



Third quarter results 2022



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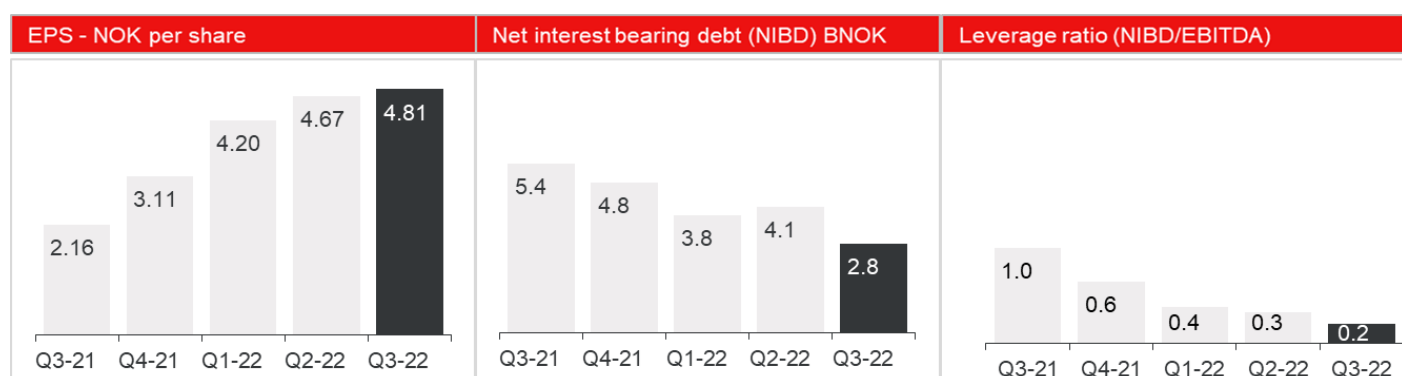
Highlights 3rd quarter 2022

- Solid third quarter results, demonstrating Elkem's robust business model.
- Challenging energy markets, particularly in EU, has resulted in lower steel and aluminium production affecting the demand for several of Elkem's products.
- Elkem's plants continue to operate at full capacity, despite challenging markets.
- Closing of agreement with Hydro and Altor, reducing Elkem's ownership in Vianode to 40%. Decision to build phase 1 production plant at Herøya.
- Earnings per share (EPS) of NOK 4.81 in 3Q-2022 and NOK 13.68 YTD-2022 providing for an attractive dividend yield.

Key figures

<i>(NOK million, except where specified)</i>	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
Total operating income	11,293	8,796	35,494	23,321	33,717
EBITDA	3,302	2,131	11,101	4,733	7,791
EBITDA margin (%)	29 %	24 %	31 %	20 %	23 %
EBIT	2,804	1,666	9,631	3,313	5,899
Profit (loss) for the period ⁽¹⁾	3,046	1,371	8,667	2,664	4,628
Earning per share (EPS) <i>(NOK per share)</i>	4.81	2.16	13.68	4.34	7.49
Equity ratio (%)	54 %	46 %	54 %	46 %	47 %
Net interest-bearing debt (NIBD)	2,845	5,421	2,845	5,421	4,827
Cash flow from operations	2,333	1,886	7,939	3,386	4,100
ROCE - annualised (%)	37 %	31 %	47 %	21 %	27 %

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



Strong results, despite weaker market conditions

In the third quarter 2022, Elkem delivered strong quarterly results despite weaker market conditions. The Silicon Products division and the Carbon Solutions division continue to deliver excellent results due to superior cost and market positions. Elkem's plants continue to operate at full capacity, reflecting the group's robust business model.

Elkem's total operating income for the third quarter 2022 was NOK 11,293 million, up 28% from the corresponding quarter last year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 3,302 million in the quarter, compared to NOK 2,131 million in the third quarter 2021. Earnings per share (EPS) was NOK 4.81 in the quarter and NOK 13.68 year-to-date, providing for an attractive dividend yield for 2022.

The result for the Silicones division was weaker than the corresponding quarter last year, mainly due to higher raw materials costs. The Silicon Products and Carbon Solutions divisions have however, delivered another strong quarter, with Carbon Solutions reaching a new all-time high. The results were mainly driven by higher sales prices, due to increasing raw material and energy costs for the industry. In this situation, Elkem is capitalising on its favourable cost positions and integrated value chains.

In September, Elkem, Hydro and Altor Equity Partners completed the transaction to further develop Vianode as a leading supplier of sustainable battery materials. Hydro and Altor Equity Partners have each acquired 30% ownership in Vianode, while Elkem retain the remaining 40% ownership. The transaction was approved by competition authorities in September. Subsequently, Vianode, with the backing of its owners, has decided to invest in the first industrial-scale plant for sustainable battery materials at Herøya in Norway. The investment amounts to around NOK 2 billion. The industrial plant will produce anode graphite for about 20,000 electric vehicles (EVs) per year by 2024 and is the first phase in a larger investment plan to supply a complete battery value chain for the European market.

In September, Elkem also celebrated the opening of its new specialised silicones facility in York, S.C. in the US. The facility will produce high purity silicone materials meeting the strict requirements in medical implantable and pharmaceutical applications. Elkem aims to be a leading silicone supplier to the healthcare industry and the new facility opens a potential high margin market of more than NOK 3 billion.

