causing, contributing to or being complicit in human rights violations, shall result in recommended remediation and improvement actions to reduce the future risk for similar non-compliances in the organisation. Such improvements could include updates and strengthening of governing documents, introduction of new internal controls, enhanced training and awareness activities, change of roles and responsibilities.

The effectiveness of our processes is regularly monitored through internal reviews. A full GAP analysis of current human rights work should be conducted every two years, informing priorities and strategic direction. These reviews can be performed internally or with external support.

During 2024, Elkem has implemented a SRM system. This global platform strengthens the company's ability to identify human rights risks, prioritise areas of high impact, and conduct systematic, risk-based supplier qualification and follow-up. The SRM system streamlines screening processes, standardises vetting procedures across divisions and jurisdictions, monitors compliance throughout the contract lifecycle, and improves supplier risk management. This initiative represents a significant step forward in Elkem's responsible sourcing approach.

Reducing raw material extraction is a central focus for Elkem, as the company seeks to minimise its impact on high-risk sectors. By prioritising circular solutions, Elkem aims to reduce dependency on primary resources and address potential risks to workers' well-being associated with mining activities.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S2-5
Elkem has aims to assess and screen all suppliers, and all raw material suppliers are subject to audits. This is done to reduce the risk of breaches of our Code of Conduct for Business Partners. In 2024 Elkem introduced a new supplier relations management system, lvalua, to better manage our suppliers and the associated risks.

	2024	2023	2022
Share of new suppliers subjected to assessment and pre-qualification screening	100%	80%	100%
Share of new raw material suppliers subjected to supplier audit	100%	50%	No audits due to Covid-19
Adverse human rights concerns in supply chain reported	0	0	0
Reported confirmed cases of child or forced labour	0	0	0
Number of cases reported through grievance mechanisms	5	1	6



ESRS S3

Affected communities

As an international organisation with operations in several countries globally, Elkem recognises the importance of engaging with and understanding the local communities in which it operates. Elkem advocates for responsible business conduct and human rights in all areas of its operation and value chain and consider local communities in its sustainability efforts.



Interests and views of stakeholders ESRS 2 SBM-2

Elkem actively identifies and addresses the interests and concerns of stakeholders to ensure that its operations, strategies, and decisions align with societal expectations and contribute to Elkem's responsible business conduct. Through structured stakeholder engagement, grievance management, and targeted action plans, Elkem ensures alignment with the interests and views of stakeholders. This approach underpins its commitment to responsible and sustainable business practices. This is done in several ways:

- Regular and scheduled meetings with certain stakeholders, e.g. meetings twice annually with Sámi reindeer districts close to our mining operations
- Running dialogue and scheduled meetings with policymakers through industrial organisations, e.g. Norsk Industri and Eurometaux
- Ad-hoc meetings and running dialogue with stakeholders, e.g. meetings and dialogue with investors and banks
- Participation in workshops and forums with peers and NGOs, e.g. ZERO's trilemma workshop series on biodiversity risks and land-use in Norway
- Elkem's grievance mechanism and Speak Up channel is open to all stakeholders, and all concerns are handled securely and to maintain the privacy of the person or entity who has contacted Elkem
- In 2024, Elkem received five cases through our grievance mechanism. The cases concerned suppliers that were unhappy with commercial conditions or who had lost contracts. The cases were investigated, but no further action was deemed necessary.

Identifying stakeholder interests

Elkem maintains ongoing dialogue with a broad range of stakeholders, including employees, local communities, academic institutions, industry partners, and environmental groups. Stakeholder input is gathered through regular consultations, partnerships, and grievance mechanisms to identify material concerns such as climate change, resource efficiency, and community development.

Collaborative initiatives

Elkem fosters partnerships to address stakeholder concerns through collective action. By participating in over 30 R&D projects across Europe and Norway and initiatives like the Heroes Race in Lyon, Elkem demonstrates its commitment to teamwork, innovation, and community well-being.

Continuous improvement through dialogue

Elkem recognises that stakeholder engagement is dynamic and requires constant adaptation. Feedback mechanisms and direct dialogue inform Elkem's decision-making processes, ensuring alignment with evolving societal and environmental expectations. This approach helps secure the long-term viability of Elkem's operations while contributing to shared goals for sustainability and community resilience.

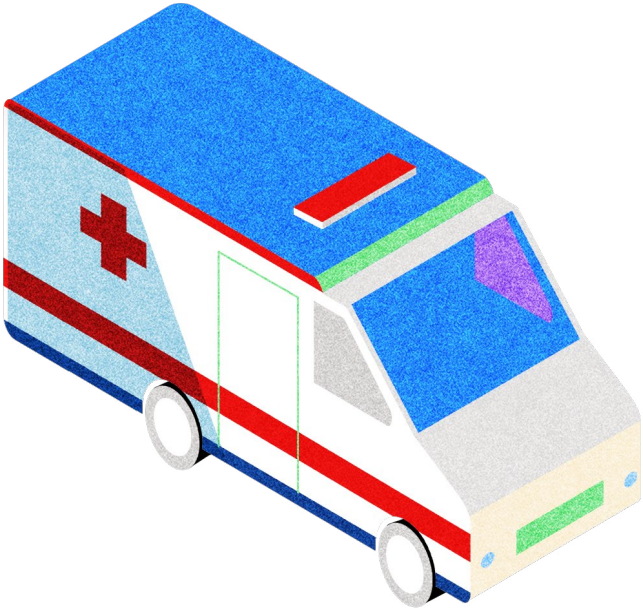
Material impacts, risks, and opportunities and their interaction with strategy and business model ESRS 2 SBM-3

As can be seen in the double materiality assessment, large mining, smelting and commercial activities around the world carry the risk of having an adverse impact on local communities. The risk of pollution through spills into local water bodies or soil, as well as air pollution as a result of business activities, can have an effect on local communities.

Elkem is committed to mitigating these impacts through sound business practices and management. Furthermore, it is of interest to Elkem to engage local communities and foster open dialogue. Elkem acknowledges its role in every local community where it operates and is committed to impacting local communities in a positive manner. This is achieved through traineeships, learnerships, as well as voluntary initiatives that supports the local community. In several operational sites, Elkem is one of the main employers of the affected community and is also on the contrary dependent on available workforce from local communities. This is also a motivation for Elkem to work towards being the employer of choice in local communities and having a positive impact, for example by creating more job opportunities.

Results of our double materiality assessment regarding affected communities can be found in the figure below. For further details of Elkem's double materiality assessment, please refer to section on governing documents under ESRS 2.

	Topic	Sub-topic	Description
S3	Affected communities	Communities' economic, social and cultural rights	Elkem plants are often cornerstone companies in small, underserved communities, and thus provide the basis to maintain the local communities.
			Elkem plants creates new jobs in underserved communities, both through own operations and among suppliers or supporting sectors.
			Elkem sites represent significant tax contribution to underserved communities where Elkem is present, thus positively contributing to local communities.
			Human rights violations, and rights of indigentous people, are a potential negative impact through Elkems sourcing, e.g. quartz mining, biocarbon sourcing, hydropower, deforestation, and land and resource use.
			Poor water treatment at plants may negatively affect the water quality around the plant thus impacting local wildlife and the drinking water of local communities.



Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Actual	Yes	Yes	Positive	High	Long	OO, VC
Actual	Yes	Yes	Positive	High	Short	OO, VC
Actual	Yes	Yes	Positive	High	Long	OO, VC
Potential	Yes	Yes	Negative	Low	Short to medium	VC
Potential	Yes	Yes	Negative	Low	Short	OO

Policies related to affected communities [S3-1](#)

Elkem’s operations directly affect people and the environment around our plants. In 2023, we codified our ambitions within energy management, biodiversity stewardship, and water-, resource-, and waste management in the new HSE policy. Policy engagements, involving external stakeholders and local communities in which Elkem operates, are outlined in the new HSE policy.

Elkem is committed to ensuring it has a positive impact on the local communities in which it operates or is considering expanding into. Further, Elkem is committed to mitigating any adverse impacts on local communities and external stakeholders, both through responsible business conduct and by providing channels for conversation between the organisation and its external stakeholders.

Please refer to the section on governing documents under ESRS 2 for more details.

Processes for engaging with affected communities about impacts [S3-2](#)

Elkem provides channels for external stakeholders to reach out to local Elkem sites or Elkem corporate, both with negative and positive concerns. Elkem is committed to limiting adverse impacts on affected communities and fostering positive impacts. Elkem aims to provide safe and stable job opportunities, as well as contribute to the economic and human development of our employees and the communities in which we operate.

Local stakeholder dialogue and the nature of community involvement differ from site to site to cater for historical and local needs and differences. Several Elkem plants have implemented local initiatives and support programmes, including initiatives for better education and local infrastructure, sports activities, local community poverty reduction and food support, healthcare, and other social impact initiatives.

Significant changes to Elkem operations require more extensive stakeholder dialogue. A recent example is the negotiations with the reindeer grazing district 7 (Rákkonjárga) in Tana, Norway. The expansion of one of the world’s largest quartzite mines will secure access to a key source of raw materials for the green transition. However, the expansion will impact local reindeer herding activities, and the parties have reached an agreement on mitigating measures to ensure sustainable coexistence.

Processes to remediate negative impacts and channels for affected communities to raise concerns [S3-3](#)

Elkem provides accessible channels for feedback and issue resolution, both for internal and external stakeholders. For specific numbers related to these channels, such as numbers of grievances and reported cases of misconduct, please review the section on Business conduct (ESRS G1):

- A public grievance mechanism, accessible through Elkem’s website, allows external stakeholders to raise concerns confidentially.
- A secure Speak Up channel supports internal and external parties in reporting misconduct or operational issues. These mechanisms are managed by the ESG Office, which oversees the resolution process in collaboration with relevant teams.

Taking action on material impacts on affected communities, approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions [S3-4](#)

Elkem has implemented tailored initiatives that address the diverse priorities of stakeholders:

Environmental Stewardship: The new sustainability policy codified in 2023, outlines goals for energy efficiency, biodiversity, water stewardship, and waste management. For example, in Tana, Norway, Elkem engaged in extensive consultations with local reindeer herders to mitigate the impacts of a quartzite mine expansion, ensuring sustainable coexistence.

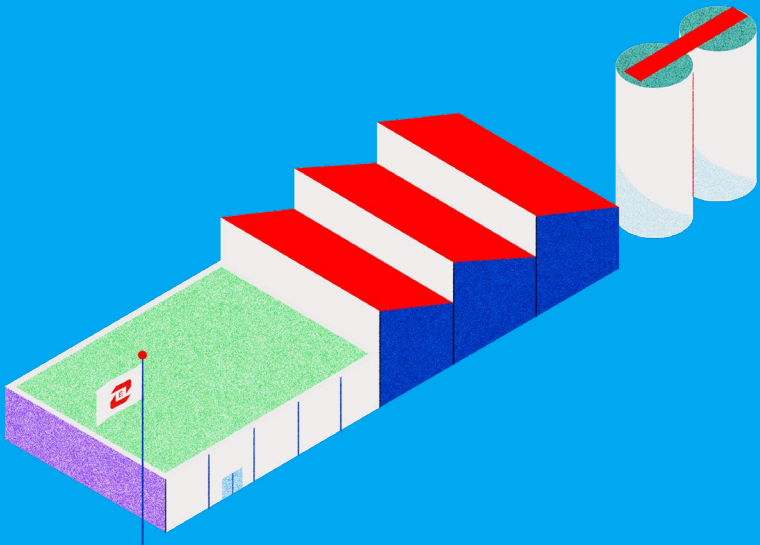
Community Support: Programmes such as the Ferroveld learnerships in South Africa and the Colorir project in Brazil focus on education and skill-building, addressing local socio-economic needs while preparing future talent.

Innovation: Collaborative projects like Sicalo and BioSiMS align with stakeholder expectations for decarbonisation and a circular economy, demonstrating Elkem’s commitment to the green transition.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities S3-5

Elkem actively works to address and maintain the material impacts it has on the affected communities where it has operations. This includes implementing voluntary initiatives to strengthen its ties with the community. For example, Elkem sponsors local sports teams, schools, and institutions. Further, targets to ensure compliance with permits and regulations, thus mitigating impacts on local soil, air and water through pollution, are rigorously maintained. Any deviations are treated as HSE deviations and corrected as per permit allowances and internal processes. Elkem will explore the possibility to establish a outcome-oriented and time-bound target related to affected communities.

For sites where Elkem is a primary employer, initiatives are continuously implemented to ensure that Elkem would be the employer of choice in the community and that the community feels heard and seen in regard to any grievances. As Elkem sites are often located in or close to underserved communities, Elkem often serves as a cornerstone employer and a significant source of tax revenue for these communities. Given this role, Elkem is critical for these communities' survival.



ESRS G1

Business conduct

Elkem prioritises sound corporate governance to drive value creation and reinforce trust among stakeholders. The company adheres to responsible economic practices, explicitly advocating for zero tolerance toward corruption and strict compliance with anti-money laundering and antitrust laws. By upholding honesty, respect, and ethical standards in its operations, Elkem is committed to conducting business responsibly in a global marketplace with ever-evolving regulatory requirements.

	Topic	Sub-topic	Description
G1	Business conduct	Corruption and bribery	<p>Corruption taking place in our value chain, and thus can contribute to shadow economies.</p> <p>Solid corporate culture and training can reduce the risk of bribery, and established Speak Up channels and policy protecting internal and external whistleblowers.</p>

Governance



Role of administrative, supervisory and management bodies GOV-1

Elkem's governance policy outlines the roles and responsibilities of its administrative, supervisory, and management bodies. The General Meeting, Elkem's highest governing body, elects the board of directors and makes key decisions such as approving the annual report and deciding on dividends. The board of directors manages the overall direction and strategy of the group, ensuring compliance with governance principles and overseeing the management team. Within the board, there are several committees, including the nomination committee, which recommends candidates for the board and other key positions, the audit committee, which oversees financial reporting and internal controls, and the remuneration committee, which advises on executive compensation.

The governance framework also includes the internal control and Internal audit committee and the compliance committee, which play crucial roles in maintaining the integrity and ethical standards of the organisation. The internal control and Internal audit committee is tasked with reviewing Elkem's internal control system and governance processes, ensuring compliance with regulations, and evaluating risk management systems. This committee reports its findings to the audit committee and the board, providing recommendations for improvements. The compliance committee oversees the group's compliance programme, ensuring that operations are conducted ethically and in line with regulatory requirements. It advises on compliance-related matters and promotes a culture of integrity within the organisation. Together, these committees ensure that Elkem operates with a high standard of corporate governance, maintaining transparency, accountability, and sustainable growth.

Actual or potential impact (A/P)	Material impact	Financial impact	Positive or negative impact	Impact score (based on irremediability, scale, scope, and likelihood)	Timeframe	Own operations (OO) or value chain (VC)
Potential	Yes	No	Negative	Medium	Short	VC
Actual	Yes	Yes	Positive	Low	Short	OO, VC

Material impacts, risks and opportunities IRO-1

Elkem has global value chains and this constitutes a potential negative impact related to corruption, bribery, and economic misconduct. The risk and potential negative impact are evident in both our supply chain, but perhaps especially where we use external distributors and sales agents. Conversely, Elkem has a positive impact through our management of this topic. We have comprehensive training for all employees, and specific training for personnel in procurement or other exposed roles, and the group has solid internal control and compliance experts, at corporate level but also in the line. A dedicated Speak Up channel, that ensures the privacy of the whistleblower and the subject, is established and open to all stakeholders. Elkem also reports transparently on suspected cases of misconduct. These elements are key elements of a strong corporate culture to reduce the potential negative impact and related risk.

Elkem faces several grouped risks that could impact its operations and reputation. Increasing regulatory requirements for due diligence and transparency may necessitate additional resources to screen, monitor, and manage the relationship with third parties that Elkem interact with, including customers, intermediaries, and suppliers. Elkem must adhere to numerous sanctions and trade regulations, financial crime legislation, and laws enacted to protect the human rights of people affected by Elkem's operations. Breach of sanctions and trade regulations or becoming directly or indirectly involved in human rights violations or financial crime, could result in significant financial penalties. Given the shifting geopolitical landscape, severe violations could also result in direct sanctions on Elkem, which would be detrimental to Elkem. In light of our internal controls the probability of this is low, but given the potential significant financial impact, the risk is categorised as medium to Elkem.

Reputational and ethical risks arise from increasing stakeholder expectations to responsible sourcing and procurement. Limited capacity to manage supplier relationships and ensure their compliance with the Code of Conduct for business partners poses a risk of associating with high-risk suppliers, potentially leading to reputational damage. The risk is partially mitigated by existing screening processes for all new suppliers and audit requirements for high risk raw material suppliers, and the risk impact is therefore categorised as low.

Furthermore, insufficient transparency in Elkem's political engagements across different markets could harm its reputation, but this is also considered a low risk as Elkem's political influence is primarily done transparently, through industry organisations.

Operational and strategic risks include the potential for supply shortages if key suppliers fail to meet screening requirements or if increased demands from Elkem lead to compliance issues. Additionally, Elkem must navigate the stringent requirements set by the EU, and this could in turn result in unfavourable framework conditions for Elkem. This is also a medium risk as the financial impact is significant. These grouped risks highlight the need for robust governance, comprehensive risk management, and proactive stakeholder engagement to ensure Elkem's sustainable growth and integrity.

Business conduct policies and corporate culture

G1-1 Elkem's governing documents set out principles for how business should be conducted. These apply to all Elkem entities. Elkem's Code of Conduct and governance policy is anchored at the top and approved by the board of directors in Elkem. The operational management of compliance issues is handled through our corporate compliance team. The team supports Elkem employees and management with the tools and advice on the need to act responsibly and in line with Elkem's Code of Conduct. These documents are described in detail under the ESRS 2 section on governing documents.

Elkem invests significantly in developing relevant, engaging compliance training for its workforce. Elkem has reinforced its training programme with eLearning courses on the Code of Conduct, compliance awareness to newcomers, and anti-corruption modules covering high risk processes such as gifts and hospitality, conflicts of interest, and sponsoring and donations. Many modules are available in multiple languages spoken across the group.

In 2024, Code of Conduct training is mandatory for all office-based employees and all new hires. Several other modules and courses were made mandatory for specific target groups based on an assessment of risk exposure. This training is supported by a global learning platform and new in-house content development tools, enabling tailored, risk-based training that meets the specific needs of diverse employee roles.

To mitigate the risk of anti-competitive behaviour, Elkem conducts assessments to identify high-risk jurisdictions and employee groups vulnerable to such practices. The company provides targeted eLearning on competition law, as well as bespoke training sessions to ensure employees comply with established standards. Elkem's commitment is further strengthened by dawn raid guidelines implemented across all major sites, coupled with specific training to prepare employees and management for compliance with competition laws.

Prevention and detection of corruption and bribery G1-2, G1-3

Elkem enforces a strict anti-bribery and corruption policy, especially in jurisdictions where it operates in high-risk environments. A risk-based approach enables Elkem to continuously improve its anti-bribery measures, including risk assessments that guide both existing and new business ventures. By proactively engaging in this way, Elkem reaffirms its zero-tolerance policy and dedication to ethical business practices.

Elkem acknowledges the role that business partners play in maintaining high ethical standards. Through our Business partner Code of Conduct, Elkem requires business partners such as agents, consultants, suppliers, and joint ventures to adhere to these standards. In 2024, the company launched a global supplier relationship management (SRM) platform to further strengthen risk management, providing a robust framework for evaluating and controlling supplier relationships.

Elkem encourages a culture where employees and external stakeholders can report potential misconduct securely and without fear of retaliation. A professional Speak Up channel securely hosted by a third party

supports confidential and anonymous reporting in multiple languages via web or telephone. Significant matters may be escalated to senior management or the audit committee, and Elkem maintains a zero-tolerance policy against retaliation.

Elkem is committed to full compliance with tax laws across its global operations, focusing on transparency and collaboration with tax authorities. With a low-risk tolerance in tax planning, Elkem’s tax function aligns with the company’s risk management framework and undergoes annual reviews. Elkem engages third-party advisors where necessary, ensuring adherence to legal requirements and maintaining open relationships with tax authorities.

In 2024, Elkem reported no significant legal or regulatory violations that resulted in material penalties. The company defines significance based on impacts on the environment, production continuity, and economic effects, maintaining stringent internal controls to prevent non-compliance. Elkem has not uncovered any instances where Elkem or Elkem’s subsidiaries have not adopted or refused to adopt the governing documents approved and implemented by the board.

Compliance training table

Training module	Target group	Frequency	Course type	Number of people in target group 2024	Completion rate 2024
Introduction to Elkem’s Code of Conduct	All new employees	At start of employment with Elkem	Elearning (alternatively classroom for blue collar employees)	451	87.4%
Compliance awareness training to newcomers	All new white-collar employees	At start of employment with Elkem	Elearning	23	95.7%
Code of Conduct refresher	All current white collar employees	Annual	Elearning	6 668	99.1%
Elkem Sanctions School	Risk based target group	One-off risk-based campaigns.	Elearning	861	99.4%
Introduction to human rights	Risk based target group	Subsequent assignment to new employees meeting target group definition	Elearning	391	100%
Anti-trust	Risk based target group		Elearning	1 022	96.3%

Actions and resources related to business conduct G1-MDR-A

To address the listed impacts and risks Elkem has improved its internal training, as described above, and strong internal controls and compliance resources are in place. Our ambition is to continuously improve our compliance programme in accordance with evolving requirements and best practice.

One short-term priority is to continue to refine our third party risk management processes, with particular focus on high risk intermediaries (resellers / distributors and sales agents). These efforts will build on our existing sanctions compliance programme but also incorporate anti-corruption controls to ensure a holistic and streamlined process for qualification, approval, and relationship management of such high risk third parties.

The compliance team will also work closely with the procurement organisation to add and refine functionality to extract maximum value from our SRM platform. Our aim is to further improve upon our risk-based supplier qualification and follow-up requirements to encompass all relevant compliance risks such as sanctions, corruption, and human- and labour rights. For our legacy suppliers we will prioritise high risk categories of suppliers and engage through the supplier owners to renew / update their commitment to Elkem’s Code of Conduct for business partners.

Our training programme will continue to evolve, with an aim to provide relevant and targeted training to increase training effectiveness. In 2024 Elkem developed anti-corruption training modules covering high risk processes such as gifts and hospitality, conflicts of interest, and sponsoring and donations. These will be assigned to specific target groups deemed to be in risk exposed roles, e.g. the sponsoring and donation course will be targeted towards plant managers and others involved in approving such expenditure.

In 2025, the compliance programme will be subject to a review by an independent external party. The scope of the engagement is to conduct a top-down approach assessment focusing on Elkem’s compliance management system and whether it is comprehensive, systematic and effective, reflecting Elkem’s complexity and needs. The findings and recommendations from this review will provide strategic direction for the compliance team for the medium term.



Incidents of corruption or bribery G1-4, G1-MDR-T

In 2024, Elkem recorded the following instances of suspected misconducts, and the table shows the overview, and also the number of substantiated cases.

	Metric	2024	2023	2022	Development
Total number and nature of misconduct reports	Number	26	15	14	73.3%
		Inappropriate workplace behaviour and harassment: 13 HSE violation: 2 Corruption and fraud: 4 Conflict of interest: 3 Company/professional code violation: 3 Sanction violation: 1	Company/professional code violation: 2 Conflict of interest: 3 Corruption and fraud: 4 HSE violation: 1 Inappropriate workplace behaviour and harassment: 2 Rights and protection of individuals: 1 HR case: 2		
Number of confirmed cases of corruption** and fraud	Number	1	1	6	No change
Number of confirmed incidents in which employees were dismissed or disciplined for corruption**	Number	1	0	2	
Public legal cases regarding corruption** brought against the organisation or its employees	Number	1	0	0	100%
"Confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption***"	Number	0	0	5	No change

Political influence and lobbying activities G1-5

Elkem actively engages with government policymakers, media, civil society, non-governmental organisations and international institutions to communicate its stance on key industry issues. Elkem does not support political or religious organisations, individuals or groups not part of recognised charities, discriminatory or harmful activities, or any activities violating laws, Elkem’s Code of Conduct, or internal policies. This is outlined in our Sponsoring and donations procedure. Exceptions include small symbolic gestures around employees’ religious holidays, which

follow the gifts and hospitality procedure. Elkem primarily represents its interests in external dialogues through industrial organisations. If external lobbyists are hired, it is done legally and transparently, with prior approval from the VP of Corporate Communications & Public Affairs, and in line with the third party risk management procedure. All sponsorships and social contributions must adhere to Elkem’s Code of Conduct and anti-corruption requirements.

Organisation	Partnership/membership fee for 2024
Norsk Industri	NOK 1 045 167 (EUR 88 949)
Eurometaux	EUR 57 917
Euroalliages	EUR 280 393
Miljøstiftelsen ZERO	NOK 403 500 (EUR 34 340)
Silicones Europe/CEFIC	EUR 371 000
Global Silicones Council /SEHSC	EUR 917 000

Payment practices G1-6

Elkem strives to pay all invoices within reasonable time. The key guideline is to pay the invoice within 45 days of it being issued. This is regardless of whether it is a large corporate supplier or an SME.



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	E3-3	138	Targets related to water and marine resources
	E3-4	139	Water consumption
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	ESRS 2	143	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS E4	SBM-3	143	Material impacts, risks and opportunities and their interaction with strategy and business model
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To the General Meeting of Elkem ASA

Independent Sustainability Auditor’s Limited Assurance Report

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Elkem ASA (the «Company»), included in the section Sustainability Statement of the Board of Directors' report (the «Sustainability Statement»), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the «Process») is in accordance with the description set out in section Double Materiality Assessment - Material impacts, risks and opportunities; and
- compliance of the disclosures in the section Statement on the EU Taxonomy for Sustainable Economic Activities of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the «Taxonomy Regulation»).

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information («ISAE 3000 (Revised)»), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Sustainability Auditor's Responsibilities* section of our report.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

The Board of Directors and the Managing Director (Management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in section Double Materiality Assessment - Material impacts, risks and opportunities of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in the section Statement on the EU Taxonomy for Sustainable Economic Activities of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

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Bodø	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Straume	



Sustainability Auditor's Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in section Double Materiality Assessment - Material impacts, risks and opportunities.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in section Double Materiality Assessment - Material impacts, risks and opportunities.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
 - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
 - Obtaining an understanding of the Group's risk assessment process;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 19 March 2025
KPMG AS

Stian Tørrestad
State Authorised Public Accountant – Sustainability Auditor



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Consolidated statement of profit or loss

Amounts in NOK million	Note	2024	2023 Restated ¹⁾
1 January - 31 December			
Revenue	7	17 810	21 134
Other operating income	8	1 066	331
Share of profit (loss) from equity accounted investments	5	(6)	44
Total operating income	6, 40	18 870	21 510
Raw materials and energy	10	(8 313)	(10 825)
Employee benefit expenses	11	(2 766)	(2 662)
Other operating expenses	13	(4 283)	(4 173)
Amortisation and depreciation	17, 18, 19	(931)	(844)
Impairment losses	17, 18, 19	(168)	(25)
Other items	14	(316)	596
Operating profit (loss)		2 094	3 577
Share of profit (loss) from equity accounted financial investments	5	(143)	(63)
Finance income	15	107	137
Foreign exchange gains (losses)	15	247	(106)
Finance expenses	15, 18	(778)	(666)
Profit (loss) before income tax		1 526	2 879
Income tax (expense) benefit	16	588	(781)
Profit (loss) for the year for the year from continuing operations		2 115	2 097
Profit (loss) for the year from discontinued operations	40	(1 538)	(1 927)
Profit (loss) for the year		577	170
Attributable to:			
Non-controlling interests' share of profit (loss)		89	98
Owners of the parent's share of profit (loss)		488	72
Earnings per share in NOK:			
Basic	35	0.77	0.11
Diluted	35	0.77	0.11

¹⁾ See note 39 Change in presentation 

Consolidated statement of comprehensive income

Amounts in NOK million	Note	2024	2023
1 January - 31 December			
Profit (loss) for the year		577	170
Remeasurement of defined benefit pension plans	11	8	(19)
Tax effects on remeasurement of defined benefit pension plans	16	(1)	4
Change in fair value of equity instruments		2	3
Share of other comprehensive income (loss) from equity accounted companies	5	0	(0)
Total items that will not be reclassified to profit or loss		9	(12)
Currency translation differences		1 154	476
Hedging of net investment in foreign operations	31	(128)	(199)
Tax effects hedging of net investment in foreign operations	16	28	44
Cash flow hedges	31	29	(1 294)
Tax effects on cash flow hedges	16	(13)	285
Share of other comprehensive income (loss) from equity accounted companies	5	4	3
Total items that may be reclassified to profit or loss in subsequent periods		1 074	(686)
Cash flow hedges	31	14	170
Tax effects on cash flow hedges	16	3	(37)
Total reclassification adjustments for the period		17	132
Other comprehensive income (loss) for the year, net of tax		1 100	(566)
Total comprehensive income for the year		1 677	(396)
Attributable to:			
Non-controlling interests' share of comprehensive income		98	102
Owners of the parent's share of comprehensive income		1 579	(498)
Total comprehensive income for the year		1 677	(396)

Consolidated statement of financial position

Amounts in NOK million	Note	31.12.2024	31.12.2023
Assets			
Property, plant and equipment	17, 21	8 405	22 754
Right-of-use assets	18, 21	403	854
Other intangible assets	19, 21	216	1 458
Goodwill	20, 21	329	1 015
Deferred tax assets	16	738	134
Equity accounted investments	5	230	1 296
Derivatives	30, 31	1 012	977
Other assets	24	985	556
Total non-current assets		12 320	29 045
Inventories	22	6 038	9 018
Trade receivables	23	1 960	3 209
Derivatives	30, 31	267	411
Other assets	24	1 254	2 062
Restricted deposits	25	7	388
Cash and cash equivalents	25	4 397	6 367
Total current assets		13 923	21 455
Assets classified as held for sale	40	27 189	-
Total assets		53 432	50 500
Equity and liabilities			
Paid-in capital	34	3 502	3 498
Retained earnings		22 410	20 827
Non-controlling interests		109	133
Total equity		26 020	24 458
Interest-bearing liabilities	18, 26	11 817	13 509
Deferred tax liabilities	16	238	935
Employee benefit obligations	11	238	507
Derivatives	30, 31	485	235
Provisions and other liabilities	29	267	279
Total non-current liabilities		13 045	15 465
Trade payables		2 076	5 281
Income tax payables		106	240
Interest-bearing liabilities	18, 26	1 090	1 231
Bills payables	28	-	1 466
Employee benefit obligations	11	471	912
Derivatives	30, 31	140	66
Provisions and other liabilities	29	815	1 381
Total current liabilities		4 698	10 576
Liabilities classified as held for sale	40	9 668	-
Total equity and liabilities		53 432	50 500

Oslo, 12 March 2025					
					
Bo Li	Dag Jakob Opedal	Dachuan Dong	Terje Andre Hanssen	Thomas Eggan	Olivier Tillette de Clermont-Tonnerre
Chair	Vice chair	Board member	Board member	Board member	Board member
					
Wei Yao	Marianne E. Johnsen	Grace Tang	Marianne Færøyvik	Nathalie Brunelle	Helge Aasen,
Board member	Board member	Board member	Board member	Board member	CEO

Consolidated statement of cash flows

Amounts in NOK million	Note	2024	2023
1 January - 31 December			
Operating profit (loss) from continuing operations	40	2 094	3 577
Operating profit (loss) from discontinued operations	40	(1 382)	(1 895)
Amortisation, depreciation and impairment losses	17, 18, 19	2 852	2 406
Changes in working capital	36	(629)	1 584
Equity accounted investments	5	27	22
Changes in fair value of derivatives		475	(59)
Changes in provisions, bills receivable and other		(27)	(47)
Interest payments received		119	179
Interest payments made		(885)	(716)
Income taxes paid		(614)	(2 281)
Total cash flow from operating activities		2 030	2 769
Investments in property, plant and equipment and intangible assets	17, 19	(3 398)	(4 988)
Received investment grants	9	64	132
Proceeds from sale of property, plant and equipment	17, 19	17	77
Business combinations	4	-	(152)
Disposal of equity accounted investments		10	-
Payment of contingent consideration related to acquisitions (IFRS 3)	29, 36	-	(38)
Acquisition of and capital contribution to equity accounted investments	5	(4)	(329)
Other investments / sales		9	(1)
Total cash flow from investing activities		(3 303)	(5 299)
Dividends paid to non-controlling interests		(123)	(104)
Dividends paid to owners of the parent	33	-	(3 815)
Net sale (purchase) of treasury shares	34	5	(8)
Payment of lease liabilities	18, 26	(143)	(209)
New interest-bearing loans and borrowings	26	2 470	3 911
Payment of interest-bearing loans and borrowings	26	(1 474)	(262)
Total cash flow from financing activities		737	(487)
Change in cash and cash equivalents		(536)	(3 017)
Currency translation differences		238	129
Cash and cash equivalents opening balance		6 367	9 255
Cash and cash equivalents closing balance		6 070	6 367
Of which cash and cash equivalents in assets held for sale	40	1 673	-
Of which cash and cash equivalents in continuing operations	25	4 397	6 367

Consolidated statement of changes in equity

2024

Amounts in NOK million	Share capital	Other paid-in capital	Total paid-in capital	Foreign currency translation reserve
Opening balance	3 197	301	3 498	2 231
Profit (loss) for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	1 044
Total comprehensive income for the year	-	-	-	1 044
Share-based payments (note 12)	-	2	2	-
Net movement treasury shares (note 34)	-	1	1	-
Dividends to equity holders (note 33)	-	-	-	-
Closing balance	3 197	305	3 502	3 275

2023

Amounts in NOK million	Share capital	Other paid-in capital	Total paid-in capital	Foreign currency translation reserve
Opening balance	3 197	3 030	6 228	1 914
Profit (loss) for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	317
Total comprehensive income for the year	-	-	-	317
Share-based payments (note 12)	-	8	8	-
Net movement treasury shares (note 34)	-	(3)	(3)	-
Dividends to equity holders (note 33)	-	(2 734)	(2 734)	-
Closing balance	3 197	301	3 498	2 231

Notes to the consolidated financial statements

1. General information

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded on Oslo Børs. Elkem ASA is owned 52.9 per cent by Bluestar Elkem International Co. Ltd S.A., Luxembourg, which is under the control of Sinochem Holdings Co., Ltd (Sinochem), a company registered and domiciled in China.

Elkem is one of the world’s leading providers of advanced material solutions shaping a better and more sustainable future. The company develops silicones, silicon products and carbon solutions by combining natural raw materials, renewable energy and human ingenuity. Elkem helps its customers create and improve essential innovations like electric mobility, digital communications, health and personal

care as well as smarter and more sustainable cities. With a strong track record since 1904, its global team of more than 7 200 people have a joint commitment to stakeholders: Delivering your potential. In 2024, Elkem Group total achieved an operating income of NOK 33 004 million.

The consolidated financial statements for Elkem ASA (hereafter Elkem/the group), including notes, for the year 2024 were authorised for issue by the board of directors’ of Elkem ASA on 12 March 2025.

2. Basis for preparing the consolidated financial statements

Compliance
The consolidated financial statements are prepared and in accordance with International Financial Reporting Standards (IFRS®) as endorsed by the European Union (EU) and effective at 31 December 2024. All accounting policies are used consistently by all subsidiaries in the consolidated financial statement. Relevant financial reporting principles are described in each note to the consolidated financial statements.

Preparation of consolidated financial statements
The consolidated financial statements are prepared on a historical cost basis, with the exception of derivative financial instruments and other financial assets measured at fair value.

The presentation currency of Elkem is Norwegian Krone (NOK). All financial information is presented in NOK million, unless otherwise stated. As a result of rounding adjustments, the amounts shown in one or more rows and columns included in the consolidated financial statements, may not add up to the total.

In text, the current year’s figures are presented outside parentheses, followed by the comparative figures presented in parentheses.

On 23 January 2025 the group announced its intention to perform a strategic review of the Silicones business area, and it initiated an active programme to locate a buyer for the Elkem Silicones operating segment. At the end of the fourth quarter it was assessed that Elkem Silicones meets the criteria for held for sale. Elkem Silicones operating segment represents a major line of business and per 31 December 2024 a sale is regarded to be highly probable to occur within one year. Elkem Silicones

operating segment is held for sale and is therefore classified as discontinued operations in the 2024 financial statement. The income statement for 2023 has been restated to classify Silicones operating segment as discontinued operations. In the 2024 statement of financial position, the Silicones segment is presented as held for sale. The statement of cash flows and note 6 Operating segments provide information for the entire Elkem group (Elkem group total). Unless otherwise specified, notes related to the income statement reflect continuing operations. For the statement of financial position, the 2024 numbers relate to continuing operations, while the 2023 numbers relate to Elkem group total. When totals for both continuing and discontinued operations are disclosed, it will be specified that the information is for Elkem group total. See note 40 Assets held for sale and discontinued operations for further information.

The consolidated financial statements have been prepared under the going concern assumption.

Foreign currency translation
Each entity in the group determines its functional currency based on the economic environment in which it operates, and items included in the financial statements of each entity are measured using that functional currency. When preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency are recognised in the functional currency, using the transaction date’s currency rate.

