

RECSiLICON

# Second quarter & first half 2024

Report

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# Advancing Materials, Advancing Technology

REC Silicon is a global leader in silane-based, high-purity silicon materials.

With two U.S.-based manufacturing facilities and sales support offices in both Asia and the United States, REC Silicon is leading energy and technology providers worldwide in shaping the future with advanced silicon materials.

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## Second quarter highlights

- Revenues of \$37.7M
- PV industry oversupply and trade actions challenging Silane volumes
- EBITDA loss of \$38.2M due to startup costs at Moses Lake
- June 30, 2024, cash balance of \$37.6M
  - Cash decrease of \$63.5M due to Moses Lake restart
- Butte polysilicon production stopped at end of quarter
- Moses Lake product handling system improvements are advancing

Revenues

37.7

USDm

EBITDA

-38.2

USDm

| USD in million                              | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 | Q1 2024 |
|---|---------|---------|---------|---------|-----------|---------|
| Revenues                                    | 37.7    | 36.7    | 79.8    | 65.8    | 141.1     | 42.1    |
| EBITDA                                      | -38.2   | -8.5    | -69.7   | -31.5   | -80.5     | -31.5   |
| EBITDA margin                               | -101.3% | -23.0%  | -87.3%  | -47.8%  | -57.0%    | -74.7%  |
| EBIT excluding impairment charges           | -47.6   | -11.9   | -84.4   | -38.5   | -94.9     | -36.8   |
| Impairment charges                          | -0.2    | -0.3    | -0.2    | -0.3    | -8.1      | 0.0     |
| EBIT  | -47.9   | -12.2   | -84.6   | -38.9   | -102.9    | -36.8   |
| EBIT margin                                 | -127.0% | -33.3%  | -106.0% | -59.1%  | -72.9%    | -87.3%  |
| Profit/loss before tax                      | -50.7   | -14.7   | -91.2   | -49.1   | 30.5      | -40.5   |
| Profit/loss                                 | -50.7   | -14.7   | -91.2   | -49.1   | 30.5      | -40.5   |
| Earnings per share, basic and diluted (USD) | -0.12   | -0.03   | -0.22   | -0.12   | 0.07      | -0.10   |
| Polysilicon production in MT                | 1,647   | 302     | 2,363   | 546     | 1,101     | 716     |
| Polysilicon sales in MT                     | 293     | 181     | 474     | 364     | 745       | 181     |
| Silicon gas sales in MT                     | 654     | 849     | 1,504   | 1,488   | 3,075     | 850     |

# REC Silicon Group

REC Silicon is a leading producer of silane-based high purity silicon materials that is shaping the future with advanced materials. REC Silicon operates US based manufacturing facilities in Moses Lake Washington and Butte Montana.



REC Silicon second quarter & first half 2024

The core product for REC Silicon's activities is silane gas. Silane gas is used as a stand-alone product for use in semiconductors, flat panel displays, solar panels and as material for silicon anode batteries. It is also processed into solar and electronic grade polysilicon and refined into specialty gases for advanced uses in the semiconductor and solar industries.

Secular growth trends within digitalization, renewable energy, and the energy storage transition have placed REC Silicon in a position to seize upon market opportunities for the company's signature silane gas-based operations.

Supported by key US legislative initiatives, the company has positioned itself with low carbon products, in value chains targeting energy transition megatrends.

During the fourth quarter of 2023, the Moses Lake facility was restarted for production of granular polysilicon for the solar industry. Through a gradual ramp up, the company aims for 100 percent production by the end of 2024.

In February 2024, REC Silicon announced the decision to discontinue production of electronic grade polysilicon in Butte. The decision is due to the regional structural imbalance in supply and demand for electricity and is part of REC Silicon's strategy to ensure long-term profitable operations. As part of this decision, the company recognized USD 2 million of restructuring cost in Q1 2024.

REC Silicon will continue to focus on high grading its product portfolio, focusing on silane and specialty gases. The shutdown of electronic grade polysilicon will allow REC Silicon to capitalize on future silicon gas growth opportunities, including anode material for energy storage.

## Profit & Loss

Revenues for the second quarter of 2024 were USD 37.7 million compared to USD 42.1 million for the first quarter of 2024. The decrease in revenue is due to a decrease of 196MT of silicon gas volume as well as a decrease of 26MT of semiconductor polysilicon volume when compared to Q1 2024. Revenues for the first half of 2024 were USD 79.8 million compared to USD 65.8 million for the first half of 2023. Polysilicon production volume for the second quarter was 1647MT compared to 716MT during the first quarter of 2024. EBITDA for the second quarter of 2024 was a loss of USD 38.2 million compared to a loss of USD 31.5 million during the first quarter of 2024. EBITDA for the first half of 2024 was a loss of 69.7 million compared to a loss of 31.5 million for the first half of 2023. The EBITDA loss in the first half of 2024 was driven by Moses Lake startup costs.

## Financial Position

Shareholders' equity decreased to USD negative 14.9 million (negative 3.3 percent equity ratio) on June 30, 2024, compared to USD 76.4 million (13.8 percent equity ratio) on December 31, 2023. This decrease was the result of the loss from total operations of USD 91.2 million during the first half of 2024.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. On June 30, 2024, net debt was USD 313.5 million, which consisted of USD 283.8 million total carrying value of the Company's debt (from [note 6](#)) plus USD 67.3 million current and non-current lease liabilities (from the balance sheet) less USD 37.6 million in cash and cash equivalents.

Nominal net debt is the contractual repayment values of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. On June 30, 2024, nominal net debt was USD 313.9 million.

See note 17 to the consolidated financial statements for 2023 and [note 6](#) to this report for further information on interest bearing liabilities.

## Cash Flow

During the second quarter of 2024 cash balances decreased by USD 63.5 million to USD 37.6 million on June 30, 2024. During the first half of 2024 cash balances decreased by USD 133.3.

In the first half of 2024 net cash outflows from operating activities were USD 64.7 million during the first half. Depreciation amortization and impairment were USD 15.0 million. Trade receivables and customer prepayments decreased by USD 9.2 million. Inventories increased by USD 3.3 million. Changes in payables, accrued expenses increased by USD 1.9 million. Accrued property taxes increased by 3.5 million. In the first half cash outflows included interest payments on leases of USD 4.2 million and interest on debt of USD 10.1 million.

In the first half cash outflows from investing activities were USD 65.1 million and were a result of capital expenditures of USD 65.3 million offset by the sale of surplus equipment of USD 0.2 million.

In the first half net cash outflows from financing activities were USD 3.7 million and were the result of a decrease in lease liabilities of USD 3.7 million. (see [note 4](#)). Additionally, REC Silicon Inc repaid and subsequently received USD 30 million from Standard Chartered Bank as part of a loan extension. (See [note 6](#))

## Capital Expenditures

Capital expenditures in the second quarter were USD 30.4 million compared to USD 34.7 million during the first quarter of 2024. Capital expenditures were USD 65.1 million during the first half of 2024. Capital spending was primarily associated with FBR modifications which enabled the restart of Moses Lake and will allow the ramp to full production.

Capital expenditures also include cost savings and improvement initiatives, routine replacement of production equipment, and capital necessary to maintain safe and reliable operations.

## Financial Items

| USD in million                       | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 | Q1 2024 |
|--------------------------------------|---------|---------|---------|---------|-----------|---------|
| Financial income                     | 0.8     | 0.3     | 2.6     | 0.8     | 3.6       | 1.8     |
| Interest expenses on borrowings      | -5.2    | -2.5    | -10.3   | -5.9    | -14.9     | -5.2    |
| Interest expense on leases           | -2.1    | -2.1    | -4.2    | -4.2    | -8.5      | -2.1    |
| Capitalized borrowing cost           | 4.7     | 1.8     | 7.6     | 3.5     | 8.4       | 3.0     |
| Expensing of up-front fees and costs | -0.7    | -0.3    | -1.5    | -0.4    | -1.8      | -0.8    |
| Other financial expenses             | -0.4    | -0.3    | -0.8    | -0.7    | -1.5      | -0.4    |
| Net financial expenses               | -3.7    | -3.4    | -9.2    | -7.6    | -18.3     | -5.5    |
| Net currency gains/losses            | 0.1     | 0.7     | 0.0     | -3.3    | 12.7      | -0.0    |
| Gain from sale of Yulin JV           | 0.0     | 0.0     | 0.0     | 0.0     | 135.5     | 0.0     |
| Net financial items                  | -2.8    | -2.5    | -6.6    | -10.2   | 133.5     | -3.7    |

During the first half of 2024, the Company recognized interest expense on borrowings of USD 10.3 million, including USD 10.1 million associated with term loans, and USD 0.2 million associated with a note with Grant County, Washington, and expense of up-front fees and costs of USD 1.5 million. Up-front fees and costs are related to the guarantee fees charged by Hanwha associated with term loans.