The group's equity as at 30 September 2022 amounted to NOK 29,176 million, which gave a ratio of equity to total assets of 54%. Net interest-bearing debt was NOK 2,845 million, which gave a ratio of net interest-bearing debt to EBITDA of 0.2x. Elkem had cash and cash equivalents of NOK 9,750 million as at 30 September 2022 and undrawn credit lines of more than NOK 5,000 million.

The market sentiment is impacted by high energy prices in Europe, macroeconomic uncertainty, and slower growth. The Silicones market in China is weak going into the fourth quarter, while demand and prices are holding up for specialties in EMEA and the US. The demand for silicon and ferrosilicon is negatively impacted by the closures in aluminium and steel industries, but Elkem is capitalising on superior cost positions. Carbon Solutions will likely see lower demand and possibly margin pressure due to closures in steel however, from a high level in the third quarter.

Financial review

Group results

KEY FIGURES	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	11,293	8,796	35,494	23,321	33,717
EBITDA	3,302	2,131	11,101	4,733	7,791
EBIT	2,804	1,666	9,631	3,313	5,899
Other items	1,075	16	1,386	-29	-114
Net financial items	5	-10	47	-23	6
Profit (loss) before income tax	3,884	1,675	11,058	3,289	5,827
Tax	-818	-295	-2,340	-599	-1,163
Profit (loss) for the period	3,067	1,380	8,718	2,690	4,664

Quarter

Elkem group had total operating income of NOK 11,293 million in 3Q-2022, which was up 28% from NOK 8,796 million in 3Q-2021. Silicon Products and Carbon Solutions delivered strong operating income driven by high sales prices, with Carbon Solutions reaching all-time high.

The group's EBITDA for 3Q-2022 was NOK 3,302 million, which was up 55% from NOK 2,131 million in the corresponding quarter last year. The strong performance was driven by Silicon Products and Carbon Solutions and mainly driven by higher sales prices. Silicones reported lower EBITDA compared to 3Q-2021, mainly explained by higher raw material costs.

EBIT for 3Q-2022 was NOK 2,804 million, up from NOK 1,666 million in 3Q-2021.

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 1,075 million in 3Q-2022, mainly explained by gain on power contracts NOK 651 million, currency gain on working capital items NOK 320 million, and gain on disposal of subsidiaries NOK 150 million. Various other items amounted to NOK -46 million.

Net financial items were NOK 5 million in 3Q-2022, compared to NOK -10 million in 3Q-2021. Net interest expenses amounted to NOK -57 million, which was down from NOK -59 million in the corresponding quarter last year, mainly due to higher interest income. Gains on foreign exchange amounted to NOK 65 million, compared to NOK 52 million in 3Q-2021. The foreign exchange gains in 3Q-2022 was mainly explained by positive translation effects on shareholder loans in CNY. Other financial expenses amounted to NOK -3 million.

Profit before income tax was NOK 3,884 million in 3Q-2022 compared to NOK 1,675 million in 3Q-2021.

Tax expenses in the quarter was NOK -818 million, giving a tax rate for the quarter of 21%.

Profit for the period was NOK 3,067 million, compared to NOK 1,380 million in 3Q-2021. Owners of the parent's share of profit was NOK 3,046 million, which gave earnings per share (EPS) of NOK 4.81 in 3Q-2022.

Year to date

The group's total operating income was NOK 35,494 million YTD-2022, which was up 52% compared to YTD-2021. EBITDA YTD-2022 amounted to NOK 11,101 million, which was up 135% from NOK 4,733 million YTD-2021. The improvement was explained by the strong results for Silicon Products and Carbon Solutions and was mainly explained by higher sales prices. Earnings per share (EPS) was NOK 13.68 YTD-2022.

Cash flow

CASH FLOW FROM OPERATIONS	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
<i>NOK million</i>					
Operating profit (loss) before other items	2,804	1,666	9,631	3,313	5,899
Amortisation, depreciation and impairment	498	465	1,469	1,420	1,892
Changes in working capital	-668	141	-2,194	-367	-2,020
Reinvestments	-276	-385	-898	-983	-1,657
Equity accounted investments	-25	-1	-70	3	-15
Cash flow from operations	2,333	1,886	7,939	3,386	4,100
Other cash flow items	-809	-735	-5,728	577	-316
Change in cash and cash equivalents	1,524	1,151	2,211	3,962	3,784

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

Quarter

Cash flow from operations was NOK 2,333 million in 3Q-2022, compared to NOK 1,886 million in 3Q-2021. Increased cash flow from operations was explained by higher operating profit. This was partly offset by increase in working capital of NOK 668 million, due to higher inventories explained by longer supply lead-times, currency effects, higher raw material prices and higher safety raw material stock.

Reinvestments were NOK 276 million in 3Q-2022, which amounted to 56% of depreciation and amortisation (D&A). Strategic investments were included in other cash flow items and amounted to NOK 541 million, up from NOK 440 million in 3Q-2021. The strategic investments were mainly related to the Silicones expansion projects.

Change in cash and cash equivalents was NOK 1,524 million in 3Q-2022. Currency exchange differences were NOK 171 million. As at 30 September 2022, the total cash and cash equivalents amounted to NOK 9,750 million.