Monetary items denominated in foreign currencies are translated to each entity’s functional currency using the closing rate at the end of the reporting period, and any gains

(losses) are reported in the statement of profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured. Currency gains (losses) related to operating activities, i.e. receivables, payables, cash and cash equivalents for operating purposes including current intragroup balances, are recognised as a part of other items. Currency effects recognised in finance income and expenses are only related to financing activities such as loans, lease liabilities, long-term placements and dividends.

Foreign currency differences are recognised in other comprehensive income for the following items:

- a financial asset or liability designated as a hedging instrument in a cash flow hedge, to the extent that the hedge is effective
- loans in foreign currencies designated as hedging instruments in a hedge of a net investment in a foreign operation

In consolidation of the statement of profit or loss and the statement of financial position, separate group entities with other functional currency than the group's presentation currency, are translated directly into the presentation currency as follows:

- Assets and liabilities are translated using the exchange rate at the end of the reporting period
- Income and expenses are translated using an average exchange rate per month
- Equity transactions, except for profit or loss for the period, are translated using the transaction date rates

All resulting exchange differences are booked as a separate component in other comprehensive income (OCI)

Any goodwill arising on acquisition of a foreign operation and any fair value adjustment to the carrying amount of assets and liabilities arising on the acquisition, are treated as assets and liabilities of the foreign operations. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation, is recognised in the statement of profit or loss.

Statement of cash flows

The statement of cash flows is prepared under the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash effect items. Interest received and paid and other financial expenses, such as bank guarantee expenses, are reported as a part of operating activities. Net currency gains or losses related to financing activities are

reported as part of financing activities. Dividends received from joint ventures and associates that do not operate within Elkem's main business areas are included in investing activities.

Dividend to shareholders

Dividend is recognised as a liability when the shareholders' right to payment is established, which is when the dividend is approved by the general meeting.

Changes in accounting policies and correction of material errors

Changes in accounting policies and correction of material errors are recognised retrospectively by restating the comparative amounts for the prior period presented, including the opening balance of the prior year.

Changes in accounting policy

From 1 January 2024 Elkem has changed the principle for presentation of grants related to income from other operating income to net presentation where the grants are deducted from the expenses for which the grants have compensated. This results in more relevant information about the impact of grants related to income and is consistent with the presentation of investment grants as reduction of depreciation. Please refer to note 39.

New and revised standards - adopted

No new or revised standards have been adopted in 2024.

New standards, interpretations and amendments - not yet effective

IFRS 18 will replace IAS 1 Presentation of financial statements, effective from January 1 2027. The standard introduces new requirements with the intention to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, is expected to impact presentation and disclosure. Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. No other standards, interpretations or amendments published at the balance sheet date are expected to have significant effect on the group.

3. Accounting estimates

The preparation of the consolidated financial statements according to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. When management makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the actual outcome.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of reported estimates are recognised in the period in which the estimates are revised and in any future period affected. Changes in accounting estimates are recognised prospectively by including them in the statement of profit or loss in the period of the change and future periods if the change affects both.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in the following notes:

- Note 16 Taxes
- Note 21 Impairment assessments
- Note 29 Provisions and other liabilities
- Note 30 Financial assets and liabilities
- Note 40 Assets held for sale and discontinued operations

4. Composition of the group

Principle application and judgements

Consolidation

The consolidated financial statements include the financial statements of Elkem ASA and entities controlled directly or indirectly by Elkem ASA.

Business combinations

The acquisition method of accounting is used to account for business combinations made by the group.

IFRS 3 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.

Elkem ASA and the following subsidiaries and joint operations make up the composition of the group and are included in the consolidated financial statements

Company	Functional currency	Country of incorporation	31.12.2024 Equity interests	31.12.2023 Equity interests	Owner
Elkania DA (Joint operation)	NOK	Norway	50 %	50%	Elkem ASA
Elkem (Thailand) Co., Ltd.	THB	Thailand	100 %	100%	Elkem ASA
Elkem Carbon (China) Co., Ltd.	CNY	China	100 %	100%	Elkem Carbon Singapore Pte. Ltd.
Elkem Carbon AS	NOK	Norway	100 %	100%	Elkem ASA
Elkem Carbon Malaysia Sdn. Bhd.	MYR	Malaysia	100 %	100%	Elkem Carbon AS
Elkem Carbon Singapore Pte. Ltd.	SGD	Singapore	100 %	100%	Elkem Carbon AS
Elkem Carbon Slovakia, a.s.	EUR	Slovakia	100 %	100%	Elkem Carbon AS
Elkem Chartering Holding AS	NOK	Norway	80 %	80%	Elkem ASA
Elkem Digital Office AS	NOK	Norway	100 %	100%	Elkem ASA
Elkem Distribution Center B.V.	EUR	Netherlands	100 %	100%	Elkem ASA
Elkem Dronfield Ltd.	GBP	United Kingdom	100 %	100%	Elkem UK Holdings Ltd.
Elkem Egypt for Industry, Contracting & Trading S.A.E.	USD	Egypt	100 %	100%	Elkem International AS
Elkem Ferroveld JV (Joint operation)	ZAR	South Africa	50 %	50%	Elkem Carbon AS
Elkem Foundry (China) Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
Elkem GmbH	EUR	Germany	100 %	100%	Elkem ASA
Elkem Iberia S.L.U	EUR	Spain	100 %	100%	Elkem ASA
Elkem International AS	NOK	Norway	100 %	100%	Elkem ASA
Elkem International Trade (Shanghai) Co., Ltd.	CNY	China	100 %	100%	Elkem International AS
Elkem Ísland ehf.	NOK	Iceland	100 %	100%	Elkem ASA
Elkem Japan K.K.	JPY	Japan	100 %	100%	Elkem ASA
Elkem Korea Co., Ltd.	KRW	Republic of Korea	100 %	100%	Elkem ASA
Elkem Ltd.	GBP	United Kingdom	100 %	100%	Elkem UK Holdings Ltd.
Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd. STI	EUR	Turkey	100 %	100%	Elkem International AS
Elkem Materials, Inc.	USD	USA	100 %	100%	NEH LLC
Elkem Materials Processing (Tianjin) Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
Elkem Materials Processing Services BV	EUR	Netherlands	100 %	100%	Elkem ASA
Elkem Materials South America Ltda.	BRL	Brazil	100 %	100%	Elkem Materials, Inc.
Elkem Metal Canada Inc.	CAD	Canada	100 %	100%	Elkem ASA
Elkem Milling Services GmbH	EUR	Germany	100 %	100%	Elkem ASA
Elkem Nordic A.S.	DKK	Denmark	100 %	100%	Elkem ASA
Elkem Oilfield Chemicals FZCO Ltd.	AED	UAE	51 %	51%	Elkem ASA
Elkem Paraguay S.A.	USD	Paraguay	100 %	100%	Elkem ASA ¹⁾
Elkem Participações Indústria e Comércio Limitada	BRL	Brazil	100 %	100%	Elkem Carbon AS
Elkem Processing Services S.A.	EUR	Belgium	100 %	100%	Elkem ASA
Elkem S.à r.l.	EUR	France	100 %	100%	Elkem ASA
Elkem S.r.l.	EUR	Italy	100 %	100%	Elkem ASA

Company	Functional currency	Country of incorporation	31.12.2024 Equity interest	31.12.2023 Equity interest	Owner
Elkem Silicon Materials (Lanzhou) Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
Elkem Silicon Product Development AS	NOK	Norway	100 %	100%	Elkem ASA
Elkem Siliconas España S.A.U	EUR	Spain	100 %	100%	Elkem ASA
Elkem Silicones (UK) Ltd.	GBP	United Kingdom	100 %	100%	Elkem UK Holdings Ltd.
Elkem Silicones Brasil Ltda.	BRL	Brazil	100 %	100%	Elkem ASA
Elkem Silicones Canada Corp.	CAD	Canada	100 %	100%	Elkem ASA
Elkem Silicones Czech Republic, s.r.o.	CZK	Czech Republic	100 %	100%	Elkem ASA
Elkem Silicones Finland OY	EUR	Finland	100 %	100%	Elkem ASA
Elkem Silicones France SAS	EUR	France	100 %	100%	Elkem ASA
Elkem Silicones Germany GmbH	EUR	Germany	100 %	100%	Elkem ASA
Elkem Silicones Guangdong Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
Elkem Silicones Hong Kong Co., Ltd.	HKD	Hong Kong	100 %	100%	Elkem ASA
Elkem Silicones Korea Co., Ltd.	KRW	Republic of Korea	100 %	100%	Elkem ASA
Elkem Silicones Material Zhongshan Co., Ltd.	CNY	China	100 %	100%	Elkem Silicones Guangdong Co., Ltd.
Elkem Silicones México S. De R.L. De C.V.	MXN	Mexico	100 %	100%	Elkem ASA
Elkem Silicones Poland sp. z o.o.	PLN	Poland	100 %	100%	Elkem ASA
Elkem Silicones Scandinavia AS	NOK	Norway	100 %	100%	Elkem ASA
Elkem Silicones Services S.à r.l.	EUR	France	100 %	100%	Elkem ASA
Elkem Silicones Shanghai Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
Elkem Silicones USA Corp.	USD	USA	100 %	100%	Elkem ASA
Elkem Siliconi Italia S.r.l.	EUR	Italy	100 %	100%	Elkem ASA
Elkem Singapore Materials Pte. Ltd.	SGD	Singapore	100 %	100%	Elkem ASA
Elkem South Asia Private Limited	INR	India	100 %	100%	Elkem ASA
Elkem UK Holdings Ltd.	GBP	United Kingdom	100 %	100%	Elkem ASA
Elkem Uruguay S.A.	USD	Uruguay	100 %	100%	Elkem ASA
Euro Nordic Logistics BV	EUR	Netherlands	80 %	80%	Elkem Chartering Holding AS
Euro Nordic Netherlands BV	EUR	Netherlands	80 %	80%	Euro Nordic Logistics BV
Explotación de Rocas Industriales y Minerales S.A. (ERIMSA)	EUR	Spain	100 %	100%	Elkem ASA
Iniconce, S.L.	EUR	Spain	100 %	100%	Explotación de Rocas Industriales y Minerales S.A.
Jiangxi Bluestar Xinghuo Silicones Co., Ltd.	CNY	China	100 %	100%	Elkem ASA
NEH LLC	USD	USA	100 %	100%	Elkem ASA
NorenoComercial Importada e Exportadora Limitada	BRL	Brazil	100 %	100%	Elkem Participações Indústria e Comércio Limitada
Norsil, S.A.	EUR	Spain	100 %	100%	Iniconce, S.L
Tifwer Trade S.A.	USD	Uruguay	100 %	100%	Elkem Uruguay S.A.

¹⁾ Elkem ASA owns 79% and Elkem Uruguay S.A owns 21%

Changes in composition of the group in 2024

On 14 May 2024 Elkem acquired Elkem Testvirksomhet AS (previously REC Solar Norway AS) for USD 22 million (NOK 238 million). Elkem Testvirksomhet AS was subsequently merged with Elkem ASA. 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 of which 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:

(Amounts in NOK million) Gain/(loss)	
Other items	(27)
Finance income	11
Income tax (expenses) benefits	1 067
Total	1 052

**Changes in composition of the group in 2023,
business combination**

31 May 2023 Elkem acquired Elkem Carbon Slovakia a.s (formerly VUM a.s), a Slovak producer of carbon materials. The transaction will further increase Elkem's capacity and competence in attractive specialty markets and increase its flexibility in the supply chain. Revenues of NOK 97 million and a loss after tax of NOK 6 million after the acquisition date from the company have been included in consolidated statement of profit or loss. If the company had been part of the group from 1 January 2023 revenue and profit after tax would have increased with NOK 101 million and NOK 10 million respectively. Elkem Carbon Slovakia a.s is presented within the Carbon Solutions operating segment.

(Amounts in NOK million) 2023	
Net cash outflow	
Cash transferred on acquisition	(152)
Cash and cash equivalents of the acquiree	0
Acquisition of subsidiaries, net of cash acquired	(152)

The table below summarises the total consideration and the provisional amounts recognised for assets acquired and liabilities assumed in the business combination:

(Amounts in NOK million) 2023	
Consideration	
Cash transferred on acquisition	152
Total consideration	152

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 357 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.

Assets acquired and liabilities assumed

Amounts in NOK million	Carrying amount	Excess value	Fair value
Property, plant and equipment	14	67	81
Other intangible assets	0	29	29
Inventories	71	(1)	70
Trade receivables	26	-	26
Other assets, current	10	-	10
Cash and cash equivalents	0	-	0
Deferred tax liabilities	(0)	(20)	(20)
Employee benefit expenses	(1)	-	(1)
Trade payables	(18)	-	(18)
Income tax payables	(11)	-	(11)
Interest-bearing liabilities, current	(31)	-	(31)
Provisions and other liabilities, current	(6)	-	(6)
Total identifiable net assets	54	75	129
Goodwill	-	23	23
Total recognised	54	98	152

Acquisition-related costs of NOK 13 million (NOK 4 million in 2022) are recognised in other items in the statement of profit or loss related to the acquisition of Elkem Carbon Slovakia a.s.

5. Equity accounted investments and joint operations

Principle application and judgements

Share of profit (loss) from investments in associates and joint ventures

Share of profit (loss) from investments in associates and joint ventures is presented in the statement of profit or loss depending on the purpose of the investments. Investments that are closely related to the group's main activities are presented as share of profit from equity accounted companies, included in total operating income. Investments in associates and joint ventures that do not operate within Elkem's main business areas are presented as share of profit from equity accounted financial investments. Judgement is applied in determining the category of investment.

Elkem has interests in the following joint arrangements and associates

Name of entity	Business office	Country	Principal activities	Classification	% equity interests 2024	% equity interests 2023
Elkem Ferroveld JV	Ferrobank Emalahleni	South Africa	Electrode paste production	Joint operation	50%	50%
Elkania DA	Hauge i Dalane	Norway	Microfine weighting material	Joint operation	50%	50%
North Sea Container Line AS	Haugesund	Norway	Shipping services	Joint venture	50%	50%
North-Sea Management AS	Haugesund	Norway	Shipping services	Joint venture	50%	50%
Klafi EHF	Grundartangi, Akranes	Iceland	Transportation / harbour services	Joint venture	50%	50%
Weldermate AS	Oslo	Norway	Robot welding systems	Joint venture	50%	50%
Vianode AS	Oslo	Norway	Battery materials	Joint venture	-	40%
Jiangxi Guoxing Intelligence Energy Co. Ltd ¹⁾	Yangjialing	China	Energy production	Joint venture	35%	35%
Jiangxi Ganjiang New District Silicones Innovative Research Center Ltd. ¹⁾	Ganjiang	China	Research center	Joint venture	30%	-
Euro Partnership BV	Moerdijk	Netherlands	Ship management services	Associate	50%	50%
Combined Cargo Warehousing BV	Moerdijk	Netherlands	Warehousing	Associate	33%	33%
Euro Nordic Agencies Belgium NV	Antwerpen	Belgium	Ship agencies services	Associate	50%	50%
EPB Chartering AS	Oslo	Norway	Deep sea charter services	Associate	25%	25%
Osiris GIE ¹⁾	Roussillon	France	Business supplies and equipment	Associate	25%	25%
3Deus Dynamics SAS ¹⁾	Lyon	France	3D printing	Associate	21%	21%
Future Materials AS	Grimstad	Norway	Marketing of research facilities	Associate	20%	20%

¹⁾ The joint arrangements and associates are held by discontinued operations

The share of equity interests is equal to Elkem's voting rights, with the exception of Elkem's investments in Vianode AS where the parties in accordance with the shareholder agreement had 33.3 per cent ownership influence until the disposal of the shares in 2024.

The shareholder agreements for Jiangxi Guoxing Intelligence Energy Co. Ltd requires a two-third majority in order to approve a majority of business decision on behalf of the entity, making Elkem together with one other party in control of the business.

Of the entities above, Vianode AS is classified to not operate within Elkem's main business areas.

There is no quoted market price for the investments.

In February 2024 Elkem group sold its shares in Vianode AS, a synthetic graphite manufacturer for a total nominal amount of NOK 847 million to AV Anodos AS a company controlled by Altor Equity Partners AS from 4th quarter of 2024. NOK 10

million of the compensation was received at closing while NOK 315 million (second instalment) and NOK 522 million (third instalment) are tied to Vianode meeting two future milestones relating to the building of a full-scale plant. At initial recognition in the first quarter of 2024 the fair value of the receivable was estimated to NOK 749 million after the payment of the NOK 10 million. The sale resulted in a loss on disposal of NOK 128 million.

6 December 2023 Elkem increased its ownership and invested EUR 2.2 million (NOK 26 million) in 3Deus Dynamics SAS, an entity operating to develop a dynamic moulding process for 3D printing with the help of Elkem's expertise with silicones. Elkem held warrants and shares in the company prior to the increase in ownership. With the transaction Elkem recognised a fair value gain of EUR 1 million (NOK 11.6 million) of the previously held interest in the company, resulting in a total fair value of Elkem's share in 3Deus Dynamics SAS of EUR 3.2 million (NOK 37 million).

See note 37 Related parties for commitments and transactions related to the joint ventures and associates.

Movements in equity accounted investments

Amounts in NOK million	2024			2023		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
Opening balance	1 054	242	1 296	822	217	1 039
Acquisition of and capital contribution to joint ventures	4	-	4	303	26	329
Change in equity interest, transfer from financial instruments (note 30)	-	-	-	-	11	11
Disposal of shares	(759)	-	(759)	-	-	-
Dividends received	(7)	(17)	(23)	(18)	(50)	(68)
Share of profit (loss) from equity accounted companies from continuing operations	(8)	2	(6)	15	29	44
Share of profit (loss) from equity accounted companies from discontinued operations	4	-	4	1	-	1
Share of profit (loss) from equity accounted financial investments from continuing operations	(15)	-	(15)	(63)	-	(63)
Amortisation of excess value from equity accounted companies from discontinued operations	-	(2)	(2)	-	-	-
Gain on sales of assets to equity accounted companies	-	-	-	(4)	-	(4)
Gain (loss) on sales of shares	(128)	-	(128)	-	-	-
Part of other comprehensive income	0	4	4	(0)	3	2
Assets classified as held for sale	(69)	(88)	(157)	-	-	-
Currency translation differences	5	7	12	(2)	6	4
Closing balance	81	149	230	1 054	242	1 296

Share of profit and loss and carrying amount for equity accounted investments

Amounts in NOK million	2024	31.12.2024	2023	31.12.2023
	Share of profit	Carrying amount	Share of profit	Carrying amount
North Sea Container Line AS	(10)	74	13	90
North-Sea Management AS	2	7	2	5
Klafi EHF	(0)	0	0	1
Weldermate AS	0	0	-	0
Vianode AS	(15)	-	(63)	903
Jiangxi Guoxing Intelligence Energy Co. Ltd	-	-	-	56
Jiangxi Ganjiang New District Silicones Innovative Research Center Ltd.	-	-	-	-
Euro Partnership BV	10	48	18	43
Combined Cargo Warehousing BV	(1)	4	2	4
Euro Nordic Agencies Belgium NV	1	6	1	5
EPB Chartering AS	(8)	91	8	105
Osiris GIE	-	-	-	49
3Deus Dynamics SAS	-	-	-	36
Future Materials AS	-	0	-	0
Total	(21)	230	(19)	1 296
Gain (loss) on sales of assets to equity accounted companies	(128)		-	
Total	(149)	230	(19)	1 296

Cash-flow from operations, equity accounted investments

Amounts in NOK million	2024	2023
Share of profit (loss) from equity accounted investments from continuing operations	6	(44)
Share of profit (loss) from equity accounted investments from discontinued operations	(2)	(1)
Dividend received	23	68
Equity accounted investments	27	22

Summary of unaudited financial information for joint ventures on a 100% basis

Amounts in NOK million	Vianode AS	Other	Total 2024	Vianode AS	Other	Total 2023
Current assets, including cash and cash equivalents NOK 73 million (NOK 866 million)	-	213	213	805	460	1 264
Non-current assets	-	18	18	1 653	436	2 089
Current liabilities, including current financial liabilities NOK 0 million (NOK 26 million)	-	67	67	203	124	328
Non-current liabilities, including non-current financial liabilities NOK 0 million (NOK 547 million)	-	2	2	148	421	569
Net assets/equity	-	162	162	2 107	350	2 457
Excess value	-	-	-	60	-	60
Elkem's carrying amount	-	81	81	903	151	1 054
Total revenue	(0)	827	827	0	833	833
Total expenses, including depreciation and amortisation NOK 3 million (NOK 4 million) and other items	(35)	(848)	(884)	(187)	(815)	(1 002)
Financial income, including interest income NOK 10 million (NOK 42 million)	12	8	20	38	13	52
Financial expenses, including interest expenses NOK 2 million (NOK 9 million)	(4)	(0)	(4)	(10)	(1)	(11)
Tax expense	-	(2)	(2)	-	(1)	(1)
Total profit for the year	(27)	(16)	(43)	(158)	30	(128)
Other comprehensive income	0	-	0	(0)	0	(0)
Total comprehensive income	(27)	(16)	(43)	(159)	30	(129)
Elkem's share of profit for the year	(15)	(8)	(23)	(63)	15	(48)
Elkem's share of other comprehensive income	-	-	-	(0)	0	(0)

Summary of unaudited financial information for associates on a 100% basis

Amounts in NOK million	Total 2024	Total 2023
Revenue	25	102
Profit for the year	(12)	70
Other comprehensive income	16	10
Total comprehensive income	4	80
Elkem's share of profit for the year	2	29
Elkem's share of other comprehensive income	4	3
Net assets/equity	483	775
Excess value	-	26
Elkem's carrying amount	149	242

6. Operating segments

Principle application

Operating segments are components of a business that are followed up and evaluated regularly by the chief operating decision maker, defined as the CEO, for the purpose of assessing performance and allocating resources. Elkem's operating segments represent separately managed business areas with unique products serving different markets. Elkem's operating segments are aligned with the three reporting segments.

Segment performance is evaluated based on EBITDA and EBIT, see definitions below. Elkem's financing and income tax are managed on group basis and are not allocated to operating segments.

Revenues are, in addition, disaggregated by geographical market based on the location of the customer.

Non-current assets by geographical areas are based on the location of the entity owning the assets.

The segment reporting is based on the IFRS accounting policies applied for the group except for: Realised effects from hedge ineffectiveness and from the discontinuation of hedging is included in other items in statement of profit and loss, but included in operating expenses in the segment reporting. This is because management follows up the operating segments including the impact of the realised effects from power contracts.

Lease payments under internal lease agreements are recognised as operating expenses on a straight-line basis over the lease term.

Elkem's operating segments

Elkem identifies its segments according to the organisation and reporting structure used by group management. Elkem has three reportable segments; Silicones, Silicon Products and Carbon Solutions. In the fourth quarter of 2024 the Silicones segment was assessed to meet the criteria for held for sale and discontinued operations. However, the segment will continue to be followed up by the chief operating decision maker in the same manner as before the reclassification. The Silicones operating segment will therefore continue to be included in the segment disclosure. Please refer to note 40 Assets held for sale and discontinued operations.

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

The main related party transactions between operating segments in Elkem can be divided as follows:

- Silicon Products sale of metallurgical silicon to Silicones. Sales prices are based on sale to external customers and CRU prices.
- Carbon Solutions sale of electrode paste and lining material to Silicon Products. Sales prices are based on prices to external customers.
- Other sale of management services e.g., logistics, procurement, financial services, technical support and R&D services. Prices are based on cost plus.

Major customers

Elkem has a range of customers, but no single customer amounts to 10 per cent or more of total operating income.

Main items by operating segment
2024

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods (note 7)	14 871	13 548	3 243	(167)	-	31 495
Other revenue (note 7)	109	76	16	226	-	427
Other operating income (note 8)	20	1 023	26	17	-	1 086
Share of profit from equity accounted investments (note 5)	2	(0)	0	(6)	-	(4)
Total operating income from external customers	15 003	14 647	3 285	70	-	33 004
Operating income from other segments	88	859	364	592	(1 903)	-
Total operating income	15 091	15 506	3 649	662	(1 903)	33 004
Operating expenses	(14 570)	(12 642)	(2 518)	(986)	1 857	(28 858)
EBITDA	521	2 864	1 131	(324)	(46)	4 146
EBIT	(1 233)	2 091	1 003	(521)	(46)	1 294
Cash flow from operations	(426)	1 398	1 139	(663)	36	1 484
Working capital	1 938	5 019	521	(44)	(126)	7 308
Capital employed	19 612	12 178	1 754	960	(126)	34 377
Reinvestments						(2 061)
Strategic investments						(957)
Movement CAPEX payables						(317)
Cash flow from investments in property, plant and equipment and intangible assets, including received investment grants						(3 334)

Main items by operating segment
2023

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total ¹⁾
Revenue from sale of goods (note 7)	14 055	16 535	3 742	(401)	-	33 931
Other revenue (note 7)	23	113	17	280	-	434
Other operating income (note 8)	19	323	2	6	-	350
Share of profit from equity accounted investments (note 5)	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
Cash flow from operations	(1 033)	3 511	1 394	(859)	14	3 027
Working capital	1 790	4 388	641	(356)	(80)	6 383
Capital employed	18 183	11 068	1 724	1 553	(80)	32 449
Reinvestments						(2 351)
Strategic investments						(2 866)
Movement CAPEX payables						361
Cash flow from investments in property, plant and equipment and intangible assets, including received investment grants						(4 856)

¹⁾ 2023 have been restated, see note 39

Definitions

The segments' performance are evaluated based on EBITDA and EBIT.

EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expense) benefit, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items (except realised gains and losses from hedge ineffectiveness and discontinuation of hedging), impairment losses and amortisation and depreciation.

EBIT is defined as Elkem's profit (loss) for the period, less income tax (expense) benefit, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items (except realised gains and losses from hedge ineffectiveness and discontinuation of hedging).

Cash flow from operations is EBITDA including reinvestments, changes in working capital and equity accounted companies.

Reinvestments generally consist of 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.

Working capital is defined as accounts receivable, inventories, other current assets, accounts payable, current employee benefit obligations and other current liabilities. Accounts receivables are defined as trade receivables less bills receivables. 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, other intangible assets, goodwill, equity accounted investments, grants payable, trade payables and prepayments related to purchase of non-current assets.

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

Below is a reconciliation of profit (loss) for the year against EBIT and EBITDA:

2024

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						2 115
Income tax (expense) benefit						(588)
Finance expenses						778
Foreign exchange gains (losses)						(247)
Finance income						(107)
Share of profit from equity accounted financial investments						143
Other items						316
Realised effects from hedge ineffectiveness and discontinuation of hedging						122
EBIT from discontinued operations						(1 237)
EBIT	(1 233)	2 091	1 003	(521)	(46)	1 294
Impairment losses						168
Amortisation and depreciation						931
Amortisations, depreciations and impairment losses from discontinued operations						1 754
EBITDA	521	2 864	1 131	(324)	(46)	4 146

2023

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						2 097
Income tax (expense) benefit						781
Finance expenses						666
Foreign exchange gains (losses)						106
Finance income						(137)
Share of profit from equity accounted financial investments						63
Other items						(596)
Realised effects from hedge ineffectiveness and discontinuation of hedging						199
EBIT from discontinued operations						(1 815)
EBIT	(2 142)	2 610	1 164	(585)	318	1 365
Impairment losses						25
Amortisation and depreciation						844
Amortisations, depreciations and impairment losses from discontinued operations						1 537
EBITDA	(605)	3 304	1 286	(532)	318	3 771

Below is a reconciliation of working capital and capital employed:

Capital employed and working capital

Amounts in NOK million	31.12.2024	31.12.2023
Inventories	6 038	9 018
Trade receivables	1 960	3 209
Bills receivables	(269)	(823)
Accounts receivable	1 691	2 386
Other assets, current	1 254	2 062
Other receivables to related parties, interest free	-	(8)
Grants receivables	(576)	(671)
Tax receivables	(241)	(261)
Accrued interest	(0)	(0)
Other current assets included in working capital	436	1 122
Trade payables	2 076	5 281
Trade payables related to purchase of non-current assets	(184)	(1 313)
Accounts payables included in working capital	1 892	3 968
Employee benefit obligations	471	912
Provisions and other liabilities, current	815	1 381
Provisions, contingent considerations and contract obligations	(19)	(101)
Liabilities to related parties	(0)	(17)
Other current liabilities included in working capital	795	1 263
Working capital assets and liabilities as held for sale	2 302	-
Working capital	7 309	6 383
Property, plant and equipment	8 405	22 754
Right-of-use assets	403	854
Other intangible assets	216	1 458
Goodwill	329	1 015
Equity accounted investments	230	1 296
Grants payable	(17)	(17)
Trade payables- and prepayments related to purchase of non-current assets	(171)	(1 295)
Other capital employed effects assets and liabilities as held for sale	17 674	-
Capital employed	34 378	32 449

The table below show realised effects from Elkem's power and foreign exchange hedging programmes, including realised effects from hedge ineffectiveness and discontinuation of hedging, on the different group segments.

2024

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods (note 31)	0	41	-	(166)		(125)
Operating expenses (note 31)	-	107	(9)	36		134
Total realised effects from derivatives included in EBITDA	0	148	(9)	(130)		10

2023

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods (note 31)	1	34	-	(400)		(366)
Operating expenses (note 31)	-	290	(2)	23		311
Total realised effects from derivatives included in EBITDA	1	323	(2)	(377)		(55)

Total revenue by geographic market based on customer location

Amounts in NOK million	2024	2023
Norway	978	1 157
Other Nordic countries	862	1 020
United Kingdom	408	546
Germany	1 917	2 870
France	1 092	1 108
Italy	742	1 049
Poland	328	474
Spain	441	574
Other European countries	1 305	1 810
Europe	8 073	10 609
Africa	277	353
USA	2 309	2 367
Canada	177	404
Brazil	1 477	1 704
Other American countries	260	295
America	4 223	4 770
China	1 305	1 219
Japan	1 112	1 231
South Korea	329	238
India	1 049	1 127
Other Asian countries	1 448	1 834
Asia	5 243	5 649
Rest of the world	118	120
Total revenue before hedging effects	17 935	21 500
Realised effects from hedging programmes (note 31)	(125)	(366)
Total revenue	17 810	21 134

Non-current assets by geographic areas based on entity location

Amounts in NOK million	2024	2023
Norway	6 956	6 548
Other Nordic countries	1 045	855
United Kingdom	23	40
Germany	39	102
France	0	4 730
Italy	2	147
Poland	-	2
Spain	148	380
Other European countries	265	209
Europe	8 478	13 013
Africa	124	115
USA	129	990
Canada	548	686
Brazil	458	448
Other American countries	494	454
America	1 630	2 578
China	161	11 827
Japan	9	9
South Korea	-	226
India	122	111
Other Asian countries	46	54
Asia	337	12 228
Total non-current assets	10 569	27 934

Non-current assets are presented less derivatives and deferred tax assets.

7. Revenue

Principle application

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Elkem recognises revenue when Elkem transfers control over a goods or service to a customer. A five-step process is applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Sale of goods

Elkem's main performance obligation is related to sale of goods where the obligation is to deliver agreed volume of products with the agreed specification. Elkem has both short-term and long-term contracts. Short-term contracts, normally within one month, cover delivery of an agreed volume at market price at the date the order is placed. These types of contracts are most common for commodity products, such as sales of ferrosilicon and sales to customers in China. The long-term contracts cover a period of a few months and up to one year, where the prices normally are fixed within a volume range. Elkem has for sale of metallurgical silicon some contracts that cover a period longer than one year. In these contracts the prices are normally negotiated on an annual basis. Some of Elkem's sales contracts include an element of freight services, see separate section below for accounting policies.

Revenue is recognised when control of the goods is transferred to the customer, at an amount that reflects the consideration to which Elkem expects to be entitled in exchange for those goods. Control is transferred to the buyer, according to the agreed delivery term for each sale. Delivery terms are based on Incoterms® 2020 issued by International Chamber of Commerce, and the main terms are "F" terms, where the buyer arranges and pays for the main carriage. The risk is transferred to the buyer when the goods are handed to the carrier engaged by the buyer. "C" terms, where the group arranges and pays for the main carriage but without assuming the risk of the main carriage.

The risk is transferred to the buyer when the goods are handed over to the carrier engaged by the seller.

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

The goods are normally sold with standard warranties that the goods comply with the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Elkem does not have any other significant obligations for returns or refunds.

Freight services included in sale of goods

Freight components included in sale of goods on incoterms "C" terms are considered as a separate performance obligation and recognised over the period the service is performed. Shipping and handling services that occur before the customer takes control of the goods for sales on "D" terms are considered to be part of fulfilling the sale of the goods and are presented as other operating expense.

Revenue from sale of services

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

Details of revenue from contracts with customers
2024

Amounts in NOK million	Silicon Products	Carbon Solutions	Other	Total
Sale of goods, Silicon Products	13 507	-	(1)	13 506
Sale of goods, Carbon Solutions	-	3 243	-	3 243
Sale of goods to related parties ¹⁾	697	-	-	697
Revenue from energy recovery and other energy related income	31	0	75	106
Service agreements with related parties (note 37) ¹⁾	20	1	168	189
Other revenue from contracts with customers	45	15	133	193
Total revenue from contracts with customers	14 300	3 259	375	17 935
Realised effects from hedging programmes (note 31)	41		(166)	(125)
Total revenue	14 341	3 259	209	17 810

¹⁾ Includes revenues with discontinued operations

Details of revenue from contracts with customers
2023

Amounts in NOK million	Silicon Products	Carbon Solutions	Other	Total
Sale of goods, Silicon Products	16 501	-	(1)	16 500
Sale of goods, Carbon Solutions	-	3 742	-	3 742
Sale of goods to related parties ¹⁾	689	-	-	689
Revenue from energy recovery and other energy related income	63	-	92	154
Service agreements with related parties (note 37) ¹⁾	16	4	215	234
Other revenue from contracts with customers	50	14	117	181
Total revenue from contracts with customers	17 319	3 759	422	21 501
Realised effects from hedging programmes (note 31)	34	-	(400)	(367)
Total revenue	17 353	3 759	22	21 134

¹⁾ Includes revenues with discontinued operations

8. Other operating income

Principle application

Insurance settlements

Income from insurance settlements is recognised as other operating income when it is virtually certain that the group will receive the compensation. Expected cash flows from credit insurance contracts where such contracts are deemed to be an integral part of the sale transactions is presented net against impairment losses trade and other receivables, included in other operating expenses. See note 23 Trade receivables.

Details of other operating income

Amounts in NOK million	2024	2023
Sale of CO ₂ emission allowances	169	288
Gain on disposal of fixed assets	3	24
Insurance settlements	849	8
Other	46	12
Total other operating income	1 066	331

9. Grants

Principle application and judgements

CO₂ Compensation

Changes to the compensation scheme for 2024-2030 was presented in February 2024 and included in an updated regulation in December 2024. Elkem is still entitled to receive compensation under the updated scheme. The main changes from the previous compensation scheme is a cap on the total cost of the government and that 40 per cent of the compensation must be used for projects aiming to reduce CO₂ emissions and/or improving energy efficiency. Compliance with the condition can be achieved over multiple years, but no later than 2034.

Elkem has recognised its estimated share of the total compensation for 2024 based on the power consumption at the Norwegian silicon product plants. Elkem has identified projects which are expected to be compliant with the requirements to qualify for the 40 per cent conditional compensation and have therefore recognised full compensation in 2024. Application and payment of compensation for the CO₂ component of the cost of energy for production in 2024 will be made during the first months of 2025. As the grant partially compensates power costs, which are costs recognised as part of the cost price of inventory during the production process, the compensation is recognised in the statement of profit or loss when the produced goods are sold.

Grants related to expenses are presented in the statement of profit or loss as a reduction of raw materials and energy, employee benefit expenses or other operating expense over the periods necessary to match them with the cost they are intended to compensate.

Grants relating to property, plant and equipment (fixed assets) and intangible assets are deducted from the carrying amount of the asset and recognised in profit or loss as a reduction of the depreciation charge over the lifetime of the asset.

Non-monetary grants are measured at nominal value.

Details of grants
2024

	Other operating income	Raw materials and energy	Employee benefit expenses	Other operating expenses	Amortisation and depreciation
R&D grants from government	1	-	21	23	-
Other government grants	7	-	5	2	-
CO ₂ compensation from the Norwegian Environment Agency	-	593	-	-	-
Grants related to investment projects	-	-	-	-	58
Total government grants	8	593	26	25	58

Details of grants
2023 ¹⁾

	Other operating income	Raw materials and energy	Employee benefit expenses	Other operating expenses	Amortisation and depreciation
Amounts in NOK million					
R&D grants from government	-	-	15	10	-
Other government grants	-	2	4	3	-
CO ₂ compensation from the Norwegian Environment Agency	-	549	-	-	-
Grants related to investment projects	-	-	-	-	35
Total government grants	-	550	20	14	35

¹⁾ Restated - see note 39 Changes in presentation

Balances related to grants

Amounts in NOK million	2024	2023
Grants receivable related to fixed and intangible assets (note 24)	-	-
Grants receivable related to income (note 24)	576	891
Grants payable (note 29)	(17)	(17)
Grants, deferred income (note 29)	(0)	(34)

Details of grants recognised as a reduction of property,
plant and equipment (fixed assets) and intangible assets

Amounts in NOK million	2024	2023
Government grants, R&D	35	38
Government grants, other	-	1
Grants from other than government, Norwegian NO _x Fund	-	28
Total	35	67

CO₂ emission allowances

CO₂ emission allowances allocated from the government are classified as grants, measured at nominal value (zero). The CO₂ allowance scheme pertains to the group's plants in Europe. If actual emissions exceed the number of allocated allowances, additional allowances must be purchased and the cost is included as a part of production cost of inventory. The allocation of free allowances for the period 2021-2025 has been decided by the national authorities. Gain on sale of CO₂ emission allowances are included in other operating income.

