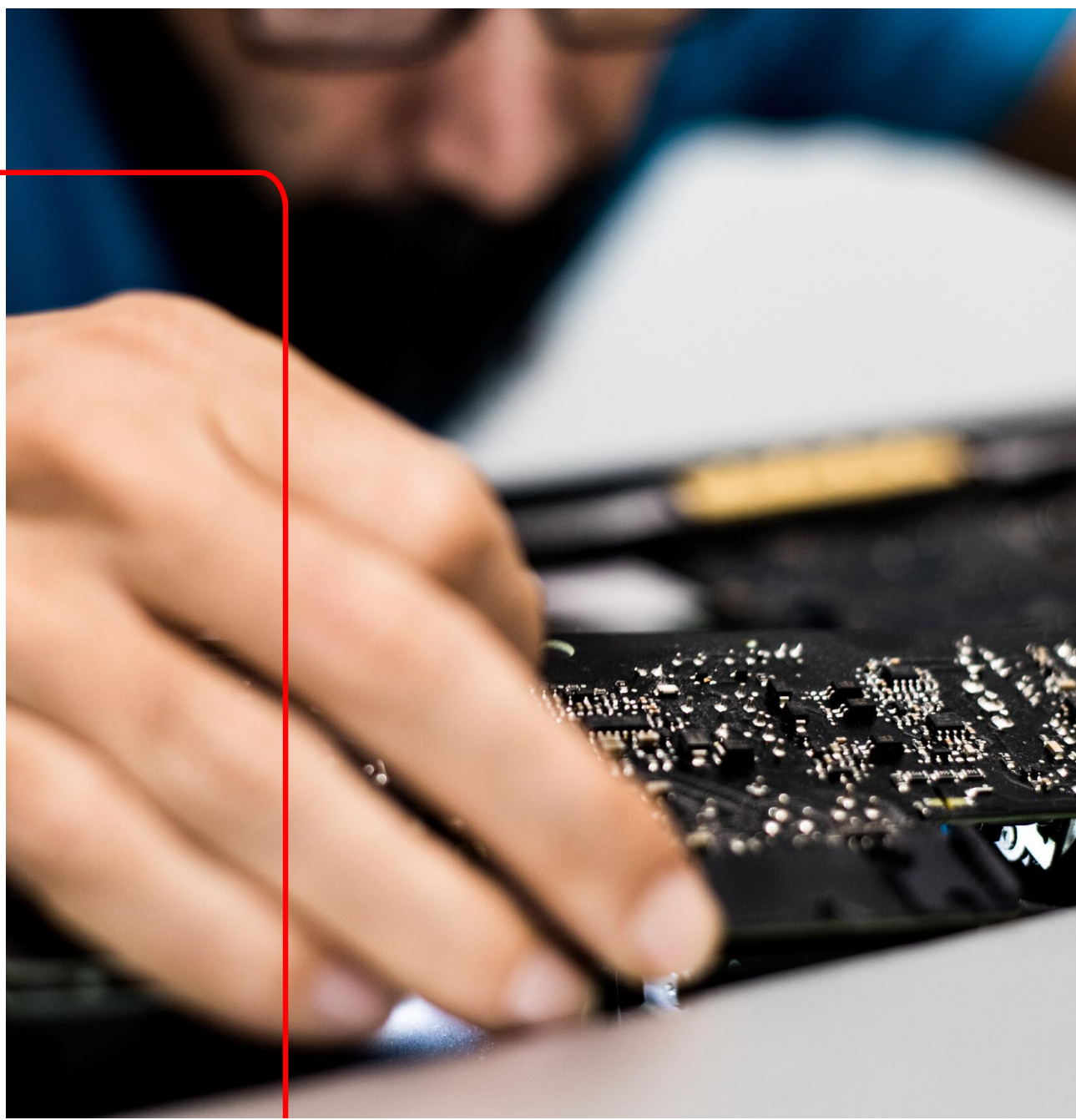




Third quarter results 2023



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Highlights 3rd quarter 2023

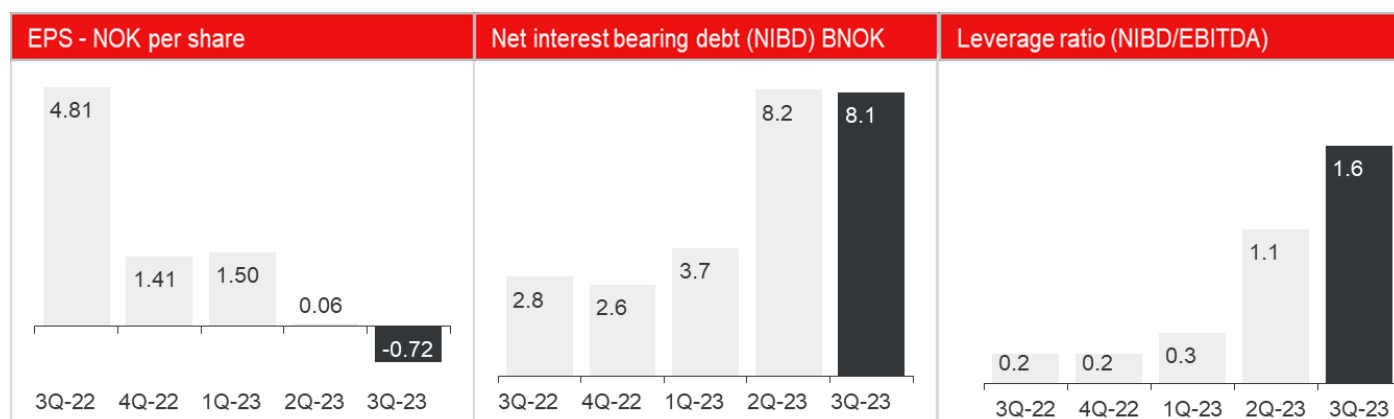
- Elkem's EBITDA was NOK 535 million in the third quarter 2023.
- Still weak results for Silicones, due to depressed commodity prices and low demand in all regions.
- The result for Silicon Products was negatively impacted by NOK 220 million related CO2 compensation and inventory write downs.
- Carbon Solutions delivered a good result despite of lower demand.
- Elkem is taking action to address the current weak market conditions and is well positioned for demand recovery based on attractive market positions and a strong asset base.
- Elkem will call for an extraordinary general meeting (EGM) in November, due to a board level change for the majority shareholder.