Year to date

Cash flow from operations amounted to NOK 7,939 million YTD-2022, up from NOK 3,386 million YTD-2021, mainly explained by higher operating profit. Elkem's reinvestment target is 80-90% of depreciation and amortisation (D&A). Reinvestments YTD-2022 were NOK 898 million, which amounted to 61% of D&A. Strategic investments ex. M&A amounted to NOK 1,379 million.

Financial position

FINANCIAL POSITION	3Q 2022	3Q 2021	FY 2021
Total equity (NOK million)	29,176	17,512	19,874
Equity ratio (%)	54 %	46 %	47 %
EPS (NOK per share)	4.81	2.16	7.49
Net interest bearing debt (NOK million) ⁽¹⁾	2,845	5,421	4,827
Leverage ratio based on LTM EBITDA (ratio)	0.2	1.0	0.6

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 2022 was NOK 29,176 million, up NOK 9,302 million from 31 December 2021. Profit for the period YTD-2022 was NOK 8,718 million. Other changes in equity were NOK 583 million, including the dividend distribution of NOK 1,900 million for 2021, and effects recognised through other comprehensive income (OCI).

The equity ratio as at 30 September 2022 was 54%. Compared to year-end 2021, the equity ratio was up from 47%.

Net-interest bearing debt as at 30 September 2022 was NOK 2,845 million, which was a reduction of NOK 1,982 million from 31 December 2021. The reduction was mainly explained by increase in cash and cash equivalents based on positive cash flow generation. The leverage ratio was 0.2x as at 30 September 2022.

Segments

Silicones

KEY FIGURES	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	4,700	4,849	15,145	12,160	17,429
EBITDA	511	1,168	2,075	2,328	3,672
EBITDA margin	11 %	24 %	14 %	19 %	21 %
Sales volume (thousand mt)	98	111	297	310	409

Quarter

The Silicones division had total operating income of NOK 4,700 million in 3Q-2022 down 3% from NOK 4,849 million in 3Q-2021. Lower operating income was mainly explained by lower sales volumes, combined with lower sales prices in China.

EBITDA for 3Q-2022 was NOK 511 million, down 56% from the third quarter last year. Reduced EBITDA was explained higher raw material costs, negative price effects from commodities and decrease of sales volumes compared to the corresponding quarter last year.

There was good demand for silicones specialties, but a weak market sentiment for commodities particularly in China impacting the sales volumes.

Year to date

The Silicones division reported total operating income of NOK 15,145 million YTD-2022, which was 25% higher than YTD-2021. The EBITDA was NOK 2,075 million YTD-2022, down 11% from NOK 2,328 million YTD-2021. Lower result YTD-2022 was mainly explained by lower sales prices for commodities and higher raw materials costs.

Silicon Products

KEY FIGURES	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	5,948	3,558	18,896	10,049	14,783
EBITDA	2,362	858	8,600	2,056	3,702
EBITDA margin	40 %	24 %	46 %	20 %	25 %
Sales volume (thousand mt) ¹⁾	115	122	370	377	502

1) Excluding Microsilica and quartz

Quarter

Silicon Products had total operating income of NOK 5,948 million in 3Q-2022, which was up 67% from NOK 3,558 million in 3Q-2021. The increase in operating income was driven by high sales prices.

The EBITDA for Silicon Products was NOK 2,362 million in 3Q-2022, up 175% from third quarter last year. The strong EBITDA was explained by higher sales prices and good operations. This was partly offset by increasing raw material costs, particularly for reduction materials. In addition, the strike in Norway had a negative impact of approx. NOK 50 million.

The division continued to see good demand, but the sales volumes were impacted by the strike.

Year to date

The Silicon Products division reported total operating income of NOK 18,896 million YTD-2022, which was 88% higher than YTD-2021. The division reported an EBITDA of NOK 8,600 million, up 318% from NOK 2,056 million YTD-2021, driven by high sales prices.

Carbon Solutions

KEY FIGURES	3Q 2022	3Q 2021	YTD 2022	YTD 2021	FY 2021
<i>MNOK except where indicated otherwise</i>					
Total operating income	1,072	560	2,705	1,552	2,176
EBITDA	376	140	838	379	508
EBITDA margin	35 %	25 %	31 %	24 %	23 %
Sales volume (thousand mt)	75	73	232	216	294

Quarter

Carbon Solutions reported total operating income of NOK 1,072 million in 3Q-2022, up 91% from NOK 560 million in 3Q-2021. The operating income reached all-time high in the quarter, mainly explained by high sales prices.

The EBITDA for 3Q-2022 amounted to NOK 376 million, up 169% from NOK 140 million in the corresponding quarter last year. The EBITDA reached all-time high in the quarter, mainly due to higher sales prices, but this was partly offset by higher raw material costs.

The sales volumes were stable, but the markets for steel and ferroalloys weakened towards the end of the quarter.

Year to date

Carbon Solutions reported total operating income of NOK 2,705 million YTD-2022, which was 74% higher than YTD-2021. EBITDA YTD-2022 was NOK 838 million, up 121% from NOK 379 million YTD-2021. The improvement was mainly due to higher sales prices and higher sales volumes.