NO_x fund

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

Other

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

10. Raw materials and energy

Principle application

Cost of production is presented in different lines in the statement of profit or loss based on nature, raw materials and energy, employee benefits and other operating expenses. Energy for production comprise energy for smelting and processing machinery. Energy for light, heating, ventilation etc. is auxiliary power and is included in other operating expenses. Actual cost of conversion related to goods sold is reported net of change in cost of conversion in inventory and is included in line item Raw materials and energy.

Raw materials and energy

Amounts in NOK million	2024	2023 ¹⁾
Raw materials and energy for production	(8 591)	(10 636)
Change in inventories own production	278	(189)
Total raw materials and energy	(8 313)	(10 825)

¹⁾ Restated - see note 39 Changes in presentation

11. Employee benefits

Principle application

Employee benefits

Employee benefits include both current and non-current benefits, and are expensed as incurred, together with any social security taxes applicable. Short-term benefits consist of wages and salaries, bonuses, holiday payments and other short-term benefits that are expected to be settled within 12 months after the reporting period. Long-term benefits consist mainly of jubilee and long-service benefits, post-employment benefits and post-retirement benefits, not expected to be wholly settled within the next twelve months.

Defined contribution plans

Defined contribution plans comprise of arrangements where Elkem makes monthly contributions to the employees' pension plans, and where the future pensions are determined by the amount of the contributions and the return on the individual

pension plan asset. The contributions are expensed as incurred and there is no further obligation related to the contribution plans. Prepaid contributions are recognised as an asset.

Defined benefit plans

Defined benefit plans are pension plans where Elkem is responsible for paying pensions at a certain level, based on employees' salaries when retiring. Defined benefit plans are recognised at present value of future liabilities considered retained at the end of the reporting period, calculated separately for each plan.

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

Employee benefit expenses

Amounts in NOK million	2024	2023 ¹⁾
Salaries, holiday pay and variable compensation	(2 277)	(2 207)
Employer's national insurance contributions / social security tax	(318)	(287)
Pension expenses	(163)	(129)
Share-based payments (note 12)	(2)	(7)
Other payments / benefits	(48)	(76)
Grants	26	20
Capitalised employee benefit expenses on PPE development	15	25
Total employee benefit expenses	(2 766)	(2 662)

Average number of full-time equivalents	3 010	2 957
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¹⁾ Restated - see note 39 Changes in presentation

Remuneration to corporate management

Amounts in NOK million	2024	2023
Fixed compensation	(41)	(36)
Variable compensation - STI	(19)	(9)
Variable compensation - LTI	(1)	(3)
Other benefits	(2)	(1)
Pension benefits	(4)	(4)
Total remuneration to corporate management	(67)	(54)

Remuneration provided to the board of directors	(6)	(6)
Remuneration provided to the committee remuneration	(1)	(1)

For more details on the remuneration to corporate management see "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024".
The report is published on Elkem's website. [🔗](#)

Shares and options granted to corporate management and board members

Name	Position	2024		2023	
		Number of shares	Number of options	Number of shares	Number of options
Helge Aasen	CEO	68 406	67 333	68 406	101 000
Morten Viga	CFO	46 896	300 000	46 896	300 000
Katja Lehland	SVP Human Resources	-	300 000	-	300 000
Asbjørn Søvik	SVP Green Ventures & Digital	10 000	300 000	10 000	300 000
Håvard Moe	SVP Technology	10 000	300 000	10 000	300 000
Louis Vovelle	SVP Innovation and R&D	6 896	300 000	6 896	308 380
Morten Magnus Voll	SVP Strategy and Business Development	10 384	150 000	10 384	200 000
Inge Grubben-Strømnes	SVP Silicon Products	35 189	300 000	35 189	300 000
Luiz Simao	SVP Carbon Solutions	22 000	300 000	22 000	300 000
Sandy Chen	Acting SVP Silicones	-	150 000	-	-
Li Bo (from April 2024) ¹⁾	Chair of the board	-	-	-	-
Dag Jakob Opedal	Vice chair of the board	40 000	-	40 000	-
Zhigang Hao (until October 2024) ¹⁾	Board member	-	-	-	-
Olivier Tillette de Clermont-Tonnerre ¹⁾	Board member	15 517	-	15 517	-
Dong Dachuan (from October 2024) ¹⁾	Board member	-	-	-	-
Yougen Ge (until October 2024) ¹⁾	Board member	-	-	-	-
Marianne Johnsen	Board member	-	-	-	-
Grace Tang	Board member	-	-	-	-
Nathalie Brunelle	Board member	-	-	-	-
Wei Yao (from October 2024) ¹⁾	Board member	-	-	-	-
Terje Andre Hanssen ²⁾	Board member	-	-	-	-
Marianne Færøyvik ²⁾	Board member	4 950	-	4 950	-
Thomas Eggan ²⁾	Board member	-	-	-	-
Heidi Feldborg ²⁾	Observer	-	-	-	-
Jan Harald Karlsen ²⁾	Observer	-	-	-	-

¹⁾ Representatives for the majority shareholder.

²⁾ Employee representatives

Employee benefit assets and obligations

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Pension plan assets, net (note 24)	31	28	-	-
Pension contribution fund (note 24)	1	1	4	3
Total employee benefit assets	32	29	4	3
Salaries, holiday pay and variable compensation	-	-	403	684
Employer's national insurance contributions / social security tax	-	-	66	210
Pension plan obligations, net	219	375	-	-
Other benefit plans	20	132	2	18
Total employee benefit obligations	238	507	471	912

(a) Salaries, holiday pay and variable compensation

The obligations are related to incurred employee benefits, not paid.

(b) Pension plans

Elkem has both defined contribution and defined benefit plans. For defined contribution plans the cost is equal to Elkem's contribution to the employee's pension savings during the period. For defined benefit plans the cost is calculated based on actuarial valuation methods, taking assumptions related to the employee's salary, turnover, mortality, discount rate, etc. into consideration.

Defined contribution plans

Defined contribution plans are the main pension plan for Elkem's Norwegian entities, where the contribution to each individual pension plan is 5 per cent of annual salary up to 7.1G and 15 per cent of annual salary between 7.1-12G. 1G refers to the Norwegian national insurance scheme's basic amount, which is NOK 124 028 as at 1 May 2024. Pension on salary above 12G is not supported by external service providers and is therefore handled as a separate plan and included under defined benefit plans.

In addition, a Norwegian multi-employer early retirement scheme called AFP, where sufficient information to calculate each participant's pension obligation is not available, is accounted for as it is a defined contribution plan in accordance

with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, the government is responsible for the remaining part. The pension premium in 2024 is 2.7 per cent of the employees' salary between 1 and 7.1G, covering this year's pension payments and contribution to a security fund for future pension obligations. The yearly premium for 2025 is set to 2.7 per cent.

Defined benefit plans

Defined benefit plans are pension plans where the group is responsible for paying pensions at a certain level, based on employees' salaries when retiring. The group has funded and unfunded benefit plans in Norway, France, Germany, UK, Canada, Japan and South Africa. The pension scheme in UK and two of Canada's schemes are overfunded and are net in an asset position. The schemes that are underfunded and are net in a liability position as at 31 December 2024 are distributed as follows; Norway 48 per cent, Germany 25 per cent, Canada 18 per cent other countries 8 per cent. In Canada provisions are also made for medical insurance as well as pension benefit plans.

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

Breakdown of net pension expenses

Amounts in NOK million	2024	2023
Current service expenses	(20)	(18)
Administration expenses	(1)	(1)
Curtailments	0	-
Net pension expenses, defined benefit plans	(21)	(19)
Defined contribution plans	(119)	(88)
Early retirement scheme AFP (Norway)	(23)	(22)
Total pension expenses	(163)	(129)

In addition, interest expenses on net pension liabilities are recognised as a part of finance expenses

Net defined benefit obligations

Amounts in NOK million	2024	2023
Present value of funded pension obligations	(463)	(438)
Fair value of plan assets	494	466
Net funded pension obligations	31	28
Present value of unfunded pension obligations	(219)	(375)
Net value of funded and unfunded obligations	(188)	(347)

Movements in the defined benefit obligations and plan assets

	2024			2023		
	Defined benefit obligations	Defined benefit plan assets	Net pension plan obligations	Defined benefit obligations	Defined benefit plan assets	Net pension plan obligations
Amounts in NOK million						
Opening balance	(813)	466	(347)	(754)	425	(329)
Current service cost and social contribution tax from continuing operations	(20)	-	(20)	(18)	-	(18)
Current service cost and social contribution tax from discontinued operations	(10)	-	(10)	(8)	-	(8)
Interest (expenses) income from continuing operations	(29)	22	(6)	(28)	23	(5)
Interest (expenses) income from discontinued operations	(5)	0	(5)	(6)	-	(6)
Administration cost from continuing operations	-	(1)	(1)	-	(1)	(1)
Administration cost from discontinued operations	-	-	-	-	-	-
Remeasurement gains / (losses)	(12)	20	8	(30)	11	(19)
Contributions from employer	-	3	3	-	6	6
Benefits paid	63	(36)	27	44	(23)	21
Curtailments from continuing operations	0	-	0	-	-	-
Curtailments from discontinued operations	-	-	-	23	-	23
Other changes	(6)	-	(6)	4	-	4
Liabilities classified as held for sale	181	-	181	-	-	-
Currency translation	(32)	20	(12)	(41)	25	(16)
Closing balance	(682)	494	(188)	(813)	466	(347)

Breakdown of pension plan assets

	31.12.2024		31.12.2023	
	Distribution%	Fair value of plan assets	Distribution%	Fair value of plan assets
Amounts in NOK million				
Cash, cash equivalents and money market investments	9%	47	12%	54
Bonds	15%	73	14%	67
Shares	32%	159	34%	156
Property	36%	179	33%	155
Other plan assets	7%	37	7%	33
Total pension plan assets	100%	494	100%	466
Actual return on plan assets	9%	43	8%	34

In addition, some Norwegian entities have pension contribution funds, mainly based on excess pension assets from settlement of the defined benefit plans in 2010. The pension contribution funds are classified as non-current pension funds, except next year's expected contributions which are classified as current (see note 24 Other assets).

Principal assumptions used for the actuarial valuations in 2024 (2023)

	Norway		France		Canada		Germany		UK	
Discount rate	4.8%	(4.8%)	na	(3.0%)	4.8%	(4.8%)	3.7%	(3.7%)	4.8%	(4.8%)
Expected rate of salary increase	na	(na)	na	(3.0%)	3.5%	(3.5%)	na	(na)	na	(na)
Annual regulation of pensions paid	2.3%	(2.3%)	na	(na)	na	(na)	2.0%	(2.0%)	na	(na)

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country.

Sensitivity on pension obligations based on changes in main actuarial assumptions

The defined benefit pension schemes expose Elkem to actuarial risk such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk.

A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities.

The sensitivity analysis below shows estimated effects in the defined pension obligation based on reasonable changes in the main assumptions.

The calculations are based on a change in one assumption while holding all other assumptions constant. Negative amounts show an expected decrease in the net pension liability.

Assumptions

	Discount rate		Life expectancy		Salary growth	
	0.5% increase	0.5% decrease	1 year increase	1 year decrease	0.5% increase	0.5% decrease
Amounts in NOK million						
2024: Effect on the pension obligation	(36)	40	18	(19)	12	(10)
2023: Effect on the pension obligation	(43)	48	17	(17)	19	(17)

As the group's main pension plans are defined contribution plans, there are no group policies for funding of the defined benefit plans. This is managed locally, based on the terms and status for the individual plan.

Expected contribution for the pension plans next year and average duration for the main defined benefit plans

Amounts in NOK million	Norway	Canada	Germany	UK
Contribution to be paid to defined pension plans next year	9	22	4	7
Weighted average duration of the defined benefit obligations	6 years	15 years	11 years	11 years

(c) Other benefit plans

Other employee benefits consist of provisions related to jubilee and long-service benefits, and post-employment benefits to be paid until ordinary retirement age for former employees in Elkem's Chinese entities (discontinued operations).

Of total non-current provisions, NOK 0 million (NOK 76 million) relate to jubilee and long-service benefits in the Silicones segment, mainly in France. Non-current provisions for other employee benefits for Elkem's Chinese entities, in the Silicones segment, are NOK 0 million (NOK 31 million), mainly consisting of post-employment benefits related to employees laid off due to reorganisation.

12. Share-based payment

Principle

Elkem's share option scheme

The group has in 2018 - 2021 granted share options to corporate management and selected key employees. Each option gives the right to acquire one share in Elkem ASA on exercise. In 2022, the board of directors decided to terminate the option scheme and replace it with a Long-term Bonus Scheme (LTBS). See the "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024" for description of the LTBS. The previous granted options are still exercisable over the exercise period.

The share options vest annually in equal tranches over a three-year period following the date of grant, with one-third vesting each year. The options will expire two years after vesting, in total 5 years after the date of grant. No option holder may in any calendar year realise a total gain on exercise of options

in excess of twice the option holder's base salary in the same calendar year, however provided that the maximum gain for Elkem's CEO shall be four times the CEO's base salary. See note 11 Employee benefits for an overview of options granted to Elkem's corporate management.

When the options are exercised, the corresponding number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

Components of share-based payments employee benefit expenses

Amounts in NOK million	2024	2023
Share-based payment	(2)	(7)
Social security contribution	0	4
Total expenses related to share-based payments	(1)	(3)

Parameters connected to share options granted in years respectively

Amounts in NOK million	2021	2020	2019
Number of options granted	7 451 000	8 000 000	8 000 000
Date of Grant	29 Jul 2021	29 Jul 2020	29 Jul 2019
Exercise price (NOK)	31.20	19.10	23.53
Share price (NOK)	32.90	17.19	24.66
Expected lifetime*	3.34	3.12	3.12
Volatility*	34.4%	46.0%	35.8%
Interest rate*	0.9%	0.2%	1.3%
Dividend*	6.5%	6.5%	6.5%
FV per instrument*	5.19	2.95	4.08
Vesting conditions	Service	Service	Service

*Weighted average parameters of instruments

Outstanding instruments

		31 December 2024		31 December 2023	
Grant		Number of instruments outstanding	Remaining contractual life	Number of instruments outstanding	Remaining contractual life
Amounts in NOK million	Exercise price				
2019 programme	23.53	-	0.00	259 190	10.58
2020 programme	19.10	2 150 000	0.58	2 433 380	1.50
2021 programme	31.20	4 667 333	1.08	4 921 950	2.01
Total outstanding		6 817 333	0.93	7 614 520	1.80

Overview of outstanding options

		31 December 2024		31 December 2023	
Overview of outstanding options		Number of instruments	Weighted average exercise price	Number of instruments	Weighted average exercise price
Amounts in NOK million					
Outstanding options 1 January		7 614 520	27.07	11 636 203	29.18
Granted during the year		-	-	-	-
Exercised during the year		(279 190)	19.10	(1 413 303)	25.76
Forfeited during the year		-	-	(408 380)	30.03
Expired during the year		(517 997)	27.26	(2 200 000)	38.52
Outstanding options 31 December		6 817 333	27.38	7 614 520	27.07
Of which exercisable (vested)		6 817 333	27.38	5 280 854	25.25
Average share price at exercise date (NOK per share)		22.26		37.52	

13. Other operating expenses

Details of operating expenses

Amounts in NOK million	2024	2023 ²⁾
Loss on disposal of fixed assets	(1)	(0)
Freight and commission expenses	(1 200)	(1 217)
Leasing short-term and low value contracts (note 18)	(55)	(48)
Machinery, equipment, spare parts and operating materials	(778)	(753)
External services ¹⁾	(1 415)	(1 379)
Insurance expenses	(130)	(93)
Impairment losses trade and other receivables	2	2
Grants	25	14
Other operating expenses	(731)	(699)
Total other operating expenses	(4 283)	(4 173)

¹⁾ Including services from auditor, see specification below

²⁾ Restated - see note 39 Changes in presentation

Research and development

During 2024, Elkem expensed NOK 294 million (NOK 335 million) related to research and innovation activities, which includes product and business development, technical customer support and improvement projects. In addition, Elkem group total capitalised development expenses of NOK 45 million (NOK 100 million).

Grants relating to research and development amount to NOK 46 million (NOK 26 million). In addition NOK 58 million (NOK 35 million) is recognised as a reduction of intangible assets.

Audit fees

KPMG is the group auditor of Elkem.

Fees to KPMG and other audit firms

Amounts in NOK million	2024	2023
KPMG		
Audit fee	(23)	(23)
Other assurance services	(0)	(1)
Tax services	-	(0)
Other services	-	-
Other audit firms		
Audit fee	(4)	(4)
Other assurance services	(0)	(0)
Tax services	(2)	(2)
Other services	(1)	(1)
Total fees to KPMG and other audit firms	(30)	(30)

14. Other items

Principle application and judgements

Other gains (losses)

Other gains (losses) consist of changes in fair value of financial instruments that are not designated as a part of a hedging relationship, any ineffective part of hedging relationships, effects from discontinuation of hedging and foreign exchange gains (losses) related to operating activities such as trade receivables, trade payables, bank accounts / overdrafts. Foreign exchange gains (losses) related to financing activities, mainly interest-bearing liabilities and group loans, are classified as a part of financial income and expenses.

Other income (expenses)

Other income (expenses) consist of transactions and events that are related to acquisition of business, gains / (losses) on disposal of businesses and restructuring programmes. In addition, performance incentives for Elkem employees related to such items. Cost related to liquidated / wound-up

businesses, or updated regulations with retroactive effect related to events / periods before purchase of the business, e.g., environmental measures, are also included in other income and expenses.

Acquisition related costs may include both costs related to completed acquisitions, acquisitions in progress and cancelled projects.

Investments in equity instruments with an ownership below 20 per cent are normally classified as other shares. Dividends from such shares are recognised when shareholders' right to receive dividends is determined by the shareholder's meeting. Fair value changes related to listed companies classified as other shares are presented as other income (expenses).

Details of other items

Amounts in NOK million	2024	2023
Changes in fair value commodity contracts (note 30)	(1)	(1)
Net gains (losses) on embedded EUR derivatives power contracts (note 30)	(106)	(73)
Ineffectiveness on cash flow hedges (note 31)	(196)	357
Net foreign exchange gains (losses) - forward currency contracts	(5)	(26)
Operating foreign exchange gains (losses)	39	350
Total other gains (losses)	(269)	608
Dividends from other shares	3	3
Change in fair value from other shares measured at fair value through profit or loss	8	2
Restructuring expenses (note 29)	(9)	-
Dismantling and environmental expenses (note 29)	(1)	(4)
Other ¹⁾	(49)	(13)
Total other income (expenses)	(47)	(12)
Total other items	(316)	596

¹⁾ Mainly expenses related to business projects and acquisitions

15. Finance income and expenses

Principle application

Foreign exchange gains (losses) related to financing activities including group loans are classified as a part of financial income and expenses, and foreign exchange gains (losses) related to operations are classified as a part of other items.

Interest is capitalised as a part of the carrying amount of a self-constructed item of property, plant and equipment when the construction period takes a substantial period of time, meaning more than 9-12 months. Judgement is applied in determining if a project is expected to last for a substantial period of time.

Financial expenses also include interest on net pension liabilities, unwinding of the discount effect from provisions and contingent consideration from acquisition of subsidiaries, and interest on lease liabilities.

Interest expenses from factoring and supply finance agreements are presented as part of finance expenses.

Details of net finance income (expenses)

Amounts in NOK million	2024	2023
Interest income on loans and receivables	78	136
Fair value adjustments on financial instruments	16	-
Other financial income	12	1
Total finance income	107	137
Net foreign exchange gains (losses) ¹⁾	247	(106)
Interest expenses on interest-bearing liabilities measured at amortised cost	(694)	(575)
Interest expenses from other items measured at amortised cost	(9)	(17)
Interest expenses on factoring agreements	(50)	(52)
Interest expenses on lease liabilities (note 18)	(15)	(13)
Unwinding of discounted liabilities	(2)	(2)
Interest expenses on net pension liabilities (note 11)	(6)	(5)
Other financial expenses	(3)	(2)
Total finance expenses	(778)	(666)
Net finance income (expenses)	(424)	(635)

¹⁾ Some / part of loans are designated as a hedging instrument, hence the unrealised part of net foreign exchange gains (losses) are recognised against OCI, see note 31 Hedging.

16. Taxes

Principle application and judgements

Income taxes

Penalties and interest related to income taxes are recognised as income tax (expense) benefit in the statement of profit or loss.

Deferred tax assets

Deferred tax assets are not recognised for start-up projects and entities with longer periods of losses unless there is convincing evidence of recoverability. Elkem recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred asset to be recovered. For example, when start up projects becomes profitable, or the market condition has changed so the entity has longer periods with historic taxable profits and future forecasted taxable profits.

Judgement has been applied in the assessment of the probability of being able to apply the group's carry forward loss against future taxable profit. Based on the current facts and circumstances Elkem has concluded that it is not probable that the carry forward loss will be applied against future profit within a reasonable period and have therefore not recognised a deferred tax asset. When assessing the recognition of deferred tax assets, a five-year historic performance is applied in order to determine if future profit is probable. All entities with carry forward loss, except for Paraguay, have had negative taxable result this year. To reconsider and recognise deferred tax assets, an entity must experience stable taxable income for 3-5 years.

The exception from this is the tax loss carry forward acquired in the asset acquisition of Elkem Testvirksomhet (previously REC Solar Norway AS). Elkem Testvirksomhet was merged into

Elkem ASA in November 2024. It is assessed that the tax loss carry forward can be applied towards taxable income in Elkem ASA and towards group contributions from other Norwegian entities, primarily Elkem Carbon AS.

Judgement has been applied in the assessment of the uncertain tax position related to a pending tax issues with the Norwegian tax authorities (se details below). Based on Elkem's own assessment and the advice from third party expertise it has been concluded that it is more likely than not that Elkem will be successful in the appeal against the tax claim.

Estimates

Part of the basis for recognising deferred tax assets is based on applying the loss carried forward against future taxable income, which requires use of estimates for calculating future taxable income.

When estimating uncertain tax positions, the most probable amount, including interests and penalties, is used because in most cases the outcome of the tax review is binary. See details on current uncertain tax positions below.

When estimating uncertain tax positions, the most probable amount, including interests and penalties, is used because in most cases the outcome of the tax review is binary. See details on current uncertain tax positions below.

Income tax recognised in profit or loss

Amounts in NOK million	2024	2023
Profit (loss) before income tax	1 526	2 879
Current taxes	(455)	(648)
Deferred taxes	1 043	(133)
Total income tax (expense) benefit	588	(781)

Income taxes recognised in other comprehensive income (OCI)

Amounts in NOK million	2024	2023
Remeasurement of defined benefit pension plans	(1)	4
Hedging of net investment in foreign operations	28	44
Cash flow hedges	(9)	247
Total tax charged to OCI	18	295

Reconciliation of income tax (expense) benefit

Amounts in NOK million	2024	2023
Profit (loss) before income tax	1 526	2 879
Expected income taxes, 22% of profit before tax (22%)	(336)	(633)
Tax effects of:		
Difference in tax rates for each individual jurisdiction	(22)	(16)
Preferential tax rates	5	4
Permanent differences		
Tax effects of income from Norwegian controlled foreign companies (NOKUS)	(23)	(22)
Tax effects share of profit (loss) from equity accounted companies	(17)	(5)
Tax effects non-deductible expenses from continuing operations	(15)	(10)
Tax effects non-deductible expenses from discontinued operations	(73)	(61)
Tax relief based on value of equity	7	10
Tax effects non-taxable income	20	14
Other effects		
Tax effects of changes in unrecognised deferred tax assets	1 060	(31)
Other current taxes	(4)	(20)
Previous year tax adjustment	(14)	(12)
Total income tax (expense) benefit	588	(781)
Effective tax rate	-39 %	27 %

One company in China is taxed under the regulations for "High and new technology company" which mean that the tax rate is 15 per cent compared to the regular 25 per cent. The company has to confirm to the authorities every year that they fulfil the conditions for "High and new technology company" in order to apply the preferential tax rate.

Tax effect of non-taxable income is mainly related to R&D, additional R&D deduction and non-taxable R&D grants, and additional deduction on investments in fixed assets equipment.

Other current taxes relates mainly to taxes that are indirectly calculated based on profit (loss) before income tax and withholding taxes.

Tax effects of changes in unrecognised deferred tax assets are mainly the effect of recognising the tax loss coming from the acquired company Elkem Testvirksomhet (previously REC Solar Norway AS).

Deferred tax assets and deferred tax liabilities

Amounts in NOK million	31.12.2024		31.12.2023	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Property, plant and equipment and intangible assets	154	37	177	36
Pension liabilities	182	45	339	86
Trade receivables	8	2	879	5
Inventories	325	72	755	158
Provisions	249	65	661	146
Other differences	467	110	294	55
Debt waiver	-	-	595	153
Tax losses carried forward	5 065	1 107	6 151	1 261
Gross deferred tax assets	6 449	1 437	9 850	1 900
Not capitalised deferred tax asset to tax loss carry forward	(242)	(45)	(5 800)	(1 166)
Debt waiver	-	-	(595)	(153)
Unrecognised deferred tax assets other items	(1 623)	(357)	(91)	(11)
Recognised deferred tax assets	4 584	1 036	3 366	570
Netting		(297)		(436)
Net deferred tax assets		738		134
Derivatives including cash flow hedges	654	144	1 087	239
Property, plant and equipment and intangible assets	1 092	265	4 437	972
Inventories	72	16	96	20
Other differences	514	110	651	139
Gross deferred tax liabilities	2 332	535	6 271	1 370
Netting		(297)		(436)
Net deferred tax liabilities		238		935
Net deferred tax (liabilities) assets recognised		501		(801)

Unrecognised deferred tax assets other items, are mainly related to property, plant and equipment and inventories. The tax assets are not recognised due to uncertainty regarding future taxable income and the long period for which the tax asset shall be amortised.

Movements in net deferred tax assets and deferred tax liabilities

Amounts in NOK million	2024	2023
Opening balance	(801)	(972)
Recognised in profit or loss for the year for continuing operations	1 043	(133)
Recognised in profit or loss for the year for discontinued operations	-	35
Effect of business combination	-	(20)
Effect of assets acquisition (see note 4)	128	-
Recognised in other comprehensive income	18	295
Assets classified as held for sale	112	-
Currency translation differences	1	(6)
Closing balance	501	(801)

Tax losses carried forward
31 December 2024

Amounts in NOK million	Gross tax losses carried forward	Net tax losses carried forward	Unrecognised tax losses	Recognised deferred tax losses carried forward
Norway	4 811	1 058	-	1 058
Malaysia	38	9	(9)	-
Paraguay	96	9	(9)	-
Uruguay	105	26	(26)	-
France	12	3	-	3
Slovakia	3	1	(1)	-
Total tax losses to carried forward	5 065	1 107	(45)	1 061

Tax losses carried forward
31 December 2023

Amounts in NOK million	Gross tax losses carried forward	Net tax losses carried forward	Unrecognised tax losses	Recognised deferred tax losses carried forward
France	2 692	695	(623)	73
China	2 774	416	(416)	-
Brazil	206	70	(70)	-
Paraguay	345	46	(46)	-
Malaysia	29	7	(7)	-
US	87	22	-	22
Canada	11	3	(3)	-
Korea	6	1	(1)	-
UK	1	-	-	-
Total tax losses to carried forward	6 151	1 261	(1 167)	95

Tax losses carried forward by expiry date

	31.12.2024		31.12.2023	
	Total unrecognised losses	Total recognised losses	Total unrecognised losses	Total recognised losses
Amounts in NOK million				
Loss car.forw.which exp. within 1 year	-	-	(5)	-
Loss car.forw.which exp. within 2 years	(7)	-	(9)	-
Loss car.forw.which exp. within 3 years	(3)	-	(10)	-
Loss car.forw.which exp. within 4 years	-	-	(3)	-
Loss car.forw.which exp. within 5 years	-	-	-	-
Loss car.forw.which exp. within 5-10 years	-	-	(40)	-
Without maturity	(35)	1 061	(1 100)	95
Total tax losses carried forward	(45)	1 061	(1 166)	95

Pending tax issues with tax authorities

The Norwegian Tax Office decided in February 2021 to increase Elkem ASA's taxable income for the fiscal years 2016-2019 by in total NOK 781 million, which would have led to an increase in the income tax expense of NOK 181 million. The reassessments relate to loan arrangements / debt waiver agreements acquired by Elkem ASA in 2016 through the cross-border parent-subsidiary merger with Bluestar Silicones International Sarl. Elkem is of the opinion that the reassessment is unfounded and has appealed. Based on legal advice, Elkem's assessment is that the defence against the action will be successful, and the increase in taxable income is therefore not recognised in profit or loss. The amount was paid in first quarter of 2021 and a corresponding receivable for the paid income tax was recognised in 2021.

Debt waiver

Elkem Silicones France SAS has four Elkem internal debt waiver agreements where internal loans were converted to equity and the converted amounts were treated as taxable income. Elkem Silicones France SAS can only reinstate the loans to the extent that the company has an accounting profit according to IFRS. All debt that is reinstated under the agreements can be deducted against taxable income. The gross taxable value of the agreements as of 31 December 2023 was NOK 595 million. Elkem Silicones France SAS has not reinstated any loan amounts in 2024 or 2023 and correspondingly no tax credit is recognised in 2024 or 2023.

Debt waiver 31 December 2023

Amounts in NOK million	2010	2012	2013	2014	Total
Gross value of debt waiver	54	186	149	207	595
Utilised 2023	-	-	-	-	-
Total debt that can be reversed	54	186	149	207	595
Deferred tax asset unrecognised ¹⁾	14	48	38	53	153
The respective agreements expire in	3 years	5 years	6 years	7 years	

¹⁾ Based on tax rate 25.8% (25.8%), which is applicable in France.

17. Property, plant and equipment

Principle application and judgements

Property, plant and equipment (PPE) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Initial cost includes expenditures that are directly attributable to the acquisition of the asset. In projects depending on new technology all cost up to final investment decision is expensed when incurred. In projects using known technology the cost incurred in the preparation for the final investment decision is capitalised due to the close integration with the investment. This is for example relevant for relining of furnaces.

When substantial parts of an installation are replaced with a new component, the cost is capitalised. The replacement is substantial when the costs associated with the replacement account for more than approximately 70 per cent of the value of an equivalent new installation. Upon capitalisation, the carrying amount of the replaced part is derecognised.

Major periodic maintenance that is carried out less frequently than every year is capitalised and depreciated over the period until the next periodic maintenance. Major periodic maintenance typically requires curtailment of production during the maintenance period. Silicon products typically perform relining of a furnace approximately every 10 to 15th year, Silicones performs mainly biennial maintenance of production equipment, while maintenance within Carbon Solutions is mostly performed on a day-to-day basis. Costs related to restarting the production after major maintenance are expensed when incurred.

Costs that do not relate to replacement of substantial parts or major periodic maintenance that is carried out less frequently than every year, are classified as “day-to-day servicing” and are expensed directly.

Depreciations are calculated based on estimated useful life and expected residual value for each item of PPE and are recognised in the statement of profit or loss using the straight-line method. Elkem has certain leases with local governments. Unless there are indications to the contrary it is assumed that these leases are extended at expiry when determining the useful life of the assets situated on the land. Depreciation commences when the assets are ready for their intended use. Judgement is applied to determine the time when the asset is ready for intended use.

The main rule is to classify spare parts as inventory. However, major spare parts and stand-by equipment qualify as property, plant, and equipment when Elkem expects to use them during more than one period. Depreciation for major spare parts starts when the asset is recognised in the asset register.

Accounting principle application and judgements for impairment of assets, see Note 21 Impairment assessments.

Details of property, plant and equipment
2024

Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Cost						
Opening balance	276	9 575	26 965	2 328	6 842	45 987
Additions	-	40	71	23	2 783	2 917
Transferred from CiP	4	450	4 308	1 381	(6 144)	-
Disposals	(0)	(20)	(144)	(23)	(6)	(194)
Assets classified as held for sale	(160)	(6 757)	(19 993)	(3 604)	(2 080)	(32 595)
Currency translation differences	15	530	1 333	188	287	2 353
Closing balance	134	3 819	12 540	293	1 682	18 468
Accumulated depreciation						
Opening balance		(3 639)	(15 650)	(1 043)		(20 332)
Additions from continuing operations		(134)	(677)	(15)		(827)
Additions from discontinued operations		(194)	(992)	(288)		(1 475)
Disposals		16	118	23		157
Assets classified as held for sale		1 964	10 400	1 202		13 566
Currency translation differences		(133)	(706)	(77)		(917)
Closing balance		(2 121)	(7 507)	(199)		(9 827)
Impairment losses						
Opening balance	(12)	(446)	(2 398)	(15)	(30)	(2 900)
Additions from continuing operations	-	(3)	(35)	(0)	(0)	(38)
Additions from discontinued operations	-	(1)	(9)	(0)	-	(10)
Disposals	-	3	17	0	0	20
Assets classified as held for sale	-	469	2 419	15	31	2 935
Currency translation differences	(1)	(41)	(197)	(1)	(3)	(242)
Closing balance	(13)	(18)	(202)	(1)	(1)	(235)
Carrying amount						
Closing balance	121	1 680	4 831	92	1 681	8 405
Original cost of assets fully depreciated but still in use						
Estimated useful life	Indefinite	5–50 years	3–50 years	3–20 years		
Depreciation plan		Straight-line	Straight-line	Straight-line		

Capitalised interest is NOK 44 million in 2024 mainly related to discontinued operations. The weighted average cost of capital for capitalisation of loan interest in 2024 is in the range of 2.6 per cent and 2.8 per cent per annum.

Impairment losses from continuing operations in 2024 are primarily related to lining damage at Rana of NOK 35 million.

Details of property, plant and equipment
2023

Amounts in NOK million	Land	Buildings and other property	Plant, 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 from CiP	12	532	1 534	976	(3 053)	-
Reclassification	(1)	2	(286)	285	-	0
Business combinations (note 4)	21	33	25	-	2	81
Disposals	-	(76)	(227)	(17)	(13)	(333)
Currency translation 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)
Additions from continuing operations		(116)	(620)	(17)		(753)
Additions from discontinued operations		(203)	(819)	(191)		(1 213)
Reclassification		1	267	(268)		-
Disposals		40	204	16		260
Currency translation 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)
Additions from continuing operations	-	(0)	(24)	-	(0)	(25)
Additions from discontinued operations	-	(13)	(56)	-	-	(69)
Reclassification	-	(9)	22	(14)	-	-
Disposals	-	10	18	0	1	29
Currency translation 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
Original cost of assets fully depreciated but still in use						
	0	2 214	7 979	240	-	10 433
Estimated useful life	Indefinite	5–50 years	3–50 years	3–20 years		
Depreciation plan		Straight-line	Straight-line	Straight-line		

Capitalised interest is NOK 51 million in 2023. The weighted average cost of capital for capitalisation of loan interest in 2023 is in the range of 2.8 per cent and 3.6 per cent per annum.

Impairment losses in 2023 are primarily related to impairment of production units at Xinghuo NOK 69 million and impairment as a result of fire at Salten NOK 17 million.

18. Leases

Principle application and judgements

Right-of-use assets are presented separately in the statement of financial position, whereas lease liabilities are presented in interest-bearing liabilities.

Elkem’s policy in general is to own critical assets related to the production cycle, including production buildings and land where this is not controlled by the local government. The group’s main lease contracts comprise office buildings and machinery / storage assets to be used at production sites. The less significant lease contracts comprise employee cars, machinery, and equipment.

Elkem applies a single recognition and measurement approach for all leases, except for:

- Lease contracts for which the lease term ends within 12 months as of the commencement date are not capitalised (short-term leases). Elkem’s short-term lease commitments are related to rental of equipment in connection with maintenance or installation of new equipment.
- Lease contracts for which the underlying asset is of low value, mainly office equipment, are not capitalised.
- Lease of intangible assets are not capitalised.
- Lease payments on contracts that are not capitalised are recognised as other operating expenses on a straight-line basis over the lease term.

Right-of-use assets are subject to impairment assessments as described in note 21 Impairment assessments.

