



RECSiLICON

SECOND QUARTER
2023

PRESENTATION

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AGENDA

- › Second Quarter Highlights
- › Financial Review
- › Semiconductor Materials
- › Solar Materials
- › Foundational Activity Update





SECOND QUARTER HIGHLIGHTS

- › Revenues up 26% QOQ, driven by increased silicon gas sales and higher semi grade poly prices
- › Positive EBITDA contribution from Semiconductor segment, driven by higher volumes and seasonal lower energy cost.
- › Semi Silicon Gas markets stabilizing, PV Poly remains weak
- › Signed loan agreements totaling \$140M, repayment of the bond, Moses Lake restart and Butte investments
- › FBR offtake agreement expected to be completed within the next month
- › Ongoing discussions with Silicon Anode material producers and potential channel partners
- › Moses Lake restart on track ready for November 1st startup

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

Revenues \$36.7M

- Polysilicon Sales volume increase by 0.4% vs. Q1-23
- Silicon Gas Sales volume increase by 32.7% vs. Q1-23

EBITDA (\$8.5M)

- Impacts:
 - Restart activities

Semiconductor Materials Segment

- EBITDA of \$10.1M

Solar Materials Segment

- Net Expense of \$11.4M

Other

- Net Expense of \$7.2M

<i>(Millions USD)</i>	Q2-23	Q2-22	2022	Q1-23
Semiconductor Materials	\$ 36.6	\$ 44.9	\$ 147.4	\$ 29.0
Solar Materials	0.1	0.0	0.2	0.1
Other	0.1	0.1	0.2	0.1
Revenues	<u>\$ 36.7</u>	<u>\$ 45.0</u>	<u>\$ 147.8</u>	<u>\$ 29.1</u>
Semiconductor Materials	\$ 10.1	\$ 7.5	\$ 6.3	\$ (3.4)
Solar Materials	(11.4)	(3.3)	(19.9)	(11.7)
Other	(7.2)	(5.2)	(21.3)	(8.0)
EBITDA	<u>\$ (8.5)</u>	<u>\$ (1.1)</u>	<u>\$ (34.9)</u>	<u>\$ (23.0)</u>
<i>EBITDA Margin</i>	<i>(23.0%)</i>	<i>(2.4%)</i>	<i>(23.6%)</i>	<i>(79.2%)</i>
Polysilicon Production	302 MT	411 MT	1,456 MT	244 MT
Polysilicon Sales	184 MT	489 MT	1,502 MT	183 MT
Silicon Gas Sales	849 MT	852 MT	2,718 MT	640 MT