Key figures

<i>(NOK million, except where specified)</i>	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
Total operating income	7,917	11,293	27,109	35,494	45,898
EBITDA	535	3,302	3,139	11,101	12,925
EBITDA margin (%)	7 %	29 %	12 %	31 %	28 %
EBIT ⁽¹⁾	-18	2,804	1,476	9,631	10,898
Profit (loss) for the period ⁽²⁾	-456	3,046	533	8,667	9,561
Earning per share (EPS) <i>(NOK per share)</i>	-0.72	4.81	0.84	13.68	15.09
Equity ratio (%)	48 %	54 %	48 %	54 %	55 %
Net interest-bearing debt (NIBD)	8,107	2,845	8,107	2,845	2,615
Cash flow from operations	978	2,333	2,222	7,939	9,551
ROCE - annualised (%)	0 %	37 %	6 %	47 %	39 %

(1) Operating profit before other items and hedge adjustments

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



Weak profitability due to weak markets and one-offs

Elkem's profitability in the third quarter 2023 was impacted by weak markets and negative one-off effects, including changes to the CO2 compensation scheme in Norway. Relevant measures are taken to reduce costs and adjust investment plans to reflect the weak market conditions. Elkem is well positioned when market conditions improve, based on attractive positions and a strong asset base.

Elkem's total operating income for the third quarter 2023 was NOK 7,917 million, which was down from the corresponding quarter in 2022, mainly explained by lower sales prices and lower sales volumes. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 535 million in the quarter, compared NOK 3,302 million in third quarter last year. Earnings per share (EPS) was NOK -0.72 in the quarter and NOK 0.84 year-to-date.

The result for the Silicones division was still weak, mainly due to depressed prices on silicones commodities, combined with low demand in all regions. Weak demand also included speciality products. Silicon Products delivered weaker results due to lower sales prices and weak demand. The result was also negatively impacted by NOK 220 million related to changes in the CO2 compensation scheme in Norway and inventory write downs. The result for the Carbon Solutions division was good, despite weaker demand following reduced production in the metal markets.

Elkem is introducing a comprehensive programme to counter the weak market conditions. A cost reduction programme has been initiated across all of Elkem's divisions to reduce fixed and variable costs. In addition, all investment plans will be carefully evaluated and adjusted to reflect the weaker market conditions. The target is to reduce costs and capital expenditures significantly.

Elkem is well positioned based on attractive market positions and a strong asset base and will complete investments that further improve the group's competitive position. In the fourth quarter, Elkem will accelerate maintenance and improvements at the ferrosilicon plant in Iceland. Elkem will invest around NOK 100 million in maintenance and upgrading of the plant to improve efficiency and enable lower production costs.

In addition, Elkem is in the process of expanding and upgrading its Silicones plant in China. This investment is on track, both with regards to cost and time, and is expected to be finalised during the first half of 2024. The expansion project will increase the plant's production capacity by 50%, equivalent to 120,000 tonnes of siloxane, and provide improved product quality for downstream specialisation. The project will deliver significant cost improvements, mainly through lower energy and raw material consumption and is expected to be on level with the current lowest cost producers in China.

The group's equity as at 30 September 2023 amounted to NOK 25,254 million, which gave a ratio of equity to total assets of 48%. Net interest-bearing debt was NOK 8,107 million, which gave a ratio of net interest-bearing debt to EBITDA of 1.6x. Elkem had cash and cash equivalents of NOK 7,905 million as at 30 September 2023 and undrawn credit lines of more than NOK 6,000 million.

The market sentiment is still weak going into the fourth quarter. Elkem is however, well positioned when market conditions improve, due to its attractive market positions and a good asset base. Silicones prices in China improved late third quarter, but the development going forward is uncertain. The markets in EMEA and Americas are still weak, although there are signs of improvement in some segments. The reference prices for silicon and ferrosilicon declined in third quarter and this will impact contract prices in the fourth quarter. One furnace in Iceland will be out for approximately 10 weeks due to planned maintenance stop, which is expected to negatively impact EBITDA by NOK 50 million. The silicon market prices have increased recently. Carbon Solutions facing weak demand due to lower metals production in key markets.

Financial review

Group results

KEY FIGURES	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
<i>NOK million</i>					
Total operating income	7,917	11,293	27,109	35,494	45,898
EBITDA	535	3,302	3,139	11,101	12,925
EBIT	-18	2,804	1,476	9,631	10,898
Other items	-158	1,384	432	1,936	2,151
Net financial items	-115	5	-406	47	-161
Profit (loss) before income tax	-338	3,884	1,302	11,058	12,236
Tax	-95	-818	-691	-2,340	-2,594
Profit (loss) for the period	-434	3,067	610	8,718	9,642

Quarter

Elkem group had total operating income of NOK 7,917 million in 3Q-2023, which was down 30% from NOK 11,293 million in 3Q-2022. Lower operating income was mainly explained by lower sales prices and lower sales volumes.

The group's EBITDA for 3Q-2023 was NOK 535 million, down 84% from NOK 3,302 million in the corresponding quarter last year. Lower EBITDA was mainly explained by lower sales prices and lower sales volumes. Silicones suffer from depressed commodity prices due to overcapacity in China, and an overall weak demand situation in all regions. The Silicon Products division has seen weak demand and lower reference prices for silicon and ferrosilicon. In addition, the division's result is negatively impacted by inventory write downs of NOK 50 million and a one-off of NOK 170 million related to changes in the CO2 compensation scheme in Norway. Carbon Solutions division delivered another good quarterly result despite facing lower demand.

EBIT for 3Q-2023 was NOK -18 million, down from NOK 2,804 million in 3Q-2022.

Other items include fair value changes from commodity contracts, gains (losses) on embedded derivatives in power contracts, value changes from currency forward contracts and other income and expenses. Other items amounted to NOK -158 million in 3Q-2023, mainly consisting of loss on currency items of NOK -139 million. In addition, there was a loss on power and currency derivatives of NOK -18 million. Other expenses amounted to NOK -1 million.

Net financial items were NOK -115 million in 3Q-2023, compared to NOK 5 million in 3Q-2022. Net interest expenses amounted to NOK -154 million, which was an increase compared to NOK -57 million in the corresponding quarter last year, explained by higher interest rates. Gains on foreign exchange amounted to NOK 43 million, compared to gains of NOK 65 million in 3Q-2022. The foreign exchange gains in 3Q-2023 were mainly explained by net positive translation effects on loans in EUR. Other financial expenses amounted to NOK -4 million.

Profit before income tax was NOK -338 million in 3Q-2023 compared to NOK 3,884 million in 3Q-2022.

Tax expenses in the quarter was NOK -95 million, despite negative profit before tax. Positive results in most countries were more than offset by negative results before tax in France and China, where losses are not capitalised as deferred tax assets.

Profit for the period was NOK -434 million, compared to NOK 3,067 million in 3Q-2022. Owners of the parent's share of profit was NOK -456 million, which gave earnings per share (EPS) of NOK -0.72 in 3Q-2023.