Details of right-of-use assets 2024

Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Total
Cost					
Opening balance	397	733	153	2	1 285
Additions / lease modifications / remeasurements	8	78	60	0	148
Partial or full termination of agreements	-	(53)	(41)	(2)	(96)
Assets classified as held for sale	(378)	(260)	(143)	(0)	(782)
Currency translation differences	33	25	7	0	65
Closing balance	60	523	36	0	619

Accumulated depreciation

Opening balance	(80)	(258)	(92)	(2)	(431)
Additions from continuing operations	(6)	(52)	(9)	-	(68)
Additions from discontinued operations	(8)	(42)	(36)	(0)	(87)
Partial or full termination of agreements	-	48	36	2	86
Assets classified as held for sale	81	143	84	0	308
Currency translation differences	(7)	(12)	(4)	(0)	(23)
Closing balance	(20)	(174)	(22)	(0)	(216)

Impairment losses

Opening balance	-	-	-	-	-
Closing balance	-	-	-	-	-

Carrying amount

Closing balance	40	349	15	0	403
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Estimated useful life	1–99 years	1–25 years	1–5 years	3–4 years
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line

Details of right-of-use assets 2023

Amounts in NOK million	Land	Buildings and other property	Plant, 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)
Currency translation differences	(3)	9	9	0	15
Closing balance	397	733	153	2	1 285

Accumulated depreciation

Opening balance	(70)	(191)	(96)	(1)	(359)
Additions from continuing operations	(2)	(45)	(4)	(0)	(52)
Additions from discontinued operations	(7)	(48)	(34)	(0)	(90)
Partial or full termination of agreements	-	30	48	-	77
Currency translation 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
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Estimated useful life	8–99 years	2–25 years	2–6 years	3–4 years
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line

Carrying amounts of lease liabilities and the movements during the period

Amounts in NOK million	2024	2023
Opening balance	589	578
Additions / lease modifications / remeasurements	148	225
Partial or full termination of agreements	(10)	(16)
Payments	(170)	(236)
Interest expenses on lease liabilities from continuing operations	15	13
Interest expenses on lease liabilities from discontinued operations	13	14
Liabilities classified as held for sale	(195)	-
Currency translation differences	17	10
Closing balance (note 26)	405	589

The maturity analysis of lease liabilities is disclosed in note 26 Interest-bearing liabilities.

Amounts recognised in consolidated statement of profit or loss

Amounts in NOK million	2024	2023
Depreciation of right-of-use assets	(68)	(52)
Interest expenses on lease liabilities (note 15)	(15)	(13)
Leasing expenses, short-term leases (note 13)	(53)	(47)
Leasing expenses, low value assets (note 13)	(2)	(1)
Leasing expenses, variable lease payments (note 13)	(1)	(0)
Total amount recognised in consolidated statement of profit or loss	(138)	(113)

19. Other intangible assets

Principle application and judgements

Judgement is used in determining when a project move from the research phase to the development phase for internally developed intangible assets. To ensure consistent judgement, different activities are grouped in four different phases. Expenses incurred in phase 1 are classified as research and expensed directly to profit and loss. Expenses incurred in phase 2-4 are normally capitalised as long as the criteria for capitalisation are met. Phase 4 may also contain commercialisation/industrialisation of technology developed in phase 1-3 into full scale plants and judgement must be applied both in terms of separation between fixed and intangible assets as well as the correct starting point for depreciation. In general depreciation of the intangible assets starts when the full-scale production facility is put into operation.

Expenditures related to research and development activities, see note 13 Other operating expenses.

Accounting principle application and judgements for impairment of assets, see Note 21 Impairment assessments.

Details of intangible assets
2024

Amounts in NOK million	Land use rights	Technology and licences	Software	Development	Other intangible ¹⁾	Intangible assets under construction	Total
Cost							
Opening balance	116	911	714	1 030	384	407	3 563
Additions	-	0	12	-	-	88	100
Transferred from CiP	-	0	44	61	11	(116)	-
Disposals	-	-	(2)	-	-	-	(2)
Assets classified as held for sale	-	(945)	(490)	(1 152)	(333)	(201)	(3 121)
Currency translation differences	6	56	31	61	24	14	192
Closing balance	121	23	309	-	86	193	732

Accumulated amortisation

Opening balance	(65)	(654)	(514)	(711)	(159)		(2 103)
Additions from continuing operations	(2)	(1)	(25)	-	(8)		(35)
Additions from discontinued operations	-	(42)	(33)	(77)	(31)		(182)
Disposals	-	-	2	-	-		2
Assets classified as held for sale	-	712	335	826	173		2 045
Currency translation differences	(3)	(38)	(22)	(39)	(10)		(112)
Closing balance	(70)	(23)	(257)	-	(35)		(385)

Impairment losses

Opening balance	(1)	-	-	-	-	-	(1)
Additions from continuing operations	-	-	(1)	-	-	(129)	(130)
Currency translation differences	(0)	-	-	-	-	0	(0)
Closing balance	(1)	-	(1)	-	-	(129)	(131)

Carrying amount

Closing balance	50	0	51	-	51	64	216
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Estimated useful life	3–10 years	3–15 years	3–10 years	3–16 years	3–10 years
Amortisation plan	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

¹⁾ Other intangible assets consists mainly of customer relationships.

Details of intangible assets
2023

Amounts in NOK million	Land use rights	Technology and licences	Software	Development	Other intangible ¹⁾	Intangible assets under construction	Total
Cost							
Opening balance	108	868	627	880	350	377	3 209
Additions	-	-	17	-	-	183	200
Transferred from CiP	-	5	67	94	3	(170)	-
Business combinations (note 4)	-	-	0	-	29	-	29
Disposals	-	-	(9)	-	-	-	(9)
Currency translation differences	7	38	13	56	2	17	133
Closing balance	116	911	714	1 030	384	407	3 563
Accumulated amortisation							
Opening balance	(59)	(579)	(457)	(606)	(122)	-	(1 824)
Additions from continuing operations	(2)	(2)	(29)	-	(6)	-	(39)
Additions from discontinued operations	-	(41)	(28)	(65)	(31)	-	(166)
Disposals	-	-	9	-	-	-	9
Currency translation differences	(4)	(32)	(8)	(40)	(0)	-	(84)
Closing balance	(65)	(654)	(514)	(711)	(159)	-	(2 103)
Impairment losses							
Opening balance	(1)	-	-	-	-	-	(1)
Currency translation differences	(0)	-	-	-	-	-	(0)
Closing balance	(1)	-	-	-	-	-	(1)
Carrying amount							
Closing balance	49	257	200	319	225	407	1 458
Estimated useful life							
Amortisation plan	3–10 years Straight-line	3–15 years Straight-line	3–10 years Straight-line	3–16 years Straight-line	3–10 years Straight-line		

¹⁾ Other intangible assets consists mainly of customer relationships.

20. Goodwill

Principle application and judgements

If the fair value at the time of acquisition of the group's interest in the net assets of the acquired subsidiary exceeds the cost of the acquisition (negative goodwill), the differences are presented directly in the statement of profit or loss as other items. Judgement is applied in determining net identifiable assets and hence in determining the amount of goodwill.

Accounting principle application and judgement for impairment of assets, see Note 21 Impairment assessments.

Details of goodwill

Amounts in NOK million	2024	2023
Opening balance	1 015	984
Business combinations (note 4)	-	23
Assets classified as held for sale	(756)	-
Currency translation differences	70	8
Closing balance	329	1 015

Origin of goodwill per CGU and operating segment
31 December 2024

Amounts in NOK million	Silicon Products	Carbon Solutions	Total
Elkem Nagpur	42	-	42
Elkem Rana AS	40	-	40
Elkem Oilfield Chemical FZCO Ltd.	26	-	26
Elkem Dronfield Ltd.	19	-	19
Elkem Materials Processing Services BV	0	-	0
Elkem Ferroveld JV	-	45	45
Elkem Carbon Slovakia a.s.	-	22	22
Elkem Participações Indústria e Comércio Limitada	-	8	8
Elkem Carbon (China) Co., Ltd.	-	1	1
NEH LLC	107	20	126
Total goodwill	234	95	329

Origin of goodwill per CGU and operating segment
31 December 2023

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Total
Elkem Silicones Guangdong Co., Ltd.	499	-	-	499
Elkem Silicones Korea Co., Ltd	126	-	-	126
Elkem Silicones excluding Xinghuo/Yongdeng, Elkem Guangdong, and Elkem Silicones Korea	85	-	-	85
Elkem Rana AS	-	40	-	40
Elkem Nagpur	-	38	-	38
Elkem Oilfield Chemical FZCO Ltd.	-	24	-	24
Elkem Dronfield Ltd.	-	17	-	17
Elkem Materials Processing Services BV	-	0	-	0
Elkem Ferroveld JV	-	-	41	41
Elkem Carbon Slovakia a.s.	-	-	21	21
Elkem Participações Indústria e Comércio Limitada	-	-	9	9
Elkem Carbon (China) Co., Ltd.	-	-	1	1
NEH LLC	-	96	18	113
Total goodwill	710	215	89	1 015

21. Impairment assessments

Principle application and judgements

This disclosure covers the impairment assessment for goodwill, intangible assets, property plant and equipment and right-of-use assets (non-current non-financial assets).

Impairment is recognised when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount.

As a starting point Elkem uses the value in use method for estimating recoverable amount in an impairment test. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the strategic plan for the next five years and do not include restructuring activities that Elkem is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. An exception from this is ongoing projects with known technology where both future cash inflows and remaining investments are included.

A long-term growth rate is calculated and applied to project future cash flows after the fifth year. If the value in use calculation indicates an impairment, the fair value less cost to sell will be estimated and the higher of this amount and the value in use is applied as the recoverable amount.

Judgement is applied by management in determining if an impairment trigger exist. Management assesses a wide range of quantitative and qualitative information before concluding on the trigger review. Triggers normally assessed in Elkem include:

- performance compared to budget since the last trigger review

- the expected development in sales prices and the cost of materials, employees and other operating expenses in both the short and medium term
- supply/demand balance
- regulatory changes and new technology
- competitive situation

There is significant judgment required to determine the CGU for impairment testing. For impairment testing of property, plant and equipment intangible and right of use assets the CGU is the lowest level that generates cash inflows. This can be both a single plant or a combination of plants depending on the facts and circumstances. For goodwill the unit of testing is a combination of CGUs and is based on the level where synergies are expected to be realised following a business combination. The combination of CGUs for impairment testing of goodwill is determined to be the operating segments as presented in note 6 Operating segments.

Estimates

The value-in-use calculations are based on estimated future cash flows. The uncertainty in the cash flows relates to future prices for both key input factors in the production and market prices for the sale of Elkem's products. There is uncertainty regarding these factors both for the next 12 months and for the rest of the forecast period. There is also uncertainty in estimating replacement investments and the growth rate in the terminal value. The estimated future pre-tax cash flows are discounted using a discount rate before tax. The estimation uncertainty in the discount rate relates to the

determination of the risk-free rate, the market risk premium and the beta. Elkem uses a beta per business segment and the beta is found using observable betas of comparable companies for each business segment. Elkem has performed sensitivity analysis for key drivers in the impairment test to reflect the uncertainty in the estimates.

Impairment assessment for non-current non-financial assets including goodwill

The impairment assessment for non-current non-financial assets is performed on two levels.

- For non-current non-financial assets other than goodwill a quarterly trigger assessment is performed for each of the separate CGUs within the three operating segments Silicones, Silicon Products and Carbon Solutions. If a trigger is identified an impairment assessment is performed for the CGU.
- Goodwill acquired through business combinations are allocated to the operating segments Silicones, Silicon Products and Carbon Solutions. Each of the operating segments consist of several CGUs, typically a plant or a group of plants. Impairment testing of goodwill is done annually, or more frequently if indicators exist, for the group of CGUs that is included in the respective operating segments.

On 23 January 2025 the group announced its intention to perform a strategic review of the Silicones division. At the end of the fourth quarter the Silicones division is classified as held for sale and discontinued operations. Immediately before the re-classification of the Silicones division as discontinued operations an impairment assessment was performed and no impairment loss was identified. Subsequent to the reclassification, the disposal group classified as held for sale shall be measured at the lower of its carrying amount and fair value less costs to sell. Please refer to note 40 Assets held for sale and discontinued operations for assumptions used in estimating fair value of the assets held for sale at 31 December 2024. The following disclosure for 2024 will cover the continuing operations in Elkem Silicon Products and Elkem Carbon Solutions divisions. Held for sale assets are not reclassified in comparable figures. The 2023 impairment assessment of the Silicones division is therefore included in this disclosure.

The following table gives an overview of carrying amount of total non-current non-financial assets and goodwill allocated to each of the operating segments. The table also includes the pre-tax discount rate for each operating segment.

Operating segment

Amounts in NOK million	Carrying amount		Of which goodwill		Pre-tax discount rate	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Silicones	-	17 458	-	710	-	11.9 %
Silicon Products	7 447	6 874	234	215	11.1 %	11.9 %
Carbon Solutions	1 259	1 108	95	89	10.5 %	12.3 %
Total	8 706	25 440	329	1 015		

Elkem analyses both quantitative and qualitative triggers that may indicate that a CGU is impaired. Quantitative indicators include Elkem's market capitalisation, return on capital employed compared to WACC and EBITDA margin compared to budget. Qualitative indicators include significant adverse changes in expected sales volumes or margins, raw material prices, power prices and supply and changes in regulations.

The impairment assessment for goodwill allocated to the operating segments and for the respective CGUs within the operating segments performed at year-end is covered for each operating segment below.

Discounted cash flow models are applied to determine the value in use for the operating segments. Key assumptions used in the calculation of value in use are sales prices and volumes, raw material prices and discount rates.

A range of important assumptions used in the impairment assessment is common for all GGUs/operating segments and are to large extent determined at the group level in relation with the budget and strategic forecast process. These assumptions are described below. In addition, certain assumptions such as sales prices, cost of materials and supply / demand balance are specific for the respective CGUs / operating segments. These assumptions are described within the below impairment assessments done for each operating segment and underlying CGUs.

Common assumptions for all operating segments
[Financial forecasts](#)

The 2025 budget approved by the board is used as a basis for the 2026-2029 strategic plan and hence the forecasts which is used for the impairment assessment. When preparing the budget and strategic plan a range of both external and internal

sources are considered. External sources include market reports and price indexes. Internal sources include agreed sales volumes for the period, the effect of implemented cost saving initiatives and planned investments and maintenance.

EBITDA level represents the operating profit (loss) before depreciation and amortisation. The key assumptions used in reaching the forecast figures are sales prices, total volume and product mix, operating costs, and productivity targets. See Note 6 Operating segments for Elkem’s definition of EBITDA.

Other operating costs

These are estimated based on the current level and adjusted for expected inflation in the respective locations where the business is situated. Operating costs are also impacted by ongoing operational efficiency programmes. Changes to the outcome of these initiatives may affect future EBITDA levels.

Capital expenditure (“Capex”)

A normalised capex is assumed in the long run and are based on today’s maintenance level and technology. Estimated capital expenditures do not include capital expenditures that significantly enhance the current performance, as such effects are not included in the cash flow projection. However, capex includes remaining investments on strategic projects in an advanced stage where only a small part of the total investment remains before start up.

Discount rates

The required rate of return is calculated by the WACC method. The cost of a company’s equity and liabilities, weighted to reflect its target capital structure of 50:50, respectively, derive from its weighted average cost of capital. The WACC rates are based on 10-year risk-free interest rate for the relevant currency of the CGU. For the operating segments with cash inflows and outflows in different currencies these are translated to NOK in the goodwill impairment test and a NOK 10 year risk-free interest rate is used in the WACC. The rates are adjusted for inflation differential and country risk premium. The discount rates also consider the debt premium, market risk premium, corporate tax rate and asset beta. The WACC are adjusted for tax to determine a pre-tax rate that is used for discounting the estimated future cash flows.

Growth rates

The expected growth rates for a cash-generating unit (CGU) converge from its current level experienced over the last few years, to the long-term growth level in the market in which the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on management’s experience, assumptions in terms of market share and expectations for the market development in which the entity operates. Growth rate used in Elkem’s DCF models is 2 per cent for Silicon Products and Carbon Solutions with a significant market exposure in Europe.

Currency rates and inflation

The value-in-use calculation is performed in the functional currency for the CGU. The currency rates used to translate future incomes and expenses in other currencies than the functional currency is based the currency rates used in the strategic planning process. These are also used when translating the cash inflows and outflows in the operating segments to NOK in the goodwill impairment test. The long-term inflation (CPI) is based on external predictions and reflect the CPI in which each CGU is located.

Climate related risk

The calculation of value in use reflects the expected development in both the cost of CO₂ quotas and the income from CO₂ compensation going forward, in line with the current regulatory framework. Outside of this no climate related legislation has been passed at the current time that will impact the group. However, there is an expectation that any increase in cost due to new legislation will be covered by increased sales prices, full or partial compensation by incentive schemes or increased effectiveness resulting in limited impact on operating cash flows. See also the climate risk assessment in note 32 Financial risk.

Mandatory tests

Silicon Products and Carbon Solutions

For Silicon Products and Carbon Solutions the goodwill impairment test has been done based on approved business plans for the period 2025-2029 and a terminal value for the subsequent years. The estimated value in use exceeds the carrying amount. Further, no triggers were identified for the CGUs in Elkem Silicon Products and Carbon Solutions.

2023 Impairment assessment

In 2023 Elkem identified impairment indicators for Elkem Silicones Xinghuo/Yongdeng, Elkem Silicones Guangdong and Elkem Silicones excluding Xinghuo/Yongdeng, Guangdong and Elkem Silicones Korea. No impairment was recognised. The assumptions used are included below.

Elkem Silicones

The Silicones division has experienced a challenging market situation that has resulted in a weak financial performance in 2023. The challenging market situation can be explained by several factors:

- Supply/demand imbalance in the market following increased production capacity in China and delayed recovery of demand in Chinese construction industry after the COVID pandemic as well as lower demand for specialties in all regions.
- Chinese commodity prices reaching a 10-year low in August 2023 without a comparable reduction in raw material cost resulting in a significant pressure on EBITDA and ROCE.
- Higher pressure on commodity prices compared to specialty prices.

Based on the above indicators and weak financial performance, impairment triggers have been identified for the following CGUs:

- Xinghuo/Yongdeng
- Elkem Guangdong (Polysil)
- Elkem Silicones excluding Xinghuo/Yongdeng, Elkem Guangdong, and Elkem Silicones Korea

Impairment tests have been performed for these CGUs in parallel with the goodwill impairment test performed for the Silicones division. The assumptions used, and the assessments made for the goodwill impairment test for the division is to a large extent applicable to the different CGUs due to the global characteristics of the Silicones market and Elkem’s ability to adapt production at the plants across the different geographies based on supply and demand in the different markets. However, there are some differences in markets and product mix that will impact the outcomes. Below the results for each test is summarized including sensitivities.

Silicones operating segment

The conclusion is no impairment for the goodwill allocated to the Silicones operating segment. Key assumptions used in reaching this conclusion:

- External markets analysts expect continued challenging supply/demand balance both in China and globally for the next two years, before a gradual recovery towards the end of the forecast period resulting in a more balanced market.
- The strategic capacity increase investments in China and France are expected to ramp up production during 2024 and 2025. The new assets are expected to yield cost savings, more efficient production and an improved specialty ratio that will improve both absolute and stability in margins.
- Cost saving programmes initiated in 2023 are expected to give lasting reductions through reduced operating expenses going forward.
- A more balanced market, combined with an increased specialty ratio, results in improved average sales prices and combined with reduced cost leads to a gradually improving EBITDA-margin throughout the forecast period.

Given the challenging market situation throughout 2023 and the uncertainties regarding the timeline and level of market improvement both within the next 12 months and in the longer term, relevant and reasonable sensitivities have been performed to indicate a range of outcomes.

- A scenario where volumes and prices decrease with 5 per cent across all years in the forecast would result in no impairment. In this scenario employee benefit and other operating expenses have been adjusted to reflect lower activity. Further, as sales prices for commodity products are closely aligned with raw material prices these have also been reduced with 5 per cent.

- An increase in WACC of 0.5 percentage point – would not result in an impairment.
- A 11 per cent reduction in base case EBITDA for each year in the forecast period would result in a break even scenario.

Elkem Silicones Xinghuo/Yongdeng

Elkem has identified impairment indicators within Elkem Silicones Xinghuo/Yongdeng. The total carrying amount of the CGU is NOK 9 849 million. The impairment indicators are largely due to falling sale prices and volumes caused by a supply/demand imbalance in the Silicones markets globally.

The assumptions applied follow the assumptions as applied for the goodwill, see above. It is expected that 2024 and 2025 will be challenging before gradually improving towards the end of the forecast period. Pre-tax discount rate used in the DCF calculation for the CGU is 10.4 per cent.

Given the challenging market situation throughout 2023 and the uncertainties regarding the timeline and level of market improvement both within the next 12 months and in the longer term, relevant and reasonable sensitivities have been performed to indicate a range of outcomes.

- A scenario where volumes and prices decrease with 5 per cent across all years in the forecast– would result in no impairment. In this scenario employee benefit and other operating expenses have been adjusted to reflect lower activity. Further, as sales prices for commodities are closely aligned with raw material prices these have also been reduced with 5 per cent.
- Increased WACC of 0.5 percentage point – would not result in an impairment.
- A 12 per cent reduction in base case EBITDA for all future periods – would result in a break even scenario.

Elkem Silicones excluding Xinghuo/Yongdeng, Elkem Guangdong, and Elkem Silicones Korea

Elkem has identified impairment indicators within Elkem Silicones excluding Xinghuo/Yongdeng, Elkem Guangdong, and Elkem Silicones Korea which primarily includes operations in EMEA and AMS. The total carrying amount of the CGU is NOK 6 177 million. The impairment indicators are largely due to falling sale prices and volumes caused by a supply/demand imbalance in the Silicones markets globally and pressure on specialty prices.

The assumptions applied follow the assumptions as applied for the goodwill, see above. It is expected that 2024 and 2025 will be challenging before gradually improving towards the end of the forecast period. Pre-tax discount rate used in the DCF calculation for the CGU is 11.5 per cent.

Given the challenging market situation throughout 2023 and the uncertainties regarding the timeline and level of market improvement both within the next 12 months and in the

longer term, relevant and reasonable sensitivities have been performed to indicate a range of outcomes.

- A scenario where volumes and prices decrease with 5 per cent across all years in the forecast– would result in no impairment. In this scenario employee benefit and other operating expenses have been adjusted to reflect lower activity. Further, as sales prices are closely aligned with raw material prices these have also been reduced with 5 per cent.
- Increased WACC of 0.5 percentage point – would not result in an impairment.
- A 12 per cent reduction in base case EBITDA for all future periods – would result in a break even scenario.

Elkem Silicones Guangdong

Elkem has identified impairment indicators within Elkem Silicones Guangdong. The total carrying amount of the CGU is NOK 627 million. The impairment indicators are largely due to weaker financial performance than forecasted in last year’s impairment test due to lower sales prices and volumes.

The assumptions applied follow the assumptions as applied for the goodwill, see above. It is expected that 2024 and 2025 will be challenging before gradually improving towards the end of the forecast period. Pre-tax discount rate used in the DCF calculation for the CGU is 9.9 per cent.

Given the challenging market situation throughout 2023 and the uncertainties regarding the timeline and level of market improvement both within the next 12 months and in the longer term, relevant and reasonable sensitivities have been performed to indicate a range of outcomes.

- A scenario where prices decrease with 5 per cent across all years in the forecast would result in an impairment of NOK 50 million. In this scenario employee benefit and other operating expenses have been adjusted to reflect lower activity. For Guangdong sales prices are less correlated with raw material prices than for the other CGUs. The raw material prices have therefore been reduced with 2 per cent
- Increased WACC of 0.5 percentage point – would result in an impairment of NOK 35 million

22. Inventories

Principle application and judgements

Inventory consists of raw materials, semi-finished goods and finished goods, in addition to operating materials and spare parts that do not meet the definition of property, plant and equipment. Raw materials, and operating materials and spare parts, are recognised at cost of purchase including transport and handling to their present location. Finished and semi-finished goods are measured at cost of raw materials, energy for production and cost of conversion up to the actual completion stage. Cost of conversion comprise operating expenses directly related to manufacturing of the products and an allocation of direct fixed operating expenses. Judgement is applied in determining the share of cost to be allocated to inventory from departments that perform both production and overhead related tasks.

The cost of CO₂ allowances that Elkem needs to purchase in addition to allowances received from the government, see note 8 Other operating income, are based on estimated production / emissions for the year. The cost is allocated to cost of conversion proportionally with estimated produced volumes over the year as the number of allocated allowances will not be revised unless there is a substantial change in the production level at the plants.

The income from the Norwegian government CO₂ compensation scheme is recognised in inventory based on estimated compensation per produced ton and accrued proportionally with produced volumes.

Entities within the group sell goods to other group entities, consequently finished goods from one entity become raw materials or semi-finished goods for another group entity. The classification of goods in the consolidated statement of financial position is based on the separate entity’s classification.

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Judgement is applied in determining normal level of production per plant, but is also aligned with comparable plants within the group.

Details of inventory

Amounts in NOK million	31.12.2024			31.12.2023		
	Cost price	Provision	Net total	Cost price	Provision	Net total
Raw materials	1 616	(1)	1 614	2 359	(39)	2 321
Semi-finished goods	570	-	570	467	(0)	466
Finished goods	3 227	(66)	3 162	5 385	(238)	5 147
Operating materials and spare parts	695	(4)	692	1 121	(36)	1 084
Total inventories	6 108	(71)	6 038	9 331	(314)	9 018

This year's change in provision for impairment of inventory, a gain of NOK 30 million (loss of NOK 86 million), is recognised as a part of raw materials and energy.

23. Trade receivables

Principle application and judgements

Trade and bills receivables are initially recognised at transaction price, which in most cases corresponds to their nominal amount. Elkem mainly has receivables without stated interest rate and no significant financing component and the trade and bills receivables are therefore subsequently measured at nominal amount, less any provision for expected credit loss. Judgement has been applied in assessing derecognition of trade receivables included in factoring arrangements.

When Elkem’s Chinese entities sells goods to a customer a trade receivable is established. The customer can then issue a bank guaranteed bill that is used to settle the trade receivable. A bill receivable is transferable and can be used to pay trade payables (endorsed) or be settled in cash with a finance institution (discounted). Bills receivables are mainly bank acceptance bills that are guaranteed by a financial institution. The duration of a bill receivable is normally below 6 months.

Trade receivables are derecognised when settled, replaced by bills receivables or when transferred to a third party and Elkem has no further risk related to the receivables. Bills receivables are derecognised when they are settled on due date or when the risk and reward are transferred to a third party. Transferral to a third party can be done by discounting a bill receivable before due date or by endorsing the bill receivable, meaning that it is accepted by the supplier as payment for goods or services received. See below for details on the different agreements.

Elkem calculates the expected credit losses (ECL) for trade receivables and bills receivables in accordance with the simplified approach. All expected cash flows, including cash flows from credit insurance contracts where such contracts are deemed to be an integral part of the transactions, is taken into consideration. The assessment is based on historical experienced losses adjusted for forward-looking estimates on changes in risk / probability that credit losses will occur for the different customer groups /segments where applicable.

Details of trade receivables

Amounts in NOK million	31.12.2024	31.12.2023
Trade receivables	1 615	2 417
Trade receivables, related parties ¹⁾	105	29
Allowance for expected credit losses	(29)	(59)
Bills receivables	269	823
Total trade receivables	1 960	3 209

¹⁾ Includes trade receivables to discontinued operations

Elkem has entered into factoring agreements with a credit limit of a total of EUR 100 million (EUR 195 million), NOK 1 179 million (NOK 2 191 million), to sell on continuing basis trade receivables that meet specific conditions. The agreements include a recourse clause for maximum 5-10 per cent, depending on the agreement, of the face value of the individual receivables sold. The non-recourse amount of the receivables sold is derecognised and the recourse amount is recognised as a current liability when the title to the receivables is transferred. As at 31 December 2024, NOK 53 million (NOK 94 million) is recognised as current liability (see note 29 Provisions and other liabilities). In addition, Elkem has entered into factoring agreements without recourse. Receivables that are sold without recourse are derecognised in its entirety when the title is transferred, as there is no remaining credit risk after transfer. As at 31 December 2024 NOK 1 182 million (NOK 1 806 million) of Elkem’s trade receivables are derecognised under these agreements.

Bills receivables consist of NOK 267 million (NOK 822 million) bank acceptance bills and NOK 2 million (NOK 1 million) commercial acceptance bills.

A total of NOK 0 million (NOK 1 531 million) in unmatured bills receivables are endorsed to a third party where the final payment of the bill is guaranteed by a highly rated financial institution. Elkem will only suffer losses on an endorsed bill if the bank that have issued the bill or all companies that has endorsed the bill before Elkem goes bankrupt. These bills are derecognised as there is very low remaining credit risk related to endorsed bills.

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

Amounts in NOK million	31.12.2024	31.12.2023
Not due	1 306	1 956
Overdue by:		
1–30 days	251	312
31–60 days	75	78
61–90 days	31	38
More than 90 days	57	62
Total trade receivables ¹⁾	1 720	2 445

¹⁾ Bills receivables are not included in the ageing table

Movements in allowance for expected credit losses

Amounts in NOK million	2024	2023
Opening balance	(59)	(65)
Realised losses during the year / Received on earlier losses from continuing operations	(1)	(0)
Realised losses during the year / Received on earlier losses from discontinued operations	(0)	1
Provision for expected credit losses from continuing operations	(6)	(9)
Provision for expected credit losses from discontinued operations	(5)	(4)
Reversal of earlier provisions from continuing operations	7	11
Reversal of earlier provisions from discontinued operations	3	5
Assets classified as held for sale	40	-
Currency translation differences	(8)	2
Closing balance	(29)	(59)

Analysis of allowance for expected credit losses, presented based on related trade receivables

Amounts in NOK million	31.12.2024	31.12.2023
Not due	(6)	(10)
Overdue by:		
1–30 days	(0)	(1)
31–60 days	(0)	(4)
61–90 days	(1)	(4)
More than 90 days	(21)	(41)
Total allowance for expected credit losses	(29)	(59)

24. Other assets

Principle application and judgements

Other shares

Other shares consist of equity investments in both listed and unlisted companies. Shares in listed companies are measured at fair value through profit or loss with gains and losses presented in other items. Investments in equity instruments that do not have a quoted market price in an active market are classified as financial assets measured at fair value through other comprehensive income (OCI). Dividends from such investments are presented as other items in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative hold to collect financial assets with fixed or determinable payments that are not quoted in a regulated market. After initial recognition, they are recognised at amortised cost using the effective interest

method. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Judgement is applied in assessing the need for impairment on loans and receivables outside of trade and bills receivables and in determining the level of credit loss.

Judgement is applied when determining the estimated expected credit loss on other receivables and prepayments. The judgement is based on experienced losses in the past and expectations about future economic conditions for the different counterparties. Elkem calculates the expected credit losses (ECL) for other receivables in accordance with the simplified approach. The assessment is based on historical experienced losses adjusted for forward-looking estimates on changes in risk / probability that credit losses will occur.

Details of other assets

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Other shares	36	26	-	-
Restricted deposits	60	51	-	-
Other deposits	9	15	-	-
Pension assets, defined benefits and contribution plans (note 11)	32	29	4	3
Prepayments for construction of fixed assets	13	18	-	-
Prepayments for goods and equipment	-	-	22	143
Prepayments for other expenses	-	80	82	103
Prepayments to related parties (note 37)	-	-	-	2
Receivables from related parties, interest-bearing (note 37)	0	1	-	-
Receivables from related parties, interest free (note 37)	-	-	-	8
Grants receivable (note 9)	-	220	576	671
Value added tax	68	61	297	742
Corporate income tax receivables	-	-	241	261
Interest receivables	-	-	0	0
Other receivables	0	9	13	115
Assets at fair value through profit (loss)	765	-	-	-
Fixed assets under disposal	-	2	-	-
Other assets	2	45	18	14
Total other assets	985	556	1 254	2 062

Provision for impairment included in total other assets, mainly prepayments.

- (68)

Restricted deposits consist mainly of restricted deposits related to the ongoing tax litigation in Elkem's business in Brazil of NOK 11 million (NOK 18 million), see note 29 Provisions and other liabilities, and deposit for pension guarantee, related to unfunded pension liabilities for salaries above 12G, of NOK 37 million (NOK 32 million).

Assets at fair value through profit (loss) relates to the sale of Vianode AS, see note 30 Financial assets and liabilities.

25. Cash and cash equivalents and restricted deposits

Principle application and judgements

Cash and cash equivalents

Deposits with a term of 3 months or less on acquisition are included. Bank overdrafts are presented within interest-bearing current liabilities in the statement of financial position. Deposits where the access are restricted for use by the bank (more than 3 months) are presented separately in the statement of financial position and excluded from cash and cash equivalents presented in the statement of cash flows.

Cash and cash equivalents

Cash pooling is used to secure availability and access to cash across the group. Due to local legislation, not all subsidiaries are able to participate in international cash pooling arrangements. As at 31 December, NOK 1,780 million (NOK 3,058 million) of Elkem's cash and cash equivalents of NOK 4,397 million (NOK 6,367 million) was outside Elkem's cash pooling arrangements, mainly in China, Canada and at headquarter.

Restricted deposits

As at 31 December, NOK 0 million (NOK 351 million) of Elkem's restricted deposits of NOK 7 million (NOK 388 million) was related to bills payables, see note 28 bills payables.

26. Interest-bearing liabilities

Principle application

Lease liabilities

See note 18 Leases for accounting policies for right-of-use assets and lease liabilities.

Details of interest-bearing liabilities

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023 ¹⁾	31.12.2024	31.12.2023 ¹⁾
Lease liabilities (note 18)	338	464	67	125
Loan agreements, bank	5 856	7 767	706	18
Loan agreements, bonds	3 500	2 750	295	646
Loan agreements, other than bank	2 123	2 529	0	414
Accrued interest	-	-	23	28
Total interest-bearing liabilities	11 817	13 509	1 090	1 231

¹⁾ Restated - see note 39 Changes in presentation

Interest-bearing liabilities by currency

Amounts in NOK million	31.12.2024		31.12.2023 ^{y)}	
	Currency amount	NOK	Currency amount	NOK
EUR	711	8 386	771	8 664
USD	0	2	2	20
NOK	4 501	4 501	3 647	3 647
CNY	4	6	1 632	2 334
Other currencies	-	12	-	74
Total interest-bearing liabilities		12 907		14 741

^{y)} Restated - see note 39 Changes in presentation

Maturity of interest-bearing liabilities
31 December 2024

Amounts in NOK million	2025	2026	2027	2028	2029	2030 and later	Total
Lease liabilities	67	41	38	34	32	193	405
Loan agreements	1 001	2 210	6 796	1 413	800	300	12 519
Accrued interest	23						23
Total interest-bearing liabilities excluding prepaid loan fees	1 090	2 251	6 834	1 446	832	493	12 947
Prepaid loan fees							(41)
Total interest-bearing liabilities							12 907

Maturity of interest-bearing liabilities
31 December 2023^{y)}

Amounts in NOK million	2024	2025	2026	2027	2028	2029 and later	Total
Lease liabilities	125	79	63	48	44	230	589
Loan agreements	1 078	1 114	2 901	6 270	1 584	1 221	14 169
Accrued interest	28						28
Total interest-bearing liabilities excluding prepaid loan fees	1 231	1 193	2 964	6 318	1 628	1 452	14 786
Prepaid loan fees							(45)
Total interest-bearing liabilities							14 741

^{y)} Restated - see note 39 Changes in presentation

Loan agreements

The main non-current loan agreements as at 31 December 2024 are granted to Elkem in Norway for financing of the group; a term loan with bank institutions, bond loans and series of loans in Schuldschein market (other than bank).

Loan agreements, bank

The term loan of EUR 500 million (EUR 500 million) is unsecured, but there are related covenants. As at 31 December 2024 the interest rate is 4.02 per cent. The term loan is linked to two sustainability KPIs, KPI 1 Lost Time Injury Rate and KPI 2 – Product Group Carbon Footprint. The margin of the RCF and term loan shall be reduced by 0.025 per cent if both KPIs are met, and increased by 0.025 per cent if none of the KPIs are met. If one KPI is met there shall be no change to the margin. Based on initial testing of the KPI's there will be no change to the margin in 2025.

Loan agreements, bonds

The series of issued bond loans listed on Oslo Børs is in the size of NOK 3 500 million (NOK 2 750 million) where of NOK 3 150 million (NOK 2 750 million) is registered as bonds with floating rate and NOK 350 million (NOK 350 million) is registered as a bond with fixed rate. The bond loans are unsecured and there are no related covenants. As of 31 December 2024 the interest rates are in the range of 4.88 per cent to 6.43 per cent.

Elkem has entered into an interest swap agreement to swap the NOK 350 million bond from fixed to floating interest rate. As at 31 December 2024 the fair value of this swap is NOK 1 million (NOK 12 million).

Elkem has entered into an interest rate swap agreement to swap the NOK 800 million bond loan from floating interest rates to fixed interest rates of 4.88 per cent. As at 31 December 2024 the fair value of this swap is NOK 21 million (entered into in 2024). A swap agreement has also been entered into to swap the NOK 400 million bond loan to a EUR 34 million loan with fixed interest rates of 3.72 per cent. As at 31 December 2024 the fair value of this swap is negative NOK 2 million (entered into in 2024).

The bond loans are listed on Oslo Børs from January 2024, as at 31 December 2024 the fair value of the bond loans are positive NOK 2 million (negative NOK 12 million).

Loan agreements, other than bank

The series of loans issued in the Schuldschein market is of the size of EUR 180 million (EUR 210 million) with floating rate and EUR 0 million (EUR 15 million) with a fixed rate. The loan series is unsecured, but there are related covenants. As of 31 December 2024 the interest rates are in the range of 4.1 per cent to 4.35 per cent.

Credit facilities

As of 31 December 2024 the group is granted credit facilities of NOK 6 519 million. The facilities remain undrawn at 31 December 2024.

As of 31 December 2023 the group is granted credit facilities of NOK 6 293 million. The facilities remain undrawn at 31 December 2023.