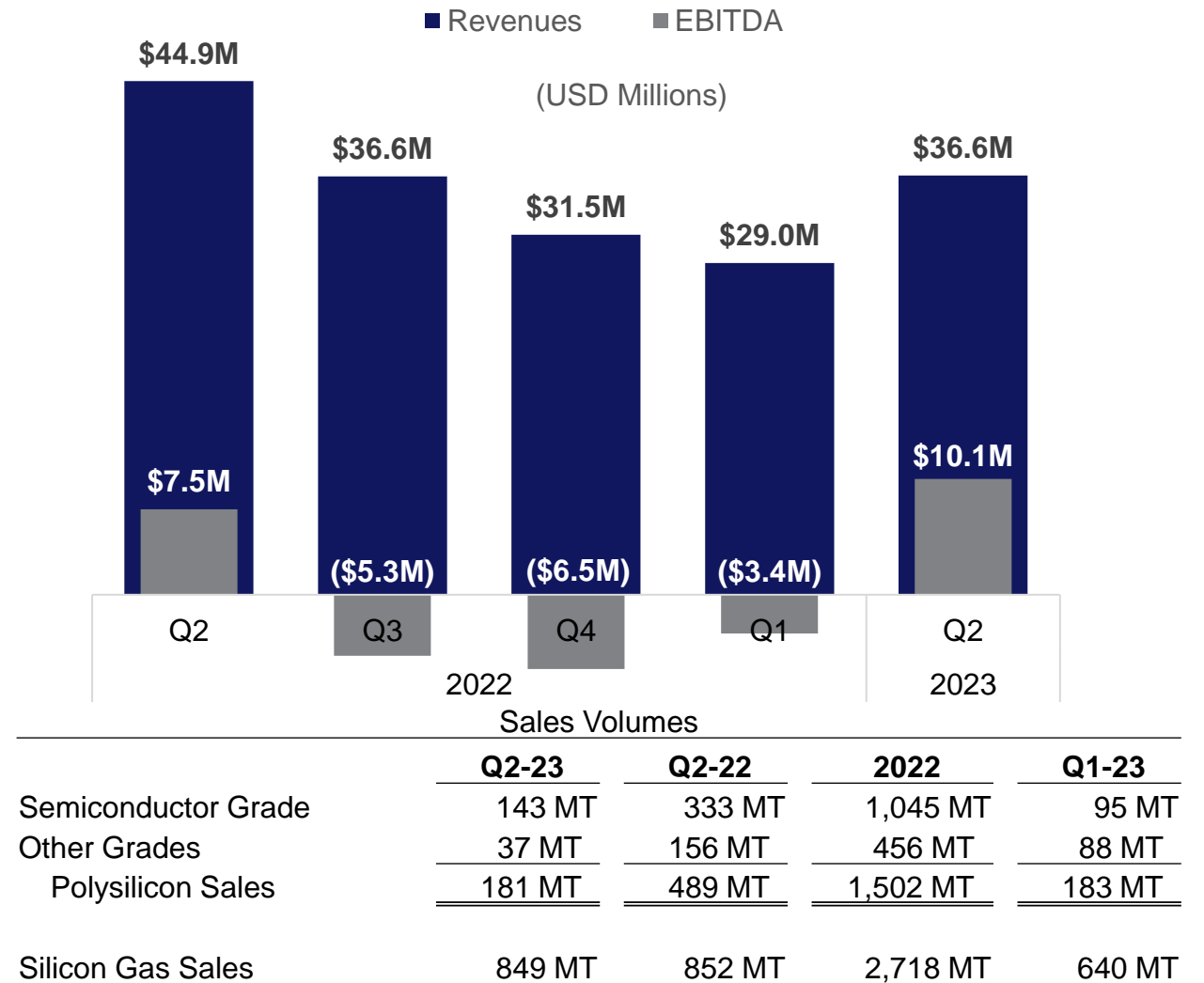
SEMICONDUCTOR MATERIALS SEGMENT FINANCIAL PERFORMANCE

Revenues \$36.6M

- 26.4% increase in revenues vs. Q1-23
- Polysilicon Sales Volume – 1.6% decrease vs. Q1-23
 - Semiconductor Grade Polysilicon - decrease by 10.2%
- Polysilicon Sales Price – 60.1% increase vs. Q1-23
 - Semiconductor Grade Polysilicon – 10.2% increase vs Q1-23
- Silicon Gas Sales Volume – 32.7% increase vs. Q1-23
- Silicon Gas Sales Price – 13.3% decrease vs. Q1-23

EBITDA Contribution \$10.1M

- \$13.5M increase in EBITDA contributed vs. Q1-23
- Increased production volumes
 - 24.2% increase in polysilicon production vs. Q1-23 (59MT)
- Decreased energy costs



CASH FLOWS

June 30, 2023 Cash Balance \$15.0M

(\$34.1M) Decrease in Cash During Q2'23

Cash Flows From Operating Activities (\$22.4M)

- (\$8.5M) EBITDA
- (\$3.7M) Working Capital
 - (\$3.2M) Increase in inventories
 - \$1.4M Increase in receivables
 - (\$1.9M) Decrease in payables
- (\$10.3M) Interest paid
- \$0.1M Other items