The Company recognized an interest expense of USD 4.2 million on imputed liabilities for leased assets during the first half. See [note 4](#) for additional information on leases.

## Income Tax

The loss from total operations of USD 91.2 million during the first half of 2024 resulted in no effective tax impact due to REC Silicon's unrecognized deferred tax asset. The losses will continue to be available to offset taxable income during future periods subject to certain limitations.

See note 18 to the consolidated financial statements for 2023 for additional information on income taxes.

# Segment information

## Summary of results by segment

| USD in million          | Q2 2024     |              | Q2 2023     |             | H1 2024     |              | H1 2023     |              | Year 2023    |              |
|-------------------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|--------------|
|                         | Revenues    | EBITDA       | Revenues    | EBITDA      | Revenues    | EBITDA       | Revenues    | EBITDA       | Revenues     | EBITDA       |
| Semiconductor Materials | 36.4        | 7.0          | 36.6        | 10.1        | 78.3        | 9.8          | 65.6        | 6.7          | 140.6        | 14.0         |
| Solar Materials         | 1.3         | -36.6        | 0.1         | -11.4       | 1.5         | -63.4        | 0.1         | -23.0        | 0.4          | -64.8        |
| Other                   | 0.0         | -8.6         | 0.1         | -7.2        | 0.0         | -16.1        | 0.1         | -15.2        | 0.2          | -29.7        |
| Eliminations            | 0.0         | 0.0          | 0.0         | 0.0         | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Total</b>            | <b>37.7</b> | <b>-38.2</b> | <b>36.7</b> | <b>-8.5</b> | <b>79.8</b> | <b>-69.7</b> | <b>65.8</b> | <b>-31.5</b> | <b>141.1</b> | <b>-80.5</b> |

## Semiconductor Materials

| USD in million               | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 | Q1 2024 |
|------------------------------|---------|---------|---------|---------|-----------|---------|
| Revenues                     | 36.4    | 36.6    | 78.3    | 65.6    | 140.6     | 42.0    |
| EBITDA contribution          | 7.0     | 10.1    | 9.8     | 6.7     | 14.0      | 2.8     |
| Contribution margin          | 19.3%   | 27.6%   | 12.6%   | 10.2%   | 9.9%      | 6.7%    |
| Polysilicon production in MT | 256     | 302     | 512     | 546     | 1,101     | 256     |
| Polysilicon sales in MT      | 187     | 181     | 367     | 364     | 745       | 181     |
| Silicon gas sales in MT      | 654     | 849     | 1,504   | 1,488   | 3,075     | 850     |

The Butte Montana facility has an annual silane gas production capacity of 7,400MT. Parts of this volume is sold as pure silane gas, while some is used in production of high-purity specialty gases and ultra-pure electronic grade polysilicon. In recent years the company has invested in additional capacity for specialty gases, including dichlorosilane (DCS), monochlorosilane (MCS) and disilane.

Reducing exposure to an unbalanced energy market in the Montana-region, REC Silicon announced in February 2024 that the company will be shutting down its polysilicon production capacity at its Butte facility. After the supply obligations are satisfied, the company expects that the workforce in Butte will be reduced accordingly. As part of this decision, the company recognized USD 2 million of restructuring cost in H1 2024.

Semiconductor segment revenues were USD 36.4 million in the second quarter of 2024 compared to 42.0 million in the first quarter of 2024. Segment revenues were USD 78.3 million during the first half of 2024 compared to USD 65.6 million during the first half of 2023.

Total polysilicon sales volumes, including by-products, were 187MT in the second quarter of 2024 compared to 181MT during the first quarter of 2024. Semiconductor grade polysilicon sales volumes decreased by 26MT to 108MT. Other grade polysilicon sales volumes increased by 32MT to 79MT during the second quarter when compared to the first quarter of 2024.



Average polysilicon prices for the second quarter decreased by 20.2 percent compared to the prior quarter. Average prices realized for semiconductor grade polysilicon decreased by 0.3 percent compared to the prior quarter.

Total silicon gas sales volumes decreased by 196MT to 654MT during the second quarter of 2024. Sales prices realized by REC Silicon for silicon gas increased by 16.5 percent from the previous quarter.

Total polysilicon production volume, including by-products, was 256MT for both the second quarter and first quarter of 2024. Total first half production was 512MT.

The Semiconductor Materials segment contributed USD 7.0 million to the Company's EBITDA during the second quarter of 2024 compared to USD 2.8 million during the first quarter of 2024. Total first half EBITDA was USD 9.8 million.

## Solar Materials

| USD in million                          | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 | Q1 2024 |
|---|---------|---------|---------|---------|-----------|---------|
| Revenues                                | 1.3     | 0.1     | 1.5     | 0.1     | 0.4       | 0.2     |
| EBITDA contribution                     | -36.6   | -11.4   | -63.4   | -23.0   | -64.8     | -26.8   |
| Polysilicon production in MT (Granular) | 1,391   | 0       | 1,851   | 0       | 0         | 460     |
| Polysilicon sales in MT (Granular)      | 106     | 0       | 106     | 0       | 0         | 0       |

REC Silicon restarted the manufacturing of granular polysilicon for the solar energy markets from its facility in Moses Lake, Washington during the fourth quarter of 2023. This facility uses best-in-class proprietary Fluidized Bed Reactor (FBR) technology to produce low-cost high purity polysilicon for the solar industry. The Moses Lake facility has an annual capacity of 24,000MT of silane gas. The majority of the capacity will be used for production of some 16,000MT of monograde PV polysilicon. The company is targeting a ramp to 100 percent operation during Q4 2024.

The Solar Materials segment contributed an EBITDA loss of USD 63.4 million during the first half compared to an EBITDA loss of USD 23.0 million during the first half of 2023.

Expenditures in the Solar Materials segment included expenditures related to startup and initial operating losses as the plant increases capacity.

## Other and Eliminations

| USD in million      | Q1 2024 | Q1 2023 | H1 2024 | H1 2023 | Year 2023 | Q1 2024 |
|---------------------|---------|---------|---------|---------|-----------|---------|
| Revenues            | 0.0     | 0.1     | 0.0     | 0.1     | 0.2       | 0.0     |
| EBITDA contribution | -8.6    | -7.2    | -16.1   | -15.2   | -29.7     | -7.5    |

The segment Other includes general administrative and sales activities in support of the manufacturing facilities in the United States and the Company's headquarters in Norway. It also includes costs associated with the Company's representative offices Asia.

Net operating costs in Other and Eliminations were USD 16.1 million during the first half of 2024 compared to net operating costs of USD 15.2 million during the first half of 2023.

## Risks and uncertainties

Please refer to the annual report for 2023, specifically note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

### Ramp of Moses Lake production facility

The company is targeting a ramp to 100 percent operation during Q4 2024.

Successful execution of the Company's plan to fully ramp up production at the Moses Lake facility could require reversal of previous impairment.

Additional impairments and provisions would likely be required if the Moses Lake facility is not successfully ramped to full capacity.

## Market development

For the second quarter of 2024, the demand for Czochralski-grade (CZ) semiconductor polysilicon continued to remain soft with wafer inventories declining but at a slower rate than anticipated by analysts. Whereas wafer starts grew in the first quarter, they stagnated in the second quarter as inventory was still being worked through. Demand recovery for memory devices and AI technology continued while inflationary concerns and higher interest rates held consumer purchases of power devices using standard semiconductor wafers down.

