

RECSiLICON

# Third quarter 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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## Third quarter highlights

- > Revenues of \$33.8M
- > EBITDA loss of \$42.7M due to startup costs at Moses Lake
- > September 30, 2024, cash balance of \$23.6M
- > Delay of qualification of Moses Lake Polysilicon
- > Silane shipments affected by PV slowdown and trade concerns

Revenues

33.8

USDm

EBITDA

-42.7

USDm

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023	Q2 2024
Revenues	33.8	34.8	113.6	100.6	141.1	37.7
EBITDA	-42.7	-17.8	-112.3	-49.3	-80.5	-38.2
EBITDA margin	-126.4%	-51.2%	-98.9%	-49.0%	-57.0%	-101.3%
EBIT excluding impairment charges	-48.2	-21.4	-132.7	-60.0	-94.9	-47.6
Impairment charges	0.0	0.0	-0.2	-0.3	-8.1	-0.2
EBIT	-48.2	-21.4	-132.9	-60.3	-102.9	-47.9
EBIT margin	-142.9%	-61.6%	-117.0%	-59.9%	-72.9%	-127.0%
Profit/loss before tax	-52.6	-24.8	-143.8	-73.9	30.5	-50.7
Profit/loss	-52.6	-24.8	-143.8	-73.9	30.5	-50.7
Profit/loss from discontinued operations, net of tax	0.00	0.00	0.00	0.00	0.00	0.00
Earnings per share, basic and diluted (USD)	-0.13	-0.06	-0.34	-0.18	0.07	-0.12
Polysilicon production in MT	1,532	279	3,895	825	1,101	1,647
Polysilicon sales in MT	169	199	643	563	745	293
Silicon gas sales in MT	515	754	2,018	2,243	3,075	654

# 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 third quarter 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.

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 is working towards 100 percent production.

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.

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 third quarter of 2024 were USD 33.8 million compared to USD 37.7 million for the second quarter of 2024. The decrease in revenue is due to a decrease of 139MT of silicon gas volume as well as a decrease of semiconductor polysilicon revenue when compared to the second quarter of 2024. Polysilicon production volume for the third quarter was 1,532MT compared to 1,647MT during the second quarter of 2024. EBITDA for the third quarter of 2024 was a loss of USD 42.7 million compared to a loss of USD 38.2 million during the second quarter of 2024. The EBITDA loss in both quarters was driven by Moses Lake startup costs.

## Financial Position

Shareholders' equity decreased to USD negative 67.5 million (negative 15.1 percent equity ratio) on September 30, 2024, compared to USD negative 14.9 million (negative 3.3 percent equity ratio) on June 30, 2024. This decrease was the result of the loss from total operations of USD 52.6 million during the third quarter of 2024.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. On September 30, 2024, net debt was USD 372.2 million, which consisted of USD 329.2 million total carrying value of the Company's debt (from [note 6](#)) plus USD 67.2 million current and non-current lease liabilities (from the balance sheet) less USD 23.6 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 September 30, 2024, nominal net debt was USD 372.8 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 third quarter of 2024 cash balances decreased by USD 14.1 million to USD 23.6 million on September 30, 2024.

In the third quarter of 2024 net cash outflows from operating activities were USD 43.0 million. Depreciation amortization and impairment were USD 5.6 million. Trade receivables and customer prepayments decreased by USD 1.9 million. Inventories increased by USD 3.1 million. Changes in payables, accrued expenses increased by USD 0.2 million. Accrued property taxes increased by 0.1 million. In the third quarter cash outflows included interest payments on leases of USD 2.1 million and interest on debt of USD 5.6 million.

In the third quarter cash outflows from investing activities were USD 14.0 million and were a result of capital expenditures of USD 15.4 million offset by the sale of non-core assets of USD 1.3 million.

In the third quarter net cash inflows from financing activities were USD 43.0 million and were the result of proceeds from new loans in the amount of USD 45.0 million (see [note 6](#)) offset by payments of lease liabilities of USD 2.0 million. (see [note 4](#)).