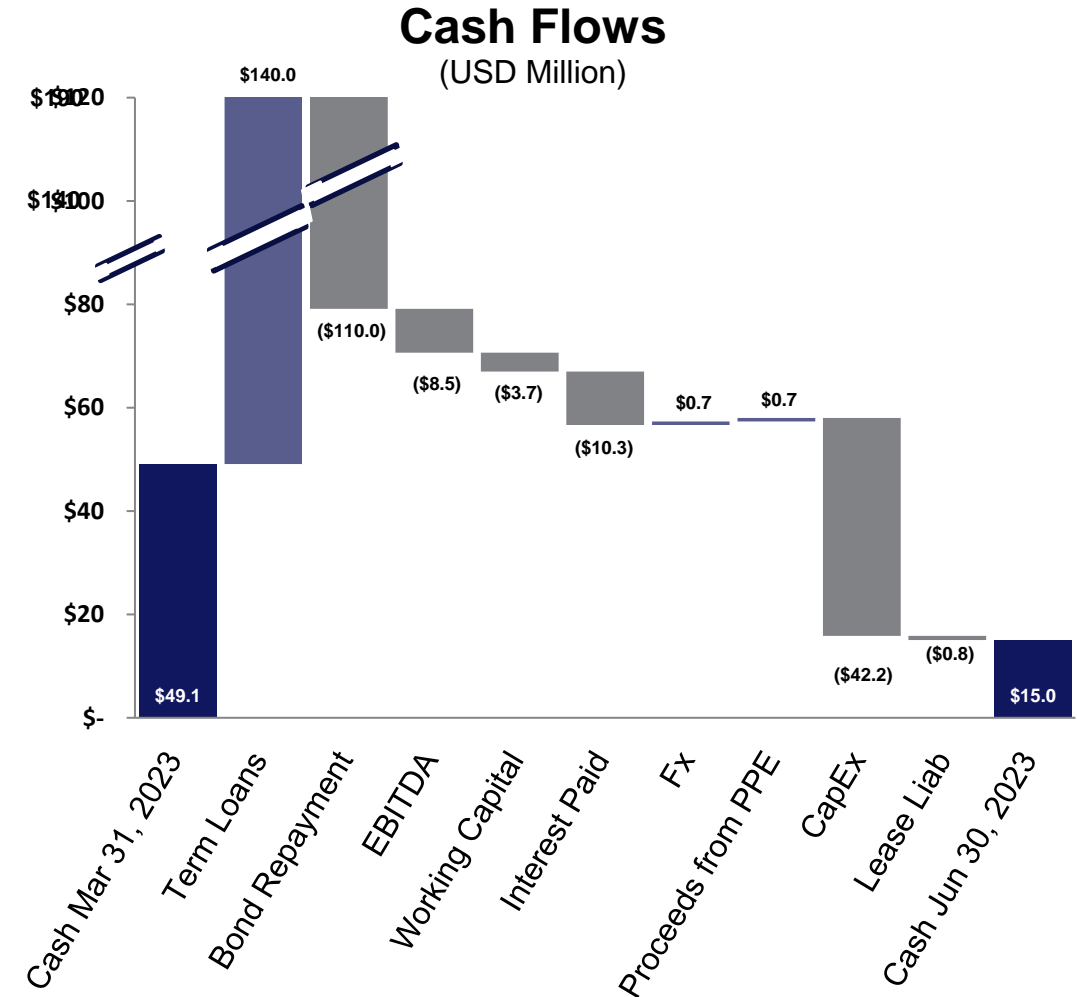
Cash Outflows From Investing Activities (\$41.5M)

- (\$42.2M) Capital Expenditures
- \$0.7M Proceeds from sale of asset

Cash Flows From Financing Activities \$29.2M

- (\$110.0M) Repayment of USD Bond
- \$140.0M Term loans
- (\$0.8M) Payment of Lease Liabilities