March was ending of the fiscal year for many companies and resulted in some early second quarter sales softening in silane gases. With the new fiscal year, sales increased in May as factory spending increased along with spring demand of consumer goods. Demand for silane gas in the semiconductor and flat panel display markets continued growth quarter-on-quarter as the market recovery progressed. June witnessed a decline in silane gas sales to the PV market as global demand quickly softened due to countries' adjusting stances on PV imports, inventory control, timing of system connections, and government subsidy changes. The second quarter continued to see increasing activity in the United States in response to CHIPS Act funding. Samsung, TSMC, and Micron all announced awards supporting over \$6 Billion USD each for investments expanding existing or building new fabs.

Specialty silicon gases sales increased in the second quarter as production of memory chips and higher-end devices continued to increase. Inventories of both the gases and devices appeared to have declined enough that fabs were both producing new devices and starting to restock some inventories. Geopolitical issues continued to cause the markets to adjust purchasing strategies and investments around plans for localized production.

Global PV demand in the second quarter was disrupted due to the United States, Brazil, and India adjusting their stance on imports while European countries adjusted government subsidies and grid connections for projects. In May, the United States ended the 2-year exemption on Bifacial modules along with the announcement of a new AD/CVD case review against four Southeast Asia countries (Vietnam, Malaysia, Cambodia, and Thailand). In June, the United States announced the completion of the countervailing duties review against Chinese cells and modules leading to increased tariffs on these components. In April, India reimplemented the Approved List of Models and Manufacturers (ALMM) program that defines qualified models and manufacturers for government supported projects and funding. These combined changes led to significant declines in PV modules and cells imports into both countries. India still experienced an increase in installations primarily with modules made in India using Chinese cells and wafers. Europe experienced an increase in PV imports during the first quarter and increasing inventory, although by the second quarter a decline of traditional energy prices increased solar pricing pressure and slowed deployment and demand.

In China, new polysilicon production capacity continued to come online in the second quarter, but the pace had slowed. The supply chain overcapacity in China, along with inventory builds and declining demand caused manufacturers in all areas (polysilicon, wafers, cells, and modules) to decrease

factory utilization rates. Most factories were running at utilization rates of 45-55 percent, a significant drop from the first quarter when trying to maintain market share.

Solar grade polysilicon prices outside of China remained relatively stable during the second quarter while prices inside China dropped significantly compared to the first quarter decline. Prices inside China finished the quarter at USD 4.26/kg, down from USD 7.16/kg, or a 40 percent price drop. Prices inside China have now dropped 45 percent since the beginning of the year. The price of N-type polysilicon outside of China finished at USD \$22.76/kg in the second quarter compared to USD 22.8/kg at the beginning of the quarter.

At the beginning of the second quarter, Wafer factories focused on maintaining utilization rates at the cost of building inventory. When demand declined throughout the quarter, inventories across the supply chain continued to increase. At the end of the second quarter wafer factory utilization rates were forced to drop from approximately 70 percent to approximately 50 percent. Subsequently, Chinese polysilicon manufacturers holding factory utilization rates at approximately 80 percent decreased production as total inventory of polysilicon in China reached a reported 300.000 MT in the second quarter.

# Outlook

In the first half of the year Asian exports showed positive signs, particularly in the technology sectors. The United States economy also performed stronger than expected in the second quarter. With these and other signals, market sentiment is that the semiconductor industry will continue to grow in the second half of the year. The labor market in the United States remains strong, despite some temporary struggles early spring, leading to continued spending on consumer goods. Discussion around the potential for declining interest rates is gaining support. If interest rates are adjusted later in the year, we may see stronger growth than expected as the outlook for a soft-landing to the global economy becomes more of a reality. There is still the potential for a trajectory change with elections later this year, but early indications point to governments not wanting to disrupt the momentum.

Silicon gas demand continues to show signs of strength in the semiconductor and flat panel display markets. Although there was a slight decrease in wafer starts during the second quarter, 2024 is anticipated to be a year of growth, though modest. Wafer inventories are declining but not projected to fully clear until later this year. Silicon gas consumption is expected to benefit from the slight growth but polysilicon for semiconductor wafers will continue to experience soft market conditions. We still anticipate year-on-year growth in our markets served. On a global scale, cutting-edge semiconductor production is gaining more recognition and prioritization, leading to increased incentives and driving expansion in manufacturing. This growth is projected to slow in 2025 before picking up again in 2026. Trade conflicts are expected to persist and still pose a risk to the global economy. Some analysts are beginning to view the timing of interest rate adjustments negatively, while the resilience of the labor market continues to surprise analysts with stronger than expected growth.

PC and smartphone sales are now showing signs of growth and a return to pre-pandemic purchasing cycles. Wafer inventory is expected to be clear by the end of the year and we anticipate

a return in demand for semiconductor grade polysilicon. Semiconductor chip output is back on track with output expected to increase and supporting a stronger market for silicon gases.

In the automotive sector, while EV demand has slipped this year, it is still projected to grow substantially by 2030 with United States EV market share alone projected to be approximate 29 percent of all vehicles by 2030. In the near-term, focus is back on hybrid and plugin-hybrid vehicles to help displace internal combustion vehicles and this trend is expected to increase demand in the semiconductor market.

The forecasts for PV installations in 2024 indicate continued growth compared to 2023. However, some analysts are less optimistic about the extent of this growth compared to earlier predictions made at the beginning of the year. Changes in trade policies and the longer higher interest rates endure has generated some market sentiment that growth will weaken. The conversation among manufacturers will likely shift focus to material demand rather than installation metrics as the global inventory imbalance continues to distort equilibrium. While pricing for polysilicon, wafer, cells and modules have significantly declined over the past year, it appears to be at the bottom of the price curve. A majority of module and cell manufacturers are expected to remain unprofitable at current levels and as a result, the primary cost for installations now rests with developers and installers as interest rates, labor, and permitting costs have now become a more significant contributor to overall project costs.

China is projected to keep expanding its polysilicon capacity through the remainder of this year. However, factory utilization rates are expected to decrease in the short term and then stabilize at a lower overall level to align production with demand. China polysilicon manufacturers hope these changes will help increase prices enough to allow recovery of manufacturing costs. PV manufacturers in Southeast Asia are expected to remain in flux until the new AD/CVD case in the United States is finalized then affected companies can make final output adjustments for impacts in the supply chain.

# Forward looking statements

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies, and objectives. In particular, the section "Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in the section "Risks and Uncertainties" above and in REC Silicon's Annual Report for 2023, including the section Risk Factors in the Board of Directors' Report.

# Statement by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2024 and the financial information in this report that is relevant for the first half year 2024 (together “the first half year 2024 report”).

The first half year 2024 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Securities Trading Act (Verdipapirhandelloven).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2024 gives a true and fair view of the Group’s consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the first half year 2024 report includes a fair review of important events during the period and their effects on the condensed set of financial statements for the first half year 2024, together with a description of the principal risks and uncertainties for the remaining months of the financial year as well as transactions with related parties that have a material effect on financial position or the results for the period.