The main revolving credit facilities are granted to Elkem ASA, but the facilities can be utilised by Elkem ASA and its subsidiaries. The main facilities amount to EUR 500 million, CNY 199 million and NOK 250 million respectively. See note 32 Financial risk, section (c) liquidity risk for more information.

Hedging

Some / part of loans are designated as a hedging instrument, see note 31 Hedging.

Loan covenant

Elkem has financial covenants related to part of its loan agreements in Norway. The financial covenants are based on last 12 months figures, and reported quarterly. Elkem was compliant with the covenants at the end of 2024 and 2023. Elkem initiated a waiver process in 2024, and got consent from the lenders to reduce the Interest Cover covenant from 4.0x to 3.0x for each and every quarter of the 2024 financial year. In 2025 the Interest Cover covenant will return to be 4.0x.

The covenants for the interest-bearing loan facilities in Norway relate to the financial performance of Elkem and are as specified in the table below.

Covenant Elkem related to drawn loan agreements of NOK 8,019 million (NOK 8,148 million) in Elkem ASA

Amounts in NOK million	31.12.2024	Loan covenant	31.12.2023	Loan covenant
Equity ratio	49 %	> 30%	48 %	> 30%
Interest cover ratio	5.2	> 3.00	6.2	> 4.00

Movements in interest-bearing liabilities 2024

Amounts in NOK million	31.12.2023	Cash flows	Non-cash changes				31.12.2024
		Receipts/ Payments	Additions, lease modifications, remeasurements and terminations	Liabilities classified as held for sale	Reclassification	Currency translation differences	
Lease liabilities	464	-	137	(129)	(147)	12	338
Loan agreements	13 091	2 118	-	(3 162)	(1 149)	620	11 519
Total movements non-current	13 555	2 118	137	(3 290)	(1 295)	632	11 857
Lease liabilities	125	(143)	-	(66)	147	5	67
Loan agreements	1 078	(1 121)	-	(130)	1 149	26	1 001
Total movements current	1 203	(1 264)	-	(197)	1 295	31	1 068
Total	14 758	854	137	(3 487)	-	663	12 925

Movements in interest-bearing liabilities 2023

Amounts in NOK million	31.12.2022	Cash flows	Non-cash changes				31.12.2023
		Receipts/ Payments	Additions, lease modifications, remeasurements and terminations	Acquisition / Disposal of subsidiaries	Reclassification	Currency translation differences	
Lease liabilities	475	-	210	-	(227)	6	464
Loan agreements	9 898	3 876	-	-	(1 183)	499	13 091
Total movements non-current	10 374	3 876	210	-	(1 410)	506	13 555
Lease liabilities	103	(209)	-	-	227	3	125
Loan agreements	84	(228)	-	31	1 183	7	1 078
Total movements current	187	(436)	-	31	1 410	11	1 203
Total	10 561	3 440	210	31	-	516	14 758

27. Trade payables

Elkem has entered into supplier finance agreements with a carrying amount of NOK 113 million as at 31 December 2024 (NOK 143 million). Under the agreements the suppliers have received payment. The duration is from six to twelve months. Range of payment due dates for comparable trade payables that are not part of an arrangement are from 5 to 60 days. The agreements are presented within trade payables in the statement of financial positions and changes in working capital in the statement of cash flows.

28. Bills payables

Principle application

Bills payables

When Elkem's Chinese entities purchases goods from a supplier a trade payable is established. Elkem can issue a bank guaranteed bill that is used to settle Elkem's trade payable. The issued bill payable is a document where Elkem as the buyer formally agrees to pay for purchased goods or services at maturity date and is normally guaranteed by a financial institution. The bills payables are initially recognised when the supplier accepts the bill of exchange and is recognised at the amount equal to the trade payables it replaces. The duration of a bill payable is normally below six months. When

the bill payable is guaranteed by a financial institution Elkem is normally required to deposit a certain per centage of the nominal value of the bill payable into a restricted bank account. The deposit is assessed to be a collateral/prepayment for the issued bill and is presented net with bills payable in the statement of cash flows, but presented gross in the statement of financial position. All bills payables in Elkem are bank acceptance bills which is guaranteed by a financial institution and nominated in CNY.

Net bills payable

Amounts in NOK million	31.12.2024	31.12.2023
Restricted deposits bills payable	-	(351)
Bills payable	-	1 466
Net bills payable	-	1 114

29. Provisions and other liabilities

Principle application

The cost of CO₂ allowances that Elkem needs to purchase in addition to allowances received from the government (see note 9 Grants), are based on estimated production / emissions for the year. The liability related to the purchase of allowances is accrued for using an average cost method with the assumption that the allowances received from the government is consumed evenly across the year. The provision for the purchase of allowances is measured at the agreed purchase price for forward purchases and the remaining at the market price at the reporting date.

Estimates

Elkem has several types of provisions due to its operations. Such liabilities are normally uncertain in timing and amount, and recognised amounts are estimates based on available information at the end of the reporting period. The estimated liability is based on expected cash flows necessary to settle

the obligation, adjusted for any related risk and discounted by using the pre-tax interest applicable for the specific entity. The estimates are updated when new or updated information is available, or at a minimum at each reporting date. The actual outcome will differ from the estimate.

The estimate uncertainty primarily relates to environmental measures related to closed production sites and landfills. The potential outcome can vary within a relatively wide range depending on the final scope of the measures required and the cost of fulfilling the measures. In these cases, the estimated provision is made based on a combination of expert opinions and management's assessment of the known facts and circumstances.

Details of provision and other liabilities

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Employee withholding taxes and other public taxes	-	-	113	143
Value added tax	-	-	93	252
Prepayments	-	-	63	112
Prepayments from related parties (note 37)	-	-	-	10
Liabilities to related parties (note 37)	-	-	0	17
Provisions	250	262	19	101
Accrued expenses	-	-	361	389
Grants, deferred income (note 9)	-	-	0	34
Grants payable (note 9)	17	17	-	-
Advances on export exchange contracts (ACC)	-	-	72	106
Recourse liabilities factoring agreement (note 23)	-	-	53	94
Settlement liabilities factoring agreements	-	-	31	71
Other liabilities	-	-	9	53
Total provisions and other liabilities	267	279	815	1 381

Elkem has for its Carbon operations in Brazil entered into Advances on foreign exchange contracts (ACC) with financial institutions. Under these contracts Elkem receives full or partial prepayments from the financial institution before the goods are shipped. The prepayments are used to finance imports of raw materials.

Movements in contingent consideration

Amounts in NOK million	2024	2023
Opening balance	-	42
Fair value adjustment of contingent consideration upon payment	-	(3)
Unwinding	-	0
Payments	-	(38)
Currency translation differences	-	(1)
Closing balance	-	-

Movements in provision 2024

Amounts in NOK million	Restructuring	Site restoration	Environmental measures	Litigations	Customers	Other provisions	Total provisions
Opening balance	44	35	203	71	5	5	363
Additional provisions recognised from continuing operations	9	9	11	3	0	0	32
Additional provisions recognised from discontinued operations	130	-	-	-	8	10	148
Used during the year	(101)	(0)	(13)	(8)	(2)	(10)	(134)
Reversal of provisions recognised from continuing operations	-	-	(3)	-	-	-	(3)
Reversal of provisions recognised from discontinued operations	-	-	-	-	(1)	-	(1)
Liabilities classified as held for sale	(85)	-	(29)	(10)	(10)	(5)	(138)
Currency translation differences	4	0	5	(7)	0	0	3
Closing balance	0	44	175	49	0	1	270
Hereof non-current	-	38	163	49	-	1	250
Hereof current	0	6	12	1	0	0	19
Closing balance	0	44	175	49	0	1	270

Movements in provision 2023

Amounts in NOK million	Restructuring	Site restoration	Environmental measures	Litigations	Customers	Other provisions	Total provisions
Opening balance	17	34	190	62	9	7	318
Additional provisions recognised from continuing operations	-	2	6	5	-	-	13
Additional provisions recognised from discontinued operations	43	-	-	-	1	10	54
Used during the year	(15)	(1)	(1)	(3)	(5)	(12)	(37)
Reversal of provisions recognised from continuing operations	-	-	-	-	-	-	-
Reversal of provisions recognised from discontinued operations	-	-	-	-	(1)	-	(1)
Currency translation differences	(0)	0	9	7	1	0	16
Closing balance	44	35	203	71	5	5	363
Hereof non-current	-	35	167	59	-	1	262
Hereof current	44	-	36	11	5	5	101
Closing balance	44	35	203	71	5	5	363

Restructuring

The provision is related to Elkem's cost saving programme in Silicones division.

Site restoration

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

Environmental measures

Elkem has worldwide operations representing potential exposure towards environmental consequences. Elkem has established clear procedures to minimise environmental emissions, well within public emission limits. The provisions relate to clean up costs for a closed down production site and landfills, mainly in Canada and Norway, and also estimated cost for clean-up cost of polluted soil and fjord in relation to production sites in Norway. Provisions are made for each case based on estimates that are quality assured by external parties. The estimates are manly unchanged from last year, except from effects from inflation. The engineering work in Canada started in 2024 and is expected to be finalised during first quarter 2025. For the other projects the timing of when the work will start is uncertain. A reasonable possible change in the estimate for the environmental measures are around 20 per cent.

Litigations

The provisions due to litigations are mainly related to the Carbon Solutions division in Brazil.

Federal tax cases in Brazil can take a substantial amount of time before resolution by the authorities, hence the time of settlement is uncertain. The main part of the provision is related to cases back to 2006. Provisions are made for each case based on the estimated amount expected to be paid, including interest and penalties. In accordance with Brazilian regulations, agreed amounts have been transferred to restricted bank accounts and are adjusted for interest. The restricted cash is recognised in other non-current assets, see note 24 Other assets.

Customers

The provisions are related to customer complaints, mainly in the Silicones division.

Contingent liabilities

Due to its operations Elkem could be included in criminal or civil proceedings related to, among others, product liability, environment, health and safety, anti-competitive, anti-corruption, trade sanctions or other similar laws or regulations or other forms of commercial disputes which could have a material adverse effect on Elkem. See section litigation above for ongoing cases and see note 16 Taxes for ongoing tax audits by authorities.

30. Financial assets and liabilities

Principle application

Financial assets

Non-derivative financial assets include trade receivables, restricted deposits and cash and cash equivalents.

Financial liabilities

Non-derivative financial liabilities include interest-bearing liabilities, bills payables and trade payables.

Embedded derivatives

Elkem has long-term power purchase contracts settled in Euro which is different from both Elkem and the counterparty’s functional currency. The currency portion of these contracts is an embedded derivative and is recognised and presented as an independent derivative.

Commodity contracts within the scope of IFRS 9

Non-financial commodity contracts where the relevant commodity is readily convertible to cash and where the

contracts are not for own use, fall within the scope of IFRS 9 Financial instruments - recognition and measurement. Elkem’s principle is that power delivered in a different grid area than the grid area where the power is consumed will meet the own use criteria.

The group currently has no energy contracts in Norway that do not meet the own use criteria except for the 30-øringen power contract and one other power contract. The 30-øringen contract originally had net settlement and was therefore classified as a derivative and cannot subsequently be reclassified to own use. The other contract entered into in 2024 has net settlement. Both derivatives are designated as hedging instrument in cash flow hedges.

Estimates

Estimates are used to estimate fair value for financial assets and liabilities where there are no listed prices or direct observable prices. Calculation of fair value is in such cases based on observable prices for similar contracts, as far as possible. For contracts with a duration beyond the period of observable prices, the assumptions are derived based on the latest observable data. Due to the current market situation in the energy market with very high prices and high volatility there is significant uncertainty in the estimation of forward power prices with direct impact on the value of the power contracts classified

as financial instruments. The estimated value of the power contracts can be impacted by the changes in the power prices both within the next 12 months, but also in the period beyond 12 months. There is also uncertainty related to the discount rate used for discounting future cash flows and the expectation to the development in the consumer price index going forward.

See assumptions used at the balance sheet date in chapter (a) Fair value measurement below, and sensitivity of the main power contracts in note 32 Financial risk.

Assets by category

31 December 2024

Amounts in NOK million	Note	Assets at fair value					Non-financial assets	Total
		Assets at fair value through profit or loss	Assets at fair value - hedging instruments	through other comprehensive income	Loans and receivables at amortised cost			
Derivatives, non-current		572	440	-	-	-	-	1 012
Other assets, non-current	24	781	-	20	70	115		985
Trade receivables	23	-	-	-	1 960	-		1 960
Derivatives, current		130	137	-	-	-		267
Other assets, current	24	-	-	-	13	1 241		1 254
Restricted deposits	25	-	-	-	7	-		7
Cash and cash equivalents	25	-	-	-	4 397	-		4 397
Total		1 483	577	20	6 447	1 355		

Liabilities by category

31 December 2024

Amounts in NOK million	Note	Liabilities				Non-financial liabilities	Total
		at fair value through profit or loss	Liabilities at fair value - hedging instruments	Liabilities at amortised cost			
Interest-bearing liabilities, non-current	26	-	-	11 817	-		11 817
Derivatives, non-current ²⁾		31	453	-	-		485
Provisions and other liabilities, non-current	29	-	-	-	267		267
Trade payables	27	-	-	2 076	-		2 076
Interest-bearing liabilities, current ¹⁾	26	-	-	1 090	-		1 090
Bills payables	28	-	-	-	-		-
Derivatives, current ²⁾		(43)	183	-	-		140
Provisions and other liabilities, current	29	-	-	525	290		815
Total		(11)	636	15 508	557		

Assets by category
31 December 2023

Amounts in NOK million	Note	Assets at fair value					Total
		Assets at fair value through profit or loss	Assets at fair value - hedging instruments	through other comprehensive income	Loans and receivables at amortised cost	Non-financial assets	
Derivatives, non-current		745	232	-	-	-	977
Other assets, non-current	24	7	-	18	75	456	556
Trade receivables	23	-	-	-	3 209	-	3 209
Derivatives, current		269	142	-	-	-	411
Other assets, current	24	-	-	-	123	1 939	2 062
Restricted deposits	25	-	-	-	388	-	388
Cash and cash equivalents	25	-	-	-	6 367	-	6 367
Total		1 022	374	18	10 163	2 394	

Liabilities by category
31 December 2023

Amounts in NOK million	Note	Liabilities				Total
		at fair value through profit or loss	Liabilities at fair value - hedging instruments	Liabilities at amortised cost	Non-financial liabilities	
Interest-bearing liabilities, non-current ¹⁾	26	-	-	13 509	-	13 509
Derivatives, non-current ²⁾		(127)	362	-	-	235
Provisions and other liabilities, non-current	29	-	-	-	279	279
Trade payables	27	-	-	5 281	-	5 281
Interest-bearing liabilities, current ¹⁾	26	-	-	1 231	-	1 231
Bills payables	28	-	-	1 466	-	1 466
Derivatives, current ²⁾		(48)	114	-	-	66
Provisions and other liabilities, current	29	-	-	729	652	1 381
Total		(174)	475	22 216	930	

¹⁾ In addition to the hedging instruments included in derivatives, currency effect of EUR loan is designated as a hedging instrument in a cash flow hedge of highly probable future sales. This hedge terminated in 2023. See note 31 Hedging.

²⁾ The group applies hedge accounting for certain currency contracts and certain parts of power contracts. The negative value reported as assets and liabilities at fair value is representing the value of parts of power contracts where hedge accounting is not applied.

There are no material differences between fair value and the carrying amount for financial liabilities and financial assets at amortised cost.

(a) Fair value measurement

Elkem's financial instruments measured to fair value are categorised into three levels based on the inputs to the valuation techniques used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Assets and liabilities measured at fair value
31.12

Amounts in NOK million	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
				2024	2023				
Financial assets at fair value through profit or loss	15	16	1 451	1 483		7	24	990	1 022
Derivatives designated in a hedging relationship	-	81	496	577		-	153	221	374
Assets at fair value through other comprehensive income	-	-	20	20		-	-	18	18
Total assets	15	97	1 968	2 080		7	178	1 229	1 414
Financial liabilities at fair value through profit or loss	-	(11)	-	(11)		-	(174)	-	(174)
Derivatives designated in a hedging relationship	-	636	-	636		-	475	-	475
Total liabilities	-	625	-	625		-	301	-	301

Level 1:
Financial assets measured at level 1 apply to external quoted shares, which are measured based on the quoted prices.

Level 2:
Financial assets and liabilities measured at level 2 applies to forward currency contracts, interest rate swaps and embedded currency derivatives.

The contracts are measured at fair value by estimating the future cash flows.

Level 3:
The financial assets and liabilities at fair value through profit or loss measured at level 3 consist of power derivative contracts, shares in unlisted companies and other assets measured at fair value through profit and loss.

When valuing the power contracts observable data is used, such as power price, currency rates, CPI and CfD, when available. The power prices for long-term electricity contracts in Norway are not directly observable in the market for the whole contract length. Power prices are observable until 2031, CfD prices are only observable for a short time period and currency rates are observable until 2027. Valuation of the contracts for the remaining periods are based on the latest observable data adjusted for CPI, if relevant.

Overview of contracts and the assumptions used for assessment of fair value for the level 3 contracts

Power contract "30-øringen"
"30-øringen" power contract lasts until 31 December 2030 and the power from the contract is restricted to be used at Elkem ASA plants. For the years 2019 - 2020 the price under the contract was fixed except if the spot price at the relevant grid points exceeds a certain threshold, in which case the price equals the spot price. For the last 10 years of the contract, starting 1 January 2021, the price is fixed based on the average spot price the five years preceding 1 January 2021, adjusted for inflation. The fixed price and the threshold price are

based on a start date and thereafter adjusted with inflation annually. Changes in fair value for the "30-øringen" contract was classified as other items before 1 January 2021. Due to the change in the contact's price structure of the instrument from 2021, the contract is designated as a hedging instrument from 1 January 2021. This means that fair value changes from the effective part of the hedging relationship from 1 January 2021 is recognised as raw materials and energy in statement of profit or loss in the same period(s) as the hedged objects affects the profit or loss. The ineffective part of the hedging relationship is recognised in other items.

Power contract with Axpo
In February 2024 Elkem has entered into a new financial power contract with Axpo covering the period 2027 to 2035. The contract has been designated as hedging instrument in a cash flow hedge of highly probable future purchases, hence changes in fair value for the power contract are from the inception of the contract booked against OCI. Please refer to note 31 Hedging.

- Assumptions for valuation of the contracts
- Discount rate: 5.60 per cent (4.98 per cent) p.a. for both contracts. The assumptions are based on the estimated risk of the contract, including credit risk.
 - Inflation: 2 per cent (2 per cent) p.a.
 - Power prices: Market prices per 31 December 2024 until 2035.
 - CfDs: 4-year average historic CfD prices based on Nord Pool prices for 30-øringen. For Axpo the implicit CFD at the contractual agreement date is used.
 - Exchange rate EUR: Observable rates for the next 5 years, thereafter calculated rates based on long-term interest rates is used to translate estimated future power prices to NOK for 30-øringen which is priced in NOK.

For external shares measured at level 3, book value of equity adjusted for excess values at purchase date is used as an approximation of fair value.

The Vianode receivable at fair value through profit and loss

In February 2024 Elkem group sold its shares in Vianode AS, a synthetic graphite manufacturer for a total nominal amount of NOK 847 million to AV Anodos AS a company controlled by Altor from 4th quarter of 2024. NOK 10 million of the compensation was received at closing while NOK 315 million (second instalment) and NOK 522 million (third instalment) are tied to Vianode meeting two future milestones relating to the building of a full-scale plant. Interest shall accrue on the second instalment if the due date is later than 30 June 2025 and for the third instalment 31 December 2027. At initial recognition in the first quarter of 2024 the fair value of the receivable was estimated to NOK 749 million after the payment of the NOK 10 million. The receivable is measured at fair value through profit and loss and is included in Level 3.

Vianode AS and AV Anodos are dependent on additional funding around the end of the first quarter of 2025 to be able to perform the investments necessary to meet the milestones required for the settlement of Elkem's receivable. If additional funding is not obtained there is a risk that Elkem's receivable will be worth zero.

Based on the need for additional funding and recent market developments Elkem considers that the value of the deferred payments is uncertain. Elkem monitors the situation closely. Based on information available at year end it has been assessed that the fair value of the receivable is NOK 765 million.

Movements in fair value measurement level 3

Amounts in NOK million	2024	2023
Opening balance	1 229	2 016
Acquisition / business combinations	0	2
Transfer to investment in equity accounted companies	-	(11)
Transfer from investment in equity accounted companies	759	-
Change in fair value recognised in OCI, cash flow hedges	412	(704)
Hedge ineffectiveness	(338)	58
Disposal	-	(1)
Settlement / realised effects	(109)	(137)
Other changes in fair value through profit or loss, unrealised	15	4
Currency translation differences	0	1
Net bills payable	1 968	1 229

(b) Details of financial instruments

Details of currency exchange contracts 31 December 2024

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency deal rate	Due	Fair value NOK	Notional amount ¹⁾ NOK
NOK	1 864	EUR	159	Fwd	11.7621	2025	(20)	1 869
NOK	201	JPY	1 954	Fwd	0.1028	2025	57	141
NOK	33	JPY	312	Fwd	0.1052	2026	9	23
NOK	375	USD	35	Fwd	10.7453	2025	(21)	396
USD	1	JPY	101	Fwd	0.0068	2024	0	7
NOK	818	EUR	76	Embedded ²⁾	10.7941	2025	(89)	894
NOK	5 984	EUR	518	Embedded ²⁾	11.5528	2026-2035	(483)	6 108
Total fair value ³⁾							(547)	

Details of currency exchange contracts 31 December 2023

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency deal rate	Due	Fair value NOK	Notional amount ¹⁾ NOK
CAD	9	USD	7	Fwd	1.3454	2024	1	68
NOK	1 897	EUR	164	Fwd	11.5408	2024	43	1 848
NOK	193	JPY	1 976	Fwd	0.0975	2024	48	142
NOK	234	JPY	2 266	Fwd	0.1031	2025-2026	61	163
NOK	167	USD	16	Fwd	10.1675	2024	0	167
USD	1	JPY	168	Fwd	0.0070	2024	(0)	12
NOK	807	EUR	76	Embedded ²⁾	10.6493	2024	(54)	851
NOK	5 101	EUR	458	Embedded ²⁾	11.1367	2025-2034	(235)	5 148
Total fair value ³⁾							(136)	

¹⁾ Notional value of the contracts, based on currency rates 31 December.

²⁾ Embedded EUR derivatives in own use power contracts.

³⁾ The spot element of forward currency contracts with duration more than 3 months are designated as hedging instruments in a cash flow hedge of highly probable future sales, hence this part is classified as "Derivatives used for hedging" in the table "Assets and liabilities classified by category" above. The interest element of these contracts and contracts of duration < 3 months are classified as "Assets/liabilities at fair value through profit or loss".

Details commodity contracts and interest rate swap within the scope of IFRS 9 31 December 2024

Amounts in NOK million	Volume GWh / Oz	Due	Fair value	Notional amount ¹⁾
Commodity contracts Power	501 GWh	2025	196	177
Commodity contracts Power	4478 GWh	2026-2035	986	1 950
Interest rate swap	1550 MNOK	2025-2029	19	301
Total fair value contracts within scope of IFRS 9 ²⁾			1 201	

¹⁾ Notional value of underlying asset at the end of reporting period, calculated as volume * price * currency rate as at 31 December (if other currencies than NOK).

²⁾ Certain power contracts are designated as hedging instruments, the remaining contracts / parts of contracts are classified as "Assets/liabilities at fair value through profit and loss".

Details of power contracts and other commodity contracts within the scope of IFRS 9 31 December 2023

	Volume GWh / Oz	Due	Fair value	Notional amount ¹⁾
Power contract "30-øringen"	501 GWh	2024	303	172
Power contract "30-øringen"	3006 GWh	2025-2030	907	1105
Commodity contracts Platinum	1176 Oz	2024	0	3
Interest rate swap	350 MNOK	2024-2028	12	94
Total fair value contracts within scope of IFRS 9 2)			1 223	

¹⁾ Notional value of underlying asset at the end of reporting period, calculated as volume * price * currency rate as at 31 December (if other currencies than NOK).

2) Certain power contracts are designated as hedging instruments, the remaining contracts / parts of contracts are classified as "Assets/liabilities at fair value through profit and loss".

(c) Offsetting

Financial assets
31 December 2024

	Gross amount of financial liabilities set off in the statement of financial position	Net amounts of financial assets recognised / presented	Financial instruments not set off in the statement of financial position	Cash collateral pledged	Net amount
Amounts in NOK million					
Power contracts including embedded derivatives	1 182	-	1 182	-	1 182
Forward currency contracts	75	-	75	5	80
Total	1 257	-	1 257	5	1 262

Financial liabilities
31 December 2024

	Gross amount of recognised financial liabilities	Net amounts of financial liabilities presented	Financial instruments not set off in the statement of financial position	Cash collateral pledged	Net amount
Amounts in NOK million					
Power contracts including embedded derivatives	572	-	572	-	572
Forward currency contracts	50	-	50	5	54
Total	622	-	622	5	626

Financial assets
31 December 2023

	Gross amount of financial assets	Gross amount of financial liabilities set off in the statement of financial position	Net amounts of financial assets recognised / presented	Financial instruments not set off in the statement of financial position	Cash collateral pledged	Net amount
Amounts in NOK million						
Power contracts including embedded derivatives	1 211	(1)	1 211	-	-	1 211
Forward currency contracts	153	-	153	7	-	160
Total	1 364	(1)	1 364	7	-	1 371

Financial liabilities
31 December 2023

	Gross amount of recognised financial liabilities	Gross amount of financial assets set off in the statement of financial position	Net amounts of financial liabilities presented	Financial instruments not set off in the statement of financial position	Cash collateral pledged	Net amount
Amounts in NOK million						
Power contracts including embedded derivatives	289	-	289	-	-	289
Forward currency contracts	12	-	12	7	-	19
Total	301	-	301	7	-	308

31. Hedging

Principle application and judgements

Elkem has applied IFRS 9 for hedge accounting. Elkem applies cash flow hedging and net investment hedging. Cash flow hedging is applied to two power contracts, interest rate swaps and for hedging of sales in foreign currency.

The 30-øringen power contract is delivered in the power price area NO2 in the south of Norway but is used to hedge cash flows for all the Norwegian plants including plants in other power price areas. At initial hedge designation there was a strong economic relationship between the prices in the different price areas. However, due to the at times significant differences in prices between the price areas the last 2.5 years, significant judgement is required to assess if there is still an economic relationship between the hedged item and the hedging instrument. There is an expectation that the price differences will be reduced over time due to for example grid improvements and changes in the supply/demand balance. Given the strict requirements in IFRS 9 for being allowed to

discontinue hedging and the fact that the 30-øringen is a long-term contract with expiry in 2030 it has been assessed that there is still an economic relationship between the hedging item and the hedged object.

Estimates

See disclosures describing estimation uncertainty for financial assets in note 30 Financial assets and liabilities.

Elkem's hedging instruments

Cash flow hedge

Elkem has forward currency contracts and embedded EUR derivatives in power contracts where the spot element is designated as hedging instruments and Elkem's highly probable future revenue in corresponding currencies is designated as the hedging objects in this hedging relationship, defined as a cash flow hedge. In addition, certain power derivative contracts, are designated as hedging instruments in a cash flow hedge of price fluctuations for highly probable

future purchases. Hence, the effective part of changes in fair value of the financial instruments is booked against OCI, and recycled to profit or loss as an adjustment of revenue and power cost (included in raw materials and energy) when realised. The ineffective part of changes in the fair value of the financial instrument is recognised in other items in the statement of profit and loss. Elkem should primarily pursue a floating interest rate policy for long-term financing. Interest rate hedging will be considered in specific cases, e.g. when there is a need to protect financial covenants in loan agreements. In 2024, Elkem entered into interest rate swaps to change from floating to fixed interest rates. In 2023 Elkem issued financing with fixed interest rate and entered into a interest rate swap from fixed to floating interest rate. Hence, the effective part of changes in fair value of the financial instruments is booked against OCI, and recycled to profit or loss as an adjustment interest expense when realised.

Net investment hedge

Elkem has a EUR 500 term loan. EUR 275 million of the loan was designated as a hedge of the net investment in the group's subsidiaries with EUR as functional currency. In November

2023 EUR 45 million was discontinued as a consequence of reduced value of net investments in euro, reducing the amount of the loan designated as a hedge of the net investment to EUR 230 million. In June 2024 a further EUR 30 million was discontinued, reducing the amount of the loan designated as a hedge of the net investment to EUR 200 million The fair value and carrying amount of the borrowing at 31 December 2024 was NOK 2 358 million (NOK 2 585 million). The change in foreign exchange loss of NOK 128 million (a loss of NOK 199 million) on translation of the borrowing from EUR to NOK at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the statement of changes in equity. There was no ineffectiveness recognised from the net investment hedge.

See note 32 Financial risk for Elkem's hedging policy.

Cash flow hedging instruments, by type

	31.12.2024	31.12.2024	31.12.2023	31.12.2023
	Assets	Liabilities	Assets	Liabilities
Amounts in NOK million	fair value	fair value	fair value	fair value
Forward currency contracts	60	43	141	12
Financial power contracts	496	-	220	-
Power contracts embedded derivatives	-	591	-	463
Interest rate swap	21	3	12	-
Commodity contracts Platinum	-	-	0	-
Total hedging instruments	577	636	374	475
Less non-current portion:				
Forward currency contracts	8	-	60	-
Financial power contracts	415	-	162	-
Power contracts embedded derivatives	-	451	-	362
Interest rate swap	17	2	9	-
Commodity contracts Platinum	-	-	-	-
Current portion of hedging instruments	137	183	142	114

As at 31 December 2024 financial power contracts designated in a hedging relationship comprise 15 per cent of expected consumption in Norway in 2025, 14 per cent in 2026, 21per cent in the period 2027-2030 and 6 per cent from 2031-2035

Elkem has hedged approximately 22 per cent of the expected revenues in EUR and approximately 4 per cent of expected revenues in USD for 2025. For the years 2026-2035 EUR is hedged at a range of 2 - 6 per cent.

Financial instruments
31 December 2024

Amounts in NOK million	Net 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
Forward currency contracts	25	17	9	8	-	-
Embedded EUR derivatives	(572)	(591)	(140)	(124)	(84)	(243)
Power contracts	1 182	496	81	84	80	252
Interest rate swaps	19	18	3	3	4	7
Total ¹⁾	654	(59)	(46)	(28)	(1)	16

Financial instruments
31 December 2023

Amounts in NOK million	Net 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
Forward currency contracts	153	129	69	52	8	-
Embedded EUR derivatives	(289)	(463)	(101)	(96)	(84)	(182)
Power contracts	1 211	220	58	42	38	83
Interest rate swap	12	12	3	3	3	4
Commodity contracts Platinum	0	0	0	-	-	-
Total ¹⁾	1 087	(102)	28	1	(36)	(95)

¹⁾ Hedge accounting is applied for certain contracts and for parts of contracts.

Of total changes in fair value of power contracts designated as hedging instruments a loss of NOK 197 million (gain of NOK 357 million) is recognised in profit or loss, and classified as other items (see note 14 Other items), due to ineffectiveness in the hedging relationship and discontinuation of hedging. The ineffectiveness on cash flow hedges primarily relates to Elkem's hedges of future power purchase. The ineffectiveness is caused by the extraordinary developments in the Norwegian power market with significant differences in prices between the different price areas. Consequently, the cumulative change in fair value of some of the hedging instruments are higher

than the cumulative changes in the present value of the hedge objects from the inception of the hedge. The difference between the two is the recognised as ineffectiveness. Of the loss of NOK 196 million (gain of NOK 357 million) recognised in 2024, a loss of NOK 300 million (gain of NOK 273 million) relates to hedge ineffectiveness caused by these price differences. The loss is partially reduced by a gain of NOK 102 million (NOK 84 million) related to discontinuation of power hedging caused by furnace curtailments in Norway and a gain of NOK 1 million related to cash flow hedges of future sale of goods in currency.

Realised effects hedge accounting

Amounts in NOK million	31.12.2024	31.12.2023
Realised effects from forward currency contracts, recognised in revenue	10	(229)
Realised effects from embedded derivatives EUR, recognised in revenue	(135)	(122)
Realised effects from EUR loans, recognised in revenue	-	(15)
Realised effects from power contracts, recognised in raw materials and energy	13	112
Realised effects hedge discontinuation, recognised in other items	102	85
Realised effects from interest rate swap, recognised in finance expenses	(4)	(1)
Total realised effects hedge accounting	(14)	(170)

In addition, Elkem applies hedge accounting principles related to currency risk from a net investment in foreign operation, see note 26 Interest-bearing liabilities.

Movements in OCI related to hedging instruments 2024

Amounts in NOK million	Opening balance	Net change in fair value	Reclassified to P&L	Closing balance
Hedging of future sales, forward currency contracts	129	(102)	(10)	17
Hedging of future sales, embedded EUR derivatives in own use power contracts ¹⁾	(463)	(263)	135	(591)
Hedging of future sales, platinum contracts from discontinued operations	0	0	(0)	-
Hedging of future need for power, contract "30-øringen" ²⁾	220	322	(115)	427
Hedging of future need for power, contract Axpo	-	69	-	69
Change in fair value of derivatives designated as a hedging of future interest expense	12	2	4	18
Total (before tax)	(102)	29	14	(59)

Movements in OCI related to hedging instruments 2023

Amounts in NOK million	Opening balance	Net change in fair value	Reclassified to P&L	Closing balance
Hedging of future sales, forward currency contracts	30	(130)	229	129
Hedging of future sales, embedded EUR derivatives in own use power contracts ¹⁾	(263)	(322)	122	(463)
Hedging of future sales, currency effects EUR loan	(8)	(7)	15	-
Hedging of future sales, platinum contracts	2	(1)	(1)	0
Hedging of future need for power, contracts with financial institutions	28	(22)	(6)	0
Hedging of future need for power, contract "30-øringen" ²⁾	1 235	(824)	(190)	220
Change in fair value of derivatives designated as a hedging of future interest expense	-	11	1	12
Total (before tax)	1 023	(1 294)	170	(102)

¹⁾ Hedge accounting from 2016.

²⁾ Hedge accounting from 2021.

32. Financial risk

Elkem is exposed to financial risk from fluctuations in market prices for finished goods, raw materials, currency exchange rates and interest rates (a) Market risk. In addition, Elkem is exposed to financial risks related to (b) Counterparty credit risk (c) Liquidity risk and (d) Climate risk. This may have considerable impact on Elkem's financial performance.

Elkem's principle is to organise resources close to the value chain. Risk management is an integrated part of Elkem's business activities, included in the line management's responsibility. Financial risk, including financing, liquidity, currency, interest rates, and counterparty risks are generally managed centrally by Group Finance and Treasury. Elkem has financial risk policies in place, approved by the board of directors.

Elkem's financial risk exposure and business performance are evaluated regularly, and the main risks are analysed in terms of impact, likelihood and correlation. Based on the overall risk evaluation Elkem may accept or seek to further reduce the risks arising from operational activities.

(a) Market risk

(i) Price risk

[Commodity prices](#)

Elkem is exposed to fluctuations in market prices for finished goods and raw materials. The market risk assessment is based on a holistic approach as prices for Elkem's products tend to fluctuate with underlying macroeconomic conditions. The same dynamics tend to apply to prices for the main raw materials, giving Elkem a certain degree of natural hedging.

For the main upstream products and raw materials Elkem seeks to reduce the risk exposure by entering sales and purchase contracts for corresponding time periods and volumes. The goal is to partly offset changes in sales prices through changes in raw material costs.

A significant part of Elkem's sales consist of specialised products. These products have generally more stable pricing. Elkem's integrated value chain mitigates the supply chain and pricing risks and also give flexibility to realise value at various levels through the value chain. Elkem aims to ensure sales volumes and raw material supply by entering into long-term customer relationships.

[Power](#)

Electric power is a key input factor and Elkem enters into long-term power contracts to reduce the future exposure to changes in power prices, particularly in Norway where electricity prices based on hydro power tend to have different pricing dynamics than for Elkem's products and other raw materials.

Normally all plants have covered their main future need for power by entering into power contracts, primarily classified as own use contracts according to IFRS 9, hence such contracts are off-balance. In addition to the own use contracts certain financial power contracts are classified as derivatives and designated in a cash flow hedging relationship in accordance with IFRS (see notes 30 Financial assets and liabilities and 31 Hedging). For plants located in Norway, Elkem's policy is that minimum 80 per cent of the expected power consumption shall be covered by fixed price contracts for current and next year. This includes both own use and derivative contracts at fair value. For the following periods, the ratio extends until 4 years ahead, declining with 10 percentage point per year ending at 50 per cent. Elkem currently fulfils this minimum hedge policy, and also has a substantial amount of contracts at fixed price for the period after 5 years. Optimisation of 24-hour-, seasonal- and capacity utilisation variations are solved through utilising financial and physical contracts that are traded bilaterally. The purpose of entering into long term power contracts is to reduce volatility in the power cost and to increase the predictability of the cost base. Fair value of commodity contracts is especially sensitive for future changes in energy prices.

Changes in fair value of commodity contracts, classified as financial instruments, reflect unrealised gains or losses, and are calculated as the difference between market price and contract price, discounted to present value. Valuations are based on market information where this is available, if not, valuations are based on estimated market price for non-observable parameters.

[Valuation of the power contracts](#)

The assumptions for the fair value measurement of power contracts are described in note 30 Financial assets and liabilities.