Foreign Exchange Effect \$0.7M



DEBT

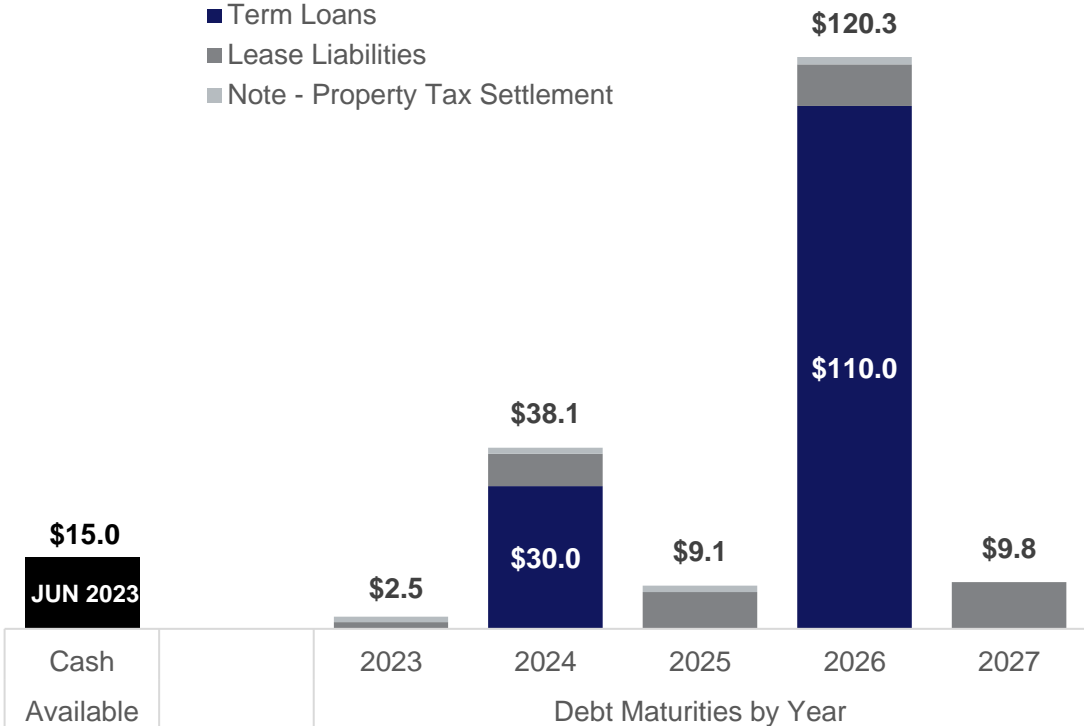
Nominal Debt \$213.0M

- \$29.2M Increase during Q2-23
 - \$30.0 Change in Debt
 - (\$0.8M) Changes in Lease Liabilities

Nominal Net Debt \$198.0M

- \$63.3M Increase During Q2-23
 - \$34.1M Decrease in Cash
 - \$29.2M Increase in Nominal Debt

Debt Maturity Profile (USD Million)



SEMICONDUCTOR MATERIALS

SILICON GASES

Silicon Gas Sales

- 849MT Shipped in Q2-23
 - 32.7% Volume increase vs. Q1-23
- Silicon gas sales price – 13.3% decrease vs. Q1-23

