



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 980 518 647
Organisasjonsform: Aksjeselskap
Foretaksnavn: ERAMET NORWAY AS
Forretningsadresse: Rolighetsvegen 11-17
3933 PORSGRUNN

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Vibeke Fosstvedt
Dato for fastsettelse av årsregnskapet: 07.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 06.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1,2,13	6 367 850	5 553 066
Annen driftsinntekt	1	291 536	403 869
Sum inntekter		6 659 386	5 956 935
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	1	42 556	125 531
Varekostnad	1,13,1 6	3 819 424	3 482 119
Lønnskostnad	3,12	534 699	492 172
Avskrivning på varige driftsmidler og immaterielle eiendeler	1,5,6	188 993	200 634
Annen driftskostnad	3,6,13, 15	829 364	986 968
Sum kostnader		5 415 036	5 287 424
Driftsresultat		1 244 350	669 511
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	1,20	0	240
Renteinntekt fra foretak i samme konsern	1	5 480	8 794
Annen finansinntekt	1,19	228 613	
Sum finansinntekter		234 093	9 034
Annen rentekostnad	1	435	488
Annen finanskostnad		9 994	94 366
Sum finanskostnader		10 429	94 854
Netto finans		223 664	-85 820
Ordinært resultat før skattekostnad		1 468 014	583 691
Skattekostnad på ordinært resultat	1,14	322 329	127 913
Ordinært resultat etter skattekostnad		1 145 685	455 778
Årsresultat		1 145 685	455 778



Resultatregnskap

Beløp i: NOK	Note	2021	2020
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Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	1,5	15 505	12 422
Goodwill	1,6	1 435 374	1 435 374
Sum immaterielle eiendeler		1 450 879	1 447 796
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	1,6	419 262	357 695
Maskiner og anlegg	1,6	1 227 306	1 106 105
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	1,6	197	230
Sum varige driftsmidler		1 646 765	1 464 030
Finansielle anleggsmidler			
Investering i datterselskap			950
Investering i annet foretak i samme konsern	1,7,20	950	950
Investeringer i aksjer og andeler	1,7	305	305
Andre fordringer	1,9	25 182	22 513
Sum finansielle anleggsmidler		26 437	24 718
Sum anleggsmidler		3 124 081	2 936 544
Omløpsmidler			
Varer			
Varer	1,8	1 462 278	1 307 832
Sum varer		1 462 278	1 307 832
Fordringer			
Kundefordringer	1,13,1 9	934 574	626 336
Andre fordringer	1,13	58 472	23 013
Sum fordringer		993 046	649 349
Investeringer			
Andre finansielle instrumenter	1,19	242 705	



Balanse

Beløp i: NOK	Note	2021	2020
Sum investeringer		242 705	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	1,21	958 068	1 437 376
Sum bankinnskudd, kontanter og lignende		958 068	1 437 376
Sum omløpsmidler		3 656 097	3 394 557
SUM EIENDELER		6 780 178	6 331 101
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10,11	2 918 339	2 857 569
Sum innskutt egenkapital		2 918 339	2 857 569
Opptjent egenkapital			
Annen egenkapital	11	2 218 270	2 021 161
Sum opptjent egenkapital		2 218 270	2 021 161
Sum egenkapital		5 136 609	4 878 730
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	1,12	70 445	61 388
Utsatt skatt	1,14	110 775	
Andre avsetninger for forpliktelser	1,17,1 8	165 349	204 232
Sum avsetninger for forpliktelser		346 569	265 620
Annen langsiktig gjeld			
Sum langsiktig gjeld		346 569	265 620
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	1,19		106 081
Leverandørgjeld	1,13	980 442	793 566



Balanse

Beløp i: NOK	Note	2021	2020
Betalbar skatt	1,14	198 781	127 050
Skyldige offentlige avgifter	1	23 699	53 199
Annen kortsiktig gjeld	1,13,1 9	94 078	116 391
Sum kortsiktig gjeld		1 297 000	1 196 287
Sum gjeld		1 643 569	1 461 907
SUM EGENKAPITAL OG GJELD		6 780 178	6 340 637



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 701018

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Brønnøysundregistrene, 23.07.2022



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ERAMET NORWAY AS

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Organisasjonsnr: 980 518 647
ERAMET NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
535.00

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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ERAMET NORWAY

ANNUAL REPORT

2021



BOARD OF DIRECTORS REPORT

MESSAGE OF THE CHAIRMAN

2021: A YEAR FULL OF SUCCESSES, BUT STILL A LONG WAY TO GO ON SAFETY

Disappointing Safety results call for an acceleration of our Safety Roadmap

Eramet Norway's #1 priority is the Safety of everyone who work for us. In 2021, we suffered 6 injuries compared to 5 in 2020. With 4 lost-time injuries, Kvinesdal was considered as a critical site and benefited from a full Point Zero Audit driven by Eramet Group. After no accident in 2020, Sauda was affected by 2 non-lost-time injuries in 2021. This reminds us that Safety is a never-ending battle. On the other hand, Porsgrunn recorded encouraging performance. With more than 500,000 hours without injuries, Porsgrunn plant has proven that zero harm can be a reality. In 2022, we will continue to deploy our Safety Roadmap with a strong focus on Safety interactions through the "Care" program. Moving forward to a more mature & supportive Safety culture, where people care for each other, is key to significantly improving our Safety results.

In a still challenging Covid-19 context, Eramet Norway has been working hard to protect employees and subcontractors' health and to maintain its operations. As an example, the relining of furnace 11 in Porsgrunn with the presence of over 200 subcontractors on site was particularly well handled.

Significant progress towards the development of ever greener alloys

Eramet Norway is today one of the world's greenest producers of manganese alloys. During the last 2 years, all our emission permits have been renewed with stricter and extremely challenging emission limits. However, we take our corporate social responsibility (CSR) seriously and operate in compliance with all the limits thanks to a close monitoring of our emissions and continuous development work. The good collaboration and open dialogue we have with the Norwegian Authorities (*Miljødirektoratet*) is also key to meet our common goal: reduce our climate and environmental footprint even further.

In 2021, significant progress has been made on 2 major environmental projects. First, the development of a unique BioCarbon product to replace fossil coke in our furnaces has been validated via a pilot study. The next step is to carry out industrial tests. In 2021, Enova has awarded a grant of 6 million euros to Eramet Norway to confirm the technical feasibility of this innovation. This is a key milestone in our decarbonization Roadmap! Second, the installation in August 2021 of a pilot Energy Recovery Unit (ERU) at Sauda. It aims at reducing energy loss by recovering furnace gas and running it through gas engines to generate electrical and thermal energy. First results are very encouraging.

Outstanding operational & financial performance, making the most of a very favorable price environment

The overall alloys production in 2021 was 528kt, 27kt above 2020, thanks to the market recovery. Our main focus was on Refined FeMn to consolidate our world-leading position. Despite the relining of furnace 11 in Porsgrunn, Sauda's new production records and the exceptional flexibility of our industrial set up made it possible to tackle the booming demand. On SiMn, all our furnaces ran smoothly and Kvinesdal recorded its best production ever.

The agility of the organization, our integration into the new Eramet Manganese Alloys Business Unit and the good cooperation between sales teams, supply chain and production sites allowed us to make the most of skyrocketing prices in Europe and the United States.

In 2022, we will continue with the same spirit! Our ability to quickly adapt our production set-up to market demand and raw material availability will be key to face the changing and extremely complex context of the war in Ukraine.

Charles Nouel

Eramet Norway Board of Directors – April 7, 2022



PEOPLE, HEALTH AND SAFETY, FIRST PRIORITY FOR ALL AND ALWAYS

6 injuries in 2021 compared to 5 in 2020

The Company experienced 6 injuries in 2021 compared to 5 in 2020. None of the accidents caused any permanent damage to the injured person.

This caused a slight increase in the TF2 from 4.0 in 2020 to 4.8 in 2021. In addition, we had incidents regarded as high potential incidents, showing that our efforts to improve must be continued.

Our safety improvement program, “All for Zero”, has – even though the Covid-19 situation still has caused delays - continued with the start-up of the colleague’s safety interactions and the risk awareness training. In November Eramet Norway successfully switched to the new Group standard tool for incident reporting and handling. The utilization of this tool will continue and develop in 2022, along with the “Bry deg”-program to strengthen and further mature our safety culture.

Despite COVID-19, sick-leave has been kept at similar level as 2020

The overall sick leave in 2021 was 5,7 % for Eramet Norway as total (vs 5.9 % in 2020). Considering the situation, this is a satisfactory figure. Quarantine regulations have led to higher levels in periods.

For all plants, the short-time sick leave is at a low level and ended at 1,1 % in total for ENO.

Procedures and action plans for prevention and follow-up on sickness absence are steadily improved and the company works constantly to reduce the absentee rate over time. The three plants have organized their work in accordance with the national “Agreement on Inclusive Working Conditions”, which requires systematic and close follow-up on absence, in coordination with NAV (the Norwegian Labor and Welfare Administration).

14 % female employees in the company

The number of female employees is on a slightly increasing trend (from 13,5 % in 2020 and 11 % in 2015). 70 % of the company employees receive collective wages, among which the percentage of females is 8,7 % up from 7,6 % in 2020. For the most part, those receiving collective wages work on a five shifts rotation.

About 30 % of the company employees receive individually negotiated wages. There are 27,5 % women in the top management/specialist group, which is a slight increase from 27 % in 2020. The percentage of women among our apprentices is 14 %, status quo from 2020. This is an area of concern, considering the percentage of apprentices historically the last 5-6 years has been around 20 %. This needs to be addressed in the recruitment work for the coming years.



Eramet Norway Board of Directors – April 7, 2022

In 2021, 26 employees left the company. Of these were 4 women. 18 of the employees left due to retirement, thus the company has a turnover of voluntary leavers of 1,5 %.

Apprentices

In 2021, we had on an average of 65 apprentices at Eramet Norway. Apprentices are an important recruitment base for the company, and they bring new knowledge into the company and challenge our other employees.

Part-time workers

We have 5 % of the workforce working part-time, of which 48 % are female and 52 % are men. Flexible work schemes are difficult to grant in many positions, especially within shift work, but applications are granted whenever operational conditions permit. There is no involuntary part-time work. The company encourages full-time work, and the usual reason for part-time work is health related.

Equality

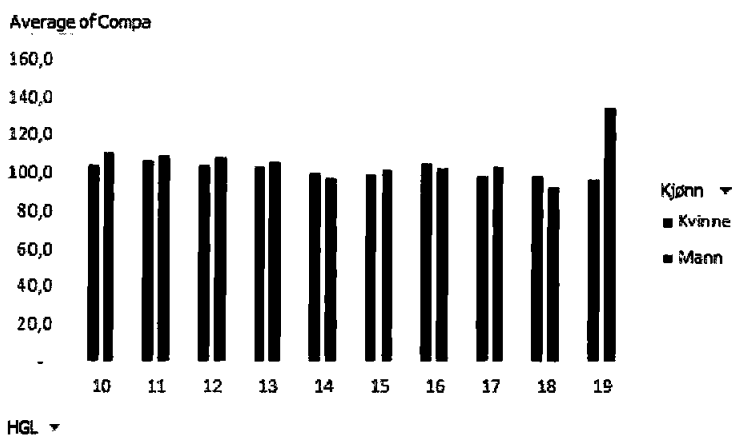
The company wishes to mirror the society it exists in. Today this is not the case, thus increased diversity is an issue that receives attention in the HR strategy and Organizational Development plans.