Lysaker, August 7, 2024  
Board of Directors

*Document is signed electronically*

Tae Won Jun  
Chairman of the Board

Jooyong Chung  
Deputy Chair

Dr. Renate Oberhoffer-Fritz  
Member of the Board

Vivian Bertseka  
Member of the Board

Robert Neuhauser  
Member of the Board

William K. Levens  
President and CEO

# Consolidated financial statements

## Consolidated statement of financial position

| USD in million                     | Notes     | Jun 30, 2024 | Jun 30, 2023 | Dec 31, 2023 |
|------------------------------------|-----------|--------------|--------------|--------------|
| <b>ASSETS</b>                      |           |              |              |              |
| <b>Non-current assets</b>          |           |              |              |              |
| Intangible assets                  | <u>3</u>  | 0.8          | 0.9          | 0.8          |
| Land and buildings                 | <u>3</u>  | 32.6         | 29.7         | 33.6         |
| Machinery and production equipment | <u>3</u>  | 53.1         | 27.7         | 40.2         |
| Other tangible assets              | <u>3</u>  | 4.2          | 2.7          | 4.0          |
| Assets under construction          | <u>3</u>  | 213.0        | 121.5        | 180.9        |
| Property, plant and equipment      | <u>3</u>  | 302.9        | 181.6        | 258.7        |
| Right of use assets                | <u>4</u>  | 31.3         | 29.5         | 32.2         |
| Other non-current receivables      |           | 0.3          | 0.4          | 0.4          |
| Financial assets and prepayments   |           | 0.3          | 0.4          | 0.4          |
| <b>Total non-current assets</b>    |           | <b>335.3</b> | <b>212.4</b> | <b>292.2</b> |
| <b>Current assets</b>              |           |              |              |              |
| Inventories                        | <u>5</u>  | 61.8         | 45.9         | 58.5         |
| Trade and other receivables        | <u>10</u> | 12.7         | 13.4         | 21.9         |
| Prepaid costs                      |           | 8.0          | 6.1          | 8.7          |
| Restricted bank accounts           |           | 0.6          | 0.7          | 0.6          |
| Cash and cash equivalents          |           | 37.6         | 15.0         | 170.9        |
| <b>Total current assets</b>        |           | <b>120.8</b> | <b>81.2</b>  | <b>260.7</b> |
| <b>Total assets</b>                |           | <b>456.1</b> | <b>293.6</b> | <b>552.9</b> |

| USD in million                                      | Notes    | Jun 30, 2024 | Jun 30, 2023 | Dec 31, 2023 |
|---|----------|--------------|--------------|--------------|
| <b>EQUITY AND LIABILITIES</b>                       |          |              |              |              |
| <b>Shareholders' equity</b>                         |          |              |              |              |
| Paid-in capital                                     |          | 3,027.7      | 3,027.7      | 3,027.7      |
| Other equity and retained earnings                  |          | -3,042.5     | -3,005.3     | -2,951.3     |
| <b>Total shareholders' equity</b>                   |          | <b>-14.9</b> | <b>22.4</b>  | <b>76.4</b>  |
| <b>Non-current liabilities</b>                      |          |              |              |              |
| Retirement benefit obligations                      |          | 6.3          | 8.4          | 7.0          |
| Non-current provision, interest calculation         | <u>8</u> | 24.4         | 19.8         | 23.8         |
| Non-current financial liabilities, interest bearing | <u>6</u> | 253.0        | 114.2        | 253.0        |
| Non-current lease liabilities                       | <u>4</u> | 59.1         | 62.8         | 62.4         |
| Non-current prepayments                             |          | 25.3         | 0.0          | 24.9         |
| Other non-current liabilities, not interest bearing |          | 0.3          | 1.3          | 0.7          |
| <b>Total non-current liabilities</b>                |          | <b>368.3</b> | <b>206.4</b> | <b>371.7</b> |
| <b>Current liabilities</b>                          |          |              |              |              |
| Trade payables and other liabilities                |          | 57.7         | 28.2         | 60.7         |
| Current financial liabilities, interest bearing     | <u>6</u> | 30.9         | 30.9         | 30.9         |
| Current lease liabilities                           | <u>4</u> | 8.3          | 5.0          | 7.5          |
| Current prepayments                                 |          | 5.8          | 0.8          | 5.7          |
| <b>Total current liabilities</b>                    |          | <b>102.7</b> | <b>64.8</b>  | <b>104.8</b> |
| <b>Total liabilities</b>                            |          | <b>470.9</b> | <b>271.2</b> | <b>476.5</b> |
| <b>Total equity and liabilities</b>                 |          | <b>456.1</b> | <b>293.6</b> | <b>552.9</b> |



# Consolidated statement of income

| USD in million                                  | Notes       | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 |
|---|-------------|---------|---------|---------|---------|-----------|
| Revenues  |             | 37.7    | 36.7    | 79.8    | 65.8    | 141.1     |
| Cost of materials                               |             | -19.0   | -7.1    | -31.8   | -12.4   | -30.5     |
| Changes in inventories                          |             | 7.8     | 4.9     | 10.0    | 7.4     | 12.5      |
| Employee benefit expenses                       |             | -21.5   | -16.6   | -42.6   | -31.2   | -69.6     |
| Other operating expenses                        |             | -43.6   | -29.3   | -83.4   | -64.1   | -142.9    |
| Other income and expense <sup>1</sup>           |             | 0.4     | 2.9     | -1.7    | 2.9     | 9.0       |
| EBITDA  |             | -38.2   | -8.5    | -69.7   | -31.5   | -80.5     |
| Depreciation                                    | <u>3</u>    | -8.4    | -2.6    | -12.7   | -5.5    | -10.9     |
| Amortization                                    | <u>3</u>    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0       |
| Depreciation of right of use assets             | <u>4</u>    | -1.0    | -0.8    | -2.1    | -1.6    | -3.4      |
| Impairment                                      | <u>3, 4</u> | -0.2    | -0.3    | -0.2    | -0.3    | -8.1      |
| Total depreciation, amortization and impairment |             | -9.7    | -3.8    | -15.0   | -7.4    | -22.4     |
| EBIT  |             | -47.9   | -12.2   | -84.6   | -38.9   | -102.9    |
| Financial income                                |             | 0.8     | 0.3     | 2.6     | 0.8     | 3.6       |
| Net financial expenses                          |             | -3.7    | -3.4    | -9.2    | -7.6    | -18.3     |
| Net currency gains/losses                       |             | 0.1     | 0.7     | 0.0     | -3.3    | 12.7      |
| Gain from sale of Yulin JV                      |             | 0.0     | 0.0     | 0.0     | 0.0     | 135.5     |
| Net financial items <sup>2</sup>                |             | -2.8    | -2.5    | -6.6    | -10.2   | 133.5     |
| Profit/loss from total operations               |             | -50.7   | -14.7   | -91.2   | -49.1   | 30.5      |
| <b>Attributable to:</b>                         |             |         |         |         |         |           |
| Owners of REC Silicon ASA                       |             | -50.7   | -14.7   | -91.2   | -49.1   | 30.5      |
| <b>Earnings per share (In USD)</b>              |             |         |         |         |         |           |
| -basic  |             | -0.12   | -0.03   | -0.22   | -0.12   | 0.07      |
| -diluted  |             | -0.12   | -0.03   | -0.22   | -0.12   | 0.07      |

<sup>1</sup> Amounts reported for 2024 are related to employee termination benefits, offset by the sale of surplus assets of USD 0.2 million

<sup>2</sup> See financial items table in part 1 of this report

## Consolidated statement of comprehensive income

| USD in million  | Q2 2024 | Q2 2023 | Jun 30, 2024 | Jun 30, 2023 | Year 2023 |
|---|---------|---------|--------------|--------------|-----------|
| Profit/loss from total operations                                 | -50.7   | -14.7   | -91.2        | -49.1        | 30.5      |
| Other comprehensive income, net of tax:                           |         |         |              |              |           |
| Items that will not be reclassified to profit or loss:            |         |         |              |              |           |
| Remeasurement of defined benefit plans                            | 0.0     | 0.0     | 0.0          | 0.0          | 0.9       |
| Currency translation effects                                      | 0.0     | 0.1     | 0.0          | 0.2          | 0.0       |
| Sum items that will not be reclassified to profit or loss         | 0.0     | 0.1     | 0.0          | 0.2          | 0.9       |
| Items that may be reclassified subsequently to profit or loss:    |         |         |              |              |           |
| Currency translation differences                                  |         |         |              |              |           |
| - taken to equity   | 0.0     | 4.1     | 0.0          | 10.9         | -15.4     |
| Sum items that may be reclassified subsequently to profit or loss | 0.0     | 4.1     | 0.0          | 10.9         | -15.4     |
| Total other comprehensive income                                  | 0.0     | 4.2     | 0.0          | 11.1         | -14.5     |
| Total comprehensive income  |         | -10.5   | -91.2        | -38.0        | 16.0      |
| <b>Total comprehensive income attributable to:</b>                |         |         |              |              |           |
| Owners of REC Silicon ASA   | -50.7   | -10.5   | -91.2        | -38.0        | 16.0      |