## Capital Expenditures

Capital expenditures in the second quarter were USD 15.4 million compared to USD 30.4 million during the second quarter 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	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023	Q2 2024
Financial income	0.3	1.6	2.9	2.4	3.6	0.8
Interest expenses on borrowings	-5.6	-4.2	-15.9	-10.1	-14.9	-5.2
Interest expense on leases	-2.1	-2.1	-6.3	-6.3	-8.5	-2.1
Capitalized borrowing cost	4.1	2.1	11.7	5.7	8.4	4.7
Expensing of up-front fees and costs	-0.8	-0.6	-2.3	-1.0	-1.8	-0.7
Other financial expenses	-0.4	-0.3	-1.2	-1.0	-1.5	-0.4
Net financial expenses	-4.7	-5.1	-13.9	-12.8	-18.3	-3.7
Net currency gains/losses	0.0	0.2	0.1	-3.1	12.7	0.1
Gain from sale of Yulin JV	0.0	0.0	0.0	0.0	135.5	0.0
Net financial items	-4.4	-3.4	-11.0	-13.6	133.5	-2.8

During the third quarter of 2024, the Company recognized interest expense on borrowings of USD 5.6 million, including USD 5.5 million associated with term loans, and USD 0.1 million associated with a note with Grant County, Washington, and expense of up-front fees and costs of USD 0.8 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 2.1 million on imputed liabilities for leased assets during the third quarter. See [note 4](#) for additional information on leases.

## Income Tax

The loss from total operations of USD 52.6 million during the third 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	Q3 2024		Q3 2023		Sep 30, 2024		Sep 30, 2023		Year 2023	
	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA
Semiconductor Materials	32.8	0.4	34.7	6.1	111.1	10.3	100.3	12.9	140.6	14.0
Solar Materials	1.0	-36.3	0.1	-16.0	2.5	-99.7	0.2	-39.0	0.4	-64.8
Other	0.0	-6.8	0.1	-8.0	0.0	-22.9	0.2	-23.2	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>33.8</b>	<b>-42.7</b>	<b>34.8</b>	<b>-17.8</b>	<b>113.6</b>	<b>-112.3</b>	<b>100.6</b>	<b>-49.3</b>	<b>141.1</b>	<b>-80.5</b>

## Semiconductor Materials

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023	Q2 2024
Revenues	32.8	34.7	111.1	100.3	140.6	36.4
EBITDA contribution	0.4	6.1	10.3	12.9	14.0	7.0
Contribution margin	1.3%	17.7%	9.2%	12.8%	9.9%	19.3%
Polysilicon production in MT	142	279	654	825	1,101	256
Polysilicon sales in MT	169	199	537	563	745	187
Silicon gas sales in MT	515	754	2,018	2,243	3,075	654

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.

Semiconductor segment revenues were USD 32.8 million in the third quarter of 2024 compared to 36.4 million in the second quarter of 2024.

Total polysilicon sales volumes, including by-products, were 169MT in the third quarter of 2024 compared to 187MT during the second quarter of 2024. Semiconductor grade polysilicon sales were at 108MT for both the third and second quarters of 2024. Other grade polysilicon sales volumes decreased by 17MT to 61MT during the third quarter when compared to the second quarter of 2024.



Average polysilicon prices for the third quarter increased by 5.2 percent compared to the prior quarter. Average prices realized for semiconductor grade polysilicon decreased by 6.2 percent compared to the prior quarter.

Total silicon gas sales volumes decreased by 139MT to 515MT during the third quarter of 2024. Sales prices realized by REC Silicon for silicon gas increased by 6.9 percent from the previous quarter.

Total polysilicon production volume, including by-products, decreased by 114MT for the third quarter compared to the second quarter of 2024. This third quarter production is the result of performing finishing activities on WIP inventory from the previous quarter.

The Semiconductor Materials segment contributed USD 0.4 million to the Company's EBITDA during the third quarter of 2024 compared to USD 7.0 million during the second quarter of 2024. The decreased EBITDA is the result of planned maintenance activities that took place in the third quarter along with lower revenue.

## Solar Materials

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023	Q2 2024
Revenues	1.0	0.1	2.5	0.2	0.4	1.3
EBITDA contribution	-36.3	-16.0	-99.7	-39.0	-64.8	-36.6
Polysilicon production in MT	1,390	0	3,241	0	0	1,391
Polysilicon sales in MT	0	0	106	0	0	106

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 36.3 million during the third quarter compared to an EBITDA loss of USD 36.6 million during the second quarter of 2024.

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	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023	Q2 2024
Revenues	0.0	0.1	0.0	0.2	0.2	0.0
EBITDA contribution	-6.8	-8.0	-22.9	-23.2	-29.7	-8.6

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 6.8 million during the third quarter of 2024 compared to net operating costs of USD 8.6 million during the second quarter of 2024.

## 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

REC Silicon has provided qualification material of ultra-high purity polysilicon to a third party for testing. REC Silicon is working with testing organizations, the third-party testing partner, and REC's customer to expedite this process. Until the testing procedures are successfully concluded, REC's ability to deliver a qualified product remains a risk. The timing and outcome of the testing also negatively impacts the company's financial situation and operations, including, without limitation, the schedule of a ramp to full capacity in a material way.