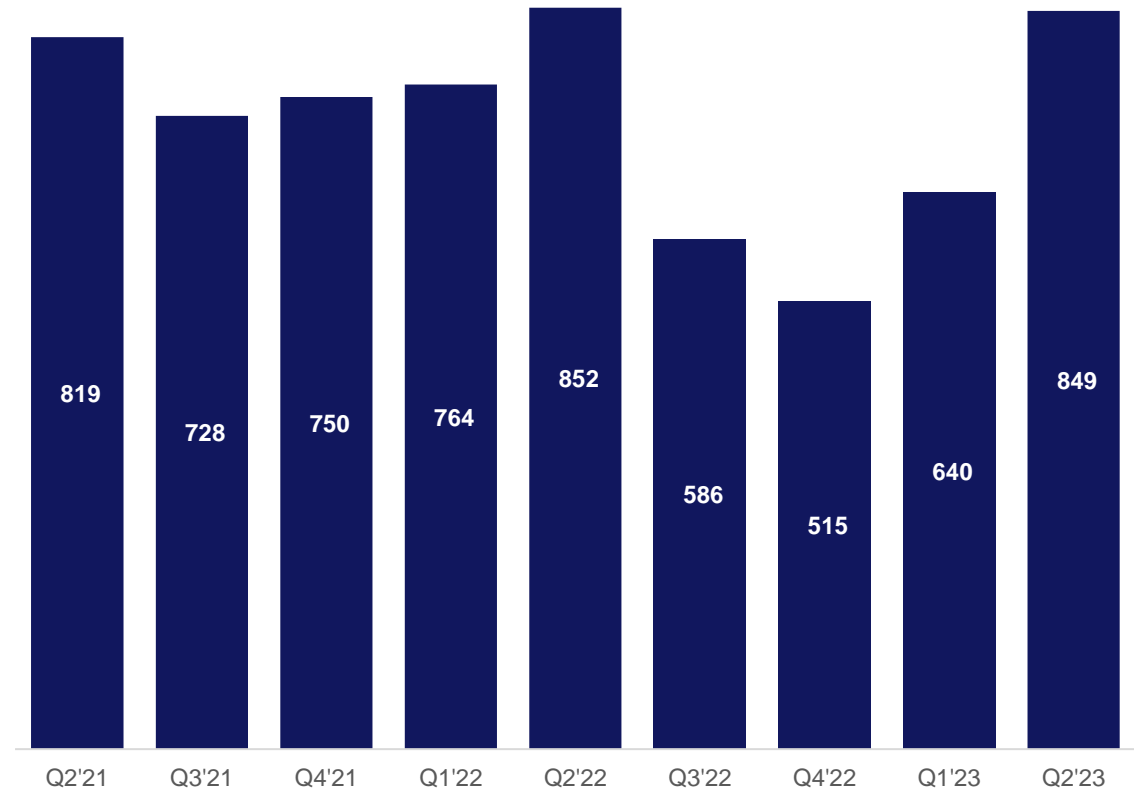
Semiconductor remains challenged

- Industry participants project we are at or near a stabilized bottom for now
- Inventory drawdown and decreased orders on gases for advanced devices through the remainder of 2023
- Selling into alternative markets (PV and FPD) for volume capture

No change to fundamental opportunity

- Additional new fabrication facility investments announced and started
- New technology nodes require more of our gas products
- Our new DCS capacity is coming online in Q3

Silicon Gas Sales Volumes (MT)



SEMICONDUCTOR GRADE POLYSILICON

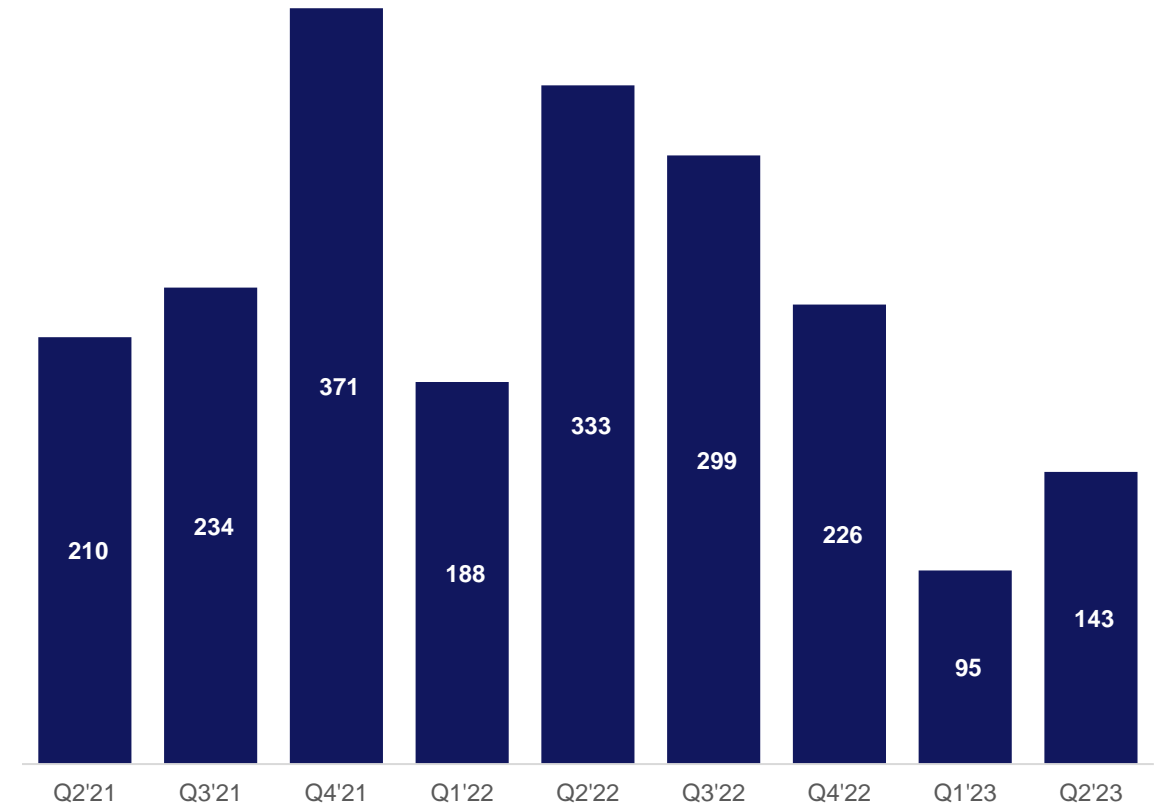
Semiconductor Grade Polysilicon Sales Volumes (MT)