## Consolidated statement of changes in equity

| USD in million             | Attributable to equity holders of REC Silicon ASA |               |                       |                       |              |                      |              |
|----------------------------|---|---------------|-----------------------|-----------------------|--------------|----------------------|--------------|
|                            | Share capital                                     | Share premium | Other paid-in capital | Total paid-in capital | Other equity | Comprehensive income | Total equity |
| <b>June 30, 2023</b>       |   |               |                       |                       |              |                      |              |
| On January 1, 2023         | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,506.3             | 60.4         |
| Total comprehensive income | 0.0   | 0.0           | 0.0                   | 0.0                   | 0.0          | -37.9                | -37.9        |
| At June 30, 2023           | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,544.3             | 22.4         |
| <b>Year 2023</b>           |   |               |                       |                       |              |                      |              |
| On January 1, 2023         | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,506.3             | 60.4         |
| Total comprehensive income | 0.0   | 0.0           | 0.0                   | 0.0                   | 0.0          | 16.0                 | 16.0         |
| On December 31, 2023       | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,490.3             | 76.4         |
| <b>June 30, 2024</b>       |   |               |                       |                       |              |                      |              |
| On January 1, 2024         | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,490.4             | 76.3         |
| Total comprehensive income | 0.0   | 0.0           | 0.0                   | 0.0                   | 0.0          | -91.2                | -91.2        |
| At June 30, 2024           | 59.2  | 2,926.7       | 41.8                  | 3,027.7               | 539.0        | -3,581.6             | -14.9        |

This table presents details of comprehensive income

| USD in million  | Translation differences that can be transferred to profit and loss | Acquisition | Retained earnings | Total    |
|---|--|-------------|-------------------|----------|
| <b>June 30, 2023</b>                                      |  |             |                   |          |
| Accumulated on January 1, 2023                            | 28.8   | 20.9        | -3,556.0          | -3,506.3 |
| Profit/loss from total operations                         | 0.0  | 0.0         | -49.1             | -49.1    |
| Other comprehensive income:                               |  |             |                   |          |
| Items that will not be reclassified to profit or loss:    |  |             |                   |          |
| Currency translation effects                              | 0.0  | 0.0         | 0.2               | 0.2      |
| Sum items that will not be reclassified to profit or loss | 0.0  | 0.0         | 0.2               | 0.2      |
| Items that may be reclassified to profit or loss:         |  |             |                   |          |
| Currency translation differences taken to equity          | 10.9   | 0.0         | 0.0               | 10.9     |
| Sum items that may be reclassified to profit or loss      | 10.9   | 0.0         | 0.0               | 10.9     |
| Total other comprehensive income for the period           | 10.9   | 0.0         | 0.2               | 11.1     |
| Total comprehensive income for the period                 | 10.9   | 0.0         | -48.9             | -38.0    |
| Accumulated at June 30, 2023                              | 39.7   | 20.9        | -3,604.9          | -3,544.3 |
| <b>Year 2023</b>  |  |             |                   |          |
| Accumulated on January 1, 2023                            | 28.8   | 20.9        | -3,556.0          | -3,506.3 |
| Profit/loss   | 0.0  | 0.0         | 30.5              | 30.5     |
| Other comprehensive income:                               |  |             |                   |          |
| Items that will not be reclassified to profit or loss:    |  |             |                   |          |
| Remeasurement of defined benefit plans                    | 0.0  | 0.0         | 0.9               | 0.9      |
| Sum items that will not be reclassified to profit or loss | 0.0  | 0.0         | 0.9               | 0.9      |
| Items that may be reclassified to profit or loss:         |  |             |                   |          |
| Currency translation differences taken to equity          | -15.4  | 0.0         | 0.0               | -15.4    |
| Sum items that may be reclassified to profit or loss      | -15.4  | 0.0         | 0.0               | -15.4    |
| Total other comprehensive income for the period           | -15.4  | 0.0         | 0.9               | -14.5    |
| Total comprehensive income for the period                 | -15.4  | 0.0         | 31.4              | 16.0     |
| Accumulated on December 31, 2023                          | 13.4   | 20.9        | -3,524.6          | -3,490.3 |

| USD in million                                  | Translation differences that can be transferred to profit and loss | Acquisition | Retained earnings | Total    |
|---|--|-------------|-------------------|----------|
| <b>June 30, 2024</b>                            |  |             |                   |          |
| Accumulated on January 1, 2024                  | 13.4   | 20.9        | -3,524.6          | -3,490.3 |
| Profit/loss from total operations               | 0.0  | 0.0         | -91.2             | -91.2    |
| Total other comprehensive income for the period | 0.0  | 0.0         | 0.0               | 0.0      |
| Total comprehensive income for the period       | 0.0  | 0.0         | -91.2             | -91.2    |
| Accumulated at June 30, 2024                    | 13.4   | 20.9        | -3,615.8          | -3,581.5 |

# Consolidated statement of cash flows

| USD in million  | Notes       | Q2 2024 | Q2 2023 | Jun 30, 2024 | Jun 30, 2023 | Year 2023 |
|---|-------------|---------|---------|--------------|--------------|-----------|
| <b>Cash flows from operating activities</b>                               |             |         |         |              |              |           |
| Profit/loss before tax <sup>1</sup>                                       |             | -50.7   | -14.7   | -91.2        | -49.1        | 30.5      |
| Proceeds from sale of Yulin JV  |             | 0.0     | 0.0     | 0.0          | 0.0          | -136.1    |
| Depreciation, amortization and impairment                                 | <u>3, 4</u> | 9.7     | 3.8     | 15.0         | 7.4          | 22.4      |
| Changes in receivables, prepayments from customers etc.                   | <u>10</u>   | 2.9     | 1.4     | 9.2          | 4.1          | 25.1      |
| Changes in inventories  | <u>5</u>    | -6.7    | -3.2    | -3.3         | -7.7         | -20.3     |
| Changes in payables, accrued and prepaid expenses                         |             | 15.8    | -6.9    | 1.9          | -11.4        | 3.0       |
| Changes in VAT and other public taxes and duties                          |             | -2.6    | -1.8    | 3.5          | 2.3          | 1.3       |
| Currency effects not cash flow or not related to operating activities     |             | 0.0     | -0.7    | 0.0          | 3.3          | -12.3     |
| Other items   |             | 0.0     | -0.3    | 0.2          | -0.4         | 0.2       |
| Net cash flow from operating activities                                   |             | -31.5   | -22.4   | -64.7        | -51.4        | -86.0     |
| <b>Cash flows from investing activities</b>                               |             |         |         |              |              |           |
| Proceeds from sale of Yulin JV  |             | 0.0     | 0.0     | 0.0          | 0.0          | 136.1     |
| Proceeds/Payments finance receivables and restricted cash                 |             | 0.0     | 0.0     | 0.0          | 0.0          | 0.2       |
| Proceeds from sale of property, plant and equipment and intangible assets |             | 0.2     | 0.7     | 0.2          | 0.7          | 0.7       |
| Payments for property, plant and equipment and intangible assets          | <u>3</u>    | -30.4   | -42.2   | -65.1        | -64.7        | -145.7    |
| Net cash flow from investing activities                                   |             | -30.2   | -41.5   | -64.9        | -64.0        | -8.7      |
| <b>Cash flows from financing activities</b>                               |             |         |         |              |              |           |
| Payments of lease liabilities   | <u>4</u>    | -1.9    | -0.8    | -3.7         | -1.6         | -3.9      |
| Payments of borrowings <sup>2</sup>                                       | <u>6</u>    | -30.0   | -110.0  | -30.0        | -110.0       | -111.1    |
| Proceeds from borrowings <sup>2</sup>                                     | <u>6</u>    | 30.0    | 140.0   | 30.0         | 140.0        | 280.0     |
| Net cash flow from financing activities                                   |             | -1.9    | 29.2    | -3.7         | 28.4         | 165.0     |
| Effect on cash and cash equivalents of changes in foreign exchange rates  |             | 0.0     | 0.7     | 0.0          | -3.3         | -4.6      |
| Net increase/decrease in cash and cash equivalents                        |             | -63.5   | -34.1   | -133.3       | -90.2        | 65.7      |
| Cash and cash equivalents at the beginning of the period                  |             | 101.1   | 49.1    | 170.9        | 105.3        | 105.3     |
| Cash and cash equivalents at the end of the period                        |             | 37.6    | 15.0    | 37.6         | 15.0         | 170.9     |
| <b><sup>1</sup> Profit/loss before tax includes</b>                       |             |         |         |              |              |           |
| Interest Paid   |             | -7.4    | -10.3   | -14.3        | -12.4        | -25.0     |
| Interest Received   |             | 0.8     | 0.3     | 2.6          | 0.8          | 3.6       |

<sup>2</sup> In Q2 2024 payment and proceeds from borrowings is the result of extending USD 30 million term loan with Standard Chartered Bank. (see [note 6](#)).