Salary

The company uses a position category system, called Hay. This is an international, longstanding system for job categorizations. This enables the company to compare positions according to complexity, responsibility, and formal education requirements. This system also enables the company to compare positions on salary level. Hay offers a benchmark of salaries, which ENO uses as basis for a salary benchmark table. This table is accessible to all employees in the Personnel Handbook. This enables the employee to bring up their level of salary if there are any concerns about the level of remuneration.

Women white collar functions (managers, specialists, other) is at an average of 103,5 % of the benchmark figure for their positions. In particular the higher-level positions score lower, Hay grade 17 and 18 with 100 %, Haygrade 19 with 98 %. Hay grade 10-16 score 104 %.

Men white collar functions (managers, specialists, other) are at the level of 105 % of the benchmark figure. In particular, Haygrade 18 scores low, at 94 %.





Eramet Norway Board of Directors – April 7, 2022

Salary policy and practice is an important factor in anti-discrimination work. Attention is paid to this particular point when adjusting individual pay. The company has a procedure of going through the individual salaries twice annually.

Maternity/paternity leave

23 employees had longer maternity/paternity leave in 2021 (more than the first 14 days after birth). 15 of these were paternity leave, and 8 were maternity leave.

Actions to equalize differences in the company

Diversity Goals are included in the HR strategy:

- 30 % female managers and specialists and 20 % female operators = 50 % of new recruits need to be female
- Increase cultural diversity

To achieve these goals, there are identified two actions in the OD plan for 2022-23:

The recruitment process is an important way of introducing more women into the company. There has been an intensified effort towards ensuring female candidates into the recruitment process. Some of the initiatives that has been used has been to run the announcement process more than once, calling previous female apprentices and encouraging own employees to put forward female candidates in their network. This work has had some effect, increasing the female rate with 2-3 % for both white-collar and blue-collar employees.

Diversity Plan. The company will, together with the trade unions, assess status, identify new actions to improve diversity in ENO.

Eramet Norway Board of Directors – April 7, 2022



ONE OF THE WORLD'S GREENEST MANGANESE ALLOYS PRODUCERS

Stakeholder dialogue and emission permits

Eramet Norway has a constructive dialogue with neighbors, politicians, authorities, universities, branch organizations and other stakeholders through meetings, participation in and supporting projects, attending conferences, and responding of inquiries.

Our plants in Kvinesdal (ENK), Porsgrunn (ENP) and Sauda (ENS) operate within the limits of emission permits given by Miljødirektoratet (Norwegian Environment Agency), last updated in 2020 for ENP and in 2021 for ENK and ENS. In 2019 ENS applied for changed limits for emissions of wastewater from its landfill. This application was accepted late 2021 and the valid emission permit for ENS includes the changed limits. In Eramet Norway's view, the ENO plants are still regulated stricter than BAT (European Best Available Technology) requirements on some areas.

Notodden municipality has started to develop the Tinfos area, which historically has been used as an industrial site. Eramet Norway assumed responsibility for contaminated land through the acquisition of the Kvinesdal plant from Tinfos in 2008. An external third-party expert has investigated the entire area regarding contaminated soil and necessary actions. In 2021, 20.000 tons of contaminated soil was removed and delivered to an approved waste handling company. This handling of contaminated soil was surveyed and documented by the external third-party, who has also documented how to handle the remaining contaminated soil in accordance with current acceptance criteria. A final report will be issued by the same third-party expert when all work is completed.

Monitoring of environmental status

In accordance with regulations, Eramet Norway monitors and reports its emissions regularly to Miljødirektoratet, including monitoring of the fjords located next to our plants. Eramet Norway also publishes an annual sustainability report where our activities and results are described in more detail.

Due to legislation regarding naturally occurring radioactive materials, Eramet Norway has investigated how these materials occur at our plants. A survey from 2018 documents radioactive levels in the range of very low or not detectable. Because of these very low levels, the requirements are discussed to clarify if a next step must be taken.

Environmental footprint

Eramet Norway's strategic and long-term targets related to the climate and the environment are aligned with the goals of our branch organization, Norsk Industri, strategies presented by the Norwegian government and Eramet Group's CSR targets. We collaborate closely with other companies and universities like SINTEF, Ferrolegeringsindustriens Forskningsforening (FFF, Norwegian Ferroalloy Producers Research Association) and NORCE. We work effectively to achieve our goals. Our climate and environment roadmap containing long-term targets are implemented in the



Eramet Norway Board of Directors – April 7, 2022

organization through specific action plans, continuous communication and competence development.

To achieve our ambitious targets, we have completed several R&D studies, started new projects and pilot activities in prioritized areas, e.g. replacing fossil coke with biocarbon, carbon capture and utilization and storage (CCUS), internal reuse of sludge and by-products and increased external use of by-products.

World's first Manganese furnace operating on PAH free electrode paste

Eramet Norway is the first Mn alloys producer in the world to operate furnaces with PAH (polycyclic aromatic hydrocarbons) free electrode paste. We are working to continuously increase the use of PAH free electrode paste and PAH free products at our plants. Eramet Norway has contributed to the start-up of the research projects "PAHssion" and "NextGenSøderberg" which are important for delivering important new knowledge to install improved measuring of PAH and develop next generation of Søderberg Electrode which shall be PAH-free.

Effective use of resources

Eramet Norway is working to valorize all by-products from our production processes to ensure effective use of resources. Our plants reuse as much as possible in the furnaces, and by-products are also sold to other companies when further usage is possible and there is a market. Eramet Norway operates two landfills, one in Kvinesdal and one in Sauda. Our R&D department is investigating how to reduce the volume of residues sent to landfill, especially by internal reuse of sludge. To support and develop circular economy, we work with other companies through Eydekyngen and Industrial Greentech, in addition to Eramet IDEAS (Group Technology center), Eramet's International Competence Group (ICG) and our branch organization Norsk Industri.



Eramet Norway Board of Directors – April 7, 2022



BUSINESS ACTIVITIES

A world leader of refined manganese alloys

Eramet Norway is a wholly owned subsidiary of the French mining company Eramet Group. Eramet Norway's head office is located in Porsgrunn, and the company has three production facilities: Porsgrunn, Kvinesdal and Sauda. The company operates seven furnaces and two refining units. Eramet Norway is specialized in ferro-manganese and silico-manganese alloys production (HCFeMn, MCFeMn, LCFeMn, SiMn and LCSiMn). Manganese alloys are a key component to carbon and stainless steel and enhance the steel strength and toughness. Eramet Norway is a world-leading supplier of refined manganese alloys to the steel making industry.

Strong recovery of production in 2021 (+27kt; +5,4%) after 2020 year impacted by Covid-19 pandemic and market downturn

Total production in Kt

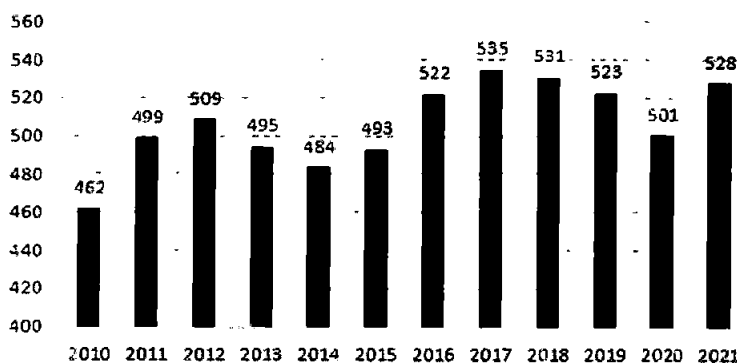


Table - Annual Eramet Norway production in thousand tons

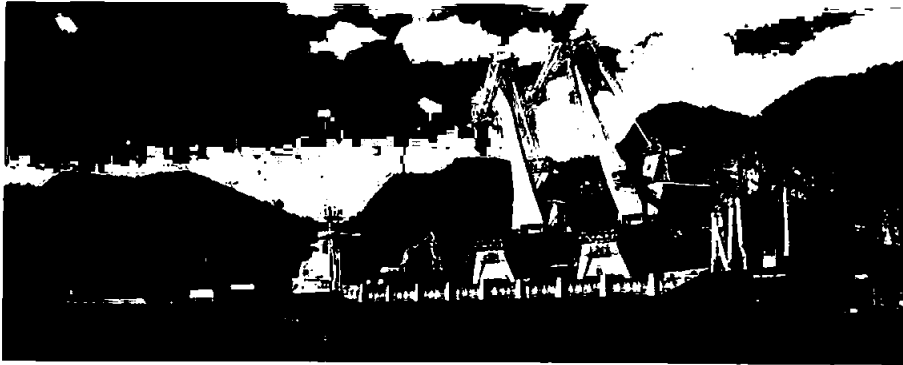
The overall alloys production in 2021 was 528kt, 27kt above 2020, mainly due the impact of the market downturn in 2020 with the impact of Covid-19 pandemic.

The production on refined FeMn have been negatively impacted in 2021 by the long stoppage (3 months) of ENP11 for relining of the furnace.

All the furnaces have been delivering good production. The SiMn production have been positively impacted by the use of skulls most of the year. Sauda plant has set new records for MOR production in 2021.

Eramet Norway Board of Directors – April 7, 2022

The agility and flexibility of the organization and the good cooperation between sales teams, supply chain and production sites allowed Eramet Norway to keep and develop significant market shares over the world.



Global steel market surged in 2021, recovering strongly from Covid-19 economic slowdown

2021 was an exceptional year for the steel industry as flat steel prices surged to all-time highs in all areas while long steel prices also reached all-time highs (except for Europe) but to a lesser extent.

This resulted from the outstanding steel demand recovery facing a supply that struggled to produce and to ship, with several large steel makers most likely restricting supply as well.

In terms of production, global output climbed by 3.6% to 1935Mt with discrepancies between China and the rest of the World. In China, output fell by 3.1% to 1031Mt as energy restrictions severely dampened output in H2 and represented 53% of the global production. In the rest of the World, though output could not catch up with demand, it still picked up by 12,5% reaching 904Mt.

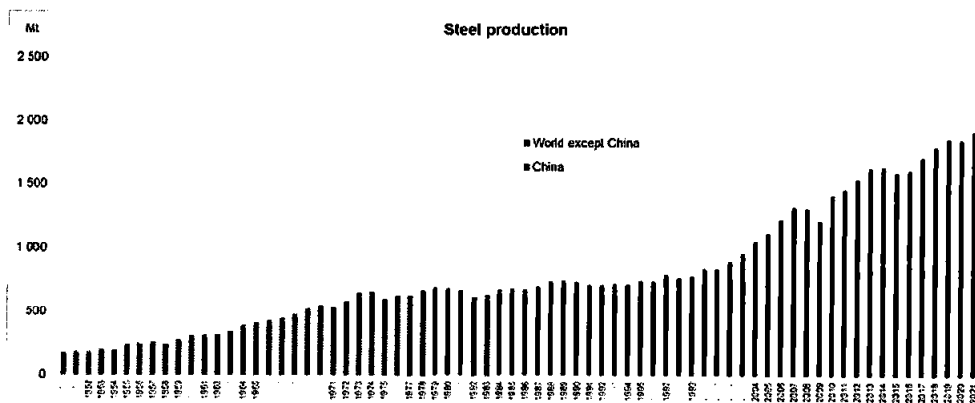


Table - Annual crude steel production in million tons
Source - World Steel Association

Eramet Norway Board of Directors – April 7, 2022

Alloys prices soar on strong demand and a supply lag, while ores prices diverge on the backdrop of the energy crisis and supply constraints

In 2021, the manganese (Mn) ore price index 44% CIF China (representing high-grade ore) inched up progressively from 4.84\$/dmtu early January to 5.52\$/dmtu in December. However, the price index 37% CIF China (representing South African semi-carbonated ore) stayed even around 4.62\$/dmtu throughout the year. Spread between such qualities rose continuously as smelters showed a preference for more energy-efficient high-grade in a context of high energy prices.