Semiconductor Grade Polysilicon Sales

- 143MT Shipped in Q2-23
 - Increase of 50% compared to Q1-23
 - Semiconductor grade polysilicon price – 10.2% increase vs Q1-23

Seasonality, production reduction, and deferrals

- CZ Polysilicon soft demand reflected by muted silicon wafer demand
- FZ Polysilicon demand stable with high visibility
- Continuing activity to mitigate affects of regional electricity imbalance
 - Production balanced with periodic electricity costs
 - Further price increases on product
 - Hedge on a portion of electricity demand



Note: Excludes 165MT of Non-Recurring Teardrop Sales in Q2'21

SOLAR MATERIALS UPDATE

PV POLYSILICON MARKET

Solar installations in Q2 2023 remain strong

- Total year forecast now predicted above 340GW

Prices declined in Q2

- China prices experienced sharp decline
 - Down ~500% YOY
 - Down ~300% in Q2 compared to Q1

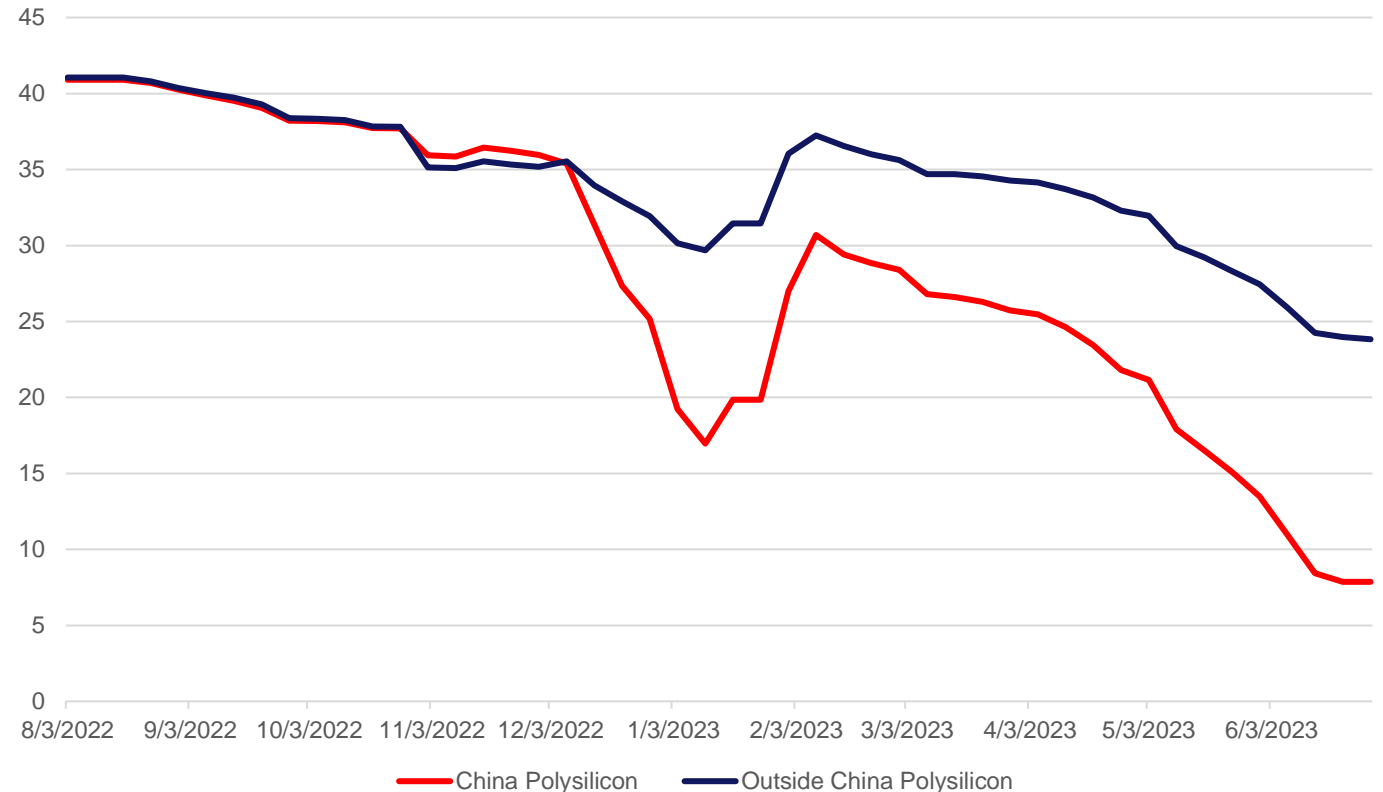
Outside China polysilicon prices slower decline

- Down ~22.5% in Q2 compared to Q1

New plant expansions

- China polysilicon at record production levels
- Companies continue to make announcements on new Module/Cell expansions in the United States

Polysilicon Pricing USD/KG



Source: PV Insights

MOSES LAKE RESTART UPDATE

Moving towards startup

- Modified FBR Reactors ready for startup
- FBR Reactor successful inert trial run
- Silane Unit (3.0) modifications to be completed in September
- Silane Unit (3.0) mechanical integrity inspections completed
- Product Handling system installation ongoing – mechanically complete in October
- Testing and recommissioning of equipment underway