Year to date

The group's total operating income was NOK 27,109 million YTD-2023, which was down 24% compared to YTD-2022. EBITDA YTD-2023 amounted to NOK 3,139 million, which was down 72% from NOK 11,101 million YTD-2022. Lower results were mainly explained by lower sales prices and lower sales volumes, but also impacted by negative one-offs. Earnings per share (EPS) was NOK 0.84 YTD-2023.

Cash flow

CASH FLOW FROM OPERATIONS	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
<i>NOK million</i>					
EBIT	-18	2,804	1,476	9,631	10,898
Amortisation, depreciation and impairment	553	498	1,663	1,469	2,027
Changes in working capital	1,018	-668	711	-2,194	-1,583
Reinvestments	-592	-276	-1,651	-898	-1,682
Equity accounted investments	17	-25	23	-70	-108
Cash flow from operations	978	2,333	2,222	7,939	9,551
Other cash flow items	413	-809	-3,798	-5,728	-7,540
Change in cash and cash equivalents	1,391	1,524	-1,576	2,211	2,011

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

Quarter

Cash flow from operations was NOK 978 million in 3Q-2023, compared to NOK 2,333 million in 3Q-2022. The reduction in cash flow from operations was mainly explained by lower EBIT. This was partly offset by positive working capital changes. The working capital was reduced by NOK 1,018 million in 3Q-2023, explained by lower inventories and trade receivables.

Reinvestments were NOK -592 million in 3Q-2023, which amounted to 107% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 572 million, up from NOK 541 million in 3Q-2022. The strategic investments were mainly related to the Silicones expansion and specialisation projects in China and France. Other cash flow items include proceeds from new green bond loan of NOK 1,000 million, and local financing in China in connection with the expansion of the Xinghuo silicones plant.

Change in cash and cash equivalents was NOK 1,391 million in 3Q-2023. Currency exchange differences were NOK -95 million. As at 30 September 2023, the total cash and cash equivalents amounted to NOK 7,905 up from 6,609 million as at 30 June 2023.

Year to date

Cash flow from operations amounted to NOK 2,222 million YTD-2023, down from NOK 7,939 million YTD-2022, mainly explained by lower EBIT. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2023 were NOK 1,651 million, which amounted to 99% of D&A. High reinvestments were explained by large, accelerated maintenance projects. Strategic investments ex. M&A amounted to NOK 2,067 million.

Financial position

FINANCIAL POSITION	3Q 2023	3Q 2022	FY 2022
Total equity (NOK million)	25,254	29,176	28,773
Equity ratio (%)	48 %	54 %	55 %
EPS (NOK per share)	-0.72	4.81	15.09
Net interest bearing debt (NOK million) ⁽¹⁾	8,107	2,845	2,615
Leverage ratio based on LTM EBITDA (ratio)	1.6	0.2	0.2

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

Quarter and year to date

Elkem's equity as at 30 September 2023 was NOK 25,254 million, down NOK 3,520 million from 31 December 2022. The reduction was mainly explained by dividend payments for 2022 of NOK 3,895 million. Profit for the period YTD-2023 was NOK 610 million, while other changes in equity were NOK 235 million, mainly consisting of effects recognised through other comprehensive income.

The equity ratio as at 30 September 2023 was 48%. Compared to year-end 2022, the equity ratio was down from 55%, mainly explained by the dividend payment for 2022.

Net-interest bearing debt as at 30 September 2023 was NOK 8,107 million, which was an increase of NOK 5,492 million from 31 December 2022. The increase was mainly explained dividend payment and high investments. The leverage ratio was 1.6x as at 30 September 2023.

Segments

Silicones

KEY FIGURES	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,231	4,700	10,875	15,145	19,288
EBITDA	-268	511	-672	2,075	2,022
EBITDA margin	-8 %	11 %	-6 %	14 %	10 %
Sales volume (thousand mt)	77	98	253	297	394

Quarter

The Silicones division had total operating income of NOK 3,231 million in 3Q-2023 down 31% from NOK 4,700 million in 3Q-2022. Lower operating income was mainly explained by lower sales prices and a reduction in sales volume.

EBITDA for 3Q-2023 was NOK -268 million, clearly down from the third quarter last year. Lower EBITDA was mainly explained by depressed prices in commodity markets, and low demand in all main regions.

Lower sales volumes in the quarter were explained by weak demand and reduced production.

Year to date

The Silicones division reported total operating income of NOK 10,875 million YTD-2023, which was 28% lower than YTD-2022. The EBITDA was NOK -672 million YTD-2023, significantly weaker than NOK 2,075 million YTD-2022. The weak result YTD-2023 was explained by lower sales prices and lower sales volumes, but also impacted by maintenance stop and inventory write down in second quarter 2023.

Silicon Products

KEY FIGURES	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	3,992	5,951	14,067	18,904	24,489
EBITDA	526	2,364	2,903	8,605	10,226
EBITDA margin	13 %	40 %	21 %	46 %	42 %
Sales volume (thousand mt) ¹⁾	108	120	341	396	522

¹⁾ Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 3,992 million in 3Q-2023, which was down 33% from NOK 5,951 million in 3Q-2022. Lower operating income was explained by lower sales prices and lower sales volumes.

The EBITDA for Silicon Products was NOK 526 million in 3Q-2023, down 78% from the third quarter last year. Lower EBITDA was mainly explained by lower sales prices for silicon and ferrosilicon, while foundry alloys and microsilica were holding up well. The EBITDA was negatively impacted by inventory write downs of MNOK 50 and a one-off of MNOK 170 related to proposed changes to the CO2 compensation scheme in the Norwegian state budget.

The sales volumes were down due to weaker demand and destocking effects.

Year to date

The Silicon Products division reported total operating income of NOK 14,067 million YTD-2023, which was 26% lower than YTD-2022. The division reported an EBITDA of NOK 2,903 million, down 66% from NOK 8,605 million YTD-2022, due to lower sales prices and lower sales volumes.

Carbon Solutions

KEY FIGURES	3Q 2023	3Q 2022	YTD 2023	YTD 2022	FY 2022
<i>MNOK except where indicated otherwise</i>					
Total operating income	1,018	1,065	3,293	2,698	3,752
EBITDA	311	396	1,039	858	1,166
EBITDA margin	31 %	37 %	32 %	32 %	31 %
Sales volume (thousand mt)	69	75	214	232	302

Quarter

Carbon Solutions reported total operating income of NOK 1,018 million in 3Q-2023, down 4% from NOK 1,065 million in 3Q-2022. The operating income was holding up well, despite of lower sales volume.

The EBITDA for 3Q-2023 amounted to NOK 311 million, down 21% from NOK 396 million in the corresponding quarter last year. The reduction in EBITDA was mainly explained by lower sales and lower margins.

The reduction in sales volumes in the third quarter was explained by weak markets and curtailments in metals production.