Mn ore inventories in Chinese ports dwindled from 7Mt to 5.4Mt due to strong ore consumption in the rest of the world and high dry bulk freight rates constraining ore supply.

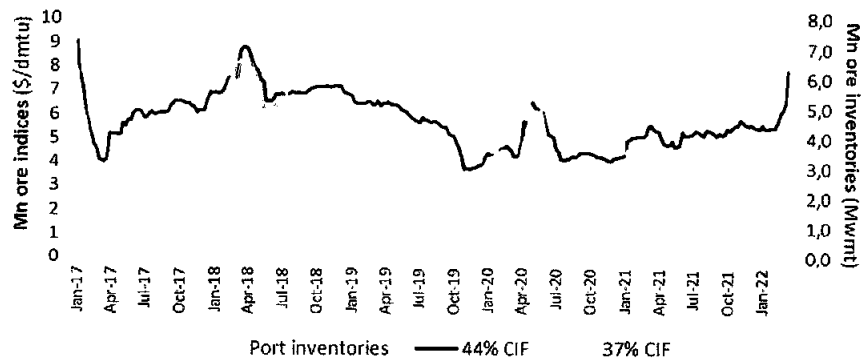


Table - Manganese ore prices 44% CIF China and Chinese port inventories

Mn alloys prices have surged to new all-time highs, supported by strong demand from steel, output struggling to follow suit and disrupted freight.

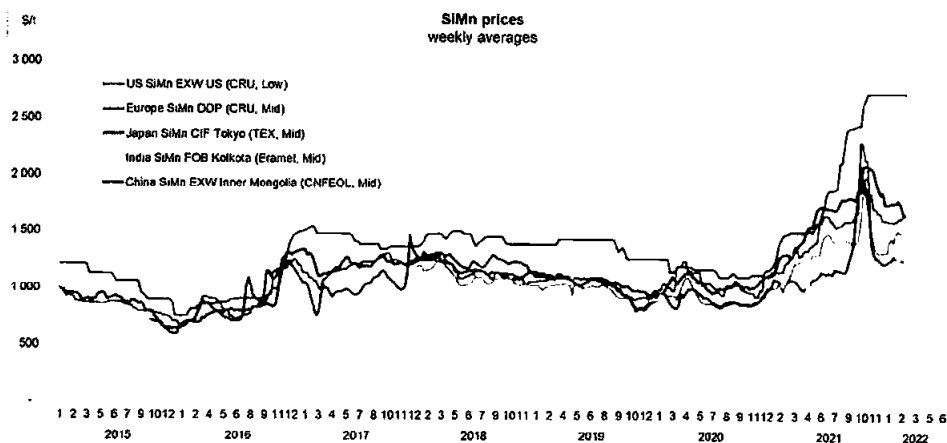
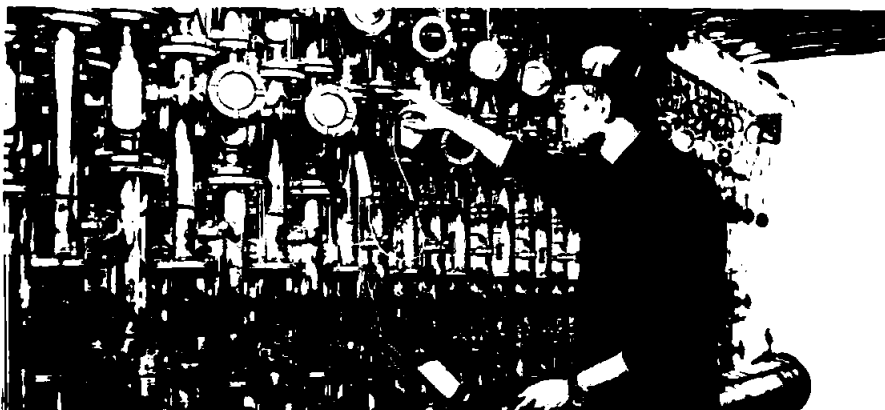


Table - Manganese alloys prices in USD/Mt
Source – CRU, Mysteel, Eramet India and TEX publications

Eramet Norway Board of Directors – April 7, 2022



INVESTMENTS AND RESEARCH & DEVELOPMENT (R&D)

Significant increase in investments in 2021 (387MNOK; +95% vs last year)

Industrial investment in MNOK

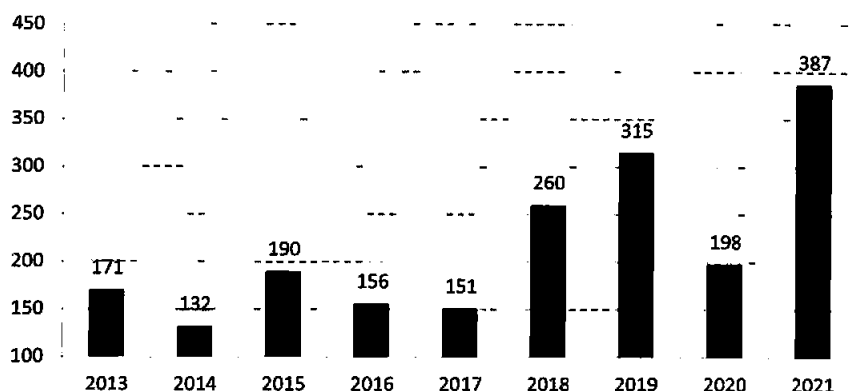


Table – Industrial investment (MNOK)

The level of investment increased significantly compared to 2020 (+95%), mainly linked to the relining of furnace 11 in Porsgrunn.

During 2021 the investment portfolio has been largely focused on safety projects and environmental protection with new technologies being implemented at all 3 plants. In addition, we have delivered several major projects related to new equipment and maintaining productivity.

The 'NewERA' energy recovery unit (pilot) came into operation in August 2021, after a two-year project period. This is a multi-year project with additional investments expected from Q4/2022. A 9,5-million external grant from ENOVA has been received for the project.

Increased R&D spending (+6% vs last year)

In 2021, Eramet Norway spent 25.4MNOK (2020: 23.9MNOK) on R&D representing 0.40% of turnover (2020: 0.43%). Contribution to meeting the Eramet's climate targets through supporting Carbon and Capture pilot in Sauda, and the industrial implementation of biocarbon, together with developing usage of Silica Green Stone have been the main focus areas this year. Other important activities include reducing PAH from electrodes and diffuse emissions, supporting increasing MOR production, supporting the NewERA program and application of different sensors and digital tools in operation. Expenses related to R&D are recognized in the profit and loss.



Eramet Norway Board of Directors – April 7, 2022



FINANCIALS

MNOK = Millions of Norwegian Kroner

BNOK = Billions of Norwegian Kroner

The 2021 financial statements are presented on the going concern assumption. The Board considers that the going concern conditions are met.

Significant increase of net income compared to 2020 (from 456MNOK to 1.145MNOK)

Eramet Norway turnover has been positively impacted by market recovery both on volumes and sales prices vs 2020. Turnover amounted to 6.4BNOK in 2021 vs 5.6BNOK in 20, representing an increase of 15%.

Operating and net income MNOK

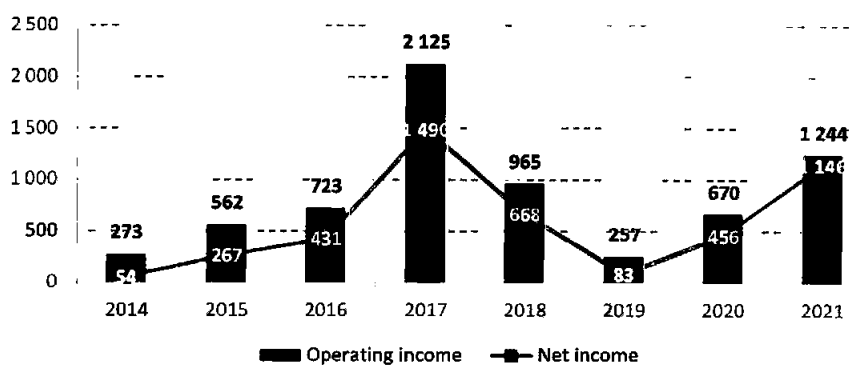


Table – Operating and net income (MNOK)

Operating income went up from 670MNOK to 1244MNOK mainly thanks to manganese alloys market conditions.



Eramet Norway Board of Directors – April 7, 2022

Cash generation at 477MNOK impacted by negative working capital and high level of investment

Net cash generated by operating and investing activities (free cash flow) amounted to 477MNOK (2020: 811MNOK) impacted by increase in working capital (mainly inventories after a record low year end of 2020 and trade receivables impacted by high level of sales in November and December). Higher level of investments in 2021 compared to 2020 mainly due to furnace 11 relining at Porsgrunn.

Exposure to the currency fluctuations (EUR & USD) as one of the main financial risks

Eramet Norway sales are denominated in Euro and US Dollar. Furthermore, the company purchases raw materials in US Dollar (mainly Manganese ore) and in Euro (mainly power, coke and Si sources).

Norwegian Krone (NOK) remained weak against both Euro and US Dollar throughout 2021. The average EUR/NOK rate was 10.17 to be compared with 10.72 in 2020.

Average EUR/NOK rate

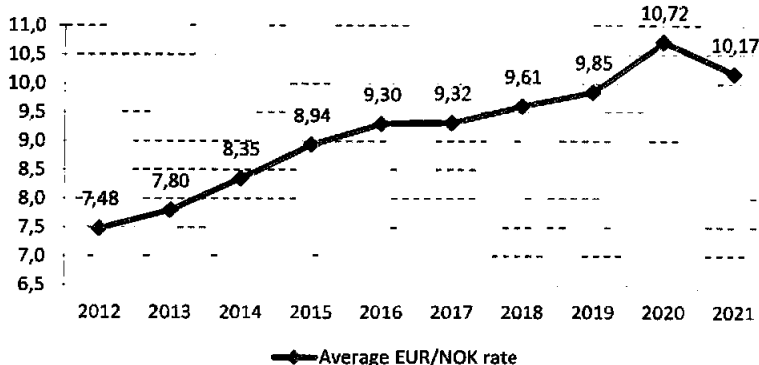


Table – Average EUR/NOK exchange rate

Eramet Norway partly hedges its currency exposure (vs EUR, USD and GBP).

Environmental provisions mainly cover future sludge deposit closure cost and remediation costs

Provisions for environmental risks amount to 111MNOK (31.12.2020: 100MNOK) and mainly relate to the closure of the sludge deposits in Kvinesdal and Sauda and the work to remediate the Kvinesdal fjord bottom and the Notodden area.

No dividend will be paid based on the 2021 result

The company's net income after tax for 2021 is +1.146MNOK (2020: +456MNOK).

Comprehensive income is +1.208MNOK (2020: +423MNOK) after recognition of the unrealized loss on forward currency contracts and the change in pension liability.

Equity ratio (equity / total balance sheet) has slightly decreased to 76% at the end of 2021 (vs 77% at the end of 2020).

The Board proposes that the Company will not pay any dividend to its sole shareholder Eramet Holding Manganese.