On November 4, 2024, REC Silicon ASA announced that its wholly owned subsidiary, REC Silicon Inc, and REC Silicon Inc's wholly owned subsidiaries have entered into a USD 25 million short-term loan with Hanwha International LLC to meet the near-term capital requirements

caused by the delay in the first shipment due to the postponed test schedule. The maturity of the loan is February 4, 2025, and the maturity of the existing loan announced on August 2, 2024, has also been extended to February 2, 2025. Refer to [note 12](#) for more information. The company is working on additional financing solutions to address the capital requirements going forward. Additional information will be released once finalized.

Management continues to work diligently to resolve the issue and obtain a positive qualification result, however the uncertainty concerning the successful completion of the testing procedures remains a risk. Failure to pass the testing procedures will negatively impact the financial situation of the Company in a material way, which may result, for example, in the need for the Company to renegotiate the terms and conditions of the offtake contract with Q Cells, seek other financing alternatives to meet the capital requirements for restructuring and operating, and/or refinance the short-term loans from Hanwha International LLC.

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

# Market development

For the third quarter of 2024, Czochralski-grade (CZ) semiconductor polysilicon demand remained weak. Market reports indicated that wafer inventory had declined enough that order activity increased marginally late in the quarter. The US Federal Reserve adjusted its interest rate policy with a 50-basis point cut, and central banks are stating that inflation appears to be under control and the projected soft landing for the economy could be realized.

Strong demand for AI and advanced memory chips delivered growth for the leading-edge foundry and memory manufactures. At the same time continued softness in automotive and power segments of the semiconductor market dampened growth in the materials space. Demand for silane gas in the semiconductor and flat panel display markets continued growth quarter-on-quarter as the market recovery continued. Silane gas sales to the PV market continued to decline in the third quarter as global production continued to adjust to PV imports, inventory control, timing of system connections, and government subsidy changes. CHIPS Act funding activity continued in the quarter with preliminary announcements from Polar Semiconductor, SK Hynix, and GlobalWafers, totaling an additional USD 970 million of investments expanding existing or building of new fabs.

Specialty silicon gases sales increased quarter-on-quarter in response to higher production of advanced memory chips and higher-end logic devices. 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 installations declined in the third quarter as both imports and project development slowed. China exports declined, United States and Europe imports declined, and all regions witnessed a decline in module shipments. Ongoing efforts in the United States focused on updating investment tax benefits and trade remedies for both Chinese-controlled manufacturing and production outside of China. The US government delayed the start date on the increased 301 tariffs indefinitely as it seeks market input. However, during the third quarter the US increased the Section 201 TRQ for cells from 5GW to 12.5GW. This adjustment will help the US module industry as US cell manufacturing comes online. India also introduced a new Approved List of Models and Manufacturers (ALMM) in August. Since the implementation of the ALMM program in April, module imports into India continued to decline.

Chinese polysilicon production experienced a month-on-month decline in the third quarter due to ongoing overcapacity exerting pressure on inventory levels. As a result, polysilicon demand remained weak as the Chinese wafer market remained saturated. Wafer factory utilization still hovers in the 40-60 percent range with only one or two plants running at high utilization. Polysilicon manufacturers are working to balance inventory with demand while still operating at low utilization. Some established polysilicon manufacturers were able to ramp new capacity while other new industry players' manufacturing facilities remain unable to start production.

Solar grade polysilicon prices finished the quarter stable as demand and supply started to balance out. In the third quarter, wafer prices dropped in comparison to the second quarter, as cell manufacturers regulated their purchases to avoid accumulating excess inventory. Chinese polysilicon exports increased during the third quarter while polysilicon imports into China continued to decline.

# Outlook

The US economy continues to grow at a slow pace with the global economic outlook remaining subdued and another slow growth year in 2025 expected. The US labor market is showing signs of softness compared to the first half of 2024, and global consumer spending is projected to be down in 2025. Starting in 2026, investment spending should increase as interest rates slowly continue to decline. In the interim, international trade disputes will persist, influencing markets as investors seek clarity on short-term international trade dynamics, while domestic markets focus on bolstering local supply chains.