- Lab construction is ongoing

Ramp-up target of November 1st

- Hiring activity continues in line with plan
- 86% of project budget spent or under contract



FOUNDATIONAL ACTIVITY UPDATE

FOUNDATIONAL ACTIVITY UPDATE

Contracts

- FBR Polysilicon offtake agreement with Hanwha expected to be completed within the next month
- Supply discussions are ongoing with multiple Silane based Silicon Anode material producers and potential channel partners such as Hanwha Corp

Financing plan

- \$110M loan for repayment of bond in April
- \$ 30M one-year corporate bank loan finalized in June
- \$100M three-year term loan finalized in July
- Final tranche of financing (\$40 million) expected by the end of Q3

Operational

- Moses Lake startup to begin November 1st
- Extensive evaluations of Butte electricity and product portfolio ongoing
- DCS expansion mechanically complete and starting up this month
- Qualifications begin this year for new DCS product
- Yulin JV share sale process continues to be extended

Framework

- CHIPS Act now evaluating funding available for “material” suppliers to Semiconductor industry in United States



SUMMARY

- › Underlying operational performance in line with muted Semiconductor market and challenging regional electricity short market
- › Necessary financing of Moses Lake restart and Butte upgrades secured
- › Polysilicon long term offtake contract final completion expected within the next month
- › Moses Lake on track for November 1, 2023 restart

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Thank You

Q3 2023 Reporting
November 15, 2023

www.recsilicon.com