Eramet Norway Board of Directors – April 7, 2022

Manufacturing activities from Eramet Norway to Eramet Marketing Services

The commercialization and supply chain management of manganese alloys produced by Eramet Norway AS was historically carried out by Eramet Comilog Manganese, a French company bringing together the support functions of the Manganese activity of the Mining and Metals Division of the Eramet Group, until June 30, 2021 through an agent contract between the two parties. The remuneration of Eramet Comilog Manganese, acting as agent, was 1% of the sales prices to the final customers of manganese alloys.

Eramet Marketing Services, a French company bringing together all the support management, supply chain and commercial functions of the Mining and Metals Division of the Eramet Group, took over on January 1st, 2021 all the activities of Eramet Comilog Manganese. The transfer of the business was part of a restructuring of the Group to simplify its corporate structure. Eramet Marketing Services is the Eramet Group Company in charge of vertically managing the supply chain and selling the products of the Mining and Metals Division of the Eramet Group. This includes nickel, manganese, mineral sands and lithium, from exploration to extraction, supply chain management, manufacturing and distribution. As such, Eramet Marketing Services took over from Eramet Comilog Manganese the supply chain management and sale of manganese alloys produced by Eramet Norway AS, as of July 1st, 2021, through a manufacturing contract signed on July 1st, 2021 between the two companies.



Eramet Norway Board of Directors – April 7, 2022

Outlook

Global steel production was expected to keep increasing in 2022, bolstered by growth on most areas except China which should remain stable. However, recent conflict between Ukraine and Russia is disrupting the commodities supply chain and should particularly affect European market, whose growth is consequently at risk.

Mn alloys should rebound (again, after their all-time highs) to new record as Ukraine, the third biggest producing country, is sadly suffering a war against Russia, leaving a massive supply hole in the market. Demand should remain good, though supply (out of Ukraine) is intensifying, in particular in India, which is potentially moving the market from undersupplied in 2021 to oversupplied in 2022.

Manganese ore supply should be supported by Gabon and South Africa growth in 2022, with limited supply additions from other countries, although elevated prices could spur marginal suppliers at one point.

The current context of war in Ukraine is driving up prices of main raw materials and commodities. This conflict has also some impact on the sourcing of some raw materials used in the production process. The company, which applies the international sanctions implemented and strictly follows the recommendations, regardless of the economic consequences on its activity, is currently working to diversify its sourcing in order to limit the consequences of this conflict on its activity. It's still difficult to quantify the potential financial impact of this conflict on FY 2022, due to the uncertainty of its outcome.

The Board considers that the financial statements give a true and fair view of the financial position of the Company as of December 31st, 2021.

Liability insurance for board members

The company has liability insurance for board directors and management with a maximum coverage of 170 MEUR per year.

The coverage includes all financial consequences resulting from any claim made against the insured by a third party for any wrongful act for which he/she would be personally liable while carrying out duties within the Eramet group.

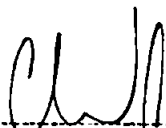


Eramet Norway Board of Directors – April 7, 2022

The Board considers the company's financial situation to be satisfactory.

Sauda, April 7th, 2022


Board of directors, Eramet Norway AS



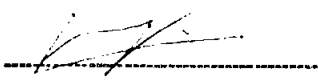
Charles Nouel
(Chairman)




Franck Børklund
(Board member)



Svein Richard Brandtzæg
(Board member)




Paul Desportes
(Board member)



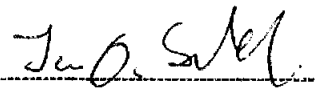
Valerie Weigel
(Board member)




Joachim Andersen
(Board member)



Laila Stordrange
(Board member)



Jan Svidal
(Board member)



Bjørn-Åge Nilsen
(observer)



Bjørn Kolbjørnsen
Executive Managing Director



Eramet Norway Board of Directors – April 7, 2022

Eramet Norway AS Income statement

(Figures in 1.000 NOK)

NOTES	2021	2020	
OPERATING REVENUES AND OPERATING EXPENSES			
1, 2, 13	Revenues	6 367 850	5 553 066
1	Other operating income	291 536	403 869
	Total operating revenues	6 659 386	5 956 935
1	Changes in stocks of work in progress and finished goods	42 556	125 531
1, 13, 16	Raw materials and consumables used	3 819 424	3 482 119
3, 12	Payroll expense	534 699	492 172
1, 5, 6	Depreciation of fixed assets and intangible assets	188 993	200 634
3, 6, 13, 15	Other operating expenses	829 364	986 968
	Total operating expenses	5 415 036	5 287 424
	Operating income	1 244 350	669 511
FINANCIAL INCOME AND FINANCIAL EXPENSES			
1, 20	Income from investment in subsidiary	-	240
1	Interest income from group companies	5 480	8 794
1	Interest income external	-	-
1, 19	Other financial income	228 613	-
1	External interest expenses	-435	-488
1, 19	Other financial expenses	-9 994	-94 366
	Result of financial items, net	223 664	-85 820
	Net income before tax	1 468 014	583 691
1, 14	Tax on ordinary income	322 329	127 913
	NET INCOME AFTER TAX	1 145 685	455 778



Eramet Norway Board of Directors – April 7, 2022

Eramet Norway AS Statement of comprehensive income

(Figures in 1.000 NOK)

NOTES	2021	2020
	1 145 685	455 778
	PROFIT FOR THE YEAR FROM TOTAL OPERATIONS	
	Other comprehensive income:	
	Items that will not be reclassified to profit or loss:	
	-13 178	-7 051
	2 899	1 551
11	-10 279	-5 500
	TOTAL	
	Items that may subsequently be reclassified to profit or loss:	
	92 914	-35 571
	-20 441	7 826
11	72 473	-27 745
	TOTAL	
	62 194	-33 245
	Other comprehensive income for the year, net of tax	
	1 207 879	422 533
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	



Eramet Norway Board of Directors – April 7, 2022

Eramet Norway AS Balance sheet

(Figures in 1.000 NOK)

NOTES	ASSETS	31.12.2021	31.12.2020
	Fixed assets		
	Intangible fixed assets		
1, 5	Electricity contracts, customer relationships and customized IT system	15 505	12 422
1, 4	Goodwill	1 435 374	1 435 374
	Total intangible fixed assets	1 450 879	1 447 796
	Tangible fixed assets		
1, 6	Land, buildings and other property	419 262	357 695
1, 6	Machinery and plant	1 227 306	1 106 105
1, 6	Fixtures and fittings, tools, office machinery, etc.	197	230
	Total tangible fixed assets	1 646 765	1 464 030
	Financial fixed assets		
1, 7, 20	Investments in subsidiaries	950	950
1, 7	Investments in shares	305	305
1, 9	Other long term receivables	25 182	22 513
	Total financial fixed assets	26 437	23 768
	Total fixed assets	3 124 081	2 935 594
14	Deferred tax assets	-	10 486
	Current assets		
1, 8	Inventory	1 462 278	1 307 832
	Debtors		
1, 13, 19	Trade debtors	934 574	626 336
1, 13	Other debtors	58 472	23 013
	Total debtors	993 046	649 349
1, 19	Financial instruments	242 705	-
1, 21	Bank deposits, cash in hand, etc.	958 068	1 437 376
	Total current assets	3 656 097	3 394 557
	TOTAL ASSETS	6 780 178	6 340 637



Eramet Norway Board of Directors – April 7, 2022

Eramet Norway AS Balance sheet

(Figures in 1.000 NOK)

NOTES	EQUITY AND LIABILITIES	31.12.2021	31.12.2020
	Equity		
	Paid-in capital		
10, 11	Share capital (544.470 shares at NOK 120.-)	65 336	65 336
11	Share premium	2 685 089	2 685 089
11	Other paid-in capital	167 914	107 144
	Total paid-in capital	2 918 339	2 857 569
	Retained earnings		
11	Other equity	1 072 585	1 565 383
	Net income	1 145 685	455 778
	Total retained earnings	2 218 270	2 021 161
	Total equity	5 136 609	4 878 730
	Liabilities		
	Provisions for liabilities and charges		
1, 12	Pension liabilities	70 445	61 388
1, 14	Deferred tax liabilities	110 775	-
1, 18	Long term accruals	137 405	173 449
	Total provisions for liabilities and charges	318 625	234 837
	Creditors, amounts due after more than one year		
1, 17	Financial liabilities	27 944	30 783
	Total creditors, amounts falling due after more than one year	27 944	30 783
	Current liabilities		
	Convertible bond loan		
1,19	Financial instruments	-	106 081
1, 17	Financial liabilities	2 838	6 705
1, 13	Trade creditors	980 442	793 566
1, 14	Taxes payable	198 781	127 050
1	Public duties payable	23 699	53 199
1, 13	Other short-term liabilities	91 240	109 686
	Total current liabilities	1 297 000	1 196 287
	Total liabilities	1 643 569	1 461 907
	TOTAL EQUITY AND LIABILITIES	6 780 178	6 340 637



Eramet Norway Board of Directors – April 7, 2022

Eramet Norway AS Cash flow statement (Figures in 1.000 NOK)

	2021	2020
Net income before tax	1 468 014	583 691
Taxes paid	-126 109	-93 746
Depreciation of fixed assets	188 993	200 634
Depreciation of financial assets	-	-
Pension expenses without cash effect	-4 121	-3 557
Gain/loss from sales/disposal of fixed assets	3 519	-113
Change in inventories	-154 446	182 723
Change in trade receivables	-308 238	-207 776
Change in trade payables	186 876	212 753
Change in other assets/liabilities	-414 717	137 555
Net cash provided by operating activities	839 771	1 012 164
Cash (paid) / received from long term receivable	-2 669	-2 669
Cash received from sales of fixed assets	-	113
Outflows due to purchases of fixed assets	-359 704	-198 462
Net cash provided by investing activities	-362 373	-201 018
Free Cash Flow	477 398	811 146
New leasing/IFRS 16 financial contracts	6 217	11 166
Repayment leasing/IFRS 16 financial contracts	-11 564	-10 361
Payment of dividends	-950 000	-400 000
Payment of group contribution	-	-1 509
Change in bank overdraft	-1 359	1 359
Net cash provided by financing activities	-956 706	-399 345
Net change in cash and cash equivalents	-479 308	411 801
Cash and cash equivalents at beginning of year	1 437 376	1 025 575
Cash and cash equivalents at end of year	958 068	1 437 376



Eramet Norway Board of Directors – April 7, 2022

Sauda, April 7th, 2022

Board of directors, Eramet Norway AS

Charles Noel
(Chairman)

Franck Bjerklund
(Board member)

Svein Richard Brandtzæg
(Board member)

Paul Desportes
(Board member)

Valerie Weigel
(Board member)

Joachim Andersen
(Board member)

Laila Stordrange
(Board member)

Jan Svidal
(Board member)

Bjørn-Åge Nilsen
(observer)

Bjørn Kolbjørnsen
Executive Managing Director



Eramet Norway Board of Directors – April 7, 2022

Note 1 Summary of significant accounting policies

1.0 General information

Eramet Norway AS is a private limited company, incorporated in Norway, headquartered in Porsgrunn. Address' headquarter is Rolighetsveien 11-17, 3933 Porsgrunn.

Consolidated accounts

As the ultimate parent company Eramet SA, registered in France, is preparing consolidated accounts (in English language) where both the figures of Eramet Norway AS and the subsidiary Georg Tveit AS are included, the company is according to The Norwegian Accounting Act of 1998 (NAA) § 3-7, not required to prepare consolidated accounts. In conformity with the requirements in NAA §3-7, a copy of the consolidated accounts of the ultimate parent company for 2021 will be filed to the official register in Brønnøysund together with the company's statutory annual accounts for 2021.