Year to date

Carbon Solutions reported total operating income of NOK 3,293 million YTD-2023, which was 22% higher than YTD-2022. EBITDA YTD-2023 was NOK 1,039 million, up 21% from NOK 858 million YTD-2022. The improvement was mainly due to higher sales prices.

Outlook for the fourth quarter 2023

The market sentiment is still weak going into the fourth quarter. Elkem is however, well positioned when market conditions improve, due to its attractive market positions and a good asset base. Silicones prices in China improved late third quarter, but the development going forward is uncertain. The markets in EMEA and Americas are still weak, although there are signs of improvement in some segments. The reference prices for silicon and ferrosilicon declined in third quarter and this will impact contract prices in the fourth quarter. One furnace in Iceland will be out for approximately 10 weeks due to planned maintenance stop, which is expected to negatively impact EBITDA by NOK 50 million. The silicon market prices have increased recently. Carbon Solutions facing weak demand due to lower metals production in key markets.

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Profit (loss) for the period	(434)	3,067	610	8,718	9,642
Remeasurement of defined benefit pension plans	-	-	-	-	146
Tax effects on remeasurements of defined benefit pension plans	-	-	-	-	(33)
Changes in fair value of equity instruments	-	-	1	3	(4)
Total items that will not be reclassified to profit or loss	-	-	1	3	109
Currency translation differences	(418)	643	887	1,857	765
Hedging of net investment in foreign operations	133	(62)	(198)	(155)	(142)
Tax effects hedging of net investment in foreign operations	(29)	14	44	34	31
Cash flow hedges	(53)	(305)	(1,259)	1,074	568
Tax effects on cash flow hedges	12	67	277	(236)	(125)
Share of other comprehensive income (loss) from equity accounted investments	5	-	15	20	28
Total items that may be reclassified to profit or loss	(351)	357	(235)	2,593	1,125
Other comprehensive income, net of tax	(351)	357	(234)	2,596	1,234
Total comprehensive income	(785)	3,424	377	11,314	10,876
Attributable to:					
Non-controlling interests' share of comprehensive income	19	24	85	63	86
Owners of the parent's share of comprehensive income	(804)	3,399	292	11,252	10,790
Total comprehensive income	(785)	3,424	377	11,314	10,876

Condensed consolidated statement of financial position (unaudited)

Amounts in NOK million	Note	30 September 2023	30 September 2022	31 December 2022
ASSETS				
Property, plant and equipment	4	22,237	18,506	19,520
Right-of-use assets	4	843	753	779
Other Intangible assets	4	1,425	1,443	1,385
Goodwill	4	1,111	1,030	984
Deferred tax assets		166	108	151
Equity accounted investments		1,289	846	1,039
Derivatives	8	989	1,541	1,562
Other assets		622	630	716
Total non-current assets		28,681	24,857	26,136
Inventories		9,587	10,074	10,325
Trade receivables		3,593	5,206	4,248
Derivatives	8	300	1,224	711
Other assets		1,896	2,173	1,698
Restricted deposits	7	436	488	408
Cash and Cash equivalents	7	7,905	9,750	9,255
Total current assets		23,718	28,915	26,645
TOTAL ASSETS		52,399	53,771	52,781
EQUITY AND LIABILITIES				
Paid-in capital	9	3,497	6,219	6,228
Retained earnings		21,617	22,847	22,412
Non-controlling interests		139	110	134
Total equity		25,254	29,176	28,773
Interest-bearing liabilities	7	13,929	9,718	10,331
Deferred tax liabilities		876	846	1,123
Employee benefits obligations		523	601	489
Derivatives	8	315	51	-
Provisions and other liabilities		251	266	232
Total non-current liabilities		15,894	11,482	12,175
Trade payables		4,982	4,354	5,335
Income tax payables		1,516	2,673	1,903
Interest-bearing liabilities	7	897	1,669	204
Bills payable	7	1,622	1,697	1,742
Employee benefit obligations		894	957	994
Derivatives	8	125	343	109
Provisions and other liabilities		1,216	1,420	1,545
Total current liabilities		11,252	13,113	11,832
TOTAL EQUITY AND LIABILITIES		52,399	53,771	52,781

Condensed consolidated statement of cash flows (unaudited)

Amounts in NOK million	Note	Third quarter		Year to date		Year
		2023	2022	2023	2022	2022
Operating profit (loss)		(217)	3,879	1,755	11,017	12,414
Amortisation, depreciation and impairment	4	553	498	1,663	1,469	2,027
Changes in working capital		1,018	(668)	711	(2,194)	(1,583)
Equity accounted investments		17	(25)	23	(70)	(108)
Changes fair value of derivatives		48	(707)	54	(827)	(1,139)
Changes in provisions, bills receivables and other		218	(415)	450	(1,123)	(697)
Interest payments received		39	14	127	40	66
Interest payments made		(153)	(56)	(459)	(219)	(319)
Income taxes paid		(138)	(137)	(1,093)	(635)	(1,345)
Cash flow from operating activities		1,386	2,382	3,231	7,460	9,314
Investments in property, plant and equipment and intangible assets	4	(1,393)	(987)	(3,879)	(2,731)	(4,058)
Acquisition of subsidiaries, net of cash acquired		(3)	-	(152)	(108)	(108)
Disposal of subsidiaries, net of cash		-	151	-	151	151
Payment of contingent consideration related to acquisitions (IFRS 3)		(38)	-	(38)	(176)	(176)
Acquisition/capital contribution of/to joint ventures		-	(134)	(303)	(134)	(292)
Other investments / sales		16	(11)	69	22	79
Cash flow from investing activities		(1,417)	(980)	(4,302)	(2,976)	(4,404)
Dividends paid to non-controlling interests		(28)	(38)	(80)	(38)	(38)
Dividends paid to owners		-	-	(3,815)	(1,900)	(1,900)
Net sale (purchase) of treasury shares	9	(44)	(85)	(8)	(64)	(38)
Net changes in bills payable and restricted deposits		(248)	(19)	(126)	(391)	(218)
Payment of lease liabilities		(49)	(25)	(112)	(84)	(116)
New interest-bearing loans and borrowings		1,917	294	3,812	5,732	6,648
Payment of interest-bearing loans and borrowings		(125)	(5)	(176)	(5,526)	(7,237)
Cash flow from financing activities		1,423	122	(505)	(2,272)	(2,899)
Change in cash and cash equivalents		1,391	1,524	(1,576)	2,211	2,011
Currency exchange differences		(95)	171	226	499	205
Cash and cash equivalents opening balance		6,609	8,055	9,255	7,040	7,040
Cash and cash equivalents closing balance		7,905	9,750	7,905	9,750	9,255

Condensed consolidated statement of changes in equity (unaudited)