Outlook for the fourth quarter 2022

The market sentiment is impacted by high energy prices in Europe, macroeconomic uncertainty, and slower growth. The Silicones market in China is weak going into the fourth quarter, while demand and prices are holding up for specialties in EMEA and the US. The demand for silicon and ferrosilicon is negatively impacted by the closures in aluminium and steel industries, but Elkem is capitalising on superior cost positions. Carbon Solutions will likely see lower demand and possibly margin pressure due to closures in steel however, from a high level in the third quarter.

Condensed consolidated statement of comprehensive income (unaudited)

Amounts in NOK million	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Profit (loss) for the period	3,067	1,380	8,718	2,690	4,664
Remeasurement of defined benefit pension plans	-	-	-	2	69
Tax effects on remeasurements of defined benefit pension plans	-	-	-	(0)	(10)
Change in fair value of equity instruments	-	-	3	2	3
Share of other comprehensive income (loss) from equity accounted companies	-	-	-	-	-
Total items that will not be reclassified to profit or loss	-	-	3	3	62
Currency translation differences	643	132	1,857	190	358
Hedging of net investment in foreign operations	(62)	4	(155)	86	130
Tax effects hedging of net investment in foreign operations	14	(1)	34	(19)	(29)
Cash flow hedges	(305)	275	1,074	559	697
Tax effects on cash flow hedges	67	(60)	(236)	(123)	(153)
Share of other comprehensive income (loss) from equity accounted companies	-	2	20	9	13
Total items that may be reclassified to profit or loss	357	352	2,593	702	1,016
Other comprehensive income, net of tax	357	352	2,596	704	1,078
Total comprehensive income	3,424	1,732	11,314	3,394	5,742
Attributable to:					
Non-controlling interests' share of comprehensive income	24	10	63	26	36
Owners of the parent's share of comprehensive income	3,399	1,722	11,252	3,368	5,706
Total comprehensive income	3,424	1,732	11,314	3,394	5,742

Condensed consolidated interim statement of financial position (unaudited)

Amounts in NOK million	Note	30 September 2022	30 September 2021	31 December 2021
ASSETS				
Property, plant and equipment	4	18,506	14,588	15,722
Right-of-use assets	4	753	1,003	1,017
Other intangible assets	4	1,443	1,529	1,602
Goodwill	4	1,030	932	941
Deferred tax assets		108	92	48
Investments in equity accounted companies		846	212	241
Derivatives	8	1,541	361	304
Other assets		630	448	478
Total non-current assets		24,857	19,166	20,353
Inventories		10,074	6,020	7,716
Trade receivables		5,206	3,957	4,297
Derivatives	8	1,224	164	283
Other assets		2,173	1,624	1,551
Restricted deposits	7	488	371	609
Cash and cash equivalents	7	9,750	7,176	7,040
Total current assets		28,915	19,311	21,497
TOTAL ASSETS		53,771	38,477	41,850
EQUITY AND LIABILITIES				
Paid-in capital	9	6,219	8,084	8,097
Retained earnings		22,847	9,336	11,692
Non-controlling interests		110	92	86
Total equity		29,176	17,512	19,874
Interest-bearing liabilities	7	9,718	9,778	8,409
Deferred tax liabilities		846	461	505
Employee benefit obligations		601	678	611
Derivatives	8	51	125	18
Provisions and other liabilities		266	297	182
Total non-current liabilities		11,482	11,339	9,724
Trade payables		4,354	3,631	4,614
Income tax payables		2,673	535	914
Interest-bearing liabilities	7	1,669	1,965	1,972
Bills payable	7	1,697	1,225	2,096
Employee benefit obligations		957	819	976
Derivatives	8	343	40	23
Provisions and other liabilities		1,420	1,412	1,657
Total current liabilities		13,113	9,627	12,252
TOTAL EQUITY AND LIABILITIES		53,771	38,477	41,850

Condensed consolidated interim statement of cash flows (unaudited)

Amounts in NOK million	Note	Third quarter		Year to date		Year
		2022	2021	2022	2021	2021
Operating profit (loss)		3,879	1,682	11,017	3,284	5,785
Amortisation, depreciation and impairment	4	498	465	1,469	1,420	1,892
Changes in working capital		(668)	141	(2,194)	(367)	(2,020)
Equity accounted companies		(25)	(1)	(70)	3	(15)
Changes fair value of derivatives		(707)	7	(827)	44	(9)
Changes in provisions, bills receivables and other		(415)	(653)	(1,123)	(535)	(88)
Interest payments received		14	5	40	16	34
Interest payments made		(56)	(55)	(219)	(182)	(242)
Income taxes paid		(137)	(7)	(635)	(299)	(423)
Cash flow from operating activities		2,382	1,584	7,460	3,384	4,913
Investments in property, plant and equipment and intangible assets	4	(987)	(897)	(2,731)	(2,024)	(3,128)
Acquisition of subsidiaries, net of cash acquired	3	-	-	(108)	-	-
Disposal of subsidiaries, net of cash	3	151	-	151	-	-
Payment of contingent consideration related to acquisitions (IFRS 3)		-	-	(176)	(78)	(78)
Acquisition/capital contribution of/to joint ventures	3	(134)	-	(134)	-	-
Other investments / sales		(11)	(38)	22	(76)	21
Cash flow from investing activities		(980)	(935)	(2,976)	(2,179)	(3,185)
Dividends paid to non-controlling interests		(38)	-	(38)	(42)	(58)
Dividends paid to owners		-	-	(1,900)	(96)	(96)
Capital increase		-	-	-	1,901	1,900
Net sale (purchase) of treasury shares	9	(85)	(273)	(64)	(301)	(278)
Net changes in bills payable and restricted deposits		(19)	(49)	(391)	88	709
Payment of lease liabilities		(25)	(34)	(84)	(87)	(118)
New interest-bearing loans and borrowings		294	1,251	5,732	3,176	3,177
Payment of interest-bearing loans and borrowings		(5)	(393)	(5,526)	(1,882)	(3,180)
Cash flow from financing activities		122	502	(2,272)	2,757	2,056
Change in cash and cash equivalents		1,524	1,151	2,211	3,962	3,784
Currency exchange differences		171	28	499	60	101
Cash and cash equivalents opening balance		8,055	5,998	7,040	3,154	3,154
Cash and cash equivalents closing balance		9,750	7,176	9,750	7,176	7,040