The most important accounting principles which are the basis for the annual financial statements are described below. These principles are applied in a similar manner for the comparable figures for 2020; where any deviations should occur from this principle is specified in the relevant notes.

1.1 Applied accounting framework

The statutory annual financial statements are prepared in accordance with the Norwegian Accounting Act of 1998 (NAA). The company has chosen to apply "simplified IFRS" in the annual accounts, which is in accordance with the NAA § 3-9 and directives no. 56 determined by the Finance Ministry 21. January 2008. The Finance Ministry has in 2014 enacted changes in the regulations regarding "simplified IFRS". The enacted changes apply for accounting periods starting 1 January 2014 or later. The company has applied the new regulations from 2016.

This implies mainly that the company applies recognition criteria according to International Financial Reporting Standards as adopted by the EU, but where note disclosures are in accordance with the NAA and NGAAP. The statutory annual financial statement is approved by the Board on April 7th, 2022. The owners of the company do not have a mandate to change the statutory annual financial statements after this date.

1.2 Simplified IFRS

The company has applied the following simplifications as compared to the recognition and assessment criteria according to full IFRS:

- IFRS 5 and IFRS 10 no. 12 and 13 have not been applied.
- IFRS 9 no. 11-13 are deviated so that there are made no assessments whether there are embedded derivatives which are to be split from the host contract related to derivative contracts between group companies.
- The requirements according to IFRS 9 no. 88 is documented and in full compliance on group level. For the purpose of the financial statements, currency forward contracts reflect relevant hedging objects and instruments, and in order to document the hedge relationship, the company uses the documentation at group level and the contracts with attached identification which relates these contracts to relevant hedging relations.



Eramet Norway Board of Directors – April 7, 2022

1.3 Basis for preparation of the annual accounts

The annual financial statements are based on a modified historic cost principle, where the deviations from this principle mainly relate to the following items:

- Financial assets and liabilities (including derivatives) recognized at fair value through the profit and loss statement or other comprehensive income.

1.4 Change in accounting principles and disclosure requirements

There are no standards or interpretations that have entered into force, and which are expected to materially impact the annual financial statements of the company.

1.5 Currency

The Company's functional- and presentation currency is Norwegian Kroner (NOK).

Transactions in foreign currencies are translated at the rate applicable on the transaction date (average monthly currency rate is used when this approximates the transaction rate). Monetary items in a foreign currency are translated into NOK using the exchange rate applicable at the end of the reporting period. Non-monetary items that are measured at their historical acquisition cost expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Currency changes are recognized in the profit and loss Statement on a continuous basis throughout the accounting period.

If the currency position is considered as a cash flow hedge, the effective part of the hedge (loss or gain) is recognized in the statement of comprehensive income.

1.6 The use of estimates when preparing the annual accounts

The management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets and intangible assets, evaluation of goodwill and evaluations related to acquisitions (goodwill) and pension commitments. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods. If the current position is considered as a cash flow hedge, the effective part of the hedge (loss or gain) is recognized in other comprehensive income.

1.7 Revenue recognition

Sales revenue mainly consists of sales of Manganese alloys products to Eramet Marketing Services.

The commercialization and supply chain management of manganese alloys produced by Eramet Norway AS was historically carried out by Eramet Comilog Manganese, a French company bringing together the support functions of the Manganese activity of the Mining and Metals Division of the Eramet Group, until June 30, 2021 through an agent contract between the two parties. The remuneration of Eramet Comilog Manganese, acting as agent, was 1% of the sales prices to the final customers of manganese alloys.

Eramet Marketing Services, a French company bringing together all the support management, supply chain and commercial functions of the Mining and Metals Division of the Eramet Group, took over on January 1st, 2021 all the activities of Eramet Comilog Manganese. The transfer of the business was part of a restructuring of the Group to



Eramet Norway Board of Directors – April 7, 2022

simplify its corporate structure. Eramet Marketing Services is the Eramet Group Company in charge of vertically managing the supply chain and selling the products of the Mining and Metals Division of the Eramet Group. This includes nickel, manganese, mineral sands and lithium, from exploration to extraction, supply chain management, manufacturing and distribution. As such, Eramet Marketing Services took over from Eramet Comilog Manganese the supply chain management and sale of manganese alloys produced by Eramet Norway AS, as of July 1st, 2021, through a manufacturing contract signed on July 1st, 2021 between the two companies.

Revenue from the sale of these products and services is recorded when control over the product sold and the service rendered has been transferred to the customer.

Interest income is recognized as income based on an effective interest method as soon as the interest income is deemed to be earned. Income from dividends is recognized as soon as the entity has acquired a legal right to receive the payment.

1.8 Borrowing costs

Borrowing costs relate to interest payable on the debt and other costs incurred in connection with the borrowing of funds. Borrowing costs directly linked to the acquisition, building or production of an asset that requires more than 12 months to be put into service are deducted from the financing expense to which they relate. All the other borrowing costs are expensed in the period in which they are incurred.

1.9 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred taxes are calculated on all differences between the book value and tax value of assets and liabilities which are taxable.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The company recognize previously unrecognized deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

1.10 Research and development

Expenses relating to research activities are recognized in the profit and loss statement when they incur. Expenses relating to development activities may be capitalised to the extent that the product or process is technically and commercially viable and the company has sufficient resources to complete the development work.

As of December 31st, 2021, the company has not capitalised any development costs.

1.11 Tangible assets

Tangible assets are measured at their acquisition cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognized and any gain or loss is recognized in the profit and loss statement.



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The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognized in the profit and loss statement, while other costs that are expected to provide future financial benefits are capitalised.

Depreciation is calculated using the straight-line method over the following useful life:

Buildings	10-34 years
Machinery and equipment	2-20 years
Fixtures, fittings and vehicles	5-10 years
Office equipment	3-5 years

Land is not depreciated.

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognized as a change in an estimate.

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

When the net booked value of an asset exceeds the recoverable amount, the value of the assets is impaired to correspond to the recoverable amount.

1.12 Leases

The company uses IFRS 16 Leases for recognition of leases. According to this standard, the lessee shall recognize the lease and the associated “right of use” for use of the underlying asset over the lease period. All leases that transfer the right to control the use of an identifiable asset, where the lessee determines its use and receives the financial benefit, shall be recognized in accordance with IFRS 16.

When determining the lease period, the ordinary lease period for extension options is adjusted, which it is reasonably considered that the company will exercise. Correspondingly, the ordinary lease period is adjusted with termination rights, which with a reasonable degree of security are considered that the company will not exercise. These assessments have a large element of discretion and affect the recognized balance sizes.

The company has chosen to apply the exception rule for leases where the underlying asset is of low value and for short-term leases up to twelve months. Threshold values of NOK 50,000 and 12 months are used, respectively, using the exception rule.

Variable rental costs such as common costs and costs associated with short-term leases and leasing of low-value assets are expensed as operating expenses based on invoiced from the lessor. Capitalized use rights are assessed for impairment in accordance with IAS 36.

1.13 Business combinations, goodwill and intangible assets

Goodwill

The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognized as goodwill.



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Goodwill is recognized at cost in the balance sheet, minus any accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

Intangible assets

Intangible assets acquired separately are recognized in the balance sheet at cost. Subsequent measurement of intangible assets is recognized in the balance sheet at cost reduced for eventual depreciation and impairment.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Software

Expenses linked to the purchase of new computer programs are capitalised as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is normally depreciated in a straight-line basis over 3-5 years. Costs incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

1.14 Financial instruments

Derivative assets and liabilities, current financial assets, and cash and cash equivalents are initially recognised in the balance sheet at their fair value (transaction price) adjusted for transaction costs. At each period closing, the change in fair value is recognised in income unless a designated and documented cash flow hedge exists. In that case, the change is recognised in Other comprehensive income and shown in equity (change in the revaluation reserve of hedging instruments). Variations of time value are accounted in other comprehensive income.

1.15 Derivatives and hedging

Derivatives

The company uses derivatives to hedge certain risks. To manage its currency risk, the company uses foreign currency forwards/futures, foreign currency swaps and, to a lesser extent, foreign currency options.

Foreign currency forwards/futures are recognised as hedges where the company has defined and documented the hedging relationship and demonstrated its effectiveness.

Derivatives are measured at their fair value upon initial recognition. Subsequently, the fair value of derivatives is remeasured at each reporting date, in equity if a hedging



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relationship has been designated and documented, or in the income statement where no hedging relationship exists. The fair value of foreign currency forwards/ futures is estimated on the basis of market conditions. The fair value of interest rate derivatives is that which the company would receive (or pay) to transfer current contracts at the reporting date. The fair value of commodity derivatives is estimated on the basis of market conditions. Derivatives are shown in the balance sheet under current assets or liabilities.

Hedging

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, changes in the fair value of hedges, independently of the hedged transactions, are recognised as profit or loss for the period.

The company identifies the hedging item and hedged item when the hedge is set up and formally documents the hedging relationship by identifying the hedging strategy, the hedged risk and the hedge effectiveness measurement method:

- fair value hedge: the hedged item is remeasured in respect of the hedged risk and the hedging instrument is measured and recognised at fair value. The changes in both items are recognised simultaneously in the profit or loss for the period

- cash flow hedge: the hedged item is not remeasured. Only the hedging instrument is remeasured at fair value. To offset the remeasurement, the effective portion of the change in fair value that can be ascribed the hedged risk is recognised net of tax in shareholders' equity. The cumulative amounts in shareholders' equity are recognised in income for the period when income is affected by the hedged item. The ineffective portion is retained in income for the period under the profit or loss;

- recognition of derivatives that do not fulfil hedge accounting conditions: the company uses these derivatives only to hedge future cash flows, and changes in fair value are immediately recognised in the profit or loss.

Fair value measurement

The company measures its financial instruments at fair value at each reporting date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When measuring fair value, it is assumed that the transaction to sell the asset or transfer the liability is carried out:

- the main market for that asset or liability; or
- if there is no main market, on the best market for that asset or liability.

The fair value measurement of a non-financial asset considers the capacity of a market participant to generate economic benefits by making full use of the asset or by selling it to another market participant who will make full use of the asset.

The fair values of financial instruments are ranked according to a three-level hierarchy:

- Level 1: Listed prices (unadjusted) of the same assets and liabilities on an active market.
- Level 2: Listed price of a similar instrument on an active market, or another measurement technique based on observable parameters.
- Level 3: Measurement technique incorporating non-observable parameters.

The criteria for classifying and recognising financial assets and liabilities and any transfer from one level to another in the fair value hierarchy where applicable are given below.

1.16 Derivatives that are not hedging instruments

Financial derivatives that are not recognized as hedging instruments are assessed at their fair value. Changes in the fair value are recognized in the profit and loss statement as they arise.



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1.17 Impairment of financial assets

Financial assets valued at amortised cost are written down when it is probable, based on objective evidence, that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument. The impairment loss is recognized in the profit and loss statement. If the reason for the impairment loss disappears in a later period and this disappearance can be objectively linked to an event which takes place after the impairment loss has been recognized, the previous write-down is reversed.

1.18 Inventories

Inventories are recognized at the lowest of the acquisition cost or net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO (First In, First Out) method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. In-house produced goods include variable and fixed costs that can be allocated based on normal capacity utilisation.

1.19 Trade receivables

Trade receivables are a result of revenues from goods which are produced and sold within the entity's operation cycle. If trade receivables are expected to be settled within one year or less from the balance sheet date, the receivables are classified as current assets. If this is not the case, the receivables are classified as non-current assets. At the time of initial recognition, trade receivables are valued at fair value.