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Closing balance 31 December 2022	6,228	22,412	28,639	134	28,773
Profit (loss) for the period	-	533	533	78	610
Other comprehensive income	-	(241)	(241)	7	(234)
Total comprehensive income	-	292	292	85	377
Share-based payments	7	-	7	-	7
Net movement treasury shares (note 9)	(3)	(5)	(8)	-	(8)
Dividends to equity holders	(2,734)	(1,081)	(3,815)	(80)	(3,895)
Closing balance 30 September 2023	3,497	21,617	25,114	139	25,254

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interest	Total
Closing balance 31 December 2021	8,097	11,692	19,789	86	19,874
Adjustment accounting policy	-	(31)	(31)	-	(31)
Opening balance 1 January 2022	8,097	11,661	19,758	86	19,843
Profit (loss) for the period	-	8,667	8,667	51	8,718
Other comprehensive income	-	2,585	2,585	11	2,596
Total comprehensive income	-	11,252	11,252	63	11,314
Share-based payments	21	-	21	-	21
Net movement treasury shares (note 9)	2	(66)	(64)	-	(64)
Dividends to equity holders	(1,900)	-	(1,900)	(38)	(1,938)
Closing balance 30 September 2022	6,219	22,847	29,066	110	29,176

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Closing balance 31 December 2021	8,097	11,692	19,789	86	19,874
Adjustment accounting policy	-	(24)	(24)	-	(24)
Opening balance 1 January 2022	8,097	11,668	19,764	86	19,850
Profit (loss) for the period	-	9,561	9,561	80	9,642
Other comprehensive income	-	1,228	1,228	6	1,234
Total comprehensive income	-	10,790	10,790	86	10,876
Share-based payments	24	-	24	-	24
Net movement treasury shares (note 9)	7	(46)	(38)	-	(38)
Dividends to equity holders	(1,900)	-	(1,900)	(38)	(1,938)
Closing balance 31 December 2022	6,228	22,412	28,639	134	28,773

Notes to the condensed consolidated financial statements

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

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the third quarter of 2023 were approved at the meeting of the board of directors on 24 October 2023.

Basis for preparation

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

Elkem's interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements in Elkem's Annual Report for 2022. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2022. Presentation of realised hedge ineffectiveness was changed from raw materials and energy for production to other items in the statement of profit and loss in the 2022 Annual report. Comparable figures are restated. See note 34 Changes in accounting policies in the 2022 Annual report for further information.

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

Judgements, estimates and assumptions

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

The main judgements, estimates and assumptions are described in the annual consolidated financial statements for 2022 (note 3).

Note 2 Operating segments

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

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

From the first quarter of 2023, Elkem changed its internal reporting to management, impacting the composition of Elkem's operating and reportable segments. Elkem Distribution Center that handles parts of the logistics for Silicon Products division was previously included in the segment Other. From 1 January 2023 the entity is included in the segment Silicon Products. Comparable figures are restated.

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments' performance are evaluated based on EBITDA and EBIT. EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness. EBIT is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness. EBITDA and EBIT are not specified by IFRS Accounting Standards and therefore may not be comparable to apparently similar measures used by other companies.

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

Third quarter 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	3,157	3,692	885	(85)	-	7,648
Other revenue	5	9	5	79	-	98
Other operating income	50	106	3	6	-	165
Share of profit from equity accounted investments	-	-	-	6	-	6
Total operating income from external customers	3,212	3,807	892	6	-	7,917
Operating income from other segments	20	185	126	103	(433)	-
Total operating income	3,231	3,992	1,018	109	(433)	7,917
Operating expenses	(3,499)	(3,465)	(707)	(202)	492	(7,382)
EBITDA	(268)	526	311	(93)	59	535
EBIT	(618)	365	283	(106)	59	(18)

Third quarter 2022	Silicones	Silicon Products¹⁾	Carbon Solutions	Other¹⁾	Eliminations	Total
Revenue from sale of goods	4,633	5,361	981	(20)	-	10,955
Other revenue	5	20	5	63	-	94
Other operating income	41	139	(1)	22	-	201
Share of profit from equity accounted investments	-	-	-	42	-	42
Total operating income from external customers	4,680	5,520	985	108	-	11,293
Operating income from other segments	21	431	80	96	(627)	-
Total operating income	4,700	5,951	1,065	204	(627)	11,293
Operating expenses	(4,189)	(3,587)	(670)	(241)	697	(7,991)
EBITDA	511	2,364	396	(37)	69	3,302
EBIT	195	2,219	371	(50)	69	2,804

Year to date 30 September 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	10,676	12,737	2,902	(307)	-	26,008
Other revenue	24	66	14	225	-	329
Other operating income	113	605	7	13	-	737
Share of profit from equity accounted investments	-	-	-	35	-	35
Total operating income from external customers	10,813	13,407	2,923	(34)	-	27,109
Operating income from other segments	62	660	370	308	(1,400)	-
Total operating income	10,875	14,067	3,293	274	(1,400)	27,109
Operating expenses	(11,547)	(11,164)	(2,254)	(655)	1,650	(23,970)
EBITDA	(672)	2,903	1,039	(381)	250	3,139
EBIT	(1,722)	2,413	955	(420)	250	1,476

Year to date 30 September 2022	Silicones	Silicon Products¹⁾	Carbon Solutions	Other¹⁾	Eliminations	Total
Revenue from sale of goods	14,979	17,194	2,461	(43)	-	34,591
Other revenue	20	62	16	148	-	246
Other operating income	98	418	2	40	-	557
Share of profit from equity accounted investments	-	-	-	99	-	99
Total operating income from external customers	15,097	17,674	2,479	245	-	35,494
Operating income from other segments	48	1,231	219	294	(1,791)	-
Total operating income	15,145	18,904	2,698	538	(1,791)	35,494
Operating expenses	(13,070)	(10,300)	(1,840)	(670)	1,487	(24,394)
EBITDA	2,075	8,605	858	(132)	(305)	11,101
EBIT	1,148	8,171	785	(168)	(305)	9,631

Year 2022	Silicones	Silicon Products¹⁾	Carbon Solutions	Other¹⁾	Eliminations	Total
Revenue from sale of goods	18,994	22,361	3,393	(87)	-	44,660
Other revenue	66	72	21	199	-	358
Other operating income	150	542	5	48	-	746
Share of profit from equity accounted investments	-	(0)	(0)	135	-	135
Total operating income from external customers	19,210	22,974	3,419	295	-	45,898
Operating income from other segments	78	1,515	333	392	(2,319)	-
Total operating income	19,288	24,489	3,752	688	(2,319)	45,898
Operating expenses	(17,266)	(14,263)	(2,586)	(920)	2,062	(32,973)
EBITDA	2,022	10,226	1,166	(233)	(257)	12,925
EBIT	743	9,632	1,063	(283)	(257)	10,898

¹⁾ 2022 figures have been restated, see text above

Note 3 Changes in composition of the group

31 May 2023 Elkem acquired VUM a.s, a Slovak producer of carbon materials. The transaction will further increase Elkem's capacity and competence in attractive specialty markets and increase its flexibility in the supply chain.