[Sensitivity analysis - power contracts](#)

Sensitivity on the "30-øringen" and Axpo contracts is as follows.

Power contracts

		31.12.2024		31.12.2023	
Amounts in NOK million		Fair value	Adjusted NPV	Fair value	Adjusted NPV
Discount rate (used 5.6% (5.0%))	change with -3.5 %-point	1 182	1 313	1 211	1 323
Discount rate (used 5.6% (5.0%))	change with +3.5 %-point	1 182	1 073	1 211	1 115
CPI (used 2.0%)	change to 1%	1 182	1 204	1 211	1 241
CPI (used 2.0%)	change to 3%	1 182	1 160	1 211	1 180
Power price	decrease -10%	1 182	904	1 211	982
Power price	increase + 10%	1 182	1 461	1 211	1 439

(ii) Currency risk

Elkem has revenues and operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily denominated in US dollar, Chinese yuan and Euro. This is partly offset by purchases of raw materials denominated in the same currencies. Elkem aims to establish natural hedging positions if this is possible and economically viable. Financial derivatives are then used to hedge the remaining net currency risk exposures. Elkem has net positive operating cash flows mainly in Euro, US dollar, Chinese yuan and Brazilian real. Due to the location of its plants, Elkem has net cost positions in certain other currencies, mainly Norwegian krone, but also Canadian dollars and Icelandic krona.

Elkem's policy is to hedge the net positive cash flows in foreign currencies against NOK to even out fluctuations in result and cash flow. The target is to hedge expected net cash flow for 0–3 months on a 90 per cent hedging ratio. Expected net cash flow for 4–12 months should be hedged on a rolling basis targeting a 45 per cent hedging ratio. The hedging ratio for

4–12 months may vary subject to internal approval. Chinese yuan (CNY) is not included in the hedging programme. Elkem has hedged Japanese yen until 2026, related to a long-term customer contract. Elkem uses hedge accounting for all cash flow hedges over 3 months. Embedded EUR derivatives in power contracts are included in the foreign exchange hedging programme. To ensure an effective hedge, according to the hedge accounting principles, the spot element of the forward currency contracts is designated as hedging instruments and highly probable future revenue as hedging object in a hedging relationship, covering the exposure beyond 3 months.

Elkem realised a loss of NOK 125 million from hedging programme (loss of NOK 367 million).

Elkem aims to mitigate the currency risk in the statement of financial position by keeping interest-bearing debt in the same currencies as the group's assets. Elkem has mainly interest-bearing debt in Euro, Chinese yuan and Norwegian krone.

The table below is for Elkem continued.

Currency effects recognised in total comprehensive income for the year, excluding effects from cash flow hedging

Amounts in NOK million	2024	2023
Net foreign exchange gains (losses) - forward currency contracts - recognised in other items	(5)	(26)
Operating foreign exchange gains (losses) - recognised in other items	39	350
Net foreign currency exchange gains (losses) on financing activities - recognised in foreign exchange gains (losses)	247	(106)
Currency translation differences - recognised in other comprehensive income	1 154	476
Hedging of net investment in foreign operations - recognised in other comprehensive income	(128)	(199)
Total	1 307	496

Currency exposure

The amounts in the tables below are translated to NOK using exchange-rates against NOK as at 31 December.

Exchange rates against NOK per 31 December

	2024	2023
USD	11.3484	10.1655
EUR	11.7921	11.2380
CNY	1.5390	1.4308
CAD	7.8723	7.6706

Currency exposure affecting statement of profit or loss

The tables show carrying amount of assets and liabilities for Elkem group total denominated in foreign currencies different from the entities functional currency, where changes in currency rates will affect profit and loss. The tables include notional amount of currency exchange contracts (note 30 Financial assets and liabilities). Amounts are presented in NOK based on currency rates as at 31 December 2024.

31 December 2024

Amounts in NOK million	USD	EUR	CNY	CAD	NOK	Other	Total
Other non-current assets	-	-	-	-	-	-	-
Trade receivables	627	(7)	-	-	-	96	715
Other assets	-	-	-	-	-	-	-
Restricted deposits	-	-	-	-	-	-	-
Cash and cash equivalents	709	1 293	(123)	(282)	0	358	1 955
Total monetary assets	1 336	1 285	(123)	(282)	0	454	2 670
Interest-bearing liabilities	-	8 714	-	-	-	-	8 714
Other liabilities	-	-	-	-	-	-	-
Trade payables	341	218	-	0	1	53	613
Bills payable	-	-	-	-	-	-	-
Total monetary liabilities	341	8 932	-	0	1	53	9 327
Derivatives, notional value	396	8 871	-	-	-	164	9 431
Net currency exposure financial position	599	(16 518)	(123)	(282)	(1)	237	(16 088)

31 December 2023

Amounts in NOK million	USD	EUR	CNY	CAD	NOK	Other	Total
Other non-current assets	-	-	-	-	-	-	-
Trade receivables	544	27	-	-	-	113	685
Other assets	-	-	-	-	-	-	-
Restricted deposits	-	-	-	-	-	-	-
Cash and cash equivalents	913	3 380	329	(331)	0	673	4 964
Total monetary assets	1 457	3 408	329	(331)	0	786	5 649
Interest-bearing liabilities	-	8 560	-	-	-	-	8 560
Other liabilities	-	-	-	-	-	-	-
Trade payables	650	219	-	-	0	89	959
Bills payable	-	-	-	-	-	-	-
Total monetary liabilities	650	8 778	-	-	0	89	9 518
Derivatives, notional value	167	7 847	-	-	-	305	8 318
Net currency exposure financial position	641	(13 217)	329	(331)	0	392	(12 187)

Sensitivity on profit and loss from financial assets and liabilities

The following tables demonstrate the sensitivity to a reasonable possible change in EUR and USD exchange rates by 5 per cent, with all other variables held constant. The impact on Elkem group total's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives and embedded

derivatives not designated for hedging. The impact on Elkem group total's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The impact on pre-tax equity would be booked against OCI and recycled through profit before tax, when the hedged items are realised. In addition the profit and loss will be affected by translation differences on intra group balances, mainly in EUR, USD and CNY.

Currency	Change in FX rate	31.12.2024		31.12.2023	
		Effect on profit before tax	Effect on pre-tax equity	Effect on profit before tax	Effect on pre-tax equity
Amounts in NOK million					
EUR	5 %	(288)	(517)	(113)	(548)
EUR	-5 %	288	517	113	548
USD	5 %	50	(20)	40	(8)
USD	-5 %	(50)	20	(40)	8

Currency exposure affecting currency translation differences /equity

The table shows Elkem group total's total assets and liabilities denominated in the group's main currencies translated to NOK at the currency rates at 31 December and gives an overview of the group's total currency exposure that will affect currency translation differences both in the consolidated statement of comprehensive income and / or profit and loss.

31 December 2024

Amounts in NOK million	USD	EUR	CNY	CAD	NOK	Other	Total
Other non-current assets	68	166	23	31	849	50	1 186
Trade receivables	966	176	1 798	18	84	619	3 661
Other assets	57	196	592	13	1 023	263	2 144
Restricted deposits	1	-	356	-	0	-	356
Cash and cash equivalents	1 132	1 665	1 324	(72)	1 324	698	6 070
Total monetary assets	2 224	2 202	4 093	(11)	3 279	1 630	13 418
Asset non-monetary items	2 826	7 428	13 864	974	12 822	2 100	40 014
Total assets	5 050	9 631	17 957	963	16 102	3 730	53 432
Interest-bearing liabilities	2	8 386	3 448	-	4 501	60	16 397
Other liabilities	60	246	329	17	450	235	1 337
Trade payables	469	1 200	2 046	106	949	389	5 159
Bills payable	-	-	1 549	-	(0)	-	1 549
Total monetary liabilities	532	9 832	7 371	123	5 900	685	24 442
Liabilities non-monetary items	136	772	292	216	1 338	215	2 969
Total liabilities	668	10 605	7 663	338	7 238	900	27 411

31 December 2023

Amounts in NOK million	USD	EUR	CNY	CAD	NOK	Other	Total
Other non-current assets	61	319	36	28	69	43	556
Trade receivables	879	243	1 366	13	101	607	3 209
Other assets	36	293	460	14	1 018	241	2 062
Restricted deposits	0	0	383	-	4	1	388
Cash and cash equivalents	1 265	3 672	1 536	(14)	(1 155)	1 063	6 367
Total monetary assets	2 242	4 526	3 781	41	37	1 955	12 583
Asset non-monetary items	2 562	6 687	13 685	1 075	12 033	1 876	37 917
Total assets	4 803	11 213	17 466	1 116	12 070	3 831	50 500
Interest-bearing liabilities	20	8 664	2 334	-	3 647	74	14 741
Other liabilities	67	222	198	9	595	290	1 381
Trade payables	756	1 172	2 418	92	576	268	5 281
Bills payable	-	-	1 466	-	-	-	1 466
Total monetary liabilities	843	10 058	6 416	101	4 818	632	22 868
Liabilities non-monetary items	118	708	264	210	1 646	228	3 174
Total liabilities	960	10 766	6 680	311	6 464	860	26 042

(iii) Interest rate risk

Elkem's interest rate risk arises from interest-bearing liabilities granted by external financial institutions, factoring agreements (Note 23 Trade receivables), liabilities related to factoring agreements and advances on export exchange contracts (Note 29 Provisions and other liabilities). In addition Elkem has supplier finance agreements of NOK 113 million (NOK 143 million) classified as trade payables. Elkem's liabilities are mainly drawn in Euro, Chinese yuan and Norwegian krone.

Elkem's policy is to primarily have floating interest rates on its debt financing. Whilst this exposes the company to fluctuations in interest rates, the group will benefit from lower rates during economic downturns. The prices and sales volumes of Elkem's core products tend to correlate with

general economic conditions. Interest rates remained low for several years due to a low-rate economic environment. However, from 2022 to 2024, interest rates increased as many central banks hiked rates to control inflation.

Elkem has two financial covenants in its EUR 1 000 million bank facility and Schuldschein loans: an Equity Ratio equal to or greater than 30 per cent, and an Interest Cover Ratio of not less than 4.0x. Due to the high interest rate environment in 2023 and 2024, combined with weaker results. Elkem initiated a waiver process in 2024, and got consent from the lenders to reduce the Interest Cover covenant from 4.0x to 3.0x for each and every quarter of the 2024 financial year. In addition. Elkem entered into fixed rate swaps to reduce financing costs and hedge against the uncertainty of future interest rate hikes.

Elkem has the following items exposed to interest rate risk
31 December 2024

Amounts in NOK million	Floating	Fixed	Total
Interest-bearing liabilities (note 26)	11 707	1 200	12 907
Derecognised trade receivables under factoring agreements (note 23)	1 182	-	1 182
Advances on export exchange contracts (note 29)	72	-	72
Recourse liability factoring agreement (note 29)	53	-	53
Settlement liability factoring agreements (note 29)	31	-	31
Supplier finance agreements (note 27)	113	-	113
Cash and cash equivalents (note 25)	(4 397)	-	(4 397)
Restricted deposits (note 25)	(7)	-	(7)
Receivables from related parties (note 24)	(0)	-	(0)
Net exposure	8 753	1 200	9 953

Sensitivity

The interest rate sensitivity is based on a parallel shift in the interest rates that Elkem is exposed to. If interest rates had been 100 basis points higher for a full year, based on net debt as at 31 December 2024, with all other variables held constant, the profit (loss) for the year would have been NOK 68 million (NOK 97 million) lower. The expense that Elkem is charged for the issued bills relates to the fact that Elkem does not receive interest on the deposit that is paid into a restricted bank account when a bill is issued (note 28 bills payables).

(b) Counterparty credit risk

Credit risk is the risk of financial losses to the group if a customer or counterparty fails to meet contractual obligations. For Elkem this arises mainly to trade receivable and financial trading counterparties.

Trade receivables are generally secured by credit insurance from a reputable credit insurance company. For customers where credit insurance cannot be obtained, other methods are generally used to secure the sales proceeds, such as

prepayment, letter of credit, documentary credit or guarantees. In particular, when sales are made in countries with a high political risk, or to remote customers, trade finance products are used to reduce the credit risk. Of Elkem's revenue outside China 85 per cent - 95 per cent is covered by credit insurance or other trade finance tools.

Elkem realised credit losses of NOK 2.2 million (NOK 1.6 million) on trade receivables.

The maximum exposure to credit risk for trade receivables for the group is NOK 3 164 million as at 31 December 2024 (NOK 3 218 million). See note 23 Trade receivables.

Evaluation of financial counterparties is based on external credit ratings from Moody's and / or Standard and Poor's. The general policy is that financial counterparties should have a rating equal to, or higher than, A- (or the equivalent) from the rating agencies, but exceptions may be made on a case-by-case basis, mainly for local banks in emerging markets. Elkem has not had any losses in 2024 or 2023 related to financial counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. Elkem is exposed to liquidity risk related to its operations and financing.

Elkem's cash flow will fluctuate due to economic conditions and financial performance. In order to assess its future operational liquidity risk, short-term and long-term cash flow forecasts are provided. The short-term forecast is updated each week, and the long-term cash flow projection is updated each quarter.

In order to mitigate the operational liquidity risk, Elkem has cash and revolving credit facilities with banks. As at 31 December 2024 Elkem has unrestricted cash and cash equivalents of NOK 6 070 million (NOK 6 367 million). In addition, revolving credit facilities amount to NOK 6 519 million (NOK 6 293 million), of which NOK 6 519 million is undrawn (NOK 6 293 million).

The external loan agreements contain two financial covenants.

Year / maturity

Amounts in NOK million	2024	2027	Total
Total amount of credit facilities	623	5 896	6 519

The table below analyses the Elkem group continuing's financial liabilities and assets into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, and the amounts are including interest payments.

31 December 2024

Amounts in NOK million	2025	2026	2027	2028	2029	2030 and later	Total	Carrying amount
Trade receivables	1 960	-	-	-	-	-	1 960	1 960
Derivative assets	272	243	247	261	279	199	1 501	1 279
Total assets	2 233	243	247	261	279	199	3 462	3 240
Trade payables	2 076	-	-	-	-	-	2 076	2 076
Derivative liabilities	141	94	85	56	62	312	750	625
Lease liabilities	67	54	49	43	40	216	468	405
Loan agreements	1 581	2 738	7 225	1 552	864	335	14 296	12 519
Bills payables	-	-	-	-	-	-	-	-
Total liabilities	3 865	2 886	7 358	1 651	966	863	17 590	15 625

31 December 2023

Amounts in NOK million	2024	2025	2026	2027	2028	2029 and later	Total	Carrying amount
Trade receivables	3 209	-	-	-	-	-	3 209	3 209
Derivative assets	384	292	241	240	239	124	1 520	1 388
Total assets	3 593	292	241	240	239	124	4 729	4 597
Trade payables	5 281	-	-	-	-	-	5 281	5 281
Derivative liabilities	67	54	51	42	20	117	352	301
Lease liabilities	125	105	84	65	58	264	701	589
Loan agreements	1 798	1 781	3 505	6 726	1 711	1 326	16 848	14 169
Bills payables	1 466	-	-	-	-	-	1 466	1 466
Total liabilities	8 737	1 940	3 640	6 833	1 789	1 708	24 646	21 805

(d) Climate risk

Governance

In Elkem the responsibility for climate-related issues sits with the board, and the management of risks and opportunities related to climate is integrated into Elkem’s overall business strategy. The audit committee has board level responsibility related to managing sustainability, non-financial reporting, internal control, and sustainability-related risk. The CEO, supported by the CFO and SVP Technology, ensures daily operational responsibility for climate-related issues. Regular reporting to the board and proactive engagement with stakeholders, including investors and banks, are integral to Elkem’s governance structure.

Strategy

Elkem’s climate strategy spans short-, medium-, and long-term horizons, evaluating transition risks and opportunities. Recognising its role in the full silicon value chain, Elkem addresses specific climate risks tied to its carbon-intensive production process. Elkem has established its climate roadmap, which is the company’s transition plan that outlines the initiatives and actions to be taken to meet the goal of the Paris Agreement of well below 2°C temperature increase. Elkem proactively identifies climate impacts and pursues a dual-play growth strategy focused on reducing fossil CO₂ emissions and promoting circular economies. The climate roadmap integrates with Elkem’s corporate strategy, emphasising its commitment to a sustainable future.

Risk Management

Climate-related considerations are a key part of Elkem’s risk management process, with a comprehensive assessment presented annually to the board. The evaluation identifies potential financial impacts on Elkem’s EBIT and equity within a 5 year timeframe. The risk mapping process categorises risks into strategic, financial, raw material, production and process, and market and product risks. Climate related risks

can be split into transitional and physical climate risks. The key transitional risks include regulatory risks, such as changes in the framework for CO₂ quotas and CO₂ compensation. Elkem monitors physical climate risks through site-specific analyses, recognising the potential impact of climate change on its operations. Central physical climate risks for Elkem are drought and extreme weather events, but the effects differ from site to site. Elkem has not identified any immediate need for action related to the buildings and assets identified.

In addressing emission abatement project profitability, Elkem employs an internal carbon price aligned with market trends. Risks are categorised by financial impact (high, medium, low) and frequency (low, medium, high). As Elkem navigates climate-related challenges and opportunities, the company remains committed to responsible governance, sustainable strategies, and effective risk management practices.

Key risks and opportunities

Elkem’s key transitional climate risk is changes to existing regulations and carbon pricing mechanisms, and the emergence of new regulations. Use of a carbon material is necessary when producing silicon and ferrosilicon, hence emissions of CO₂ is inevitable, resulting in significant scope 1 emissions. Elkem falls under the ambit of EU’s emission trading system (ETS), and changes to the number of free allowances and pricing of quotas influence Elkem’s cost of raw materials and energy for production. In addition, Elkem is eligible for CO₂ compensation in Norway for the implicit CO₂ quota costs in Norwegian electricity prices. 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 per cent of compensation will be dependent on investments in climate and energy efficiency measures by the recipients. 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 per cent conditioned by climate and energy efficiency measures.

Elkem is not covered by Carbon Border Adjustment Mechanism (CBAM) currently, but if Norway choses to adopt CBAM this would also affect Elkem, and there is significant concern that the scheme has shortcomings that would be unfavourable for Elkem when competing in global markets. To mitigate this risk Elkem is working to reduce its CO₂ emissions through the use of biocarbon as a reductant, and research and testing of carbon capture technology.

China does not currently have a CO₂ emission trading system, but introduction of such a scheme could potentially increase operational costs.

Elkem’s production sites face different levels of physical climate risk. Changes to severity and frequency of extreme weather could pose risk to many of the sites, but the location and infrastructure mitigates this risk. Elkem has not identified any immediate need for action related to buildings and assets identified. Elkem is however, monitoring temperature increases, increased dry spells, ocean rise, and extreme weather events to secure assets and avoid business interruptions.

Elkem’s opportunities related to climate change are significant. Elkem’s products are a key component to the green transition, examples of this being silicones used in electric vehicles (EVs), silicones, silicon and foundry products used in renewable and nuclear energy production, and silicones and microsilica in construction. There is also a potential in recycling and reuse related to silicone production.

33. Capital managment

Elkem focuses on having a balanced capital structure, which seeks to reflect the return requirements for the shareholders and the need for a strong financial position to facilitate the group’s strategy for growth and specialisation. The target is to have a leverage between 1.0x and 2.0x over a cycle. The leverage ratio is defined as net interest-bearing assets, less non-current interest-bearing assets (see note 26 Interest-bearing liabilities), divided by EBITDA, as defined in the APM section.

Elkem is managing its financing and liquidity position to reduce liquidity risk and to ensure that the company can meet its financial obligations at all times. Elkem has centralised the responsibility for group financing and liquidity handling. The policy is to raise financing at parent company level, however, country specific exceptions may be made due to local legislation or currency restrictions. Loan maturities are subject to liquidity and refinancing risk and the company aims to have a long-term and smooth maturity profile on its loan portfolio.

Cash pooling is used to secure availability and access to cash across the group. Due to local legislation, not all subsidiaries are able to participate in international cash pooling arrangements. In these cases, repatriation of excess cash is mainly executed through dividend payments and inter-company deposits, while liquidity needs are covered through capital injections and inter-company loans. Liquidity forecasts are prepared and updated on a regular basis. The short-term forecasts are updated weekly. Elkem’s cash position is reported on a daily basis and tracked against respective

forecasts. The policy is that available liquidity reserves, defined as cash and cash equivalents and available long-term credit facilities, should exceed 10 per cent of total operating income.

Financial covenants are applicable in some of Elkem’s loan agreements. Financial covenants, if required, are standardised across all loan agreements. Financial covenants and other financial policy targets are monitored monthly and included in Elkem’s management reports. Elkem initiated a waiver process in 2024, and got consent from the lenders’ to reduce the Interest Cover covenant from 4.0x to 3.0x for each and every quarter of the 2024 financial year. In 2025 the Interest Cover covenant will return to be 4.0x.

Elkem intends to pay dividends reflecting the underlying earnings and cash flow. Elkem envisages a dividend pay-out ratio of 30 - 50 per cent based on profit for the year. When deciding the annual dividend level, Elkem’s leverage, capital expenditure plans and financing requirements will be taken into consideration. Focus will also be on maintaining appropriate strategic flexibility. For 2024 the Board have proposed to pay a dividend of NOK 0.3 per share. For the year 2023 Elkem did not pay any dividend.

31 December 2024, Elkem’s equity was NOK 26,020 million, including non-controlling interests of NOK 109 million. The equity ratio was 49 per cent.

34. Number of shares

The development in share capital and other paid-in equity is set out in the consolidated statement of changes in equity. The largest shareholders are listed in note 22 Shareholders to the financial statement of Elkem ASA.

Number of shares

	2024			2023		
	Shares outstanding	Treasury shares	Total issued shares	Shares outstanding	Treasury shares	Total issued shares
Beginning of the year	633 890 288	5 551 090	639 441 378	634 476 985	4 964 393	639 441 378
Increase in treasury shares	-	-	-	(2 000 000)	2 000 000	-
Sale of treasury shares	279 190	(279 190)	-	1 413 303	(1 413 303)	-
End of the year	634 169 478	5 271 900	639 441 378	633 890 288	5 551 090	639 441 378

The share capital of Elkem ASA is NOK 3 197 206 890 divided on 639 441 378 shares of NOK 5 nominal value. Of this amount Elkem ASA held 5 271 900 treasury shares, 0.8 per cent of total issued shares. Elkem has in 2024 sold 279 190 shares in connection with Elkem's share option scheme. Total consideration was NOK 5 million.

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 per cent 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.

35. Earnings per share

Principle application and judgements

The calculation of basic earnings per share (EPS) has been based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted EPS has been based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2024	2023
Weighted average number of shares outstanding	634 005 481	634 991 082
Effects of dilution	128 351	798 645
Weighted average number of shares outstanding - diluted	634 133 832	635 789 727
Owners of the parent's share of profit (loss) (NOK million) from Elkem group total operations	488	72
Earnings per share (NOK)	0.77	0.11
Diluted earnings per share (NOK)	0.77	0.11
Owners of the parent's share of profit (loss) (NOK million) from continuing operations	2 026	1 999
Earnings per share (NOK)	3,20	3,15
Diluted earnings per share (NOK)	3,20	3,14
Owners of the parent's share of profit (loss) (NOK million) from discontinued operations	(1 538)	(1 927)
Earnings per share (NOK)	(2,43)	(3,04)
Diluted earnings per share (NOK)	(2,42)	(3,03)

36. Supplemental information to the consolidated statement of cash flows

The following table gives a detailed overview of changes in working capital in the statement of cash flows. Working capital is defined as accounts receivables, inventories, other current assets, accounts payables, current employee benefit obligations and other current liabilities. Accounts receivables are defined as trade receivables less bills receivables. 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 payables 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.

Changes in working capital

Amounts in NOK million	2024	2023
Changes in accounts receivable	13	924
Changes in inventories	(447)	1 660
Changes in other current assets	(97)	(375)
Changes in accounts payable	(45)	(349)
Changes in other current liabilities including employee benefit obligations	(53)	(275)
Total	(629)	1 584

Liquidity effects of contingent considerations

Amounts in NOK million	2024	2023
Settlement of contingent consideration	-	39
Discounting element on settlement of contingent consideration	-	4
Fair value adjustment on settlement of contingent consideration	-	(3)
Foreign exchange gains (losses) from date of control	-	(2)
Total payment of contingent consideration related to acquisitions (IFRS 3)	-	38

37. Related parties

Related parties' relationships are defined to be entities outside Elkem group that are under control (either directly or indirectly), joint control or significant influence by the owners of Elkem. The related party disclosure is prepared based on related parties of Elkem group total. A significant level of related party transactions and balances are with the Silicones segment which is classified as discontinued operations.	by Sinochem are considered to be related parties, including among others China Blue Chemicals Ltd and Jiangxi Xinghuo spaceflight New Material Co., Ltd..
Elkem ASA is owned 52.9 per cent by Bluestar Elkem International Co. Ltd S.A., Luxembourg, which is under control of Sinochem Holdings Co., Ltd (Sinochem), a company registered and domiciled in China. All companies under control	Elkem also consider equity accounted companies as related parties.
	The structure of Elkem group is disclosed in note 4 Composition of the group and note 5 Equity accounted investments and joint operations.

Transactions with related parties
2024

Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services ¹⁾	Purchase of services	Interest income	Financial expenses
Bluestar Elkem International Co. Ltd S.A.	-	-	-	-	-	-
Joint ventures and associates	-	(202)	20	(192)	0	-
Related parties within Sinochem	130	(619)	1	(112)	-	-
Other related parties	4	(8)	-	(23)	-	-
Total	133	(830)	21	(327)	0	-

Transactions with related parties
2023

Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services ¹⁾	Purchase of services	Interest income	Financial expenses
Bluestar Elkem International Co. Ltd S.A.	-	-	-	-	-	-
Joint ventures and associates	-	(282)	77	(223)	0	-
Related parties within Sinochem	206	(636)	2	(102)	-	-
Other related parties	-	(17)	-	(23)	-	-
Total	206	(935)	79	(348)	0	-

1) Including sub-lease

Balances with related parties

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Receivables from joint ventures and associates, interest-bearing	0	1	-	-
Receivables from joint ventures and associates, interest free	-	-	4	0
Receivables from related parties within Sinochem, interest free	-	-	10	8
Trade receivables, joint ventures and associates	-	-	18	12
Trade receivables, related parties within Sinochem	-	-	1	16
Prepayments to related parties within Sinochem	-	-	-	2
Liabilities to related parties within Sinochem, interest free	-	-	(14)	(17)
Trade payables, Bluestar Elkem Investment Co. Ltd. S.A	-	-	(48)	(5)
Trade payables, joint ventures and associates	-	-	(47)	(94)
Trade payables, related parties within Sinochem	-	-	(4)	(54)
Prepayments from joint ventures and associates	-	-	(3)	(10)
Prepayments from related parties within Sinochem	-	-	(1)	(0)
Net balances with related parties	0	1	(83)	(141)

Outstanding balances at year-end are unsecured, and the current receivables and payables are interest-free, with an exception of the non-current receivables. The interest rate for the non-current receivables to the joint ventures and associates are currently 3.0 per cent (3.8 per cent).	→ Purchase of services related to steam from Jiangxi Guoxing Intelligence Energy Co. Ltd
	→ Purchase of services related to shared infrastructure such as laboratory analysis, IT and telephone, warehousing and purchase of basic chemistry products such as gas, nitrogen, compressed air from GIE Osiris

Information about main transactions with related parties:

Related parties within Sinochem

- Sale of silicone to China Bluestar International Chemical Ltd, Jiangxi Xinghuo Spaceflight New Material Co., Ltd and other companies within Sinochem
- Purchase of raw materials from companies within Sinochem

Equity accounted companies

- Purchase of short and deep sea transport from North Sea Containerline AS and EPB Chartering AS
- Purchase of warehousing for Combined Cargo Warehousing BV

There are no other contingent liabilities or commitments related to the joint ventures and associates.

Key management personnel and board of directors

Information on transactions with key management personnel and /or their related parties, see note 11 Employee benefits and "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024".

38. Pledge of assets and guarantees

Pledges

The main part of Elkem's interest-bearing liabilities are not pledged. Details of liabilities that have pledged assets or guarantees related to them are stated below.

Pledged liabilities

Amounts in NOK million	31.12.2024	31.12.2023
Pledged liabilities	53	94

Book value pledged assets

Amounts in NOK million	31.12.2024	31.12.2023
Building	-	10
Machinery and plant	-	7
Accounts receivables	53	102
Inventories	-	67

Elkem makes limited use of guarantees, see specification below.

Guarantee commitments

Amounts in NOK million	31.12.2024	31.12.2023
Guarantee commitment KLIF (Climate and Pollution Agency)	40	40
Guarantee commitment tax cases Brazil	42	47

39. Changes 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.

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

- Elkem has with effect from 1 July 2024 changed its definition of net interest-bearing debt (NIBD). Going forward bills payable net of restricted deposits, will be followed up as a part of managing Elkem's day-to-day liquidity positions. Bills payable are deemed to be part of the operational activities linked to the product cycle and hence no longer included in NIBD. As a consequence, bills payable and restricted deposits are moved from cash flow from financing activities to cash flow from operating activities, included in line-item changes in provisions, bills and other in the statement of cash flows.

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

Consolidated statement of profit or loss

Amounts in NOK million	2024 before change	Impact grants	Impact capitalised salary	Impact changes in inventories	2024 after change
Other operating income	1 711	(644)	-	-	1 066
Raw materials and energy	(9 024)	593	-	118	(8 313)
Employee benefit expenses	(2 807)	26	15	-	(2 766)
Other operating expenses	(4 175)	25	(15)	(118)	(4 283)
Operating profit (loss)	2 094	-	-	-	2 094

Consolidated statement of profit or loss

Amounts in NOK million	Financial statement 2023	Impact grants	Impact capitalised salary	Impact changes in inventories	Financial statement 2023 restated
Other operating income	915	(584)	-	-	331
Raw materials and energy	(11 493)	550	-	118	(10 825)
Employee benefit expenses	(2 706)	20	25	-	(2 662)
Other operating expenses	(4 045)	14	(25)	(118)	(4 173)
Operating profit (loss)	1 682	-	-	-	1 682

Consolidated statement of cash flows

Amounts in NOK million	2024 before change	Impact	2024 after change
Changes in provisions, bills and other	(48)	21	(27)
Net changes in bills payable and restricted deposits	21	(21)	-
Change in cash and cash equivalents	(536)	-	(536)

Consolidated statement of cash flows

Amounts in NOK million	Financial statement 2023	Impact	Financial statement 2023 restated
Changes in provisions, bills and other	190	(237)	(47)
Net changes in bills payable and restricted deposits	(237)	237	-
Change in cash and cash equivalents	(3 017)	-	(3 017)

40.Assets held for sale and discontinued operation

Principle application and judgements

On 23 January 2025 the group announced its intention to perform a strategic review of the Silicones division. At the end of the fourth quarter, significant judgement has been applied to conclude that a sale is highly probable to occur within one year and that the held for sale criteria is met. Elkem Silicones is an operating segment and represents a major line of business per 31 December 2024. Silicones division is therefore classified as discontinued operations in the 2024 financial statement.

Continuing operations include internal transactions with the Silicones division that are expected to continue after the sale. This includes sale of goods from Elkem Silicon Products to Elkem Silicones. Financial income and expense are eliminated.

Discontinued operations are still included in the segment reporting as it will continue to be the followed up by the Chief operating decision maker in the same manner as before the reclassification. This will be continuously reviewed as the strategic review process progresses. Please refer to note 6 Operating segments for segment disclosures.

Internal transactions are eliminated in the presentation of profit and loss from discontinued operations in the below table

Profit and loss from discontinued operations

Amounts in NOK million	31.12.2024	31.12.2023
Revenue	14 113	13 230
Other operating income	20	19
Share of profit(loss) from equity accounted investments	2	1
Total operating income	14 134	13 250
Raw materials and energy	(8 718)	(8 615)
Employee benefit expenses	(2 469)	(2 413)
Other operating expenses	(2 431)	(2 500)
Amortisation and depreciation	(1 744)	(1 468)
Impairment loss	(10)	(69)
Other items	(145)	(80)
Operating profit (loss)	(1 382)	(1 895)
Share of profit(loss) from equity accounted financial investment	-	-
Finance Income	41	45
Foreign exchange gains (losses)	-	-
Finance expenses	(138)	(77)
Profit (loss) before income tax	(1 480)	(1 928)
Income tax (expenses) benefits	(58)	0
Profit (loss) for the year from discontinued operations	(1 538)	(1 927)

Estimates

The calculations for fair value less cost to sell are based on estimated future cash flows. These cash flows are uncertain due to potential changes in the prices of key production input factors and the market prices of Elkem’s products. This uncertainty affects both the next 12 months and the rest of the forecast period. Additionally, there is uncertainty in estimating replacement investments and the growth rate for the terminal value. The estimated future pre-tax cash flows are discounted using a pre-tax discount rate. The uncertainty in this discount rate relates to the determination of the risk-free rate, the market risk premium and the beta. Elkem uses a beta specific to each business segment, found using observable betas of comparable companies for each business segment. To address the uncertainty in these estimates, Elkem has conducted sensitivity analyses on key drivers in the fair value less cost to sell calculations.

Cumulative income or expense recognised in other comprehensive income from discontinued operations

Amounts in NOK million	2024	2023
Exchange differences on translation of discontinued operations	2 048	1 333

Earnings per share - discontinued operations

Amounts in NOK million	2024	2023
Basic earnings per share in NOK	(2.43)	(3.04)
Diluted earnings per share in NOK	(2.42)	(3.03)

The below tables shows profit and loss from continuing operations, from the Silicones operating segment and eliminations booked in discontinued operations in order to show the profit and loss from Elkem group total

Reconciliation between continuing and discontinued operations with Elkem group total 2024

Amounts in NOK million	Continuing operations	Silicones operating segment	Eliminations in discontinued operations	Elkem group total
Revenue	17 810	15 069	(956)	31 922
Other operating income	1 066	20	(1)	1 086
Share of profit(loss) from equity accounted investments	(6)	2	-	(4)
Total operating income	18 870	15 091	(957)	33 004
Raw materials and energy	(8 313)	(9 439)	720	(17 032)
Employee benefit expenses	(2 766)	(2 469)	-	(5 234)
Other operating expenses	(4 283)	(2 663)	232	(6 714)
Amortisation and depreciation	(931)	(1 744)	-	(2 674)
Impairment loss	(168)	(10)	-	(178)
Other items	(316)	(145)	-	(460)
Operating profit (loss)	2 094	(1 377)	(5)	712
Share of profit(loss) from equity accounted financial investment	(143)	-	-	(143)
Finance Income	107	41	(0)	147
Foreign exchange gains (losses)	247	-	-	247
Finance expenses	(778)	(471)	332	(916)
Profit (loss) before income tax	1 526	(1 807)	328	47
Income tax (expenses) benefits	588	(58)	(0)	530
Profit (loss) for the year from continuing operations	2 115	(1 865)	328	577

**Reconciliation between continuing and discontinued operations with
Elkem group total 2023**

Amounts in NOK million	Continuing operations	Silicones operating segment	Eliminations in discontinued operations	Elkem group total
Revenue	21 134	14 142	(912)	34 364
Other operating income	331	19	(1)	350
Share of profit(loss) from equity accounted investments	44	1	-	46
Total operating income	21 510	14 163	(912)	34 760
Raw materials and energy	(10 825)	(9 658)	1 042	(19 441)
Employee benefit expenses	(2 662)	(2 413)	-	(5 074)
Other operating expenses	(4 173)	(2 697)	197	(6 673)
Amortisation and depreciation	(844)	(1 468)	-	(2 312)
Impairment loss	(25)	(69)	-	(94)
Other items	596	(80)	-	516
Operating profit (loss)	3 577	(2 222)	327	1 682
Share of profit(loss) from equity accounted financial investment	(63)	0	-	(63)
Finance Income	137	46	(1)	182
Foreign exchange gains (losses)	(106)	0	-	(106)
Finance expenses	(666)	(358)	281	(743)
Profit (loss) before income tax	2 879	(2 534)	606	951
Income tax (expenses) benefits	(781)	0	0	(781)
Profit (loss) for the year from continuing operations	2 097	(2 534)	606	170

Cash flows from internal transactions are eliminated in cash flows from discontinued operations in the below table .