Trade receivables and related accounts are depreciated using the simplified IFRS 9 impairment model, particularly given their generally short-term maturity.

For these assets, the evolution of credit risk is assessed at two levels, collective and individual.

At the collective level, impairment for expected credit losses is calculated for all customers with the exception of guaranteed receivables for which no collective impairment is recognised.

At the individual level, a receivable is impaired when it is more than probable that it will not be recovered and it is possible to reasonably estimate the amount of the impairment based on the history of the credit losses, the prior period and an estimate of the risks.

1.20 Cash and cash equivalents

Cash includes cash in hand and at bank (also including group accounts). Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash.

In the cash flow statement, the bank overdraft is deducted from the cash position at year-end.

1.21 Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic reality.

Interest, dividend, gains and losses on financial instrument classified as a liability will be presented as expense or income. Amounts distributed to holders of financial instruments classified as equity are recorded directly in equity.



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Expenses related to equity transactions

Expenses directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

1.22 Trade payables

Trade payables are related to liabilities to pay for goods or services which have been delivered from external and group internal suppliers and which is part of ordinary operations. Trade payables are classified as short-term liabilities if maturity is within one year. If maturity is longer, trade payables are classified as other long-term debt. They are measured at fair value at initial recognition. Subsequently, trade payables are measured at amortized cost applying the effective interest.

1.23 Loans

Loans are initially recognised at fair value plus acquisition costs and are measured on each reporting date at amortised cost using the effective interest rate (EIR) method, less any offsetting provisions for impairment losses recognised in income for the period.

1.24 Employee benefits

Defined benefit plans

The company has several pensions plans, both defined contribution plans and defined benefit plans.

Defined benefit plans are measured to the present value of future post-employment benefits which is deemed to be earned at the balance sheet date. Pension assets are measured at fair value. The net defined liability (-asset) is measured as the present value of the liability at the balance sheet date, with deduction of the fair value of the pension assets. The gross liability has been calculated by independent actuaries which have applied the "unit credit method". The gross liability has been discounted to a present value by applying the interest on high quality corporate bonds (in Norway "OMF" rate), adjusted with a duration to match the payment profile on the benefits.

Actuarial gains and losses which occur when re-measuring the liability due to experience deviations and changes in actuarial assumptions is recognized in the statement of comprehensive income in the period they occur. Gains or losses which arise in relation with curtailments or settlements are recognized in profit or loss when the curtailment and/or settlement occurs.

Effects of changes in the benefits of the plan, is recognized into profit or loss immediately.

Defined contribution plans

Eramet Norway has made a review of its pension plans and decided to gather all employees (except the ones taken over from Eralloys holding) into defined contribution plans. This change is effective as of January 1st, 2017.



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The entity is paying contributions to a defined contribution plan administrated by an insurance company. The entity does not have further obligations after payments have been made to the insurance company. Contributions are classified as payroll expenses. Contributions which are deemed prepaid are recognized as an asset as to what can be refunded back to the entity, or which will reduce future payments to the insurance company.

1.25 Provisions

A provision is recognized when the company has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

1.26 Events after the reporting period

The current context of war in Ukraine is driving up prices of main raw materials and commodities. This conflict has also some impact on the sourcing of some raw materials used in the production process. The company, which applies the international sanctions implemented and strictly follows the recommendations, regardless of the economic consequences on its activity, is currently working to diversify its sourcing in order to limit the consequences of this conflict on its activity. It's still difficult to quantify the potential financial impact of this conflict on FY 2022, due to the uncertainty of its outcome.

All figures below are nominated in thousand Norwegian Kroner, if not otherwise stated.



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Note 2 Revenues

	2021	2020
Breakdown on area of operations		
Industry	6 367 850	5 553 066
Total	6 367 850	5 553 066
Breakdown on geographical areas		
Europe	5 166 205	3 852 579
America	999 004	1 250 968
Africa and Middle East	136 927	260 871
Asia and Australia	65 714	188 648
Total	6 367 850	5 553 066

Note 3 Payroll expenses, number of employees, benefits, loan to employees, other expenses

	2021	2020
Payroll expenses		
Salaries	438 630	385 790
Social security tax	59 647	51 811
Pension & Jubilee costs	30 059	29 726
Other benefits	6 363	24 845
Total	534 699	492 172

Average number of employees *) 535 520
*) Does not include apprentices

	Salary	Pension premium	Other benefits
Benefits to executives			
External engaged board member (invoiced fee net of VAT)	0	0	500
General manager	2 527	123	661

No extraordinary bonus will be paid to the general manager or the Board. The management have not received any loans or guarantees from the company.

Auditor

Expensed auditor fee to KPMG can be specified as follows:

	2021	2020
Statutory audit	914	997
Other audit services	100	120

Above stated fee is excluding Value Added Taxes.



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Note 4 Goodwill

	Goodwill merger Kvinesdal 2011	Goodwill Elkem purchase 1999	TOTAL
Acquisition gross value	1 320 450	147 727	1 468 177
Disposals	0	0	0
Accumulated depreciation 31.12.2021	0	-32 803	-32 803
Net book value as of 31.12.2021	1 320 450	114 924	1 435 374

Goodwill from Elkem in 1999 represents excess values related to the company's purchase of enterprises in Porsgrunn and in Sauda from Elkem Mangan KS.

Goodwill as a consequence of the merger recognized at group continuity values

Eramet Norway has merged with its wholly owned subsidiary Eramet Norway Kvinesdal AS where this merger was recognized for accounting purposes January 1st, 2011. In relation with the purchase of the shares in Eramet Norway Kvinesdal AS in April 2010, there were identified intangible assets amounting to TNOK 597,601 which is fully depreciated. Further, surplus values related to machinery and equipment was identified together with surplus values related to the thermal powerplant at Øye in Kvinesdal. The residual value between the purchase price of the shares and booked equity and intangible assets net after taxes was deemed to be goodwill. Such a merger is not regulated by IFRS 3, and the principles set forth in the Norwegian standard "NRS 9 Fusjon", where the merger is recognized at group continuity values is deemed to be in conformity with the conceptual framework of IFRS.

Impairment test goodwill

In accordance with International Financial Reporting Standards (IAS 36), recognized value related to goodwill is assessed yearly towards recoverable amount for the cash generating unit, which is assessed by the management to be the company's three production sites in Porsgrunn, Sauda and Kvinesdal. The current year's test was performed in December 2021 and shows that recoverable amount exceeds the recognized value of goodwill.

Note 5 Intangible assets

	ERP system	Software IFRS 16	Total
Acquisition cost 01.01.2021	87 445	688	88 133
Additions	9 415	-	9 414
Acquisition cost 31.12.2021	96 859	688	97 547
Acc. depreciations 31.12.2021	81 354	688	82 042
Booked value as of 31.12.2021	15 505	-	15 505
Current year's depreciations	6 102	229	6 331
Current year's impairment	-	-	-
Useful economic life	5 year		
Depreciation profile	Linear		



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Research and development expenses

Expenses related to research and development amount to TNOK 25.400 (external services = TNOK 19.628, labour costs = TNOK 5.772). Research and development projects mainly relate to improvement processes in the production. All expenses related to research and development are recognized in the profit and loss statement for 2021, as the recognition criteria set forth in IAS 38 for capitalizing these expenses are deemed not to be met.

Note 6 Property, plant and equipment

	Housing incl land	Buildings, other real estate	Machines & equip.	Office, fixtures etc.	AUC	Total
Acquisition cost as of 1.1.2021	36 967	722 777	3 436 529	3 085	171 007	4 370 364
Additions					363 701	363 701
Disposals			-10 840			-10 840
AUC reclassification		93 515	319 877		-413 392	-
Acquisition Cost as of 31.12.2021	36 967	816 292	3 745 566	3 085	121 316	4 723 225
Accumulated depreciations as of 01.01.2021	-	402 050	2 535 650	2 855	-	2 940 555
year depreciations		31 948	138 329	33		170 310
year reversal of write-down						-
year impairment						-
Disposals			-7 321			-7 321
Accumulated depreciations as of 31.12.2021	-	433 998	2 666 658	2 888	-	3 103 544
Net booked value as of 31.12.2021	36 967	382 294	1 078 908	197	121 316	1 619 681
Useful economic life		max. 34 years	2-20 years	3-5 years		
Depreciation plan		Linear	Linear	Linear		
Capitalized interest on self-constructed assets (IAS 23) included in Acquisition Cost		5 682	11 445			17 127

IFRS 16

	Machines & equip.	Transp & other equip.	Total
Acquisition cost as of 1.1.2021	44 827	28 155	72 982
Additions		5 213	5 213
Other	-		-
Acquisition Cost as of 31.12.2021	44 827	33 368	78 195
Accumulated depreciations as of 01.01.2021	29 637	9 124	38 761
year depreciations	6 951	5 399	12 350
Other	-		-
Accumulated depreciations as of 31.12.2021	36 588	14 523	51 111
Net booked value as of 31.12.2021	8 239	18 845	27 084
Useful economic life	3-5 years	3-5 years	
Depreciation plan	Linear	Linear	

The company has not entered into any agreements where there are any variable lease payments.

The lease agreements do not regulate any extension after the agreement period.



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The agreements do not regulate any rights for the company to purchase the assets after termination of the lease.

For lease expenses not recognized in the balance sheet, see note 15.

Note 7 Investments in other companies

	Owner-share	Acquisition cost	Impairment	Net value
Georg Tveit AS	66,67 %	950	-	950
Total investments in subsidiaries		950	-	950
Grenland Investeringsfond AS	0,23 %	250	193	57
IndustriEL AS	11,11 %	20	13	7
Rysteg AS (Sauda Bedriftsservice AS)	7,69 %	139	-	139
Metallurgiska forskningsbolaget i Luleå AB (MEFOR)	1,34 %	2	0	2
Sauda Vekst AS	13,97 %	100	-	100
Skiens Fjordens Stuerkontor	2,00 %	10	10	-
Total investments in shares		521	216	305

The preliminary statutory accounts as of December 31st, 2021 for the subsidiary Georg Tveit AS show a profit before tax of TNOK 5.443 and equity of TNOK 29.266. The main office of the company is in Litangen, 3770 Kragerø.

Note 8 Inventories

	2021	2020
Spare parts	59 665	46 106
Raw materials	832 785	615 368
Work in progress	219 460	257 623
Finished goods	350 368	388 735
TOTAL INVENTORIES	1 462 278	1 307 832

Spareparts have been reserved at estimated net realisable value. Provision for obsolescence of spare parts as December 31st, 2021, amount to TNOK 66.447

Note 9 Long term receivables with maturity over one year

	2021	2020
Bank escrow accounts	25 182	22 513
Total	25 182	22 513

Note 10 Shareholder information

The share capital in the company as of December 31st, 2021 consists of only one share class.

	Number	Face value	Book value
Ordinary shares	544 470	120	65 336



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Ownership structure

There is only one shareholder in the company as of December 31st, 2021

	Shares	Share of the shares	Share of the votes
Eramet Holding Manganese, Paris	544 470	100 %	100 %

The parent company is registered and has its main office in France. There are no specific regulations in the articles of association regarding voting rights. Each share is entitled one voting right.