Condensed consolidated interim 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 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 payment	21	-	21	-	21
Net movement treasury shares (note 12)	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 interest	Total
Opening balance 1 January 2021	6,296	6,232	12,527	108	12,635
Profit (loss) for the period	-	2,664	2,664	26	2,690
Other comprehensive income	-	704	704	0	704
Total comprehensive income	-	3,368	3,368	26	3,394
Share-based payment	20	-	20	-	20
Capital increase (note 12)	1,901	-	1,901	-	1,901
Net movement treasury shares (note 12)	(37)	(264)	(301)	-	(301)
Dividends to equity holders	(96)	-	(96)	(42)	(138)
Closing balance 30 September 2021	8,084	9,336	17,419	92	17,512

Amounts in NOK million	Total paid in capital	Total retained earnings	Total owners share	Non-controlling interests	Total
Opening balance 1 January 2021	6,296	6,232	12,527	108	12,635
Profit (loss) for the period	-	4,628	4,628	36	4,664
Other comprehensive income	-	1,079	1,079	(0)	1,078
Total comprehensive income	-	5,706	5,706	36	5,742
Share-based payment	28	-	28	-	28
Capital increase (note 12)	1,900	-	1,900	-	1,900
Net movement treasury shares (note 12)	(32)	(246)	(278)	-	(278)
Dividends to equity holders	(96)	-	(96)	(58)	(154)
Closing balance 31 December 2021	8,097	11,692	19,789	86	19,874

Notes to the condensed consolidated interim financial statements

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

Elkem ASA is a limited liability company located in Norway and whose shares are publicly traded at Oslo Stock Exchange. Elkem ASA's condensed consolidated financial statements for the third quarter of 2022 were approved at the meeting of the board of directors on 25 October 2022.

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 2021. The accounting policies applied are consistent with those applied in the annual consolidated financial statements 2021.

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.

Accounting policy change

The IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 "Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)", confirming that a cloud computing customer should expense the costs of configuring or customising a supplier's application software in a Software as a Service arrangement. From 1.1.2022 Elkem has applied this policy for costs related to the implementation of cloud computing. Following the accounting policy change NOK 31 million was adjusted towards opening balance of equity in second quarter of 2022. Due to materiality comparable figures are not restated.

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 2021 (note 3).

Note 2 Operating segments

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

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

Elkem identifies its segments according to the organisation and reporting structure used by group management. Segments' performance are evaluated based on EBITDA and operating profit (loss) before other items (EBIT). EBITDA is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments, other items, impairment loss and amortisation and depreciation. Elkem's definition of EBITDA may be different from other companies.

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

Third quarter 2022	Silicones	Silicon Products	Carbon Solutions	Other	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 companies	-	-	-	42	-	42
Total operating income from external customers	4,680	5,520	985	108	-	11,293
Operating income from other segments	21	428	87	95	(631)	0
Total operating income	4,700	5,948	1,072	203	(631)	11,293
Operating expenses	(4,189)	(3,586)	(697)	(219)	700	(7,991)
EBITDA	511	2,362	376	(16)	69	3,302
Operating profit (loss) before other items (EBIT)	195	2,218	351	(29)	69	2,804

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

Year to date 30 September 2022	Silicones	Silicon Products	Carbon Solutions	Other	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 companies	0	-	-	99	-	99
Total operating income from external customers	15,097	17,674	2,479	245	-	35,494
Operating income from other segments	48	1,222	226	305	(1,801)	(0)
Total operating income	15,145	18,896	2,705	550	(1,801)	35,494
Operating expenses	(13,070)	(10,296)	(1,867)	(657)	1,496	(24,394)
EBITDA	2,075	8,600	838	(107)	(305)	11,101
Operating profit (loss) before other items (EBIT)	1,148	8,166	765	(144)	(305)	9,631

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

Year 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Total
Revenue from sale of goods	17,206	13,557	1,917	64	-	32,743
Other revenue	43	96	21	179	-	340
Other operating income	117	422	5	41	-	586
Share of profit from equity accounted companies	0	(1)	-	51	-	49
Total operating income from external customers	17,366	14,074	1,943	335	-	33,717
Operating income from other segments	63	710	234	398	(1,404)	-
Total operating income	17,429	14,783	2,176	733	(1,404)	33,717
Operating expenses	(13,758)	(11,081)	(1,669)	(777)	1,358	(25,926)
EBITDA	3,672	3,702	508	(44)	(46)	7,791
Operating profit (loss) before other items (EBIT)	2,528	3,154	360	(97)	(46)	5,899

Note 3 Changes in composition of the group

31 January 2022 Elkem increased its ownership in Salten Energigjenvinning AS (SEAS) from 50% to 100% by acquisition from Kvitebjørn Energi AS. Salten Energigjenvinning AS operates the Elkem Salten energy recovery plant. The investment in the energy recovery plant further strengthens Elkem's efforts to ensure environmentally friendly silicon and ferrosilicon production with the lowest possible emissions and lowest possible use of resources.