The final purchase price is dependent on the outcome of an ongoing review of the closing accounts.

	Year-to-date 2023
Net cash outflow	
Cash transferred on acquisition	(152)
Cash and cash equivalents of the acquiree	0
Acquisition of subsidiaries, net of cash acquired	(152)

The table below summarise the total consideration and the provisional amounts recognised for assets acquired and liabilities assumed after the business combination:

Consideration	
Cash transferred on acquisition	152
Total consideration	152

	Carrying amount	Excess value	Fair value
Non-current assets	14	-	14
Current assets	108	-	108
Non-current liabilities	(1)	-	(1)
Current liabilities	(67)	-	(67)
Total identifiable net assets	54	-	54
Goodwill	-	-	98
Total recognised	54	-	152

In the provisional purchase price allocation, the full excess value is allocated to goodwill.

Note 4 Fixed assets, right-of-use assets, goodwill and intangible assets

30 September 2023	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
Cost				
Opening balance	40,696	1,138	3,209	984
Additions	3,631	104	87	-
Reclassifications	(83)	55	28	-
Business combinations	14	-	0	98
Disposals	(118)	(81)	(6)	-
Currency translation differences	1,209	35	171	29
Closing balance	45,349	1,251	3,489	1,111
Accumulated depreciation				
Opening balance	(18,339)	(359)	(1,824)	-
Addition	(1,410)	(104)	(147)	-
Disposals	82	69	6	-
Currency translation differences	(532)	(15)	(98)	-
Closing balance	(20,198)	(408)	(2,063)	-
Impairment losses				
Opening balance	(2,836)	-	(1)	-
Addition	(3)	-	-	-
Disposals	1	-	-	-
Currency translation differences	(76)	-	(0)	-
Closing balance	(2,914)	-	(1)	-
Net book value 30 September 2023	22,237	843	1,425	1,111

30 September 2022	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
Cost				
Opening balance	35,009	1,310	3,175	941
Additions	2,052	39	224	-
Reclassifications	(87)	-	96	-
Business combinations	943	-	0	-
Disposal of subsidiaries	(29)	(264)	(460)	-
Disposals	(221)	(31)	(2)	-
Currency translation differences	2,416	66	216	88
Closing balance	40,083	1,121	3,250	1,030
Accumulated depreciation				
Opening balance	(16,514)	(288)	(1,572)	-
Addition	(1,242)	(87)	(131)	-
Reclassifications	0	(10)	(0)	-
Disposal of subsidiaries	-	18	-	-
Disposals	140	27	0	-
Currency translation differences	(968)	(23)	(103)	-
Closing balance	(18,585)	(363)	(1,806)	-
Impairment losses				
Opening balance	(2,774)	(5)	(1)	-
Addition	(9)	-	-	-
Disposals	40	-	-	-
Currency translation differences	(250)	(1)	(0)	-
Closing balance	(2,993)	(6)	(1)	-
Net book value 30 September 2022	18,506	753	1,443	1,030

31 December 2022	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
Cost				
Opening balance	35,009	1,310	3,175	941
Additions	4,143	131	335	-
Reclassifications	(43)	-	53	-
Business combinations	942	-	6	-
Disposal of subsidiaries	(29)	(264)	(460)	-
Disposals	(415)	(71)	(33)	-
Currency translation differences	1,088	31	134	43
Closing balance	40,696	1,138	3,209	984
Accumulated depreciation				
Opening balance	(16,514)	(288)	(1,572)	
Additions	(1,693)	(119)	(186)	
Reclassifications	0	(10)	(0)	
Disposals of subsidiaries	-	18	-	
Disposals	321	53	8	
Currency translation differences	(453)	(12)	(74)	
Closing balance	(18,339)	(359)	(1,824)	
Impairment losses				
Opening balance	(2,774)	(5)	(1)	-
Addition	(28)	-	-	-
Reclassification	(0)	-	-	-
Disposals	48	5	-	-
Currency translation differences	(82)	(0)	(0)	-
Closing balance	(2,836)	0	(1)	-
Net book value 31 December 2022	19,520	779	1,385	984

Note 5 Other items

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Change in fair value commodity contracts, interest element	(0)	(2)	(0)	(2)	(2)
Embedded EUR derivatives power contracts, interest element	(109)	81	(172)	140	218
Ineffectiveness and discontinuation on commodity cash flow hedges	91	960	302	1,212	1,471
Ineffectiveness on currency cash flow hedges	-	0	-	1	-
Net gains (losses), forward currency contracts	26	(28)	(32)	(35)	9
Operating foreign exchange gains (losses)	(165)	320	342	572	387
Total other gains (losses)	(157)	1,332	439	1,888	2,084
Dividends from other shares	0	0	0	2	4
Change in fair value from other shares measured at fair value through profit or loss	(1)	(0)	1	(0)	1
Gains (losses) on acquisition and disposal of subsidiaries ¹⁾	-	150	-	154	159
Restructuring expenses	-	(0)	-	5	26
Dismantling and environmental expenses	-	(69)	-	(69)	(72)
Other	(0)	(27)	(8)	(43)	(50)
Total other income (expenses)	(1)	53	(7)	48	67
Total other items	(158)	1,384	432	1,936	2,151

1) Gain following the acquisition of the final 50% of the shares up to 100% ownership in Salten Energigjenvinning and from the loss of control in Vianode in 2022. Refer to note 4 Composition of the group in Elkem's Annual report for 2022 for more information.

The ineffectiveness on cash flow hedges relate to Elkem's hedges of future power purchase. The ineffectiveness is caused by differences between prices in the different price areas in the Norwegian power market. As a consequence the fair value of some of the hedging instruments are higher than the present value of the hedge objects. The difference between the two is recognised ineffectiveness. Discontinuation on commodity cash flow hedges relates to curtailment of production.