# Notes

## Note 01 General

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### The Group

REC Silicon ASA (the Company) and its subsidiaries (together REC Silicon Group, REC Silicon, or the Group) are a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries worldwide.

REC Silicon ASA is headquartered in Lysaker, Norway and operates manufacturing facilities in Moses Lake, Washington and Butte, Montana in the USA. REC Silicon's subsidiaries include REC Silicon Inc., REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the US. REC Silicon's marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in Japan, Taiwan, Korea, Singapore, China, and the United States.

### Basis of preparation

The financial statements are presented in USD, rounded to the nearest tenth of million, unless otherwise stated. As a result, of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

### Financial statements

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by

the auditor. They do not include all the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2023. The consolidated financial statements for 2023 are available upon request from the Company's registered office in Lysaker, Norway or at [www.recsilicon.com](http://www.recsilicon.com).

### Going concern

The Company is working on financing solutions to address capital requirements. Additional information will be provided when finalized.

Management and the Board of Directors believes that the Company will be successful in attracting the capital necessary to meet obligations and continue as a going concern. The Board of Directors has prepared these interim financial statements under the assumption that the Company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts.

### Accounting policies

The consolidated financial statements for 2023 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous fiscal year. See note 2.24 to the consolidated financial statements for 2023.

### Segment information

REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also has the capability to produce polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington.

The Company restarted FBR production in Q4 of 2023. The company is targeting a ramp to 100 percent operation during Q4 2024. (see [note 10](#) below). Accordingly, there are two operating segments: Solar Materials and Semiconductor Materials. The operating segments include revenues less cost of manufacturing excluding depreciation for products sold. Other includes general, administrative, and selling expenses which support both operating segments in addition to administrative costs for the Company's headquarters in Lysaker, Norway. Eliminations include the reversal of the impact of transactions between group members and affiliates. The results of the operating segments plus Other and Eliminations taken together reconcile to total EBITDA for the Group.

Group Management is headed by the Chief Executive Officer (CEO), and the CEO makes decisions regarding the allocation of resources and performance assessment for all segments. Accordingly, the CEO is regarded as the Chief Operating Decision Maker (CODM).

An operating segment is a distinguishable component of the Group that is engaged in providing products that are subject to similar risks and returns and corresponds to management reporting.

### Foreign currency translation

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). REC Silicon AS and REC Solar AS have a functional currency of NOK. The Company and its remaining subsidiaries have a functional currency of USD. The Group's reporting currency is USD. See note 2.4 to the consolidated financial statements for 2023.

### Estimates and judgments

Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2023.

## Note 02 Segment information

See notes 2.3 and 5 to the consolidated financial statements for 2023 and [note 1](#) to these financial statements for further information on segments.

The following table summarizes key financial results by segment:

| USD in million          | Q2 2024      | Q2 2023      | H1 2024      | H1 2023      | Year 2023     |
|-------------------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenues</b>         |              |              |              |              |               |
| Semiconductor Materials | 36.4         | 36.6         | 78.3         | 65.6         | 140.6         |
| Solar Materials         | 1.3          | 0.1          | 1.5          | 0.1          | 0.4           |
| Other                   | 0.0          | 0.1          | 0.0          | 0.1          | 0.2           |
| <b>Total</b>            | <b>37.7</b>  | <b>36.7</b>  | <b>79.8</b>  | <b>65.8</b>  | <b>141.1</b>  |
| <b>EBITDA</b>           |              |              |              |              |               |
| Semiconductor Materials | 7.0          | 10.1         | 9.8          | 6.7          | 14.0          |
| Solar Materials         | -36.6        | -11.4        | -63.4        | -23.0        | -64.8         |
| Other                   | -8.6         | -7.2         | -16.1        | -15.2        | -29.7         |
| <b>Total</b>            | <b>-38.2</b> | <b>-8.5</b>  | <b>-69.7</b> | <b>-31.5</b> | <b>-80.5</b>  |
| <b>EBIT</b>             |              |              |              |              |               |
| Semiconductor Materials | 4.3          | 7.0          | 4.3          | 0.5          | -5.4          |
| Solar Materials         | -43.5        | -11.9        | -72.6        | -23.9        | -67.4         |
| Other                   | -8.7         | -7.3         | -16.3        | -15.4        | -30.2         |
| <b>Total</b>            | <b>-47.9</b> | <b>-12.2</b> | <b>-84.6</b> | <b>-38.9</b> | <b>-102.9</b> |

The following tables reflect the financial results of each operating segment:

### Semiconductor Materials - Segment

| USD in million                                   | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 |
|--|---------|---------|---------|---------|-----------|
| Revenues   | 36.4    | 36.6    | 78.3    | 65.6    | 140.6     |
| Cost of materials                                | -5.5    | -6.9    | -12.9   | -12.0   | -26.8     |
| Change in inventories                            | 2.3     | 4.4     | 2.7     | 6.7     | 7.2       |
| Employee benefit expense                         | -7.9    | -7.3    | -15.6   | -14.2   | -30.1     |
| Other operating expenses                         | -18.5   | -16.7   | -41.1   | -39.4   | -81.3     |
| Other income and expenses                        | 0.2     | 0.0     | -1.5    | 0.0     | 4.4       |
| Total current costs                              | -29.3   | -26.5   | -68.5   | -58.9   | -126.6    |
| EBITDA contribution                              | 7.0     | 10.1    | 9.8     | 6.7     | 14.0      |
| Depreciation of fixed assets                     | -2.1    | -2.4    | -4.2    | -5.0    | -9.8      |
| Depreciation of leased assets                    | -0.7    | -0.6    | -1.3    | -1.3    | -2.6      |
| Impairment                                       | 0.0     | 0.0     | 0.0     | 0.0     | -7.0      |
| Total depreciation, amortization, and impairment | -2.7    | -3.1    | -5.6    | -6.3    | -19.3     |
| EBIT contribution                                | 4.3     | 7.0     | 4.3     | 0.5     | -5.4      |

### Solar Materials - Segment

| USD in million                                   | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 |
|--|---------|---------|---------|---------|-----------|
| Revenues   | 1.3     | 0.1     | 1.5     | 0.1     | 0.4       |
| Cost of materials                                | -13.4   | -0.2    | -18.8   | -0.4    | -3.6      |
| Change in inventories                            | 5.5     | 0.5     | 7.4     | 0.7     | 5.4       |
| Employee benefit expense                         | -10.1   | -5.9    | -20.0   | -9.9    | -26.2     |
| Other operating expenses                         | -20.1   | -8.5    | -33.4   | -16.3   | -45.0     |
| Other income and expenses                        | 0.1     | 2.6     | -0.1    | 2.6     | 4.2       |
| Total current costs                              | -38.0   | -11.4   | -64.9   | -23.2   | -65.1     |
| EBITDA contribution                              | -36.6   | -11.4   | -63.4   | -23.0   | -64.8     |
| Depreciation of fixed assets                     | -6.2    | -0.1    | -8.2    | -0.3    | -0.7      |
| Amortization                                     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0       |
| Depreciation of leased assets                    | -0.4    | -0.1    | -0.8    | -0.3    | -0.8      |
| Impairment                                       | -0.2    | -0.3    | -0.2    | -0.3    | -1.1      |
| Total depreciation, amortization, and impairment | -6.8    | -0.6    | -9.2    | -0.9    | -2.6      |
| EBIT contribution                                | -43.5   | -11.9   | -72.6   | -23.9   | -67.4     |



## Note 03 Fixed assets

See note 6 to the consolidated financial statements for 2023.