Cash flows from discontinued operations

Amounts in NOK million	2024	2023
Net cash inflow from operating activities	262	41
Net cash inflow from investing activities	(1 734)	(3 235)
Net cash outflow from financing activities	769	1 131
Net increase (decrease) in cash generated from discontinued operations	(703)	(2 064)

**Assets reclassified as held for sale in relation to the discontinued operation
as at 31 December 2024:**

Amounts in NOK million	2024
Property, plant and equipment	16 095
Right of use assets	474
Other intangible assets	1 075
Goodwill	756
Deferred tax assets	36
Investments in equity accounted companies	157
Other assets	201
Total non-current assets	18 793
Inventories	3 783
Trade receivables	1 700
Other assets	891
Restricted deposits	350
Cash and cash equivalents	1 673
Total current assets	8 396
Total assets	27 189

**Liabilities directly associated with assets classified as held for sale
as at 31 December 2024:**

Amounts in NOK million	2024
Interest-bearing liabilities	3 290
Deferred tax liabilities	137
Employee benefit obligations	292
Provisions and other liabilities	12
Total non-current liabilities	3 731
Trade payable	3 084
Income tax payables	52
Interest-bearing liabilities	200
Bills payable	1 549
Employee benefit obligations	530
Provisions and other liabilities	522
Total current liabilities	5 937
Total liabilities	9 668

Immediately before the re-presentation of the Silicones division as discontinued operations an impairment assessment was performed and no impairment loss was identified. Subsequent to the reclassification, the disposal group classified as held for sale shall be measured at the lower of its carrying amount and fair value less costs to sell. An estimate of fair value less cost to sell of the disposal group has been performed, and no loss was recognised. In estimating fair value less cost to sell the income approach (discounted cash flow method) is used. Future cash flows are estimated using a combination of external and internal sources. In estimating future cash flows the following assumptions are used:

Key assumptions for fair value less cost to sell estimate
Financial performance 2024

Silicones markets remained challenging in 2024 due to weak market sentiment and Chinese overcapacity. The Chinese property market has been in a severe downturn since 2021. During the second half of 2024 there were some positive developments. The Chinese central bank announced its biggest stimulus package since the pandemic. Further, several producers, including Elkem announced global price increases for specialties which gave a positive impact on profitability. DMC prices in China showed a modest increase in the last two quarters of 2024. The EBITDA-margin for the Silicones segment in 2024 is 3.5 per cent and with an improving trend through the year. The 2024 EBITDA of NOK 521 million is an improvement from a negative EBITDA of NOK 605 million in 2023.

Financial forecasts 2025-2029

The 2025 budget and 2026-2029 strategic plan approved by the board is used as a basis for the forecasts which is used for the fair value estimate. When preparing the budget and strategic plan a range of both external and internal sources are considered. External sources include market reports and price indexes. Internal sources include agreed sales volumes for the period, the effect of implemented cost saving initiatives and planned investments and maintenance.

EBITDA level represents the operating profit (loss) before depreciation and amortisation. The key assumptions used in reaching the forecast figures are sales prices, total volume and product mix, operating costs, and productivity targets. See Note 6 Operating segments for Elkem's definition of EBITDA.

- External markets analysts expect continued challenging supply/demand balance both in China and globally for the next two years, before a gradual recovery towards the end of the forecast period resulting in a more balanced market
- The Silicon division capacity increase following strategic investments in China in the previous years was ramped up during 2024 and is performing better than target. The Silicon division production in France is expected to ramp up production during 2025 and reach full capacity during the first half of 2025. These new assets are expected to yield cost savings, more efficient production and an improved specialty ratio that will improve both absolute and stability in margins

- Cost saving programmes initiated in 2023 and continued in 2024 are expected to give permanent cost reductions through improved productivity and better process quality.
- A more balanced market, combined with an increased specialty ratio, results in improved average sales prices and combined with reduced cost leads to a gradually improving EBITDA-margin throughout the forecast period. Forecasted sales prices are based on a weighted average of sales prices for commodity and specialty volumes.

Other operating costs

These are estimated based on the current level and adjusted for expected inflation in the respective locations where the business is situated. Operating costs are also impacted by ongoing operational efficiency programmes. Changes to the outcome of these initiatives may affect future EBITDA levels.

Capital expenditure ("Capex")

A normalised capex is assumed in the long run and are based on today's maintenance level and technology. Capex includes remaining investments on strategic projects in an advanced stage where the projects are substantially commenced per 31 December 2024.

Discount rate

A weighted average cost of capital is used to discount the cash flows. The WACC is calculated by using a target capital structure of 50:50. Cash inflows and outflows in different currencies are translated to NOK and a NOK 10 year risk-free interest rate is used in the WACC. The discount rates also consider the debt premium, market risk premium, corporate tax rate and asset beta. For the Elkem Silicones division the cash flows have been discounted with a pre-tax rate of 10.5 per cent, derived from a WACC of 8.44 per cent.

Growth rates and inflation

The expected growth rates converge from its current level, to the long-term growth level in the markets in which the entity operates. The growth rates used to extrapolate cash flow projections in the terminal value are based on expected inflation in relevant markets, assumptions in terms of market share and expectations for the market development in which the entity operates.

Currency rates

The fair value calculation is performed in the presentation currency for the Silicones segment which is NOK. The currency rates used to translate future incomes and expenses in other currencies than the functional currency is based on the currency rates used in the strategic planning process.

Steady state 2030 and onwards

After the forecast period 2025-2029 the cash flows from operations are expected to reach a steady state. The steady state cash flows in 2030 is used to calculate the terminal value. An EBITDA-margin of 17.5 per cent and a growth rate of 2 per cent is estimated in the steady state.

The estimated fair value less cost of sale of Elkem Silicones is higher than the net value of Silicones assets and liabilities held for sale of NOK 17.5 billion as at 31 December 2024, and no reduction of the carrying amount to fair value less cost to sell is recognised. There is significant uncertainty regarding the sales value of Elkem Silicones and therefore a range of fair values are presented to illustrate the sensitivity in the fair value. In estimating the range of values the same cash flows has been used for the forecast period 2025-2029. However, different WACCs are used to discount estimated future cash flows and different EBITDA-margins are used in the steady state and applied in calculation of the terminal value. The range can be summarized in the following matrix:

Sensitivity of fair value less cost to sell of discontinued operations

Amounts in NOK billion	EBITDA-margin in steady state (in per cent)			
		17.5 %	15.0 %	12.7 %
WACC(in per cent)	8.44%	21.1	17.1	13.3
	9.44%	17.9	14.5	11.4
	10.0%	16.4	13.4	10.5

41. Events after the reporting period

Principle application and judgements

Events after the reporting period

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

No events have taken place after the reporting period that would have had a material impact on the financial statements or any assessments carried out.



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Income statement - Elkem ASA

Amounts in NOK million	Note	2024	2023 Restated ¹⁾
1 January - 31 December			
Revenue	4	8 881	11 034
Other operating income	4	829	35
Total operating income		9 710	11 070
Raw materials and energy	6	(4 138)	(5 734)
Employee benefit expenses	7,8	(1 480)	(1 399)
Other operating expenses	9	(2 918)	(2 822)
Other gains (losses) related to operating activities	11	(450)	433
Amortisation and depreciation	14,15	(507)	(463)
Impairment losses	14,15	(36)	(20)
Total operating expenses		(9 529)	(10 005)
Operating profit (loss)		181	1 065
Income from subsidiaries and associates	16	1 758	203
Income (loss) from joint ventures	17	(84)	(63)
Finance income	12	465	426
Foreign exchange gains (losses)	12	78	(313)
Finance expenses	12	(1 003)	(851)
Profit (loss) before income tax		1 395	467
Income tax (expenses) benefit	13	928	(102)
Profit (loss) for the year		2 323	365

¹⁾ See note 31 Change in presentation

Balance sheet - Elkem ASA

Amounts in NOK million	Note	31.12.2024	31.12.2023
Assets			
Property, plant and equipment	14	5 144	4 578
Goodwill	15	8	12
Other intangible assets	15	73	88
Deferred tax assets	13	633	-
Investment in subsidiaries	16	16 729	12 902
Investment in joint ventures	17	-	843
Derivatives	25	1 012	977
Other assets	20	3 986	6 295
Total non-current assets		27 586	25 695
Inventories	18	2 685	2 421
Trade receivables	19	1 146	1 312
Derivatives	25	267	410
Other assets	20	1 723	904
Cash and cash equivalents	23	2 730	3 331
Total current assets		8 551	8 379
Total assets		36 136	34 074
Equity and Liabilities			
Paid-in capital	21,22	3 502	3 498
Retained earnings	21	12 163	9 912
Total equity		15 665	13 410
Interest-bearing liabilities	23	11 738	11 103
Deferred tax liabilities	13	-	514
Pension liabilities	8	100	84
Derivatives	25	485	235
Provisions and other liabilities	24	85	84
Total non-current liabilities		12 407	12 019
Trade payables		1 258	1 261
Income tax payables	13	-	55
Interest-bearing liabilities	23	5 684	6 459
Derivatives	25	140	66
Dividend	21	190	-
Provision and other liabilities	24	792	803
Total current liabilities		8 064	8 644
Total equity and liabilities		36 136	34 074

Oslo, 12 March 2025

Bo Li
Chair

Dag Jakob Opedal
Vice chair

Dachuan Dong
Board member

Terje Andre Hanssen
Board member

Thomas Eggen
Board member

Olivier Tillette de
Clermont-Tonnerre
Board member

Wei Yao
Board member

Marianne E. Johnsen
Board member

Grace Tang
Board member

Marianne Færøyvik
Board member

Nathalie Brunelle
Board member

Helge Aasen,
CEO

Cash flow statement - Elkem ASA

Amounts in NOK million	Note	2024	2023
1 January - 31 December			
Operating profit (loss)		181	1 065
Changes in fair value of derivatives		587	(157)
Amortisation, depreciation and impairment losses	14,15	543	483
Changes in working capital	29	(369)	474
Changes in provisions, pension obligations and other		158	(90)
Interest payments received		112	147
Interest payments made		(954)	(787)
Income taxes paid		(178)	(1 332)
Cash flow from operating activities		81	(198)
Investments in property, plant and equipment and intangible assets	14, 15	(879)	(1 035)
Received investment grants	5	-	93
Proceeds from sale of property, plant and equipment	14	1	24
Cash effect from merged companies	30	0	-
Acquisition and capital increase in subsidiaries	16	(238)	(337)
Acquisition of and cash contribution to joint ventures	17	-	(267)
Proceeds from sale of joint ventures		10	-
Increase in loans to subsidiaries	23, 27	29	(795)
Repayment on loans to subsidiaries	23, 27	(10)	12
Dividend and group contribution	16	1 458	203
Other investments / sales		9	1
Cash flow from investing activities		381	(2 100)
Dividend paid to owners	21	0	(3 815)
Net sale (purchase) of treasury shares	21	5	(8)
New interest-bearing loans and borrowings	23	1 599	2 590
Repayment of interest-bearing loans and borrowings	23	(1 443)	(167)
New cash deposits to / from subsidiaries	23, 27	665	2 064
Repayment of cash deposits to / from subsidiaries	23, 27	(1 888)	(351)
Cash flow from financing activities		(1 062)	312
Change in cash and cash equivalents		(600)	(1 986)
Currency translation differences		0	0
Net change in cash and cash equivalents		(600)	(1 985)
Cash and cash equivalents opening balance	23	3 331	5 316
Cash and cash equivalents closing balance	23	2 730	3 331

Notes to the financial statements - Elkem ASA

1. General information

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

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

2. Significant accounting policies

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

Changes in accounting policies

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

From 1 January 2024 Elkem has changed the principle for presentation of grants related to income from other operating income to net presentation where the grants are deducted from the expenses for which the grants have compensated. This change results in more relevant information about the impact of grants related to income and is consistent with the presentation of investment grants as a reduction of depreciation. See note 31 Changes in presentation.

Accounting estimates

In the event of uncertainty, the best estimate is applied, based on the information available when the financial statements are prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period for which the estimates are revised and in any future periods affected. See note 3 Accounting estimates.

Foreign currency translation

Elkem ASA's functional currency is Norwegian Krone (NOK). Transactions in currencies other than the Elkem ASA's functional currency are translated using the transaction date's currency rate. Monetary items in foreign currencies are presented at the exchange rate applicable on the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date fair value

is measured. If the currency exposure of a transaction is designated as a part of a hedging relationship, realised effects from the associated hedging instrument are classified on the same line in the financial statements as the hedged transaction. Currency gains (losses) related to operating activities, i.e. receivables, payables, bank accounts for operating purposes, are classified as a part of other gains (losses) related to operating activities. Currency effects included in finance income and expenses are related to loans and dividends.

Revenue recognition

Sale of goods

Revenue is recognised when it is earned and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any taxes, rebates and discounts. Expenses are recognised in the same period as the related revenue. When products are sold with warranties, the expected warranty amounts are recognised as expenses at the time of the sale, and are subsequently adjusted for any changes in estimates or actual outcome.

Revenue from sale of goods is recognised when the significant risk and reward of the ownership of the goods have passed to the buyer, according to the agreed delivery term for each sale. Delivery terms are based on Incoterms® 2020 issued by International Chamber of Commerce, and the main terms are: "F" terms, where the buyer arranges and pays for the main carriage. The risk and reward are passed to the buyer when the goods are handed over to the carrier engaged by the buyer. "C" terms, where Elkem ASA arranges and pays for the main carriage but without assuming the risk of the main carriage. The risk and reward are passed to the buyer when the goods are handed over to the carrier engaged by the seller. "D" terms, where Elkem ASA arranges and pays for the carriage and retains the risk and reward of the goods until delivery at agreed destination. The risk is transferred to

the buyer upon arrival at agreed destination, usually the purchaser's warehouse.

Sale of power and revenue connected to energy recovery

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

Revenue from sale of services

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

Other

Income from insurance settlements are recognised when it is virtually certain that Elkem ASA will receive the compensation, and is recognised as other operating income. Cash flows from credit insurance contracts where such contracts are deemed to be an integral part of the sale transactions are presented net as reduction of impairment losses to assets / receivables, included in other operating expenses. Interest income is recognised on accrual basis. Dividends are recognised when Elkem ASA's right to receive dividends is determined by the shareholders' meeting. Group contributions are recognised in the year the subsidiary accrues the amount payable.

Grants

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

Investment in subsidiaries, associates and jointly controlled entities

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

Associates are those entities in which Elkem ASA has significant influence, but no control, over the financial and operating policy decisions. Significant influence is presumed to exist when Elkem ASA holds between 20 per cent and

50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities Elkem ASA has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities.

Interests in subsidiaries and associates are recognised at cost less any write-down for impairment. Dividends and group contributions are recognised as an income from subsidiaries and associates when Elkem ASA's right to receive dividends is determined by the shareholders' meeting. If dividends or group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Joint ventures

Elkem ASA's interests in jointly controlled entities, which operates within Elkem ASA's main business areas (silicon materials and foundry products), are accounted for using the gross method, meaning that the company's share of the income, expense, assets and liabilities are recognised. Elkem ASA combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the financial statements.

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

Impairment of investment in subsidiaries, associates and jointly controlled entities

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

Intangible assets

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

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from an internal development project is recognised if the company can demonstrate technical feasibility of completing the intangible asset, has intention to complete it, ability to use it, can demonstrate that it will generate probable future economic benefits and the cost can be reliably measured.

Property, plant and equipment

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

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

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

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

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

Impairment of tangible and intangible assets

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the individual

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

Leasing

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

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

Non-derivative financial assets and liabilities

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a

regulated market. They are recognised at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. An impairment loss is recognised when the carrying amount exceeds the estimated recoverable amount.

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

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

Cash and cash equivalents

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

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

Derivative financial instruments

Currency derivatives are initially recognised at fair value on the date the derivative contracts are entered into, and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the income statement immediately, unless when the derivative is designated and is effective as a hedging instrument. If the derivative is designated as a hedging instrument, timing of recognition in the income statement depends on the nature of the hedging relationship.

The part of commodity derivative contracts that do not qualify as hedging instruments and are not held for trading are booked at the lower of cost and fair value.

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

Non-financial commodity contracts, where the relevant commodity is readily convertible to cash and where the contracts are for own use, are recognized in the balance sheet at cost and in the income statement on realisation. This applies to power purchase contracts intended for use in the plants' production processes.

Hedge accounting

Elkem ASA may designate certain derivatives as hedging instruments for fair value hedges and cash flow hedges. At the

inception of the hedging relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Elkem ASA applies IFRS 9 Financial Instruments for all hedge accounting.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges, are recognised in equity and accumulated under the heading of retained earnings. Gains / losses recognised in equity are reclassified into the income statement in the same period(s) as the forecasted transaction occurs. The unrealised gains / losses relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

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

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

The cost of CO₂ allowances that Elkem needs to purchase in addition to allowances received from the government (note 5), are based on estimated production / emissions for the year. The cost is allocated to cost of producing semi-finished and finished goods proportionally over the year, as the number of allocated allowances will not be revised unless there is a substantial change in the production level at the plants.

Taxation

Income taxes

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

Uncertain tax positions are included when it is virtually certain that the tax position will be sustained in a tax review by the Norwegian Tax Office (NTO). Provisions are made at the amount expected to be paid or according to the decision by the NTO for cases where the NTO has reached a conclusion. The provision for cases where the NTO has reached a conclusion is reversed when it is virtually certain that the decision will be overruled, which is normally when the tax position is settled in favour of Elkem ASA and can no longer be appealed.

Deferred tax

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

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

Employee benefits

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

Employee retirement benefits

Defined contribution plans

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

Defined benefit plans

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

and net interest on pension liabilities / assets are presented as a part of finance expenses. Past service cost arising due to amendments in benefit plans are expensed as incurred.

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

Share-based payment

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

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

Provisions

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

Contingent assets and liabilities

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

Events after the reporting period

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

3. Accounting estimates

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

Taxes

When estimating uncertain tax positions, the most probable amount, including interests and penalties, is used because in most cases the outcome of the tax review is binary. Part of the basis for recognising deferred tax assets is based on applying the loss carried forward against future taxable income for Elkem ASA, which requires use of estimates for calculating future taxable income. See details on current uncertain tax positions in note 13 Taxes.

Provisions and other liabilities

Elkem has several types of provisions due to its operations, see note 24 Provisions and other liabilities. Such liabilities are normally uncertain in timing and amount, and recognised amounts are estimates based on available information at the end of the reporting period. The estimated liability is based on expected cash flows necessary to settle the obligation, adjusted for any related risk and discounted by using the pre-tax interest applicable for Elkem ASA. The estimates are updated when new or updated information is available, or at a minimum at each reporting date. The actual outcome will differ from the estimate.

The estimate uncertainty primarily relates to environmental measures and site restoration related to closed production sites and landfills. The potential outcome can vary within a relatively wide range depending on the final scope of the measures required and the cost of fulfilling the measures. In these cases, the estimated provision is made based on a combination of expert opinions and management’s assessment of the known facts and circumstances.

Financial instruments

Elkem ASA holds financial instruments such as forward currency contracts, interest rate swap and commodity derivative contracts, which are booked at fair value. For commodity contracts denominated in EUR, the embedded EUR derivative is separated from the host contract and booked at fair value. Hedge accounting is applied for these contracts. Fair value for the contracts is based on observable prices and assumptions derived from observable prices for comparable instruments. For assumptions applied in fair value measurement of the contracts see note 30 Financial assets and liabilities in the consolidated financial statement. Non-financial commodity contracts, where the relevant commodity is readily convertible to cash and where the contracts are for own use, are booked at the lower of cost and the estimated obligation if it is an onerous contact.

Net book value of contracts booked at fair value as at 31 December 2024 is in total positive NOK 654 million (positive NOK 1 087 million), see note 25 Financial instruments.

Impairment of investments in subsidiaries, associates, jointly controlled entities and tangible and intangible assets

The value-in-use calculations are based on estimated future cash flows. The uncertainty in the cash flows relates to future prices for both key input factors in the production and market prices for the sale of Elkem’s products. There is uncertainty regarding these factors both for the next 12 months and for the rest of the forecast period. There is also uncertainty in estimating replacement investments and the growth rate in the terminal value. The estimated future pre-tax cash flows are discounted using a discount rate before tax. The estimation uncertainty in the discount rate relates to the determination of the risk-free rate, the market risk premium and the beta. Elkem uses a beta per business segment and the beta is found using observable betas of comparable companies for each business segment.

4. Operating income

Operating income by type

Amounts in NOK million	2024	2023 Restated
Revenue from sale of goods, Silicon Products	6 402	8 553
Revenue from sale of goods to related parties	1 846	1 749
Other operating revenue	149	161
Other operating revenue to related parties	484	571
Total revenue	8 881	11 034
Grants (note 5)	1	-
Insurance settlement	815	0
Other	12	35
Total other operating income	829	35
Total operating income	9 710	11 070

Operating income by geographic market

Amounts in NOK million	2024	2023 Restated
Nordic countries	2 205	1 733
United Kingdom	375	487
Germany	1 320	2 245
France	1 041	1 107
Italy	482	661
Poland	133	235
Spain	312	422
Netherlands	63	64
Other European countries	994	1 408
Europe	6 926	8 363
Africa	20	37
North America	808	521
South America	124	120
America	932	640
China	213	101
Japan	403	482
South Korea	276	137
Other Asian countries	917	1 294
Asia	1 809	2 013
The rest of the world	23	16
Total operating income	9 710	11 070

5. Grants

	Other operating income	Raw materials and energy	Employee benefit expenses	Other operating expenses	Amortisation and depreciation
2024					
Details of grants related to income					
R&D grants from government	1	-	17	8	-
Other government grants	-	-	4	1	-
CO ₂ compensation from the Norwegian Environment Agency	-	593	-	-	-
Grants related to investment projects	-	-	-	-	48
Total government grants	1	593	20	9	48

2023 Restated

Details of grants related to income					
R&D grants from government	-	-	13	(3)	-
Other government grants	-	-	-	(0)	-
CO ₂ compensation from the Norwegian Environment Agency	-	549	-	-	-
Grants related to investment projects	-	-	-	-	24
Total government grants	-	549	13	(4)	24

Details of grants recognised as a reduction of property, plant and equipment (fixed assets) and intangible assets

	2024	2023
Government grants, R&D	-	1
Grants from other than government, Norwegian NOx Fund	-	28
Total	-	29

Balances related to grants

	31.12.2024	31.12.2023
Grants receivable related to fixed and intangible assets (note 20)	-	-
Grants receivable related to income (note 20)	571	583
Grants payable (note 24)	-	-
Grants, deferred income (note 24)	(0)	(1)

CO₂ allowances

CO₂ emission allowances allocated from the government are classified as grants, measured at nominal value (zero). If actual emissions exceed the number of allocated allowances, additional allowances must be purchased. The allocation of free allowances for the period 2021-2025 has been decided by the Norwegian government.

CO₂ compensation

Changes to the compensation scheme for 2024-2030 was presented in February 2024 and included in an updated regulation in December 2024. Elkem is still entitled to receive compensation under the updated scheme. The main changes from the previous compensation scheme is a cap on the total cost of the government and that 40 per cent of the compensation must be used for projects aiming to reduce CO₂ emissions and/or improving energy efficiency. Compliance with the condition can be achieved over multiple years, but no later than 2034.

Elkem has recognised its estimated share of the total compensation for 2024 based on the power consumption at the

Norwegian silicon product plants. Elkem has identified projects that are expected to be compliant with the requirements to qualify for the 40 per cent conditional compensation, and has for this reason recognised full compensation in 2024. Application and payment of compensation for the CO₂ component of the cost of energy for production in 2024 will be made during the first months of 2025. As the grant partially compensates power costs, which are costs recognised as part of the cost price of inventory during the production process, the compensation is recognised in the income statement when the produced goods are sold.

NO_x Fund

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

Other

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

6. Raw materials and energy

Raw materials and energy	2024	2023 Restated
Raw materials expenses and energy for production	(4 259)	(5 681)
Change in inventories own production	121	(53)
Total raw materials and energy	(4 138)	(5 734)

7. Employee benefit expenses

	2024	2023 Restated
Salaries, holiday pay and variable compensation	(1 234)	(1 152)
Employer's national insurance contributions / social security tax	(154)	(154)
Pension expenses (note 8)	(94)	(89)
Share-based payments	(1)	(6)
Other payments / benefits	(27)	(28)
Grants	20	13
Capitalised employee benefit expenses on PPE development	10	17
Total employee benefit expenses	(1 480)	(1 399)

Average number of full time equivalents	1 386	1 348
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For information concerning remuneration to management and share-based payments, see "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024", note 11 Employee benefits and note 12 Share-based payments in the consolidated financial statements.

8. Employee retirement benefits

Defined contribution plans

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

Elkem ASA's contributions to the employees' individual pension plan assets constitute 5 per cent of base salary up to 7.1 G and 15 per cent between 7.1 G and 12 G. G refers to the national insurance scheme's basic amount in Norway, amounting to NOK 124 028 as at 1 May 2024. Pension on salary above 12 G is not supported by external service providers and is therefore handled as a separate plan and included under defined benefit plans.

Elkem ASA participates in the early retirement scheme AFP. This is a multi-employer plan accounted for as a defined contribution plan, in accordance with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, the government is responsible for the remaining part. The yearly pension premium in 2024 is 2.7 per cent of the employee's salary between 1 and 7.1 G, covering this year's pension payments and contribution to a security

fund for future pension obligations. The premium in per cent of salary for 2025 will be 2.7 per cent. At 31 December 2024 there is 1 672 (1 544) participants below the age of 61 years in the scheme.

Defined benefit plans

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

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

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

Breakdown of pension expenses

Amounts in NOK million	2024	2023
Defined benefit plans	(4)	(4)
Defined contribution plans	(70)	(66)
Early retirement scheme (AFP)	(20)	(19)
Total pension expenses	(94)	(89)

Amounts in NOK million	31.12.2024	31.12.2023
Present value of pension obligations	(100)	(84)
Net value pension liabilities	(100)	(84)
Active participants in pension scheme for salary above 12G	49	47
Retired participants	40	42
Changes in actuarial gains / (losses) recognised in equity / deferred tax	(8)	(1)

Principal assumptions used for the actuarial valuation

	2024	2023
Discount rate ¹⁾	4.4%	4.8%
Annual regulation of pensions paid	2.3%	2.3%

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

9. Other operating expenses

Amounts in NOK million	2024	2023 Restated
Distribution expenses	(613)	(623)
Commission expense sales	(90)	(126)
Machinery, tools, fixtures and fittings	(491)	(459)
Repair, maintenance and other operating expenses	(337)	(301)
Other expenses (fees, transport, IT services, etc.)	(667)	(554)
Energy and fuel expenses	(107)	(99)
Leasing expenses (note 10)	(56)	(58)
Travel expenses	(37)	(37)
Loss on trade receivables	(2)	(2)
Grants	8	4
Miscellaneous manufacturing, administration and selling expenses	(527)	(567)
Total other operating expenses	(2 918)	(2 822)

During 2024, Elkem ASA expensed NOK 165 million (NOK 163 million) related to research and innovation activities, which includes product and business development, technical customer support and improvement projects.

Grants received related to research and development amount to NOK 26 million (NOK 9 million) and are included in other operating income.

Audit and other services

Amounts in NOK million	2024	2023
Audit fee	(8)	(8)
Other assurance services	(1)	(1)
Total fees to auditor	(9)	(8)

10. Operating lease

Amounts in NOK million	2024	2023
Leasing expenses, current year (note 9)	(56)	(58)
Minimum future lease payments due in accordance with non-cancellable operating lease contracts:		
Within one year	(42)	(25)
Within two years	(30)	(27)
Within three years	(27)	(26)
Over three years	(234)	(255)

Future leasing obligations are mainly related to rental of office buildings. One of the rental agreements contains an extension option for 5+5 years. The future nominal obligation for the extension option is approximately NOK 145 million.

11. Other gains (losses) related to operating activities

Amounts in NOK million	2024	2023
Changes in fair value commodity contracts (note 25)	(1)	(1)
Embedded EUR derivatives power contracts, interest element (note 25)	(106)	(73)
Ineffectiveness on cash flow hedges (note 25)	(199)	357
Net foreign exchange gains (losses) - forward currency contracts (note 25)	(106)	(156)
Operating foreign exchange gains (losses)	(39)	306
Total other gains (losses) related to operating activities	(450)	433

12. Finance income and expenses

Amounts in NOK million	2024	2023
Interest income	59	106
Interest income from related parties (note 27)	370	319
Other financial income	36	2
Total finance income	465	426
Net foreign exchange gains (losses)	78	(313)
Interest expenses	(744)	(646)
Interest expenses to related parties (note 27)	(253)	(200)
Interest on net pension liabilities	(3)	(3)
Other financial expenses	(2)	(2)
Total finance expenses	(1 003)	(851)
Net finance income (expenses)	(460)	(738)

Foreign exchange gains (losses) in 2024 and 2023 are mainly related to the bank loans in EUR and loans to related parties in EUR, USD and CNY.

13. Taxes

Income tax recognised in income statement		
Amounts in NOK million	2024	2023
Current tax expenses	(115)	(64)
Deferred tax	1 051	(44)
Other taxes	(8)	6
Total income tax (expenses) benefit	928	(102)

Reconciliation of income tax (expense) benefit

Amounts in NOK million	2024	2023
Profit before tax	1 395	467
Applicable tax rate Norway	22 %	22%
Tax expense at applicable tax rate	(307)	(103)
Permanent differences		
Tax effects of income from Norwegian controlled foreign companies (NOKUS)	(23)	(22)
Tax effects share of profit (loss) from joint ventures	(18)	(14)
Dividend within the Tax exemption method	216	45
Change in non-capitalised deferred tax assets ¹⁾	1 087	-
Tax effects other permanent differences	(4)	(3)
Other effects		
Previous year tax adjustment	(15)	(11)
Other current taxes	(8)	6
Total income tax (expenses) benefit	928	(102)
Effective tax rate	-67 %	22%

¹⁾ The change in non-capitalised deferred tax assets primarily relates to the remeasurement of deferred tax asset originating from tax loss carry forwards and limitations on interest rate deductions following the acquisition and subsequent merger of Elkem Testvirksomhet AS. See note 30 Merger.

Pending tax issues with tax authorities

Elkem ASA has four debt waiver agreements with Elkem Silicones France SAS. The gross taxable value of these agreements as of 31 December 2024 is NOK 595 million (NOK 595 million), book value NOK 0. Elkem Silicones France SAS has not repaid anything under this agreement in 2024 or 2023. Elkem has previously assessed that the effect of repayment is tax exempted.

The Norwegian Tax Office (NTO) decided in February 2021 to increase Elkem ASA's taxable income for the fiscal years 2016-2019 by NOK 781 million, which increased the income tax expenses by NOK 181 million in 2020. The amount was paid in

the first quarter of 2021. The reassessments relate to the debt waiver agreements acquired by Elkem ASA in 2016 through the cross-border parent-subsidiary merger with Bluestar Silicones International Sarl. Elkem is of the opinion that the reassessment is unfounded and has appealed. Based on legal advice, Elkem's assessment is that the defence against the action will be successful. Elkem needs to be virtually certain that the decision by the NTO will be overruled by the Tax Appeal Board, in order for the decision not to be reflected in the financial statements. Due to the complexity of the case, Elkem is not currently able to reach a conclusion with that high level of certainty and the paid amount concerning this case is not reflected in the balance sheet.

Deferred tax assets and deferred tax liabilities

Amounts in NOK million	31.12.2024	31.12.2023
Derivatives	(143)	(239)
Property, plant, equipment and intangible assets	(33)	(291)
Pension liabilities	21	18
Trade receivable	3	3
Inventory	2	(8)
Provisions and other liabilities	79	3
Other differences	(3)	0
Tax loss carry forward	1 040	-
Not capitalised deffered tax on other items	(333)	-
Net deferred tax assets (liabilities)	633	(514)

Movement in net deferred tax assets (liabilities)

Amounts in NOK million	2024	2023
Opening balance	(514)	(741)
Charged to profit (loss)	1 051	(44)
Changes in deferred tax hedges charged to equity	(34)	271
Change in actuarial gains (losses) charged to equity	2	0
Effect of merger	128	-
Closing balance	633	(514)

14. Property, plant, and equipment

2024

Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Opening balance	9	857	2 814	36	861	4 578
Additions	-	-	2	-	973	975
Disposals	(0)	-	-	-	-	(0)
Transferred from CiP	-	275	542	1	(819)	-
Merger	-	37	72	0	-	108
Impairment losses	-	(3)	(32)	-	(0)	(35)
Depreciation	-	(87)	(388)	(8)	-	(482)
Closing balance	9	1 080	3 010	30	1 015	5 144

Historical cost	9	2 310	7 114	113	1 015	10 561
Accumulated depreciation	-	(1 225)	(4 003)	(83)	-	(5 311)
Accumulated impairment losses	(0)	(5)	(101)	(0)	-	(106)
Closing balance	9	1 080	3 010	30	1 015	5 144

Estimated useful life	Indefinite	5-40 years	3-30 years	3-20 years	
Depreciation plan		Straight-line	Straight-line	Straight-line	

Impairment losses in 2024 are primarily related to impairment as a result of lining damage at Rana of NOK 35 million.

2023

Amounts in NOK million	Land	Buildings and other property	Plant, machinery, equipment and motor vehicles	Office and other equipment	Construction in progress	Total
Opening balance	10	805	2 683	25	575	4 098
Additions	-	0	4	0	929	934
Transferred from CiP	-	125	499	19	(643)	-
Reclassifications	(1)	1	(1)	-	-	-
Impairment losses	-	(0)	(20)	-	(0)	(20)
Depreciation	-	(73)	(352)	(8)	-	(433)
Closing balance	9	857	2 814	36	861	4 578

Historical cost	10	2 013	6 588	114	861	9 586
Accumulated depreciation	-	(1 151)	(3 688)	(78)	-	(4 917)
Accumulated impairment losses	(0)	(5)	(86)	(0)	-	(92)
Closing balance	9	857	2 814	36	861	4 578

Estimated useful life	Indefinite	5-40 years	3-30 years	3-20 years	
Depreciation plan		Straight-line	Straight-line	Straight-line	

Impairment losses in 2023 are primarily related to impairment as a result of fire at Salten plant NOK 17 million.

15. Intangible assets and goodwill

2024					
Amounts in NOK million	Goodwill	Software	Other intangible assets	Intangible assets under construction	Total intangible assets
Opening balance	12	43	12	33	88
Additions	-	3	-	2	5
Transferred from CiP	-	3	11	(14)	-
Merger	-	1	-	-	1
Impairment losses	-	(1)	-	-	(1)
Amortisation	(4)	(18)	(3)	-	(21)
Closing balance	8	31	20	22	73
Historical cost	40	238	42	22	303
Accumulated amortisation	(32)	(206)	(23)	-	(229)
Accumulated impairment losses	-	(1)	-	-	(1)
Closing balance	8	31	20	22	73
Estimated useful life	10 years	3-10 years	3-10 years		
Amortisation plan	Straight-line	Straight-line	Straight-line		
2023					
Amounts in NOK million	Goodwill	Software	Other intangible assets	Intangible assets under construction	Total intangible assets
Opening balance	16	40	11	30	81
Additions	-	1	-	32	33
Disposals	-	-	-	-	-
Transferred from CiP	-	25	4	(29)	-
Amortisation	(4)	(23)	(3)	-	(25)
Closing balance	12	43	12	33	88
Historical cost	40	234	31	33	298
Accumulated amortisation	(28)	(191)	(19)	-	(210)
Closing balance	12	43	12	33	88
Estimated useful life	10 years	3-10 years	3-10 years		
Amortisation plan	Straight-line	Straight-line	Straight-line		

16. Investments in subsidiaries

Investment in subsidiaries of Elkem ASA	Owner share Vote rights (%)	Country	Carrying amount 31.12.2024	Carrying amount 31.12.2023
Elkem Carbon AS	100%	Norway	123	122
Elkem Chartering Holding AS	80%	Norway	1	1
Elkem Digital Office AS	100%	Norway	8	8
Elkem Distribution Center B.V.	100%	Netherlands	0	0
Elkem Foundry (China) Co., Ltd.	100%	China	66	66
Elkem GmbH	100%	Germany	1	1
Elkem Iberia S.L.U	100%	Spain	0	0
Elkem International AS	100%	Norway	5	5
Elkem International Trade (Shanghai) Co. Ltd. ¹⁾	11%	China	1	1
Elkem Ísland ehf.	100%	Iceland	785	785
Elkem Japan K.K	100%	Japan	0	0
Elkem Korea Co., Ltd.	100%	Republic of Korea	19	19
Elkem Madencilik Metalurji Sanayi Ve Ticaret Ltd. STI ¹⁾	1%	Turkey	0	0
Elkem Materials Processing (Tianjin) Co., Ltd.	100%	China	1	1
Elkem Materials Processing Services BV	100%	Netherlands	1	1
Elkem Metal Canada Inc.	100%	Canada	7	7
Elkem Milling Services GmbH	100%	Germany	12	12
Elkem Nordic A.S.	100%	Denmark	5	5
Elkem Oilfield Chemicals FZCO Ltd.	51%	UAE	13	13
Elkem Paraguay S.A. ¹⁾	79%	Paraguay	498	498
Elkem Processing Services S.A.	100%	Belgium	34	34
Elkem S.à.r.l.	100%	France	-	-
Elkem S.r.l.	100%	Italy	6	6
Elkem Silicon Materials (Lanzhou) Co., Ltd.	100%	China	1 033	1 033
Elkem Silicon Product Development AS	100%	Norway	8	8
Elkem Siliconas España S.A.U	100%	Spain	125	125
Elkem Silicones Brasil Ltda.	100%	Brazil	214	214
Elkem Silicones Canada Corp.	100%	Canada	6	6
Elkem Silicones Czech Republic, s.r.o.	100%	Czech Republic	2	2
Elkem Silicones Finland OY	100%	Finland	5	5
Elkem Silicones France SAS	100%	France	5 992	2 165
Elkem Silicones Germany GmbH	100%	Germany	130	130
Elkem Silicones Guangdong Co., Ltd.	100%	China	1 543	1 543
Elkem Silicones Hong Kong Co., Ltd.	100%	Hong Kong	102	102
Elkem Silicones Korea Co., Ltd.	100%	Republic of Korea	219	219
Elkem Silicones México S. De R.L. De C.V.	100%	Mexico	5	5
Elkem Silicones Poland sp. z o.o.	100%	Poland	4	4
Elkem Silicones Scandinavia AS	100%	Norway	15	15
Elkem Silicones Services S.à.r.l	100%	France	4	4
Elkem Silicones Shanghai Co., Ltd.	100%	China	109	109

Investment in subsidiaries of Elkem ASA	Owner share Vote rights (%)	Country	Carrying amount 31.12.2024	Carrying amount 31.12.2023
Elkem Silicones USA Corp.	USA	100%	261	261
Elkem Siliconi Italia S.r.l.	Italy	100%	24	24
Elkem Singapore Materials Pte. Ltd.	Singapore	100%	0	0
Elkem South Asia Private Limited	India	100%	34	34
Elkem (Thailand) Co., Ltd.	Thailand	100%	3	3
Elkem UK Holdings Ltd.	United Kingdom	100%	78	78
Elkem Uruguay S.A.	Uruguay	100%	33	33
Explotación de Rocas Industriales y Minerales S.A. (ERIMSA)	Spain	100%	80	80
Jiangxi Bluestar Xinghuo Silicones Co., Ltd.	China	100%	5 015	5 015
NEH LLC	USA	100%	98	98
Total			16 729	12 902

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

On 14 May 2024 Elkem ASA acquired Elkem Testvirksomhet AS (previously REC Solar Norway AS) for USD 22 million (NOK 238 million). Elkem Testvirksomhet AS was subsequently merged with Elkem ASA. See note 30 Merger.