Note 6 Finance income and expenses

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Interest income on loans and receivables	39	14	127	40	65
Other financial income	0	1	1	1	1
Total finance income	40	14	128	41	67
Foreign exchange gains (losses)	43	65	(17)	214	85
Interest expenses on interest-bearing liabilities measured at amortised cost	(173)	(54)	(444)	(146)	(229)
Interest expenses from other items measured at amortised cost	(24)	(13)	(75)	(28)	(50)
Interest expenses on lease liabilities	(10)	(6)	(19)	(22)	(30)
Capitalised interest expenses	13	2	36	5	20
Unwinding of discounted liabilities	(1)	(1)	(4)	(9)	(10)
Interest on net pension liabilities	(3)	(2)	(10)	(6)	(9)
Other financial expenses	(1)	(1)	(2)	(1)	(5)
Total finance expenses	(198)	(74)	(518)	(208)	(313)
Net Finance income (expenses)	(115)	5	(406)	47	(161)

Note 7 Interest-bearing assets and liabilities

	30 September 2023	30 September 2022	31 December 2022
Lease liabilities	464	444	475
Loans from external parties, other than bank	5,692	3,164	3,697
Bank financing	7,773	6,110	6,160
Total non-current interest-bearing debt	13,929	9,718	10,331
Lease liabilities	108	93	103
Loans from external parties, other than banks	657	1,336	10
Bank financing, current	67	218	74
Accrued interest	66	22	17
Total current interest-bearing debt	897	1,669	204
Bills payable, current	1,622	1,697	1,742
Restricted deposits bills payable, current	371	454	395
Net bills payable	1,251	1,242	1,347
Cash and cash equivalents	7,905	9,750	9,255
Other restricted deposits, current	66	34	12
Other restricted deposits, non-current	50	46	46
Receivables from related parties, non-current	1	1	1
Loans to external parties, non-current	8	8	8
Accrued interest income, current	0	0	0
Total other interest-bearing assets	8,030	9,839	9,323
Net interest-bearing assets (liabilities)	(8,048)	(2,790)	(2,559)

Elkem ASA has placed a series of unsecured floating rate loans in the Schuldschein market. Total size of the transaction amounts to EUR 200 million where of EUR 52 million was drawn in December 2022 and EUR 148 million in January 2023. Elkem ASA has also issued a green bond of NOK 1,000 million in August 2023. In addition, Elkem Silicones Xinghuo has financed parts of its upgrade of property, plant and equipment with unsecured term loans of a total of CNY 850 million in January and September.

Note 8 Cash flow hedging

Hedge Accounting

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

Derivatives as at 30 September 2023

	Nominal value	Fair value	Hereof recognised in OCI	Effects to be recycled from OCI			
				Within 1 year	Within 2 years	Within 3 years	Within 4 years or more
Purchase contracts							
Forward currency contracts	2,671	104	89	15	53	22	-
Embedded EUR derivatives	6,657	(388)	(472)	(101)	(95)	(84)	(191)
Power contracts	1,284	1,131	154	31	34	31	58
Interest rate swap	99	(1)	(1)	(0)	(0)	(0)	(0)
Warrants	3	3	-	-	-	-	-
Total derivatives		850	(230)	(56)	(8)	(32)	(133)
EUR loan designed as cash flow hedging instrument		30	(6)	(6)	-	-	-
Total			(236)	(62)	(8)	(32)	(133)

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

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Realised effects hedge accounting, recycled from OCI					
Realised effects from forward currency contracts, Revenue	(49)	(1)	(186)	5	(14)
Realised effects from embedded derivatives EUR, Revenue	(28)	(8)	(89)	(18)	(29)
Realised effects from EUR loans, Revenue	-	-	(7)	(2)	(5)
Realised effects from power contracts, Raw materials and energy for smelting	4	135	94	279	377
Realised effects hedge discontinuation	3	-	58	-	38
Realised effects platinum	0	(0)	1	(0)	0
Realised effects Salten Energigjenvinning, Business combination	-	-	58	-	58
Total realised hedging effects recycled from OCI	(70)	126	(72)	264	424

See note 25 Financial assets and liabilities, note 26 Hedging and note 27 Financial risk to the consolidated financial statements for the year ended 31 December 2022.

Note 9 Number of shares

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

	Shares outstanding	Treasury shares	Total issued shares
<i>Numbers are whole numbers</i>			
Opening balance at 1 January 2023	634,476,985	4,964,393	639,441,378
Increase treasury shares	(2,000,000)	2,000,000	-
Sale of treasury shares	1,413,303	(1,413,303)	-
Closing balance 30 September 2023	633,890,288	5,551,090	639,441,378

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
<i>Numbers are whole numbers</i>					
Weighted average number of shares outstanding	635,109,873	633,248,754	635,363,409	633,404,214	633,563,574
Effects of dilution from share-based payment	407,091	2,250,711	998,158	1,937,159	2,025,138
Weighted average number of outstanding shares diluted	635,516,964	635,499,465	636,361,567	635,341,373	635,588,712

In the annual general meeting held on 28 April 2023, the board of directors was granted an authorisation to repurchase the company's own shares within a total nominal value of up to NOK 319,720,689. The maximum amount that can be paid for each share is NOK 150 and the minimum is NOK 1. The authorisation is valid until the annual general meeting in 2024, but not later than 30 June 2024. The authorisation can be used to acquire shares as the board of directors deems appropriate, provided however, that acquisition of shares shall not be by subscription.

In the annual general meeting held on 28 April 2023, the board of directors was granted an authorisation to increase the company's share capital with an amount up to NOK 319,720,689 - corresponding to 10 per cent of the current share capital. The authorisation is valid until the annual general meeting in 2024, but not later than 30 June 2024. The authorisation can be used to cover share capital increases against contribution in kind and in connection with mergers.

In the annual general meeting held on 28 April 2023, the board of directors was granted an authorisation to increase the share capital by up to NOK 40,000,000 to be used in connection with the issuance of new shares under share incentive scheme. The authorisation is valid until the annual general meeting in 2024, but not later than 30 June 2024. The authorisation does not cover capital increases against contribution in kind or capital increases in connection with mergers.

Appendix - Alternative performance measures (APMs)

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). Elkem uses EBITDA and EBITDA margin to measure operating performance at the group and segment level. In particular, Management regards EBIT and EBITDA as useful performance measures at segment level because income tax, finance expenses, foreign exchange gains (losses), finance income, other items are managed on a group basis and are not allocated to each segment. Elkem uses Cash flow from operations to measure the segments cash flow performance, this measure is excluding items that are managed on a group level. Elkem uses ROCE, or return on capital employed as measures of the development of the group's return on capital. Elkem relies on these measures as part of its capital allocation strategy. Elkem uses net interest bearing debt less non-current interest-bearing assets / EBITDA as leverage ratio for measuring the group's financial flexibility and ability for step-change growth and acquisitions.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and should not be considered as a substitute for measures of performance in accordance with IFRS. Because companies calculate the APMs presented herein differently, Elkem's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

Elkem's financial APMs, EBITDA and EBIT

- EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items excluding hedge adjustments, impairment loss and amortisation and depreciation. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.
- EBITDA margin is defined as EBITDA divided by total operating income.
- EBIT, also referred to as operating profit (loss) before other items and hedge adjustments is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items excluding hedge adjustments. Hedge adjustments are realised effects from the part of commodity derivative instruments that initially are designated as hedging instruments, but where the realised effects are recognised in other items due to e.g., hedge ineffectiveness.