The energy recovery plant has been built in partnership between Elkem and Kvitebjørn Energi. The total investment in the energy recovery plant has amounted to around NOK 1,163 million, financed through a NOK 350 million grant from Enova, significant external debt and some equity. The book value of Elkem's 50% share was NOK 47 million at 31 January 2022. The difference between the fair value and the book value of the 50% share results in a fair value gain of NOK 75 million. This gain is partially offset by a loss on pre-existing relationships of NOK 58 million and a loss of NOK 13 million related to the cash flow reserve from an interest rate hedge in SEAS which will be reclassified from other comprehensive income to other items in profit and loss as a result of the transaction (see note 8).

20 June 2022 Elkem acquired KeyVest Belgium S.A, a specialist company in the sourcing of materials and production of metal powders to the refractory industry and other segments including advanced ceramics. With the acquisition of KeyVest Elkem will enable further grow by providing additional specialised products to our current customers, improve service level and processing capabilities and grow in adjacent segments. The acquisition will expand Elkem's product portfolio and create a platform for further growth. The production facility and related inventory amounts to around NOK 30 million.

	Year-to-date 2022
Net cash outflow	
Cash transferred on acquisition	(156)
Cash and cash equivalents of the acquiree	48
Acquisition of subsidiaries, net of cash acquired	(108)

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	156
Fair value of 50% pre-transaction ownership in SEAS	122
Total consideration	278

	Carrying amount	Excess value	Fair value
Non-current assets	832	119	951
Current assets	97	-	97
Non-current liabilities	(737)	(26)	(764)
Current liabilities	(63)	-	(63)
Total identifiable net assets	127	93	220
Elimination of pre-existing relationships	-	-	58
Total recognised	127	93	278

In the provisional purchase price allocation, the full excess value was allocated to property, plant and equipment, less deferred tax.

Loss of control

On 6 April Elkem, Hydro and Altor (Altor Fund V) announced a partnership with the intention to accelerate the growth of Elkem ASA's subsidiary Vianode AS, a producer of sustainable battery materials. The final regulatory approvals for the transaction were received on the 14th of September upon which Elkem lost of control of Vianode. Elkem has recognised a gain of NOK 149 million in the third quarter resulting from the loss of control. The entire gain is attributable to the fair value measurement of Elkem's retained investment in Vianode. Following the transaction Elkem will classify the remaining investment as a joint venture and measure the investment using the equity method of accounting. The value of the investment on initial recognition was NOK 576 million.

	Year-to-date 2022
Net cash inflow	
Cash transferred on disposal	-
Cash and cash equivalents of the subsidiaries	151
Disposal of subsidiaries, net of cash	151

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

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

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

31 December 2021	Property, plant and equipment	Right-of-use assets	Other intangible assets	Goodwill
Cost				
Opening balance	31,759	1,087	2,753	919
Additions	3,033	260	342	-
Reclassifications	(110)	-	118	-
Disposals	(328)	(51)	(9)	-
Currency translation differences	656	14	(28)	22
Closing balance	35,009	1,310	3,175	941
Accumulated depreciation				
Opening balance	(15,043)	(212)	(1,433)	
Additions	(1,523)	(116)	(177)	
Reclassifications	1	(7)	(1)	
Disposals	255	49	5	
Currency translation differences	(203)	(2)	35	
Closing balance	(16,514)	(288)	(1,572)	
Impairment losses				
Opening balance	(2,584)	-	(1)	-
Addition	(67)	(5)	(4)	-
Disposals	38	-	4	-
Currency translation differences	(160)	(0)	0	-
Closing balance	(2,774)	(5)	(1)	-
Net book value 31 December 2021	15,722	1,017	1,602	941

Note 5 Other items

	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Change in fair value commodity contracts, interest element	(2)	(3)	(2)	(0)	(1)
Embedded EUR derivatives power contracts, interest element	81	(17)	140	(50)	3
Ineffectiveness on commodity cash flow hedges	651	-	661	-	-
Ineffectiveness on currency cash flow hedges	0	1	1	2	3
Net foreign exchange gains (losses) - forward currency contracts	(28)	(3)	(35)	8	14
Operating foreign exchange gains (losses)	320	39	572	17	20
Total other gains (losses)	1,022	18	1,338	(23)	39
Dividends from other shares	0	1	2	2	3
Change in fair value from other shares measured at fair value through profit or loss	(0)	0	(0)	1	2
Gains (losses) on acquisition and disposal of subsidiaries ¹⁾	150	-	154	0	-
Restructuring expenses	(0)	-	5	-	41
Dismantling and environmental expenses	(69)	-	(69)	-	(181)
Other	(27)	(3)	(43)	(10)	(17)
Total other income (expenses)	53	(2)	48	(6)	(153)
Total other items	1,075	16	1,386	(29)	(114)

¹⁾ Gain following the acquisition of the final 50% of the shares up to 100% ownership in Salten Energigjenvinning. Refer to note 3 for more information.