Silicon gas demand continues to show recovery in the semiconductor and flat panel display markets. Wafer starts were up quarter-on-quarter although the 2024 recovery continues to underperform market expectations. Wafer inventories continue to decline and are projected to fully clear in late Q4. Silicon gas consumption is expected to benefit from the slight growth while polysilicon for semiconductor wafers will continue to experience soft market conditions. We still anticipate year-on-year growth in our markets served. While AI and HBM memory are driving profits for chip makers, global fabrication expansion delays continue as inventory consumption and utilization rates take precedence over capacity. Forecasted growth will remain slow in 2025 before quickening pace in 2026, however, persisting trade conflicts remain a risk to the global economy.

PC and smartphone sales are now showing signs of growth and a return to pre-pandemic purchasing cycles. As wafer inventory is expected to clear by the end of the year, we anticipate a return in demand for semiconductor grade polysilicon. While AI and datacenter spending impacted mobile and PC refresh cycles in 2024, new indications point to a shift from AI towards refresh as companies implement their updated AI portfolios. Semiconductor chip output is back on track with output expected to increase and supporting a stronger market for silicon gases.

In the automotive industry, although demand for electric vehicles (EVs) decreased this year, significant growth is still anticipated by 2030 with EV market share in the United States alone reaching

approximately 29 percent of all vehicles that same year. In the near-term, focus is back on hybrid and plugin-hybrid vehicles to help displace internal combustion vehicles (ICE) increasing demand in the power semiconductor market. Additionally, overall infotainment content is higher in EVs than ICE vehicles, also contributing to higher semiconductor chip demand.

For the remainder of the year, PV module import rates into major markets are unlikely to grow significantly as existing inventory should be sufficient to support remaining anticipated installation growth. The 2024 forecasted installation rate range is broadening, however, as third quarter installation rates softened, and fourth quarter predictions remain unclear. Changes to trade policies, along with delayed implementation, continue to affect the market. The United States has increased 301 tariffs but delayed implementation, while disclosing the CVD percentages on Southeast Asia countries with AD rates not expected until late November. Europe has passed new imports and manufacturing policies with implementation timing expected later next year while several European countries are evaluating subsidy reductions due to finances, market saturation, and restrictions around project requirements.

In domestic manufacturing, the United States has granted relief related to wafer and cell equipment import exemptions while clarifying some of the available tax credits for domestically produced material and manufacturing investments. These changes should facilitate construction commencement of announced production facilities.

In attempts to combat increasing trade restrictions, Chinese companies have announced manufacturing sites in the Middle East, along with moving some existing capacities from Southeast Asia into countries unaffected by trade cases. As market demand remains subdued and trade policies change, market prices are expected to stay depressed for some time. This could potentially drive an increase in installations while interest rates decline and should help drive Chinese industry consolidation as it will be difficult for their smaller polysilicon and wafer manufacturers to survive.

# 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.

# Consolidated financial statements

## Consolidated statement of financial position

USD in million	Notes	Sep 30, 2024	Sep 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>	32.1	34.2	33.6
Machinery and production equipment	<u>3</u>	59.5	37.4	40.2
Other tangible assets	<u>3</u>	5.0	3.0	4.0
Assets under construction	<u>3</u>	215.7	146.7	180.9
Property, plant and equipment	<u>3</u>	312.3	221.1	258.7
Right of use assets	<u>4</u>	32.0	29.2	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>345.4</b>	<b>251.7</b>	<b>292.2</b>
<b>Current assets</b>				
Inventories	<u>5</u>	58.8	49.4	58.5
Trade and other receivables	<u>10</u>	10.9	15.0	21.9
Prepaid costs		6.6	5.1	8.7
Restricted bank accounts		0.6	0.8	0.6
Cash and cash equivalents		23.6	121.7	170.9
<b>Total current assets</b>		<b>100.4</b>	<b>191.9</b>	<b>260.7</b>
<b>Total assets</b>		<b>445.8</b>	<b>443.6</b>	<b>552.9</b>

USD in million	Notes	Sep 30, 2024	Sep 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		-3,095.2	-3,040.0	-2,951.3
<b>Total shareholders' equity</b>		<b>-67.5</b>	<b>-12.4</b>	<b>76.4</b>
<b>Non-current liabilities</b>				
Retirement benefit obligations		6.2	8.1	7.0
Non-current provision, interest calculation	<u>8</u>	24.7	20.0	23.8
Non-current financial liabilities, interest bearing	<u>6</u>	253.0	254.2	253.0
Non-current lease liabilities	<u>4</u>	58.5	61.4	62.4
Non-current prepayments		23.6	26.2	24.9
Other non-current liabilities, not interest bearing		0.0	0.7	0.7
<b>Total non-current liabilities</b>		<b>365.9</b>	<b>370.6</b>	<b>371.7</b>
<b>Current liabilities</b>				
Trade payables and other liabilities		55.8	45.0	60.7
Current financial liabilities, interest bearing	<u>6</u>	75.6	30.6	30.9
Current lease liabilities	<u>4</u>	8.7	6.0	7.5
Current prepayments		7.2	3.8	5.7
<b>Total current liabilities</b>		<b>147.4</b>	<b>85.4</b>	<b>104.8</b>
<b>Total liabilities</b>		<b>513.3</b>	<b>455.9</b>	<b>476.5</b>
<b>Total equity and liabilities</b>		<b>445.8</b>	<b>443.6</b>	<b>552.9</b>