Note 11 Equity

	Share capital	Share premium account	Other Paid in capital	Other equity	Net income	Total
Equity as of 1 January 2021	65 336	2 685 089	107 144	1 565 383	455 778	4 878 730
Current year changes in equity:						
IAS 19R actuarial losses (net after deferred tax)*				-10 279		-10 279
Change in fair value currency forward contracts (net after deferred tax)*				72 473		72 473
Dividend paid				-950 000		-950 000
Group contribution			60 770	-60 770		-
Last year net income allocation				455 778	-455 778	-
Current year net income (profit and loss statement)					1 145 685	1 145 685
Equity as of 31 December 2021	65 336	2 685 089	167 914	1 072 585	1 145 685	5 136 609

* These items are included in the statement of comprehensive income.

Note 12 Pension expenses, assets and liabilities

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plans meet the requirements in this legislation.

Defined benefit plans

The entity's defined benefit plan provides the right to defined future benefits. These are mainly dependent on the number of years of service, the level of salary at the retirement age and the level of the government funded pension benefits. The obligations are funded through an insurance company. The company is also granting employees a jubilee benefit after 25, 30 and 50 years of employment for which a long-term liability is recognized in the balance sheet according to IAS 19. In accordance with the regulations in this standard all actuarial gains/losses are recognized at the time they occur in the profit and loss statement (valid for other long-term employee benefits). The defined benefit plans expose the company to the following actuarial risks: investment risk, interest risk, payroll risk and risk for longevity.

Defined Contribution plans

Eramet Norway has made a review of its pension plans and decided to gather all employees (except the ones taken over from Eralloys holding) into defined contribution plans. This change was effective as of January 1st, 2017.

The entity's defined contribution plan is organized in accordance with Norwegian legislation on defined contribution pensions ("lov om innskuddspensjon").



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Number of people covered by the plan

Defined benefit plans	31.12.2021	31.12. 2020
Active employees	0	0
Retirees	52	62

Defined contribution plans	31.12.2021	31.12. 2020
Active employees	609	590
Retirees	16	14

Benefit expense:	2021	2020
Service cost**	374	326
Gain/loss on settlements		-
Interest expense on net defined liability/asset (at the start of the accounting year)*	881	1 166
Immediate recognition of actuarial loss/(gain) on jubilee benefits**		-
Other pension expenses**		
Net periodic pension & Jubilee cost (before social security tax)	1 255	1 492
Social security tax	177	210
Current year contribution - contribution plans incl social security tax**	28 627	28 024
Net periodic pension cost (after social security tax)	30 059	29 726

*This amount is classified as other financial expenses in the profit and loss statement.

**These items are included in payroll expenses in the profit and loss statement - see note 3.

Re-measurement of net defined liability:	2021	2020
Actuarial (gain)/loss experience adjustments DBO	19 143	119
Actuarial (gain)/loss change in financial assumptions DBO	-4 511	6 097
Actuarial (gain)/loss change in demographic assumptions DBO		-
Return on pension assets (greater)/less than discount rate	-1 454	837
Sum re-measurement effects	13 178	7 053



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Balance sheet:	2021	2020
Defined Benefit Obligation (DBO)	-85 471	-76 236
Estimated market value of plan assets	23 731	22 434
Prepaid pension (net pension liabilities) before social security tax	-61 740	-53 802
Accrued social security tax	-8 705	-7 586
Prepaid pension (net liabilities including social security tax)	-70 445	-61 388

Financial assumptions:	Assumptions Profit & Loss		Assumptions Balance Sheet	
	01.01.2021	01.01.2020	31.12.2021	31.12.2020
Discount rate	1,70 %	2,40 %	2,30 %	1,70 %
Expected raise in salaries	2,75 %	2,75 %	3,00 %	2,75 %
Expected raise in pensions	0%-2,25%	0%-2,25%	0%-2,00%	0%-2,25%
Expected raise in G-amount	2,25 %	2,25 %	2,25 %	2,25 %

Composition of pension fund assets	31.12.2021	31.12.2020
Defined benefit plans		
Securities	23,30 %	16,16 %
Property	11,90 %	14,95 %
Bonds/loans	43,20 %	48,88 %
Constructions	20,30 %	17,98 %
Other investments	1,3 %	2,0 %
SUM	100,00 %	100,00 %

Note 13 Transactions and balances with related parties

Nature of the transaction	Classification in P&L	Counter party	Group relation	2021	2020
Sales of products and services	Revenues	ECM (commission agent)	Sister company	3 452 487	5 672 958
	Revenues	Marietta	Sister company	644	3 908
	Revenues	Comilog Dunkerque	Sister company	47 672	25 884
	Revenues	TiZr Titanium & Iron	Sister company	88	161
	Revenues	Georg Tveit	Sister company	26	
	Revenues	Eramet Marketing Services	Sister company	2 816 894	
Purchase of raw materials	Cost of sales	Erasteel SAS	Sister company	218	
	Cost of sales	EMAS Holding	Sister company	6 146	
	Cost of sales	ECM	Sister company		
	Cost of sales	Comilog SA	Sister company	41 181	1 054 079
	Cost of sales	Eramet Marketing Services	Sister company	1 037 809	
	Cost of sales	Georg Tveit	Sister company	15 805	
Other operating expenses	Cost of sales	Eramet Marietta	Sister company	14 401	4 083
	Operating expenses	ECM	Sister company	32 699	81 521
	Operating expenses	ECM	Sister company	-1 145	41 786 (Mng fee)
	Operating expenses	Eramet Holding	Sister company	24 528	27 933
	Operating expenses	Eramet Holding	Sister company	20 105	(Mng fee)
	Operating expenses	TiZr Titanium & Iron	Sister company	75 870	
	Operating expenses	Georg Tveit	Sister company	155	
	Operating expenses	Other eramet cpy	Sister company	796	1 281

Intra group balances	Group relation	2021	2021	2020	2020
		Trade receivables	Other receivables	Trade receivables	Other receivables
Eramet Comilog Manganese (ECM)	Sister company	37 686		395 326	237
Comilog Dunkerque	Sister company	22 558		1 538	
TiZr Titanium & Iron	Sister company	718		151	
Metal Securities	Sister company		5 393		
Metal Currencies	Sister company		6 652		
Eramet Marietta Inc	Sister company	644		1 200	
Eramet Marketing Services	Sister company	732 065			
Georg Tveit	Sister company	26			
Other Eramet cpy	Sister company				1 452
		Trade payables	Other debt	Trade payables	Other debt
Comilog SA	Sister company			150 282	
Eramet Comilog Manganese (ECM)	Sister company			9 860	
Comilog Dunkerque	Sister company			2 915	
Eramet Holding	Sister company	2 887			
Eramet Marietta Inc	Sister company	3 541			
Eralloys Holding AS	Sister company		17 140		151
Eramet Marketing Services	Sister company	210 183			
Eramet Ideas	Sister company	433			
Georg Tveit	Sister company	2 100			
Other Eramet cpy	Sister company			73	



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The company is mainly purchasing raw materials from external suppliers. Internal purchases of manganese ore from Comilog mine in Gabon through Eramet Marketing Services constitute more than 50 % of total manganese ore purchases. Internal purchases are based on arm's length principle. Regarding sales, the company entered into a manufacturing contract with Eramet Marketing Services for the sales of Mn-alloys products (see 1.7).

Note 14 Tax expense

	2021	2020
Specification of income tax expense/(income)		
Taxes payable	201 556	130 582
Deviation taxes payables previous year		-
Tax effect group contribution	17 140	-
Change in tax rate (deferred tax rate)		-
Change in deferred taxes	103 633	-2 669
Taxes on income excluding extraordinary items	322 329	127 913

Taxes on income are in its entirety related to operations in Norway.

Taxes payables

	2021	2020	2019
Calculated taxes payables	201 556	130 582	93 412
Skattefunn (refund from Norwegian authorities)	-2 775	-3 532	-3 200
Taxes payable in the balance sheet	198 781	127 050	90 212

Reconciliation of nominal statutory tax rate to effective tax rate

	2021	2020	2019
Net income before taxes	1 468 014	583 692	105 844
Expected income tax from nominal tax rate	322 963	128 412	23 286
Tax effect of the following items:			
Non-deductible expenses	253	269	389
Effect change in tax rate	0	0	0
Non-taxable income	0	-51	-85
Difference previous year's accrual	-887	-717	-1215
Income tax expense	322 329	127 913	22 375
Effective tax rate	22,0 %	21,9 %	21,1 %

Specification of tax effects from temporary differences



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	2021		2020		2019	
	Asset	Liability	Asset	Liability	Asset	Liability
Property, plant and equipment	0	56 802	0	42 854	0	46 766
Inventory and spare parts	14 618	14 775	14 976	15 027	27 695	13 941
Receivables and other receivables	2 942	33 352	4 352	0	3 277	0
Unrealised currency contracts	0	37 868	19 849	0	1 086	5 766
Unrealised energy hedging contracts	0	573	4 073	0	2 079	0
Pension liabilities	12 599	2 899	13 505	0	11 388	0
Leasing	634	0	555	0	411	0
Gain & loss account for tax purposes	0	269	0	364	0	455
Liabilities/assets	24 329	7 080	21 892	0	23 255	0
Other accruals	0	5 124	0	1 830	7 097	473
Energy contracts, customer relationship (from merger)	0	7 035	0	8 741	0	10 447
Total	55 122	165 897	79 302	68 816	76 288	77 848
Aggregated tax effect from temporary differences	55 122	165 897	79 302	68 816	76 288	77 848
Net deferred tax assets / (liability) in the balance sheet		-110 775		10 486		(1 560)

Current year's change in deferred tax amounting to TNOK 20.441 related to currency hedge contracts, and which is accounted for according to IFRS 9, is presented in accordance with IAS 1 in the statement comprehensive income presented under "Tax on items that may subsequently be reclassified to profit or loss".

Change in deferred tax related to actuarial losses which in accordance with IAS 19 is recognized in the statement of comprehensive income amounts to TNOK -2.899. In accordance with IAS 1 the change in deferred tax is classified in the statement of comprehensive income under "Tax on items that will not be reclassified to profit or loss".



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Note 15 Leases

	2021	2020
Leasing expenses		
Machinery and equipment	8558	1 489
Computers and other equipment	64	359
Land, buildings etc.	4164	4 193
Transportation equipment	6	120
Total	12 792	6 161

The above lease agreements are for shorter periodic and temporary. Leasing agreements related to IFRS 16, see note 6

Note 16 Electricity contracts

Eramet Norway has an annual consumption of electric energy in range 2,0-2,1 TWh for its 3 manganese plants. This has historically mainly been covered by various long-term physical contracts, combined with remaining purchase in spot-market.

A Statkraft contract with duration to end of year 2020 was renegotiated end of 2017 and supplemented by another contract covering supply to end 2030. Frame-agreement with Vattenfall and concession-power agreements also contribute to the contract-portfolio. For 2021 and future years ongoing financial hedging's are contracted in order to limit price-variance of necessary market purchase of electricity.

The company has signed two long-term power purchase agreements (PPAs) with Macquarie's Green Investment Group (GIG) to buy power from its two onshore wind farms until 2038.

Eramet Norway with 3 plants are all ISO 50001-certified which means continuously focus on reducing energy-consumption both for direct production activities and indirect support-processes.

Note 17 Financial debt

	2021	2020
Financial leasing	10 192	15 617
IFRS 16 Lease liability	20 590	20 512
Overdraft		1 359
Total	30 782	37 488

All debt has a maturity shorter than 5 years after the balance sheet date.