### Property, plant and equipment and intangible assets

| USD in million                                   | Land and buildings | Machinery and production equipment | Other tangible fixed assets | Assets under construction | Total property, plant and equipment | Total intangible assets | Total    |
|--|--------------------|------------------------------------|-----------------------------|---------------------------|-------------------------------------|-------------------------|----------|
| Carrying value on January 1, 2024                | 33.6               | 40.2                               | 4.0                         | 180.9                     | 258.7                               | 0.8                     | 259.6    |
| Net additions <sup>1</sup>                       | 0.1                | 24.2                               | 0.6                         | 32.1                      | 57.0                                | 0.0                     | 57.0     |
| Disposals  | 0.0                | -0.2                               | 0.0                         | 0.0                       | -0.2                                | 0.0                     | -0.2     |
| Depreciation and amortization                    | -1.1               | -11.2                              | -0.4                        | 0.0                       | -12.7                               | 0.0                     | -12.7    |
| Impairment <sup>2</sup>                          | 0.0                | 0.0                                | 0.0                         | 0.0                       | 0.0                                 | 0.0                     | 0.0      |
| Carrying value on June 30, 2024                  | 32.6               | 53.1                               | 4.2                         | 213.0                     | 302.9                               | 0.8                     | 303.7    |
| On June 30, 2024                                 |                    |                                    |                             |                           |                                     |                         |          |
| Historical cost                                  | 145.5              | 2,193.4                            | 72.7                        | 262.1                     | 2,673.6                             | 68.7                    | 2,742.3  |
| Accumulated depreciation/amortization/impairment | -112.8             | -2,140.3                           | -68.5                       | -49.1                     | -2,370.8                            | -67.9                   | -2,438.6 |
| Carrying value on June 30, 2024                  | 32.6               | 53.1                               | 4.2                         | 213.0                     | 302.9                               | 0.8                     | 303.7    |

<sup>1</sup> Net additions include transfers from assets under construction. Differences between additions and cash payments for PPE is the result of changes in accruals.

### Impairment reviews

See note 8 to the consolidated financial statements for 2023.

Management has determined that the Group consists of two cash generating units (CGUs). The Company's CGUs are derived from the reported segments for Solar Materials and Semiconductor Materials. Financial attributes associated with Other and Eliminations have been allocated to the individual CGUs based upon estimated activity, volume, and revenue factors.

The Company conducted a review of impairment indicators on June 30, 2024 and did not identify any indicators which might give rise to a change in impairment compared to March 31, 2024.

## Note 04 Leases

See note 7 to the consolidated financial statements for 2023.

### Right of use assets

| USD in million                  | Land and buildings | Machinery | Gas plants | Other leased assets | Total |
|---------------------------------|--------------------|-----------|------------|---------------------|-------|
| Balance on January 1, 2024      | 0.0                | 0.4       | 31.7       | 0.1                 | 32.3  |
| Depreciation                    | 0.0                | 0.0       | -1.9       | 0.0                 | -2.1  |
| Additions                       | 0.0                | 0.0       | 0.1        | 0.7                 | 0.8   |
| Modification of existing leases | 0.1                | 0.0       | 0.8        | 0.0                 | 0.9   |
| Balance on June 30, 2024        | 0.0                | 0.4       | 30.7       | 0.8                 | 32.0  |

### Lease liabilities

| USD in million                                  | Total future lease payments | Maturity analysis - contractual payments to be made |      |      |      |      |            |
|---|-----------------------------|---|------|------|------|------|------------|
|   |                             | 2024  | 2025 | 2026 | 2027 | 2028 | After 2028 |
| Lease liabilities on June 30, 2024 <sup>1</sup> | 102.5                       | 8.1   | 16.0 | 16.0 | 15.9 | 15.8 | 30.7       |

<sup>1</sup> Amounts listed are undiscounted

The weighted average incremental borrowing rate applied to lease liabilities on June 30, 2024 is 13.1 percent.

### Amounts recognized in profit or loss

| USD in million   | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 |
|--|---------|---------|---------|---------|-----------|
| Interest on lease liabilities  | 2.1     | 2.1     | 4.2     | 4.2     | 8.5       |
| Depreciation of right-of-use assets  | 1.0     | 0.8     | 2.1     | 1.6     | 3.4       |
| Expenses relating to short-term leases   | 0.0     | 0.0     | 0.0     | 0.0     | 0.1       |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 0.0     | 0.0     | 0.0     | 0.0     | 0.0       |

Right-of-use assets associated with contracts with a low value or terms of less than 12 months, at the time of initiation, are expensed in accordance with the low-value assets and short-term lease exemptions.

### Amounts recognized in the statement of cash flow

| USD in million                | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 | Year 2023 |
|-------------------------------|---------|---------|---------|---------|-----------|
| Total cash outflow for leases | 4.0     | 2.9     | 8.0     | 5.8     | 12.4      |

## Note 05 Inventories

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See note 13 to the consolidated financial statements for 2023.

### Inventories at end of period

| USD in million         | Jun 30, 2024         |              |                     | Dec 31, 2023         |              |                     |
|------------------------|----------------------|--------------|---------------------|----------------------|--------------|---------------------|
|                        | Before<br>writedowns | Writedowns   | After<br>writedowns | Before<br>writedowns | Writedowns   | After<br>writedowns |
| Stock of raw materials | 9.1                  | 0.0          | 9.1                 | 18.1                 | 0.0          | 18.1                |
| Spare parts            | 45.4                 | -32.0        | 13.4                | 44.3                 | -33.1        | 11.2                |
| Work in progress       | 14.7                 | -3.1         | 11.5                | 12.8                 | -2.3         | 10.5                |
| Finished goods         | 66.8                 | -39.1        | 27.7                | 25.1                 | -6.4         | 18.7                |
| <b>Total</b>           | <b>136.1</b>         | <b>-74.2</b> | <b>61.8</b>         | <b>100.4</b>         | <b>-41.8</b> | <b>58.5</b>         |

## Note 06 Borrowings and guarantees

See notes 17, 29, and 30 to the consolidated financial statements for 2023.

Carrying amounts of interest-bearing liabilities on June 30, 2024 and contractual repayments (excluding interest payments) are specified in the table below.

| USD in million   | Borrower                    | Maturity | Interest rate   | Carrying amount | Contractual repayments, excluding interest |             |            |              |            |
|--|-----------------------------|----------|-----------------|-----------------|--|-------------|------------|--------------|------------|
|  |                             |          |                 |                 | Total                                      | 2024        | 2025       | 2026         | After 2026 |
| Captialized Borrowing Cost, current (USD) <sup>1</sup> |                             |          |                 | -0.4            |  |             |            |              |            |
| Bank Loan - KEB Hana Bank                              | REC Silicon ASA             | 2026     | 3 mon SOFR+1.8% | 110.0           | 110.0                                      |             |            | 110.0        |            |
| Bank Loan - KEB Hana Bank                              | REC Silicon Inc             | 2026     | 3 mon SOFR+1.5% | 100.0           | 100.0                                      |             |            | 100.0        |            |
| Bank Loan - Standard Chartered                         | REC Silicon Inc             | 2025     | 1 mon SOFR+2.2% | 30.0            | 30.0                                       |             | 30.0       |              |            |
| Bank Loan - NongHyup                                   | REC Silicon Inc             | 2026     | 3 mon SOFR+2.0% | 40.0            | 40.0                                       |             |            | 40.0         |            |
| Grant County WA tax settlement                         | REC Solar Grade Silicon LLC | 2026     | 11.5%           | 4.2             | 4.2  | 1.2         | 1.4        | 1.6          |            |
| <b>Total</b>   |                             |          |                 | <b>283.8</b>    | <b>284.2</b>                               | <b>31.2</b> | <b>1.4</b> | <b>251.6</b> | <b>0.0</b> |

<sup>1</sup> Amortized as part of effective interest

In Q2 2024 REC Silicon Inc extended its USD 30 million facility loan from standard Chartered Bank in New York. The facility is fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions and will mature on June 13, 2025.

### Guarantees

See note 29 to the consolidated financial statements for 2023.