The ineffectiveness on cash flow hedges relate to Elkem's hedges of future power purchase. The ineffectiveness is caused by the extraordinary developments in the Norwegian power market with significant differences between prices in the different price areas. 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 the recognised ineffectiveness.

Note 6 Finance income and expenses

	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Interest income on loans and receivables	14	5	40	16	34
Other financial income	1	1	1	6	6
Total finance income	14	6	41	21	40
Foreign exchange gains (losses)	65	52	214	168	241
Interest expenses on interest-bearing liabilities measured at amortised cost	(54)	(54)	(146)	(156)	(206)
Interest expenses from other items measured at amortised cost	(13)	(4)	(28)	(19)	(23)
Interest expenses on lease liabilities	(6)	(8)	(22)	(20)	(26)
Capitalised interest expenses	2	1	5	3	5
Unwinding of discounted liabilities	(1)	(2)	(9)	(8)	(8)
Interest on net pension liabilities	(2)	(2)	(6)	(5)	(8)
Other financial expenses	(1)	(0)	(1)	(7)	(10)
Total finance expenses	(74)	(68)	(208)	(212)	(276)
Net Finance income (expenses)	5	(10)	47	(23)	6

Note 7 Interest-bearing assets and liabilities

	30 September 2022	30 September 2021	31 December 2021
Lease liabilities	444	676	685
Loans from external parties, other than bank	3,164	4,418	3,125
Bank financing	6,110	4,684	4,599
Total non-current interest-bearing debt	9,718	9,778	8,409
Lease liabilities	93	112	116
Loans from external parties, other than banks	1,336	1,266	1,264
Bank financing, current	218	558	572
Accrued interest	22	29	20
Total current interest-bearing debt	1,669	1,965	1,972
Bills payable, current	1,697	1,225	2,096
Restricted deposits bills payable, current	454	365	601
Net bills payable	1,242	859	1,494
Cash and cash equivalents	9,750	7,176	7,040
Other restricted deposits, current	34	5	8
Other restricted deposits, non-current	46	42	41
Receivables from related parties, non-current	1	1	1
Loans to external parties, non-current	8	8	8
Accrued interest income, current	0	1	1
Total other interest-bearing assets	9,839	7,233	7,099
Net interest-bearing assets (liabilities)	(2,790)	(5,370)	(4,776)

Elkem ASA has signed a new credit facilities agreement of EUR 1,000,000,000 (the "Facilities Agreement"). The Facilities Agreement is unsecured and consists of a revolving credit facility in the amount of EUR 500,000,000 and a term loan facility in the amount of EUR 500,000,000. The Facilities Agreement matures in 5 years but the revolving credit facility thereunder is featured with two one-year extension options, at the discretion of each lender. The loan facility is unsecured, but the agreement contains financial covenants in line with Elkem's existing loan agreements.

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 2022

	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	3,452	(84)	(59)	(153)	30	45	19
Embedded EUR derivatives	4,461	(82)	(294)	(60)	(55)	(52)	(128)
Power contracts ¹⁾	1,418	2,532	1,894	820	386	211	477
Warrants	3	3	-	-	-	-	-
Platinum contracts	10	(0)	(0)	(0)	-	-	-
Total derivatives		2,370	1,541	608	360	205	368
EUR loan designed as cash flow hedging instrument		85	(12)	(8)	(4)	-	-
Total			1,529	600	356	205	368

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

Realised effects hedge accounting, recycled from OCI	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Realised effects from forward currency contracts, Revenue	(1)	19	5	96	127
Realised effects from embedded derivatives EUR, Revenue	(8)	(10)	(18)	(26)	(31)
Realised effects from EUR loans, Revenue	-	-	(2)	(2)	(4)
Realised effects from power contracts, Raw materials and energy for production	445	81	829	156	315
Total realised hedging effects recycled from OCI	436	91	814	224	407

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 2021.

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 2022	633,037,606	6,403,772	639,441,378
Increase treasury shares	(5,000,000)	5,000,000	-
Sale of treasury shares	5,313,714	(5,313,714)	-
Closing balance 30 September 2022	633,351,320	6,090,058	639,441,378

Numbers are whole numbers	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Weighted average number of shares outstanding	633,248,754	634,107,589	633,404,214	613,249,867	618,160,299
Effects of dilution from share-based payment	2,250,711	4,234,058	1,937,159	4,350,682	3,876,305
Weighted average number of outstanding shares diluted	635,499,465	638,341,647	635,341,373	617,600,549	622,036,604

In the annual general meeting held on 27 April 2022, 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 2023, but not later than 30 June 2023. The authorisation can be used to acquire shares as the board of directors deems appropriate, provided however, that acquisition of shares shall not be by subscription.

In the annual general meeting held on 27 April 2022, 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 2023, but not later than 30 June 2023. The authorisation can be used to cover share capital increases against contribution in kind and in connection with mergers.