Note 18 Environmental status

The three smelters in Porsgrunn, Sauda and Kvinesdal operate under valid emission permits. Limits are established for emissions of dust, mercury, lead, arsenic, cadmium, chromium, copper, sulphur dioxide into the air, as well as copper, manganese, suspended matter, mercury, arsenic, cadmium, chromium, lead, and zinc to water. Such discharges are normal for manganese plants. Measures to improve the discharge conditions and environmental impact represent a permanent focus area for the company. All three plants are ISO 14001 and ISO 50001 certified

All plants operate according to emission permits issued by Miljødirektoratet (Norwegian Environment Agency). The emission permit for the plant in Porsgrunn (ENP) was last updated in June 2020. The emission permit for the plant in Kvinesdal (ENK) and the plant in Sauda (ENS) was last updated in 2021. In 2019 ENS applied for changed limits for



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wastewater from the landfill, and the emission permit was updated in December 2021 with new limits.

Since 2013 the company is regulated under EU-ETS regarding CO₂ emissions from the production process. The company has been granted free quotas for part of the emissions. EU-ETS Phase 4 started in 2021 and the EU directives regulating reporting of CO₂ emissions and allocation of free quotas are updated. In 2019 ENO applied for new free quotas for Phase 4 and received the decisions for all tree plants in 2021. ENO does not agree with Miljødirektoratet's decisions and has appealed. ENO has booked in 2021 the new free quotas granted for Phase 4 and has purchased on the market the remaining amounts needed.

The company has accrued for an estimated liability related to the closure and follow up operations on the sludge deposits in Kvinesdal and Sauda. The company has made a provision for the cleaning of the Kvinesdal Fjord bottom.

Notodden municipality has started to develop the Tinfos area, which historically has been used as an industrial site. Eramet Norway assumed responsibility for contaminated land through the acquisition of the Kvinesdal plant from Tinfos in 2008. This has resulted in some additional costs in 2019, 2020 and 2021 and it is expected that this will continue for some years to come leading to an accrual made at the end of 2019.

Note 19 Financial risk (IFRS 7) and financial instruments

The company is, through its activities, exposed to different types of financial risks; market risk (including currency risk, fair value interest risk, floating interest risk and price risk), credit risk and liquidity risk.

The company's overall risk plan is focused towards minimizing the potential negative effects unpredictable changes in the capital markets can have on the company's financial performance. Routines related to risk management are approved by the Board and are executed by local management in cooperation with Eramet group's centralized finance department.

The company uses financial instruments to reduce the risk related to fluctuations in foreign currencies. In conformity with the company's and the Eramet group's strategy related to currency exposure, the company uses financial derivatives to reduce this risk. The company does not use financial instruments, including financial derivatives, for trading purposes. The applied accounting principles related to financial derivatives are described in note 1.

(i) Credit risk

The company is not exposed to credit risk as all the production is sold to a sister company, Eramet Marketing services, under a manufacturing contract (see 1.7).

Total bad debt provision, prior to the implementation of the manufacturing contract; at the end of 2021 was TNOK 13.134. This provision relates to British Steel in UK that are facing financial difficulties.

(ii) Liquidity risk

Liquidity risk is the risk that the company is not able to handle its financial liabilities as they fall due. The company's strategy to handle its liquidity risk is to have sufficient cash balances at all times, this in order to meet all financial liabilities at maturity, both under normal and extraordinary circumstances, without risking unacceptable losses or influencing the company's reputation.



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(iii) Currency risk

The company is exposed to currency fluctuation related to the value of Norwegian Kroner relative to other currencies due to sales and purchases occur mainly in EUR and USD respectively. The company enters into currency forward contracts with the group company "Metal Currencies" with the purpose to reduce the currency risk related to cash flows nominated in foreign currency. The currency risk is calculated for each foreign currency position and includes assets, liabilities and highly probable purchases and sales in the respective currency.

Hedge activities

Cash flow hedges related to realized sales- and cost of sales transactions in 2021

As of 31st of December 2021 the company had several currency contracts related to realized sales- and cost of sales transactions in 2021.

These are in conformity with IAS 39, para 97 recognized as a reclassification adjustment to Profit and loss.

Hedging Instruments	Hedged Items	Balance sheet position 31.12.2021
Currency forward contracts	Financial assets/liabilities related to realized sales/cost of sales in 2021	2

Cash flow hedges related to highly probable future sales and cost of sales

As of 31 December 2021, the company had several currency forward contracts related to highly probable future sales and cost of sales. The hedge instruments are expected to be highly effective and change in net loss is recognized in conformity with IAS 39 para 95 a, in other comprehensive income.

Hedging Instruments	Hedged Items	Balance sheet position 31.12.2021
Currency hedge contracts	Highly probable future sales and cost of sales	58 532

All contracts related to highly probable future transactions are recognized in the equity via other comprehensive income (both intrinsic value and time value). Applied principle is in conformity with IAS 39, para 74.

Movement in the equity

Transactions related to cash flow hedges which are recognized in the statement of comprehensive income.

(All figures are net after deferred taxes, where positive amounts represent negative other comprehensive income)

	2021	2020
Fair value cash hedges opening balance	26 816	929
Value changes throughout the year	-72 473	25 887
Total	-45 657	26 816

Fair value

Fair value of the currency forward contracts is determined by using the currency rate at the balance sheet date. All these contracts have been valued and confirmed by the company's contract partner; the group company "Metal Currencies". The valuation is in accordance with market values which would apply for unrelated parties.

The following financial instruments have not been recognized at fair value: Cash and cash equivalents, accounts receivables, other short-term receivables, bank overdraft, long term debt and held to maturity investments. The booked value of cash, cash equivalents, bank overdrafts approximate fair value, due to the fact that these instruments have short term maturity.



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Correspondingly, the booked value of accounts receivables and accounts payables approximate fair value as these have been agreed at general market terms.

Note 20 Investment in subsidiary

As of December 31, 2021, Eramet Norway holds 66.67% of the shares in Georg Tveit AS (unchanged from 2020). This company is hence a subsidiary of Eramet Norway as of December 31, 2021. For more details regarding this investment, it is referred to note 1 (point 1.0) and to note 7.

Note 21 Bank deposits, bank overdraft and fixed bank deposits

The cash position of the company is satisfactory. Cash at hand as of December 31st, 2021 amounts to MNOK 958 (MNOK 1.437 as of December 31st, 2020). The company has an overdraft facility of MNOK 50.

Note 22 Off Balance sheet commitments

	2021	2020
Guarantees given		
KLIF regarding sludge deposits in Kvinesdal and Sauda	43 514	43 297
Porsgrunn Kommune regarding Payroll tax	25 000	25 000
Tax authorities abroad	2 190	2 190
Total	70 704	70 487

	2021
Guarantees received	
Letter of credit Wind PPA Tysvær	136 210
Letter of credit Wind PPA Buhei	272 522
Prepayment guarantee ERU pilot Sauda	6 117
Guarantees regarding Landstrøm	2 593
Guarantees Sauda Pro plant, Erste Group	2 788
Total	420 230



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Eramet Norway AS Communication

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To the General Meeting of Eramet Norway AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Eramet Norway AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 as required by laws and regulations 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 obtained is sufficient and appropriate to provide a basis for our opinion.

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 accompanying information 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 legal requirements.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Everum	Mo i Rana	Stord
Ålta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 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 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 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.

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.

Kristiansand, 22 April 2022
KPMG AS

Nils Eivind Holst
State Authorised Public Accountant



Skatteetaten

Eramet Norway AS
Postboks 82
3901 Porsgrunn

Vår dato 12.06.2020	Din/Deres dato 20.05.2020	Saksbehandler Nazish Fatima Mohammad
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 90151930
Org.nr 974761076	Vår referanse 2020/5497922	Postadresse Postboks 9200 Grønland 0134 OSLO

U.off. offl. § 13, sctfv. § 3-1

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Eramet Norway AS' søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

"Eramet Norway AS er datterselskap av det franske selskapet Eramet Holding Manganese SA. Eramet SA er et internasjonalt konsern med datterselskaper i mange land og verdensdeler. Da forretningspråket i Eramet er engelsk, og vi sjelden benytter årsregnskapet på norsk, ønsker vi for fremtiden å utarbeide årsregnskapet og årsberetningen kun på engelsk.

Eramet Norway er 100 % eiet av det franske morselskapet, dvs. kun profesjonelle eiere. Styrets medlemmer er i stor grad utenlandske statsborgere uten kjennskap til norsk som språk. De utenlandske styremedlemmene er representanter fra morselskapet i Frankrike. All kommunikasjon i forbindelse med styrets arbeid foregår på engelsk.

Hovedkontoret til Eramet Norway AS ligger i Porsgrunn og selskapet har tre produksjonsanlegg: Porsgrunn, Kvinesdal og Sauda. Totalt driver selskapet syv smelteovner og to raffineringanlegg. Eramet Norway AS spesialiserer seg på produksjon av raffinerte manganlegeringer og er i dag en verdensledende leverandør av vårt hovedprodukt, raffinerte ferromanganlegeringer, til stålindustrien.

Våre hovedmarkeder er Europa og Nord-Amerika, og virksomheten opererer i en svært konkurranseutsatt internasjonal bransje.



Årsregnskapet til Eramet Norway omfatter alle tre produksjonsanleggene, og det føres ikke egne regnskaper for hvert produksjonssted. For hvert av produksjonsstedene vil det derfor være begrenset med informasjon om hvert enkelt anlegg i det offentlige regnskapet.

Selv om Eramet Norway sine produksjonsanlegg i Sauda og Kvinesdal anses som hjørnestensbedrifter i deres lokalsamfunn kan vi ikke se at det er noe som tilsier at disse brukerne av regnskapsinformasjon blir vesentlig berørt negativt ved en dispensasjon. Selskapet utgir årlig «Eramet Norways Bærekraftrapport» som i tillegg til informasjon om Helse, Miljø og Sikkerhet presenterer hovedtall også for produksjon, salg og økonomi.

Bærekraftrapporten distribueres bredt lokalt: til kommuner og fylkeskommuner, skole- og utdanningsinstitusjoner, samt til nasjonale myndighetsinstanser og kompetansemiljøer. 2018-utgaven kan lastes ned her: <https://eramet.no/baerekraftrapport/>. Se spesielt side 70 og 71.

I forbindelse med fremleggelsen av konsernets årsregnskap har vi også tradisjon for å invitere lokale medier til en gjennomgang av Eramet Norways økonomiske hovedtall for foregående år. Dette gjør vi for å forsyne lokalsamfunnene våre med informasjon om hvordan verkenes situasjon utvikler seg.

Vi mener dessuten at de personene og organisasjonene som ønsker mer detaljert informasjon om våre økonomiske tall, normalt i stor grad vil være i stand til å finne frem også i en engelsk versjon av årsregnskapet, siden de som regel er kjent med fagterminologi og standard regnskapsprinsipper.

Basert på 20 års erfaring med franske eiere anser vi at det er relativt få norske brukere av regnskapet. Eksportandelen er ca 98 % og tilsvarende kjøpes hoveddelen av råvarer og andre innsatsfaktorer fra utlandet. Selskapet har ingen ekstern finansiering. Den vesentlige del av transaksjoner skjer i utenlandsk valuta."

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig



prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Eramet Norway AS er et datterselskap av et fransk selskap, og styremedlemmene er hovedsaklig fra Frankrike. Engelsk er derfor arbeidsspråket i styret, og kundene og leverandørene er i hovedsak internasjonale. Eramet Norways foretar en årlig gjennomgang av årsregnskap og deres økonomiske situasjon med deres lokale medier, og det lokalet miljøet får dermed dekket deres informasjonsbehov gjennom mediene. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Mette Dahler
underdirektør
Innsats, storbedrift
Skatteetaten

Nazish Fatima Mohammad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.