The Group provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 28.1 million on June 30, 2024 and December 31, 2023. The guarantees will decrease from 2024 to 2039 when they will expire in their entirety.

## Note 07 Commitments

### Contractual purchase obligations and minimum operating lease payments on June 30, 2024

| USD in million  | Total future payments | Remaining 2024 | 2025 | 2026 | 2027 | 2028 | After 2028 |
|---|-----------------------|----------------|------|------|------|------|------------|
| Purchase of goods and services                        | 65.1                  | 64.5           | 0.6  | 0.0  | 0.0  | 0.0  | 0.0        |
| Minimum operating lease payments                      | 0.0                   | 0.0            | 0.0  | 0.0  | 0.0  | 0.0  | 0.0        |
| Total purchase obligations and minimum lease payments | 65.1                  | 64.5           | 0.6  | 0.0  | 0.0  | 0.0  | 0.0        |

Commitments primarily represent project restart costs and costs necessary for the purchase of raw materials.

## Note 08 Provisions

| USD in million                                       | Q2 2024 | H1 2024 | 2023 |
|--|---------|---------|------|
| Carrying value at beginning of period                | 24.1    | 23.8    | 19.3 |
| Change in estimate to asset retirement obligation    | 0.0     | 0.0     | -1.8 |
| Net periodic interest on asset retirement obligation | 0.3     | 0.6     | 1.0  |
| Carrying value at end of period                      | 24.4    | 24.4    | 23.8 |

See note 20 to the consolidated financial statements for 2023.

The asset retirement obligations (AROs) represent the present value of estimated future costs discounted between 5.0 to 5.4 percent and between 4.5 and 36 years. The change in estimate recorded in the fourth quarter was due to a change in estimated future inflation as well as changes to the estimated discount rate.

## Note 09 Claims, disputes, and risks

Please refer to the annual report for 2023, specifically note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

### Ramp of Moses Lake production facility

The Company restarted FBR production in Q4 of 2023. The company is targeting a ramp to 100 percent operation during Q4 2024.

Successful execution of the Company's plan to fully ramp up production at the Moses Lake facility could require reversal of previous impairment.

Additional impairments and provisions would likely be required if the Moses Lake facility is not successfully ramped to full capacity.

## Note 10 Receivables

See notes 12 and 30 to the consolidated financial statements for 2023.

### Aging of receivables on June 30, 2024

| USD in million                         | Total Carrying amount | Not due | Aging of receivables that are not impaired |             |              |           | Impaired |
|--|-----------------------|---------|--|-------------|--------------|-----------|----------|
|  |                       |         | < 30 Days                                  | >30<90 Days | >90<365 Days | >365 Days |          |
| Trade receivables and accrued revenues | 15.5                  | 9.5     | 3.6  | 0.3         | 0.0          | 0.0       | 2.1      |
| Provision for loss on trade recivables | -2.7                  | 0.0     | -0.4                                       | -0.3        | 0.0          | 0.0       | -2.1     |
| Other current receivables              | 0.0                   | 0.0     | 0.0  | 0.0         | 0.0          | 0.0       | 0.0      |
| Total receivables                      | 12.7                  | 9.5     | 3.2  | 0.0         | 0.0          | 0.0       | 0.0      |

There was no bad debt expense recorded during the second quarter of 2024.

## Note 11 Transactions with related parties

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See notes 5, 10 and 16 to the consolidated financial statements for 2023.

Hanwha Solutions and Hanwha Corporation collectively hold 33.3 percent of the shares in REC Silicon. In the first half of 2024, REC Silicon Inc. received services from Hanwha subsidiaries, in the amount of USD 1.6 million.

In the first half of 2024, REC Silicon paid Hanwha Solutions USD 1.5 million for guarantee and letter of credit fees related to bank loans. See [note 6](#).

## Note 12 Events after the reporting period

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On August 2, 2024 REC Silicon Inc, a wholly owned subsidiary of REC Silicon ASA announced that it entered into a USD 25 million short-term loan with Hanwha International LLC, for the purpose of supporting the capital needs of REC Silicon and to provide a liquidity buffer as the company completes its ongoing restart and expansion initiatives in the coming weeks.

The terms of the loan are in line with the terms of the previously announced facility loan agreements. Hanwha International LLC is an affiliate of the company's two largest shareholders Hanwha Solutions and Hanwha Corporation.

Repayment of the loan is expected to be made when REC Silicon receives the prepayment due after it makes the first shipment of ultra-high purity FBR product from its restarted Moses Lake facility pursuant to the terms of the existing long term offtake agreement.

# Definition of alternative performance measures

An Alternative Performance Measure (APM) is a measure of historic or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

The Company has identified the following APMs used in reporting:

|              |   |              |   |
|--------------|---|--------------|---|
| EBIT         | EBIT is an acronym for Earnings Before Tax and represents profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.   | EBITDA       | EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization, and impairment.  |
|              | EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 84.6 million for the first half of 2024.   |              | EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. An EBITDA loss of USD 69.7 million has been reported for the first half of 2024.   |
| EBIT         | EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in <a href="#">note 2</a> segments, and in the financial highlight tables in this report in lines titled similarly.   | EBITDA       | EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in <a href="#">note 2</a> segments, and in the financial highlight tables in this report in lines similarly titled.   |
| Margin       | EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.  | Margin       | EBITDA margin has been calculated and is reported in the financial highlight tables for REC Silicon Group, in the key financials table for each operating segment, and in <a href="#">note 2</a> segments.  |
| EBIT         | EBIT contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBIT. For the operating segments, EBIT contributions represent revenues less cost of manufacturing including depreciation and amortization. For other, EBIT contribution represents primarily operating costs. | EBITDA       | EBITDA contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBITDA. For the operating segments, EBITDA contributions represent revenues less cost of manufacturing excluding depreciation and amortization. For other, EBITDA contribution represents primarily operating costs. |
| Contribution | A table reconciling the EBIT contribution of each operating segment along with other and eliminations to the Company's total EBIT can be found in <a href="#">note 2</a> segments.  | Contribution | A table reconciling the EBITDA contribution of each operating segment along with other and eliminations to the Company's total EBITDA can be found in <a href="#">note 2</a> segments.  |



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**EBIT Contribution** EBIT contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBIT. For the operating segments, EBIT contributions represent revenues less cost of manufacturing including depreciation and amortization. For other, EBIT contribution represents primarily operating costs.

A table reconciling the EBIT contribution of each operating segment along with other and eliminations to the Company's total EBIT can be found in [note 2](#) segments.

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**Equity Ratio** The equity ratio is calculated by dividing total shareholders' equity by total assets. Total shareholders' equity and total assets are reflected on lines similarly titled on the Company's statement of financial position.

On June 30, 2024, the equity ratio is negative 3.3 percent and is calculated by dividing USD negative 14.9 million total shareholders' equity by USD 451.6 million in total assets.

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**Net Debt** Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.

The carrying value of debt can be found in [note 6](#) borrowing in the table under the caption carrying amount, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

On June 30, 2024, net debt was USD 313.5 million or USD 283.8 million total carrying value of the Company's debt, from [note 6](#), plus USD 67.3 million current and non-current lease liabilities (from the balance sheet) less USD 37.6 million in cash and cash equivalents.

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**Nominal Net Debt** Nominal net debt is the contractual repayment values of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.

The contractual repayment values of debt can be found in [note 6](#) borrowing in the table under the caption contractual repayments excluding interest, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

On June 30, 2024, nominal net debt was USD 313.9 million or USD 284.2 million contractual repayment values of the Company's debt from [note 6](#), plus USD 67.3 million current and non-current lease liabilities (from the balance sheet) less USD 37.6 million in cash and cash equivalents.

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# RECSiLICON

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**About REC Silicon**

REC Silicon is a global leader in silane based high purity silicon materials. We combine over 40 years experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a combined production capacity of more than 30,000 MT of high purity silane gas. REC Silicon is headquartered in Lysaker, Norway and listed on the Oslo stock exchange under the ticker: RECSI.

For more information, go to: [www.recsilicon.com](http://www.recsilicon.com)

[artbox.no](http://artbox.no)