Impairment

For details see note 21 Impairment assessments and note 40
Assets held for sale and discontinued operations in the consolidated financial statement.

Income from investments in subsidiaries and associated companies

Amounts in NOK million	2024	2023
Dividends and group contributions from subsidiaries	1 748	181
Dividends from associates (note 20)	10	22
Total income from subsidiaries and associated companies	1 758	203

17. Investments in joint ventures

	Company address	Country	Owner share Voting rights 2024	Owner share Voting rights 2023	Accounting method
Elkania DA	Hauge i Dalane	Norway	50%	50%	Gross method
Vianode AS	Oslo	Norway	-	40%	Equity

In February 2024 Elkem group sold its shares in Vianode AS, a synthetic graphite manufacturer for a total nominal amount of NOK 847 million to AV Anodos AS, a company controlled by Altor Equity Partners AS from 4th quarter of 2024. NOK 10 million of the compensation was received at closing, while NOK 315 million (second instalment) and NOK 522 million (third instalment) are tied to Vianode meeting two future milestones relating to the building of a full-scale plant. At initial recognition in the first quarter of 2024 the value of the receivable was estimated to NOK 749 million after the payment of the NOK 10 million. The sale resulted in a loss on disposal of NOK 68 million.

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

Total interests in joint ventures

Amounts in NOK million	2024	2023
Opening balance	843	639
Acquisition of shares and capital contribution	-	267
Sale of shares	(759)	-
Share of profit / (loss)	(15)	(63)
Share of other comprehensive income	0	(0)
Loss on sale of shares	(68)	-
Closing balance	0	843

Main figures for Elkania DA accounted for using the gross method, showing Elkem ASA's portion.

Amounts in NOK million	31.12.2024	31.12.2023
Current assets	65	48
Non-current assets	25	28
Current liabilities	6	4
Non-current liabilities	0	9
Net assets	83	63
Total revenue	51	46
Total expenses	(33)	(28)
Financial items	1	(0)
Tax	-	-
Total profit / (loss) for the year	19	18

18. Inventories

Amounts in NOK million	31.12.2024	31.12.2023
Finished goods	1 107	1 029
Semi-finished goods	358	273
Raw materials	812	742
Operating materials and spare parts	408	377
Total inventories	2 685	2 421
Provisions for write down of inventories	38	81

19. Trade receivables

Amounts in NOK million	31.12.2024	31.12.2023
Trade receivables	215	364
Trade receivables, related parties	945	961
Provision for doubtful accounts	(13)	(13)
Total trade receivables	1 146	1 312

Elkem ASA and its subsidiary Elkem Carbon AS have entered into a factoring agreement with a credit limit of EUR 100 million, NOK 1 124 million, to sell on continuing basis trade receivables that meet specific conditions. The agreement includes a recourse clause for maximum 5 per cent of the face value of the individual receivables sold. The non-recourse amount of the receivable sold is derecognised and the recourse amount is recognised as a current liability when the title to the receivables is transferred. As of 31 December 2024, NOK 51 million

(NOK 61 million) is recognised as current liability (see note 24 Provisions and other liabilities). In addition, Elkem has entered into factoring agreements without recourse for some specific customers. Receivables that are sold without recourse are derecognised in its entirety when the title is transferred, as there is no remaining credit risk after transfer. As at 31 December 2024 NOK 778 million (NOK 999 million) of Elkem ASA’s trade receivables is derecognised under these agreements.

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

Amounts in NOK million	31.12.2024	31.12.2023
Not due	129	267
1 - 30 days	55	70
31 - 60 days	5	12
61 - 90 days	7	6
More than 90 days	19	9
Total trade receivables	215	364

Trade receivables are generally secured by credit insurance from a reputable credit insurance company. For customers where credit insurance cannot be obtained, other methods are generally used to secure the sales proceeds, such as prepayment, letter of credit, documentary credit or guarantees.

In particular, when sales are made in countries with a high political risk, or to remote customers, trade finance products are used to reduce the credit risk.

Movements in allowance for expected credit losses

Amounts in NOK million	2024	2023
Opening balance	(13)	(11)
Losses during the year	2	(0)
New provisions	(4)	(4)
Reversed provisions	2	2
Closing balance	(13)	(13)

Analysis of allowance for expected credit losses, presented based on related trade receivables

Amounts in NOK million	31.12.2024	31.12.2023
Not due	(1)	(1)
Overdue by:		
1 - 30 days	(0)	(0)
31 - 60 days	(0)	(2)
61 - 90 days	(0)	(2)
More than 90 days	(12)	(8)
Total provisions for doubtful accounts	(13)	(13)

20. Other assets

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Shares in associates ¹⁾	9	9	-	-
Other shares	17	9	-	-
Restricted deposits	47	32	-	-
Other deposits	0	1	-	-
Pension assets, defined benefits and contribution plans	-	-	3	2
Prepayments	-	1	67	56
Loans and deposits to related parties, interest-bearing (note 27)	3 148	6 236	533	122
Receivables from related parties, interest free (note 27)	-	-	300	-
Grants receivable (note 5)	-	-	571	583
Value added tax	-	-	151	69
Interest receivable from related parties (note 27)	-	-	83	62
Other receivables	765	9	2	4
Other assets	0	0	13	6
Total other assets	3 986	6 295	1 723	904

¹⁾ Elkem ASA owns 25% of the shares in EPB Chartering AS and 20% of the shares in Future Materials AS. Elkem has received NOK 10 million (NOK 22 million) in dividends during 2024, see note 16 Investment in subsidiaries.

In February 2024 Elkem group sold its shares in Vianode AS, a synthetic graphite manufacturer for a total nominal amount of NOK 847 million to AV Anodos AS, a company controlled by Altor Equity Partner AS from 4th quarter of 2024. NOK 10 million of the compensation was received at closing, while NOK 315 million (second instalment) and NOK 522 million (third instalment) are tied to Vianode meeting two future milestones relating to the building of a full-scale plant. Interest shall accrue on the second instalment if the due date is later than 30 June 2025 and for the third instalment 31 December 2027. At initial recognition in the first quarter of 2024 the present value of the receivable was estimated to NOK 749 million after the payment of the NOK 10 million.

Vianode AS and AV Anodos AS are dependent on additional funding around the end of the first quarter of 2025 to be able to perform the investments necessary to meet the milestones required for the settlement of Elkem's receivable. If additional funding is not obtained there is a risk that Elkem's receivable will be worth zero.

Based on the need for additional funding and recent market developments Elkem considers that the value of the deferred payments is uncertain. Elkem monitors the situation closely. Based on information available at year end it has been assessed that the fair value of the receivable is NOK 765 million.

21. Equity

2024					
Amounts in NOK million	Share capital	Other paid in capital	Total paid in capital	Retained earnings	Total equity
Opening balance	3 197	301	3 498	9 912	13 410
Profit for the year	-	-	-	2 323	2 323
Cash flow hedge	-	-	-	120	120
Share of items booked against equity from joint ventures	-	-	-	0	0
Remeasurement pension obligations gains (losses)	-	-	-	(7)	(7)
Currency translation differences	-	-	-	0	0
Share-based payments	-	2	2	-	2
Net movement treasury shares	-	1	1	4	5
Dividends	-	-	-	(190)	(190)
Closing balance	3 197	304	3 502	12 163	15 665

Share capital

The share capital of Elkem ASA is NOK 3 197 206 890 divided on 639 441 378 shares of NOK 5 nominal value. Of this amount Elkem ASA held 5 271 900 treasury shares as at 31 December 2024. Each share has one vote.

Other retained earnings and dividends

Other retained earnings consist of all other net gains and losses not recognised elsewhere. For the year 2024 the board of directors has proposed to pay NOK 0.30 per share in dividends.

Other paid-in capital

Other paid-in capital consists of par value of Elkem ASA's treasury shares negative NOK 26 million (negative NOK 28 million) and other capital contributions from owners (e.g. share-based payments).

2023					
Amounts in NOK million	Share capital	Other paid in capital	Total paid in capital	Retained earnings	Total equity
Opening balance	3 197	296	3 493	10 515	14 009
Profit for the year	-	-	-	365	365
Cash flow hedge	-	-	-	(960)	(960)
Share of items booked against equity from joint ventures	-	-	-	(0)	(0)
Remeasurement pension obligations gains (losses)	-	-	-	(1)	(1)
Currency translation differences	-	-	-	0	0
Share-based payments	-	8	8	-	8
Net movement treasury shares	-	(3)	(3)	(5)	(8)
Dividends	-	-	-	(2)	(2)
Closing balance	3 197	301	3 498	9 912	13 410

22. Shareholders

The table shows shareholders holding 1 per cent or more of the total 639 441 378 shares outstanding as of 31 December 2024, according to information in the Norwegian "securities registry system" (Verdipapirsentralen).

Name	Number of Shares	Ownership
Bluestar Elkem International Co., Ltd. S.A.	338 338 536	52.9%
Folketrygdfondet	22 072 685	3.5%
Must Invest AS	19 307 862	3.0%
Pareto Aksje Norge Verdipapirfond	16 853 626	2.6%
Verdipapirfondet Storebrand Norge	9 142 222	1.4%
DNB Asset Management	7 620 389	1.2%
State Street Bank and Trust Comp ¹⁾	7 110 889	1.1%
JPMorgan Chase Bank ¹⁾	6 428 636	1.0%
Total shareholders with ownership greater than 1%	426 874 845	66.8%

¹⁾ Nominee accounts

Information on shares held by key management personnel is included in "Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024" and note 11 Employee benefits in the consolidated financial statement.

23. Interest-bearing assets and liabilities

	Non-current		Current	
Amounts in NOK million	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Interest-bearing liabilities				
Deposits from related parties (note 27)	260	251	4 660	5 382
Loan agreements, bank	5 856	5 573	-	0
Loan agreements, bonds	3 500	2 750	706	646
Loan agreements, other than bank	2 123	2 529	295	405
Accrued interest, related parties	-	-	-	-
Accrued interest	-	-	23	26
Total interest-bearing liabilities	11 738	11 103	5 684	6 459

[Interest-bearing assets](#)

Cash and cash equivalents	-	-	2 730	3 327
Restricted deposits	47	32	0	4
Loans to related parties (note 27)	3 148	6 236	-	-
Deposits to related parties (note 27)	-	-	533	122
Loans to external parties	-	9	-	-
Interest receivable from related parties (note 27)	-	-	83	62
Interest receivable from external parties	-	-	-	-
Total interest-bearing assets	3 195	6 276	3 347	3 515

Interest-bearing liabilities by currency

Amounts in NOK million	31.12.2024		31.12.2023	
	Currency amount	NOK	Currency amount	NOK
EUR	780	9 199	905	10 170
USD	149	1 688	157	1 597
NOK	6 183	6 183	5 274	5 274
Other currencies	-	352	-	520
Total interest-bearing liabilities		17 422		17 561

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are discounted.

Maturity of interest-bearing liabilities
31 December 2024

Amounts in NOK million	2025	2026	2027	2028	2029	2030 and later	Total
Loans from related parties	4 660	260	-	-	-	-	4 920
Loan agreements, bank	-	-	5 896	-	-	-	5 896
Loan agreements, bonds	706	500	900	1 000	800	300	4 206
Loan agreements, other than bank	295	1 710	-	413	-	-	2 417
Accrued interest	23	-	-	-	-	-	23
Total	5 684	2 470	6 796	1 413	800	300	17 462
Prepaid loan fees							(41)
Total interest-bearing liabilities							17 422

Maturity of interest-bearing liabilities
31 December 2023

Amounts in NOK million	2024	2025	2026	2027	2028	2028 and later	Total
Deposits from related parties	5 382	251	-	-	-	-	5 632
Loan agreements, bank	0	-	-	5 619	-	-	5 619
Loan agreements, bonds	646	750	500	500	1 000	-	3 396
Loan agreements, other than bank	405	281	1 854	-	393	-	2 933
Accrued interest	26	-	-	-	-	-	26
Total	6 459	1 282	2 354	6 119	1 393	-	17 607
Prepaid loan fees							(45)
Total interest-bearing liabilities							17 561

Loan agreements

The main non-current loan agreements as of 31 December 2024 are granted to Elkem ASA for financing of the group; a term loan with bank institutions, bond loans and series of loans in Schuldshein market (other than bank).

Loan agreements, bank

The term loan of EUR 500 million (EUR 500 million) is unsecured, but there are related covenants. As of 31 December 2024 the interest rate is 4.02 per cent. The term loan is linked to two sustainability KPIs, KPI 1 Lost Time Injury Rate and KPI 2 Product Group Carbon Footprint. The margin of the RCF and term loan shall be reduced by 0.025 per cent if both KPIs are met, and increased by 0.025 per cent if none of the KPIs are met. If one KPI is met there shall be no change to the margin. Based on initial testing of the KPI's there will be no change to the margin in 2025.

Loan agreements, bonds

The serie of issued bond loans listed on Oslo Børs is in the size of NOK 3 500 million (NOK 2 750 million), whereof NOK 3 150 million (NOK 2 400 million) is registered as bonds with floating rate and NOK 350 million (NOK 350 million) is registered as a bond with fixed rate. The bond loans are unsecured and there is no related covenants. As of 31 December 2024 the interest rates are in the range of 4.88 per cent to 6.43 per cent.

Elkem has entered into an interest swap agreement to swap the NOK 350 million bond from fixed to floating interest rate. As at 31 December 2024 the fair value of this swap is NOK 1 million (NOK 12 million).

Elkem has entered into an interest rate swap agreement to swap the NOK 800 million bond loan from floating interest rates to fixed interest rates of 4.88 per cent. As at 31 December 2024 the fair value of this swap is NOK 21 million (entered into

in 2024). A swap agreement has also been entered into to swap the NOK 400 million bond loan to a EUR 34 million loan with fixed interest rates of 3.72 per cent. As at 31 December 2024 the fair value of this swap is negative NOK 2 million (entered into in 2024).

The bond loans are listed on Oslo Børs from January 2024, as of 31 December 2024 the fair value of the bond loans are postive NOK 2 million (negative NOK 12 million).

Loan agreements, other than bank

The series of loans issued in the Schuldschein market is of the size of EUR 180 million (EUR 210 million) with floating rate and EUR 0 million (EUR 15 million) with a fixed rate. The loan series is unsecured, but there are related covenants. As of 31 December 2024 the interest rates are in the range of 4.1 per cent to 4.35 per cent.

Credit facilities

Elkem ASA is granted credit facilities of EUR 500 million (NOK 5 896 million) and NOK 250 million, a total of NOK 6 455 million in granted credit facilities. Both facilities remained undrawn at 31 December 2024 and 31 December 2023.

Covenants

The credit facilities and the bank financing in Elkem ASA contain financial covenants based on the consolidated financial statements of Elkem group. In addition, parts of the loans from external parties, other than bank, contain financial covenants. The financial covenants are calculated monthly, based on last 12 months figures, and reported quarterly. Elkem initiated a waiver process in 2024, and got consent from the lenders' to reduce the Interest Cover covenant from 4.0x to 3.0x for each and every quarter of the 2024 financial year. In 2025 the Interest Cover covenant will return to be 4.0x.

Covenants Elkem group

Amounts in NOK million	31.12.2024	Loan covenant	31.12.2023	Loan covenant
Total equity	26 020		24 458	
Total assets	53 432		50 500	
Equity ratio	49%	> 30%	48%	> 30%
EBITDA excluding income/loss from associated entities and joint ventures	4 150		3 726	
Net interest payable	797		597	
Interest cover ratio	5.20	> 3.00	6.24	> 4.00

24. Provisions and other liabilities

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Employee withholding taxes, social security tax and other public taxes	-	-	97	94
Value added tax	-	-	13	39
Prepayments from customers	-	-	11	25
Payables to related parties (note 27)	-	-	90	44
Provisions	48	47	18	6
Obligation to finance subsidiary	37	37	-	-
Accrued expenses	-	-	250	285
Employee benefits	-	-	231	214
Deferred income, government grants	-	-	0	1
Recourse liability factoring agreement (note 19)	-	-	51	61
Settlement liability factoring agreements	-	-	31	32
Other liabilities	-	-	-	2
Total provisions and other liabilities	85	84	792	803

Movements in provision
2024

Amounts in NOK million	Site restoration	Environmental measures	Total provisions
Opening balance	34	20	53
Additional provisions recognised	8	11	18
Used during the year	-	(5)	(5)
Closing balance	41	25	67
Hereof non-current	35	13	48
Hereof current	6	12	18
Closing balance	41	25	67

Site restoration

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

Environmental measures

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

25. Financial instruments

Currency exchange contracts

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

Elkem has embedded EUR derivatives in own use power contracts where the spot element is designated as hedging instruments in a cash flow hedge to hedge currency fluctuations in highly probable future sales, from 1 January 2016. Unrealised effects are from that date booked against equity and later reclassified to revenue when realised. Realised hedging effects from such derivatives in 2024 constitute a loss of NOK 135 million (loss of NOK 122 million).

Details of currency exchange contracts
31 December 2024

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency rate	Due	Fair value ¹⁾	Notional value ²⁾
NOK	1 864	EUR	159	Fwd	11.762	2025	(20)	1 869
NOK	201	JPY	1 954	Fwd	0.103	2025	57	141
NOK	33	JPY	312	Fwd	0.105	2026	9	23
NOK	375	USD	35	Fwd	10.745	2025	(21)	396
NOK	818	EUR	76	Embedded ³⁾	10.794	2025	(89)	894
NOK	5 984	EUR	518	Embedded ³⁾	11.553	2025-2035	(483)	6 108
Total fair value							(547)	

Details of currency exchange contracts
31 December 2023

Purchase currency	Purchase ccy million	Sale currency	Sale ccy million	Type of instrument	Currency rate	Due	Fair value ¹⁾	Notional value ²⁾
CAD	9	USD	7	Fwd	1.345	2024	1	68
NOK	1 897	EUR	164	Fwd	11.541	2024	43	1 848
NOK	193	JPY	1 976	Fwd	0.098	2024	48	142
NOK	234	JPY	2 266	Fwd	0.103	2024-2026	61	163
NOK	167	USD	16	Fwd	10.167	2024	0	167
NOK	807	EUR	76	Embedded ³⁾	10.649	2024	(54)	851
NOK	5 101	EUR	458	Embedded ³⁾	11.137	2024-2034	(235)	5 148
EUR	1	USD	1	Fwd ⁴⁾	0.917	2024	(0)	1
Total fair value							(136)	

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

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

³⁾ Embedded EUR derivatives in own use power contracts.

Power contracts recognised at fair value

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

The effective part of change in fair value of contracts designated in hedging relationships is booked temporarily in equity, and recycled to the income statement when the hedged items are realised. Realised effects from the hedging of future need for power are a gain of NOK 13 million (gain of NOK 112 million), which is included in raw materials and energy for production. The ineffective part of change in fair value of contracts designated in hedging relationships is recognised as a part of other gains (losses) related to operating activities, see note 11 Other gains (losses) related to operating activities.

Details of fair value of power derivative contracts and interest rate swap 31 December 2024

Amounts in NOK million	Volume	Due	Fair value	Notional amount ¹⁾
Commodity contracts Power	501 GWh	2025	196	177
Commodity contracts Power	4478 GWh	2026-2035	986	1 950
Interest rate swap	1550 MNOK	2025-2029	19	301
Total fair value			1 201	

Details of fair value of power derivative contracts and interest rate swap 31 December 2023

Amounts in NOK million	Volume	Due	Fair value	Notional amount ¹⁾
Commodity contract "30-øringen"	501 GWh	2024	303	172
Commodity contract "30-øringen"	3 006 GWh	2025-2030	907	1 105
Interest rate swap	350 MNOK	2024-2028	12	94
Total fair value			1 223	

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

In addition, Elkem ASA holds power contracts, which are entered into and continue to be held for the purpose of the receipt of power. These contracts are booked at the lower of cost and fair value. As at 31 December 2024 the fair value of these contracts is higher than cost (zero).

Interest rate swap

Elkem should primarily pursue a floating interest rate policy for long-term financing. Interest rate hedging will be considered in specific cases, e.g. when there is a need to protect financial covenants in loan agreements. In 2024, Elkem issued financing with a floating interest rate and entered into interest rate swaps to change from floating to fixed interest rates. In 2023 Elkem issued financing with fixed interest rate and entered into an interest rate swap from fixed to floating interest rate. The effective part of changes in fair value of the financial instruments is booked against OCI, and recycled to profit or loss as a regulatory interest expense when realised.

26. Financial risk

Financial risk management in Elkem ASA is described in note 32 Financial risk, and capital management policies are described in note 33 Capital management, in the consolidated financial statement. Elkem ASA's use of derivative instruments are described in note 30 Financial assets and liabilities and note 31 Hedging. See note 26 Interest-bearing assets and liabilities for details of credit facilities and maturity profile of interest-bearing liabilities. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

27. Related parties

Elkem ASA is owned 52.9 per cent by Bluestar Elkem International Co. Ltd S.A., Luxembourg, which is under control of Sinochem Holdings Co., Ltd (Sinochem), a company registered and domiciled in China. The structure of the Elkem group is disclosed in notes to the consolidated financial statement; in note 4 Composition of the group and note 5 Equity accounted investments and joint operations. Details of transactions between Elkem ASA and the parent company, subsidiaries, joint ventures and associates, and related parties within Sinochem are disclosed below.

2024						
Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services	Purchase of services	Interest income	Interest expenses
Bluestar Elkem International Co., Ltd. S.A.	-	-	-	-	-	-
Related parties within Sinochem	-	-	-	-	-	-
Subsidiaries	1 846	(1 005)	477	(518)	370	(253)
Joint ventures and associates	-	-	7	(119)	-	-
Total related parties transactions	1 846	(1 005)	484	(637)	370	(253)

2023						
Amounts in NOK million	Sale of goods	Purchase of goods	Sale of services	Purchase of services	Interest income	Interest expenses
Bluestar Elkem International Co., Ltd. S.A.	-	-	-	-	-	-
Related parties within Sinochem	-	-	-	(0)	-	-
Subsidiaries	1 749	(1 325)	519	(571)	319	(200)
Joint ventures and associates	-	-	52	(145)	-	-
Total related parties transactions	1 749	(1 325)	571	(716)	319	(200)

Balances with related parties

Amounts in NOK million	Non-current		Current	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Trade receivables, subsidiaries	-	-	945	957
Trade receivables, joint ventures and associates	-	-	-	4
Loans to subsidiaries, interest-bearing	3 148	6 236	-	-
Deposits from subsidiaries, interest-bearing	-	-	533	122
Interest receivable from subsidiaries	-	-	83	62
Receivables from subsidiaries, interest-free	-	-	300	-
Deposits from subsidiaries, interest-bearing	(260)	(251)	(4 660)	(5 382)
Other payables to subsidiaries, interest free	-	-	(90)	(44)
Trade payables, Bluestar Elkem Investment Co. Ltd. S.A	-	-	-	(5)
Trade payables, related parties within Sinochem	-	-	-	(0)
Trade payables, subsidiaries	-	-	(297)	(422)
Trade payables, joint ventures and associates	-	-	(8)	(12)

Transactions with key management personnel

Information on transactions with key management personnel and /or their related parties, is included in ""Report on salary and other remuneration to leading personnel in Elkem ASA for the financial year 2024"" and note 11 Employee benefits in the consolidated financial statement.

Commitment with related parties

Elkem has no commitments to related parties.

Information about transactions between related parties

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

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

- Raw materials (quartz) from quarries to plants
- Metallurgical silicon to Silicones
- Electrode paste from Carbon plants to FeSi and Silicon plants
- Surplus raw materials between plants
- Ad-hoc supplies of finished goods to Elkem’s internal distributors
- Purchase of short and deep-sea transport
- Sale of management and technology services
- Rent of plant facilities and related services
- Purchase of management services for the Silicones segment

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

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

28. Pledge of assets and guarantees

Guarantee commitments

Amounts in NOK million	31.12.2024	31.12.2023
Guarantees given on behalf of the operating plants regarding environmental obligations	40	40
Guarantees given on behalf of subsidiaries regarding financing	888	738

As part of the factoring agreement parts of Elkem's trade receivables are pledged (see note 19 Trade receivables). The book value of the pledged assets and liabilities is NOK 51 million (NOK 61 million).

29. Supplemental information to the cash flow statement

The following table gives a detailed overview of changes in working capital in the cash flow statement. Working capital is defined as trade receivables, inventories, other current assets, accounts payable, current employee benefit obligations and other current liabilities. Other current assets are defined as other current assets less current receivables to related parties, current interest-bearing receivables, tax receivables, grants

receivable and accrued interest income. Accounts payable are defined as trade payables less 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.

Changes in working capital

Amounts in NOK million	2024	2023
Changes in trade receivables	166	269
Changes in inventories	(263)	331
Changes in other current assets	(99)	(4)
Changes in accounts payable	(104)	(53)
Changes in other current liabilities including employee benefit obligations	(69)	(69)
Total	(369)	474

30. Merger

Elkem ASA merged with its subsidiary Elkem Testvirksomhet AS in 2024. Elkem Testvirksomhet AS was acquired on 14 May and subsequently merged with Elkem ASA.

Elkem Testvirksomhet AS (former REC Solar Norway AS) controls industrial areas and production facilities at Fiskaa in Kristiansand and at Herøya. The merger is done with group continuity.

Nets assets	Note	Total
Property, plant and equipment	14	108
Intangible assets	15	1
Deferred tax assets	13	128
Investments in subsidiaries		(238)
Other non-current assets		1
Total non-current assets		1
Inventories		3
Trade receivables		0
Other current assets		0
Cash and cash equivalents		0
Total currents assets		4
Pension liabilities		(0)
Total non-current liabilities		(0)
Trade payables		(1)
Other current liabilities		(3)
Total current liabilities		(4)
Net assets / equity contributed in the merger	21	0

31. 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 income statement.
- Presentation of capitalised salary of own developed fixed and intangible assets is changed from other operating expenses to employee benefit expenses in the income statement.
- 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 income statement.

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

Income statement	2024 before change	Impact grants	Impact capitalised salary	Impact changes in inventories	2024 after change
Other operating income	1 451	622	-	-	829
Raw materials and energy	(4 697)	(593)	-	34	(4 138)
Employee benefit expenses	(1 491)	(20)	10	-	(1 480)
Other operating expenses	(2 971)	(9)	(10)	(34)	(2 918)
Operating profit (loss)	181	-	-	-	181

Income statement	Financial statement 2023	Impact grants	Impact capitalised salary	Impact changes in inventories	2023 restated
Other operating income	593	(558)	-	-	35
Raw materials and energy	(6 340)	549	-	57	(5 734)
Employee benefit expenses	(1 429)	13	17	-	(1 399)
Other operating expenses	(2 745)	(3)	(17)	(57)	(2 822)
Operating profit (loss)	1 065	-	-	-	1 065

32. Events after the reporting period

No events have taken place after the reporting period that would have had a material impact on the financial statements or any assessments carried out.

Declaration by the board of directors

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2024 have been prepared in accordance with applicable standards and give a true and fair view of the group and the company's assets, liabilities, financial position and results of operations.

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

The board of directors of Elkem ASA
Oslo, 12 March 2025

Bo Li
Chair

Dag Jakob Opedal
Vice chair

Olivier Tillette de
Clermont-Tonnerre
Board member

Wei Yao
Board member

Dachuan Dong
Board member

Grace Tang
Board member

Nathalie Brunelle
Board member

Marianne Elisabeth Johnsen
Board member

Terje Andre Hanssen
Board member

Marianne Færøyvik
Board member

Thomas Eggan
Board member

Helge Aasen,
CEO



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To the General Meeting of Elkem ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elkem ASA, which comprise:

- the financial statements of the parent company Elkem ASA (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Elkem ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have

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Offices in:

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandnessjøen	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Straume	



obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Elkem ASA for 9 years from the election by the general meeting of the shareholders on 20 April 2016 for the accounting year 2016.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of the carrying amount of Goodwill and Property, plant and equipment allocated to the Silicones division.

Refer to Note 3 Accounting estimates and Note 40 Assets held for sale and discontinued operations

The key audit matter	How the matter was addressed in our audit
<p>Markets conditions for the Silicones division continued to be challenging in 2024, with low sales prices and decreased global demand, resulting in weak financial performance for the division.</p> <p>Following a strategic review of the Silicones division, management has assessed that the criteria for reclassifying the silicones segment as held for sale and discontinued operations according to IFRS 5 are met. Further, management has identified impairment indicators for goodwill allocated to the Silicones division, as well as the carrying amount for the following CGUs within the Silicones division:</p> <ul style="list-style-type: none">- Elkem Silicones Xinghou/Yongdeng with a total carrying amount of NOK 10 834 million,- Elkem Guangdong (Polysil) with a total carrying amount of NOK 649 million,- Elkem Silicones excluding Xinghou/Yongdeng, Elkem Guangdong (Polysil), and Elkem Silicones Korea with a total carrying amount of NOK 10 097 million. <p>The Group's carrying amount of Goodwill as of 31 December 2024 is NOK 1 085 million, where NOK 756 million is allocated to the Silicones segment.</p> <p>The annual impairment test of Goodwill for the Silicones division and the impairment test for the three CGUs of Property, plant and equipment</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none">• Assessing management's evaluation for whether the criteria are met for reclassifying the Silicones segment as held for sale and discontinued operations according to IFRS 5,• Assessing management's process and results for identification and classification of CGUs to assess whether they were appropriate and in accordance with relevant accounting standards,• Evaluating management's assessment of impairment indicators,• Performing retrospective reviews of the accuracy of management's estimate in terms of timing of cash flows and other assumptions where historical data is available,• Evaluating the sensitivity of in the estimate based on reasonable changes to key assumptions,• Evaluating and challenging the forecasted cash flows including the timing of future cash flows applied in the models with reference to historical accuracy and approved business plans,• Evaluating key assumptions such as forecasted sales prices, sales volumes, raw material prices and the EBITDA



mentioned above, was significant to our audit because of the size of the balances, the challenging market conditions experienced 2024, as well as the significant estimation uncertainty in developing the estimates to determine the recoverable amounts. In addition, management's assessment process is complex and highly judgmental and is based on significant assumptions, mainly sales prices, sales volumes, EBITDA margin in the terminal year and discount rates used.

Based on management's assessment of the recoverable amounts, no impairment has been recognised for the year ended 31 December 2024.

margin used in the terminal period with reference to external sources and other relevant benchmarks,

- Assessing, with the assistance of our valuations specialists, the mathematical accuracy and methodological integrity of management's impairment models and the reasonableness of discount rates applied with reference to external sources; and
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to Assets held for sale and discontinued operations.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Our opinion on whether the Board of Directors' report contains the information required by applicable statutory requirements, does not cover the Sustainability Statement, on which a separate assurance report is issued.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going



concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Elkem ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300CVBE06T0SH6T76-2024-12-31-0-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 19 March 2025

KPMG AS

Stian Tørrestad
State Authorised Public Accountant

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 and 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.

2024

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Profit (loss) for the year						2 115
Income tax (expense) benefit						(588)
Finance expenses						778
Foreign exchange gains (losses)						(247)
Finance income						(107)
Share of profit from equity accounted financial investments						143
Other items						316
Realised effects from hedge ineffectiveness and discontinuation of hedging						122
EBIT from discontinued operations						(1 237)
EBIT	(1 233)	2 091	1 003	(521)	(46)	1 294
Impairment losses						168
Amortisation and depreciation						931
Amortisations, depreciations and impairment losses from discontinued operations						1 754
EBITDA	521	2 864	1 131	(324)	(46)	4 146

Elkem's financial APMs, EBITDA and EBIT

→ EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expense) benefit, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items (except realised gains and losses from hedge ineffectiveness and discontinuation of hedging), impairment losses and amortisation and depreciation.

→ EBITDA margin is defined as EBITDA divided by total operating income.

→ EBIT is defined as Elkem's profit (loss) for the period, less income tax (expense) benefit, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items (except realised gains and losses from hedge ineffectiveness and discontinuation of hedging).

Below is a reconciliation of EBIT and EBITDA.

2023

Amounts in NOK million	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Profit (loss) for the year						2 097
Income tax (expense) benefit						781
Finance expenses						666
Foreign exchange gains (losses)						106
Finance income						(137)
Share of profit from equity accounted financial investments						63
Other items						(596)
Realised effects from hedge ineffectiveness and discontinuation of hedging						199
EBIT from discontinued operations						(1 815)
EBIT	(2 142)	2 610	1 164	(585)	318	1 365
Impairment losses						25
Amortisation and depreciation						844
Amortisations, depreciations and impairment losses from discontinued operations						1 537
EBITDA	(605)	3 304	1 286	(532)	318	3 771

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, (gains) losses on disposal of subsidiaries, changes in provisions, bills receivables and other, changes in fair value of derivatives, other items (from the statement of profit or loss), realised effects from hedge ineffectiveness and discontinuation of hedging 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.

Below is a split of the items included in investment in property, plant and equipment and intangible assets.

Amounts in NOK million	2024	2023
Reinvestments	(2 061)	(2 351)
Strategic investments	(957)	(2 866)
Periodisations ¹⁾	(317)	361
Investments in property, plant and equipment and intangible assets	(3 334)	(4 856)

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

Amounts in NOK million	2024	2023
Cash flow from operating activities	2 030	2 769
Income taxes paid	614	2 281
Interest payments made	885	716
Interest payments received	(119)	(179)
Changes in provisions, bills receivables and other	27	47
Changes fair value of derivatives	(475)	59
Other items	460	(516)
Realised effects from hedge ineffectiveness and discontinuation of hedging	122	199
Reinvestments	(2 061)	(2 351)
Cash flow from operations	1 484	3 027

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 defined are 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 receivables, 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:

Capital employed and working capital

Amounts in NOK million	31.12.2024	31.12.2023
Inventories	6 038	9 018
Trade receivables	1 960	3 209
Bills receivable	(269)	(823)
Accounts receivable	1 691	2 386
Other assets, current	1 254	2 062
Other receivables to related parties, interest free	-	(8)
Grants receivables	(576)	(671)
Tax receivables	(241)	(261)
Accrued interest	(0)	(0)
Other current assets included in working capital	436	1 122
Trade payables	2 076	5 281
Trade payables related to purchase of non-current assets	(184)	(1 313)
Accounts payables included in working capital	1 892	3 968
Employee benefit obligations	471	912
Provisions and other liabilities, current	815	1 381
Provisions, contingent considerations and contract obligations	(19)	(101)
Liabilities to related parties	(0)	(17)
Other current liabilities included in working capital	795	1 263
Working capital assets and liabilities as held for sale	2 302	0
Working capital Elkem group total	7 309	6 383
Property, plant and equipment	8 405	22 754
Right-of-use assets	403	854
Other intangible assets	216	1 458
Goodwill	329	1 015
Equity accounted investments	230	1 296
Grants payable	(17)	(17)
Trade payables- and prepayments related to purchase of non-current assets	(171)	(1 295)
Other capital employed effects assets and liabilities as held for sale	17 674	-
Capital employed	34 378	32 449

Elkem’s financial APMs: Leverage ratio

Elkem has with effect from 1 July 2024 changed its definition of net interest-bearing debt (NIBD). Going forward bills payable net of restricted deposits, will be followed up as a part of managing Elkem’s day-to-day liquidity positions. Bills payable are deemed to be part of the operational activities linked to the product cycle and hence no longer included in NIBD. Bills payable and bills receivable will then have the same classification. Bills do not carry interest, and the change does not affect the interest-cover ratio.

→ Net interest-bearing debt that is used to measure leverage ratio consists of current and non-current interest-bearing liabilities, reduced with cash and cash equivalents. Below a calculation of Elkem's leverage ratio.

Leverage ratio

Amounts in NOK million	31.12.2024	31.12.2023
Interest-bearing liabilities	12 907	14 741
Cash and Cash equivalents	(4 397)	(6 367)
Interest-bearing liabilities as held for sale liabilities	3 490	-
Cash and Cash equivalents as held for sale assets	(1 673)	-
Net interest-bearing debt	10 327	8 373
EBITDA	4 146	3 771
Leverage ratio	(2,5)	(2,2)





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