In the annual general meeting held on 27 April 2022, 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 2023, but not later than 30 June 2023. 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, impairment loss and amortisation and depreciation.
- EBITDA margin is defined as EBITDA divided by total operating income.
- EBIT, also referred to as operating profit (loss) before other items is defined as Elkem's profit (loss) for the period, less income tax (expenses) benefits, finance expenses, foreign exchange gains (losses), finance income, share of profit from equity accounted financial investments and other items.

Below is a reconciliation of EBIT and EBITDA

Third quarter 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						-
Other items						(1,075)
EBIT	195	2,218	351	(29)	69	2,804
Impairment losses						3
Amortisations and depreciations						494
EBITDA	511	2,362	376	(16)	69	3,302

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

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						(1,386)
EBIT	1,148	8,166	765	(144)	(305)	9,631
Impairment losses						9
Amortisations and depreciations						1,461
EBITDA	2,075	8,600	838	(107)	(305)	11,101

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

Year 2021	Silicones	Silicon Products	Carbon Solutions	Other	Eliminations	Elkem
Profit (loss) for the year						4,664
Income tax (expense) benefit						1,163
Finance expenses						276
Foreign exchange gains (losses)						(241)
Finance income						(40)
Share of profit from equity accounted financial investments						(37)
Other items						114
EBIT	1,473	1,658	254	(65)	(8)	5,899
Impairment losses						76
Amortisations and depreciations						1,816
EBITDA	2,328	2,056	379	(23)	(8)	7,791

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 2022	30 September 2021	31 December 2021
Net interest-bearing assets (liabilities)	(2,790)	(5,370)	(4,776)
Other restricted deposits, non-current	(46)	(42)	(41)
Receivables from related parties, non-current	(1)	(1)	(1)
Loans to external parties, non-current	(8)	(8)	(8)
Accrued interest income, current	(0)	(1)	(1)
Net interest-bearing debt	(2,845)	(5,421)	(4,827)
EBITDA (LTM)	14,159	5,671	7,791
Leverage ratio	0.2	1.0	0.6

Elkem's financial APMs, ROCE

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

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

Working capital bridge from statutory accounts to company definition

	30 September 2022	30 September 2021	31 December 2021
Inventories	10,074	6,020	7,716
Trade receivables	5,206	3,957	4,297
Bills receivable	(1,148)	(1,428)	(990)
Accounts receivable	4,058	2,529	3,307
Other assets, current	2,173	1,624	1,551
Other receivables from related parties interest-free	(5)	(5)	(1)
Grants receivables	(892)	(401)	(493)
Tax receivables	(318)	(257)	(237)
Assets at fair value through profit or loss	(30)	(95)	(14)
Accrued interest	(0)	(1)	(1)
Other current assets included in working capital	928	865	806
Trade payables	4,354	3,631	4,614
Trade payables related to purchase of non-current assets	(190)	(153)	(605)
Accounts payable included in working capital	4,164	3,479	4,008
Employee benefit obligations	957	819	976
Provisions and other liabilities, current	1,420	1,412	1,657
Provisions, contingent considerations and contract obligations	(157)	(239)	(454)
Liabilities to related parties	(32)	(29)	(32)
Other current liabilities included in working capital	1,231	1,144	1,172
Working capital	8,707	3,972	5,673
Property, plant and equipment	18,506	14,588	15,722
Right-of-use assets	753	1,003	1,017
Other intangible assets	1,443	1,529	1,602
Goodwill	1,030	932	941
Investments equity accounted companies	846	212	241
Grants payable	(17)	(15)	(15)
Trade payables- and prepayments related to purchase of non-current assets	(135)	(81)	(581)
Capital employed	31,132	22,141	24,599

Elkem's financial APMs, Cash flow from operations

- Cash flow from operations is defined as cash flow from operating activities, less income taxes paid, interest payments made, interest payments received, changes in provision, pension obligations and other, changes in fair value commodity contracts, other items (from the statement of profit or loss) and including reinvestments.
- Reinvestments generally consist of maintenance capital expenditure to maintain existing activities or that involve investments designed to improve health, safety or the environment.
- Strategic investments generally consist of investments which result in capacity increases at Elkem's existing plants or that involve an investment made to meet demand in a new geographic or product area.

	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Reinvestments	(276)	(385)	(898)	(983)	(1,657)
Strategic investments	(541)	(440)	(1,379)	(836)	(1,717)
Periodisation ¹⁾	(170)	(72)	(455)	(205)	245
Investments in property, plant and equipment and intangible assets	(987)	(897)	(2,731)	(2,024)	(3,128)

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

	Third quarter		Year to date		Year
	2022	2021	2022	2021	2021
Cash flow from operating activities	2,382	1,584	7,460	3,384	4,913
Income taxes paid	137	7	635	299	423
Interest payments made	56	55	219	182	242
Interest payments received	(14)	(5)	(40)	(16)	(34)
Changes in provisions, bills receivables and other	415	653	1,123	535	88
Changes in fair value commodity contracts	707	(7)	827	(44)	9
Other items	(1,075)	(16)	(1,386)	29	114
Reinvestments	(276)	(385)	(898)	(983)	(1,657)
Cash flow from operations	2,333	1,886	7,939	3,386	4,100