Below is a reconciliation of EBIT and EBITDA:

Third quarter 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						(434)
Income tax (expense) benefit						95
Finance expenses						198
Foreign exchange gains (losses)						(43)
Finance income						(40)
Share of profit from equity accounted financial investments						6
Other items						158
Hedge adjustments						42
EBIT	(618)	365	283	(106)	59	(18)
Impairment losses						0
Amortisations and depreciations						553
EBITDA	(268)	526	311	(93)	59	535

Third quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the period						3,067
Income tax (expense) benefit						818
Finance expenses						74
Foreign exchange gains (losses)						(65)
Finance income						(14)
Share of profit from equity accounted financial investments						(0)
Other items						(1,384)
Hedge adjustments						309
EBIT	195	2,219	371	(50)	69	2,804
Impairment losses						3
Amortisations and depreciations						494
EBITDA	511	2,364	396	(37)	69	3,302

Year to date 30 September 2023	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						610
Income tax (expense) benefit						691
Finance expenses						518
Foreign exchange gains (losses)						17
Finance income						(128)
Share of profit from equity accounted financial investments						47
Other items						(432)
Hedge adjustments						153
EBIT	(1,722)	2,413	955	(420)	250	1,476
Impairment losses						3
Amortisations and depreciations						1,660
EBITDA	(672)	2,903	1,039	(381)	250	3,139

Year to date 30 September 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						8,718
Income tax (expense) benefit						2,340
Finance expenses						208
Foreign exchange gains (losses)						(214)
Finance income						(41)
Share of profit from equity accounted financial investments						6
Other items						(1,936)
Hedge adjustments						550
EBIT	1,148	8,171	785	(168)	(305)	9,631
Impairment losses						9
Amortisations and depreciations						1,461
EBITDA	2,075	8,605	858	(132)	(305)	11,101

Year 2022	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						9,642
Income tax (expense) benefit						2,594
Finance expenses						313
Foreign exchange gains (losses)						(85)
Finance income						(67)
Share of profit from equity accounted financial investments						17
Other items						(2,151)
Hedge adjustments						635
EBIT	1,148	8,171	785	(168)	(305)	10,898
Impairment losses						28
Amortisations and depreciations						1,999
EBITDA	2,075	8,605	858	(132)	(305)	12,925

Elkem's financial APMs, Leverage ratio

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

	30 September 2023	30 September 2022	31 December 2022
Net interest-bearing assets (liabilities)	(8,048)	(2,790)	(2,559)
Other restricted deposits, non-current	(50)	(46)	(46)
Receivables from related parties, non-current	(1)	(1)	(1)
Loans to external parties, non-current	(8)	(8)	(8)
Accrued interest income, current	(0)	(0)	(0)
Net interest-bearing debt	(8,107)	(2,845)	(2,615)
EBITDA (LTM)	4,964	14,159	12,925
Leverage ratio	1.6	0.2	0.2

Elkem's financial APMs. ROCE

ROCE, Return on capital employed, is defined as EBIT divided by the average capital employed.

- Working capital is defined as accounts receivable, inventory, other current assets, accounts payable, current employee benefit obligations and other current liabilities. Accounts receivable are defined as trade receivables less bills receivable. Other current assets are defined as other current assets less current receivables to related parties, current interest-bearing receivables, tax receivables, grants receivable, assets at fair value through profit or loss and accrued interest income. Accounts payable are defined as trade payables less trade payables related to purchase of non-current assets. Other current liabilities are defined as provisions and other current liabilities less current provisions, contingent considerations, contract obligations and liabilities to related parties.
- Capital employed consists of working capital as defined above, property, plant and equipment, right-of-use assets, other intangible assets, goodwill, equity accounted investments, grants payable, trade payables and prepayments related to purchase of non-current assets.
- Average capital employed is defined as the average of the opening and ending balance of capital employed for the relevant reporting period.

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

Working capital bridge from statutory accounts to company definition

	30 September 2023	30 September 2022	31 December 2022
Inventories	9,587	10,074	10,325
Trade receivables	3,593	5,206	4,248
Bills receivable	(725)	(1,148)	(1,086)
Accounts receivable	2,868	4,058	3,162
Other assets, current	1,896	2,173	1,698
Other receivables from related parties interest-free	(4)	(5)	(7)
Grants receivables	(480)	(892)	(620)
Tax receivables	(383)	(318)	(338)
Assets at fair value through profit or loss	-	(30)	-
Accrued interest	(0)	(0)	(0)
Other current assets included in working capital	1,028	928	733
Trade payables	4,982	4,354	5,335
Trade payables related to purchase of non-current assets	(882)	(190)	(1,117)
Accounts payable included in working capital	4,100	4,164	4,219
Employee benefit obligations	894	957	994
Provisions and other liabilities, current	1,216	1,420	1,545
Provisions, contingent considerations and contract obligations	(93)	(157)	(144)
Liabilities to related parties	(18)	(32)	(30)
Other current liabilities included in working capital	1,105	1,231	1,371
Working capital	7,384	8,707	7,637
Property, plant and equipment	22,237	18,506	19,520
Right-of-use assets	843	753	779
Other Intangible assets	1,425	1,443	1,385
Goodwill	1,111	1,030	984
Equity accounted investments	1,289	846	1,039
Grants payable	(17)	(17)	(16)
Trade payables- and prepayments related to purchase of non-current assets	(810)	(135)	(1,018)
Capital employed	33,460	31,132	30,310

Elkem's financial APMs, Cash flow from operations

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

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Reinvestments	(592)	(276)	(1,651)	(898)	(1,682)
Strategic investments	(572)	(541)	(2,067)	(1,379)	(2,797)
Periodisation ¹⁾	(229)	(170)	(161)	(455)	421
Investments in property, plant and equipment and intangible assets	(1,393)	(987)	(3,879)	(2,731)	(4,058)

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

	Third quarter		Year to date		Year
	2023	2022	2023	2022	2022
Cash flow from operating activities	1,386	2,382	3,231	7,460	9,314
Income taxes paid	138	137	1,093	635	1,345
Interest payments made	153	56	459	219	319
Interest payments received	(39)	(14)	(127)	(40)	(66)
Changes in provisions, bills receivables and other	(218)	415	(450)	1,123	697
Changes in fair value commodity contracts	(48)	707	(54)	827	1,139
Other items	158	(1,384)	(432)	(1,936)	(2,151)
Hedge adjustments	42	309	153	550	635
Reinvestments	(592)	(276)	(1,651)	(898)	(1,682)
Cash flow from operations	978	2,333	2,222	7,939	9,551