## Consolidated statement of income

USD in million	Notes	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Revenues		33.8	34.8	113.6	100.6	141.1
Cost of materials		-14.4	-7.5	-46.2	-19.9	-30.5
Changes in inventories	5	-7.3	3.7	2.7	11.1	12.5
Employee benefit expenses		-20.6	-17.5	-63.2	-48.7	-69.6
Other operating expenses		-35.9	-37.3	-119.3	-101.4	-142.9
Other income and expense <sup>1</sup>		1.8	6.0	0.1	9.0	9.0
EBITDA		-42.7	-17.8	-112.3	-49.3	-80.5
Depreciation	3	-4.5	-2.8	-17.1	-8.3	-10.9
Amortization	3	0.0	0.0	0.0	0.0	0.0
Depreciation of right of use assets	4	-1.1	-0.8	-3.2	-2.4	-3.4
Impairment	3, 4	0.0	0.0	-0.2	-0.3	-8.1
Total depreciation, amortization and impairment		-5.6	-3.6	-20.6	-11.0	-22.4
EBIT		-48.2	-21.4	-132.9	-60.3	-102.9
Financial income		0.3	1.6	2.9	2.4	3.6
Net financial expenses		-4.7	-5.1	-13.9	-12.8	-18.3
Net currency gains/losses		0.0	0.2	0.1	-3.1	12.7
Gain from sale of Yulin JV		0.0	0.0	0.0	0.0	135.5
Net financial items <sup>2</sup>		-4.4	-3.4	-11.0	-13.6	133.5
Profit/loss from total operations		-52.6	-24.8	-143.8	-73.9	30.5
<b>Attributable to:</b>						
Owners of REC Silicon ASA		-52.6	-24.8	-143.8	-73.9	30.5
<b>Earnings per share (In USD)</b>						
– basic		-0.13	-0.06	-0.34	-0.18	0.07
– diluted		-0.13	-0.06	-0.34	-0.18	0.07

<sup>1</sup> Amounts reported for 2024 are related to employee termination benefits, offset by the sale of non core assets

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



## Consolidated statement of comprehensive income

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Profit/loss from total operations	-52.6	-24.8	-143.8	-73.9	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	0.0	0.0	0.2	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.2	0.9
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
– taken to equity	0.0	-2.1	0.0	8.9	-15.4
Sum items that may be reclassified subsequently to profit or loss	0.0	-2.1	0.0	8.9	-15.4
Total other comprehensive income	0.0	-2.1	0.0	9.0	-14.5
Total comprehensive income	-52.6	-26.9	-143.8	-64.9	16.0
<b>Total comprehensive income attributable to:</b>					
Owners of REC Silicon ASA	-52.6	-26.9	-143.8	-64.9	16.0

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>September 30, 2023</b>				
Accumulated at January 1, 2023	28.8	20.9	-3,556.0	-3,506.3
Profit/loss	0.0	0.0	-73.9	-73.9
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	8.9	0.0	0.0	8.9
Sum items that may be reclassified to profit or loss	8.9	0.0	0.0	8.9
Total other comprehensive income for the period	8.9	0.0	0.2	9.0
Total comprehensive income for the period	8.9	0.0	-73.7	-64.9
Accumulated at September 30, 2023	37.7	20.9	-3,629.7	-3,571.2
<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>September 30, 2024</b>				
Accumulated at January 1, 2024	13.4	20.9	-3,524.6	-3,490.3
Profit/loss	0.0	0.0	-143.8	-143.8
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	-143.8	-143.8
Accumulated at September 30, 2024	13.4	20.9	-3,668.4	-3,634.2

## 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>September 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	-72.8	-72.8
On September 30, 2023	59.2	2,926.7	41.8	3,027.7	539.0	-3,579.1	-12.4
<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>September 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	-143.8	-143.8
On September 30, 2024	59.2	2,926.7	41.8	3,027.7	539.0	-3,634.2	-67.5

# Consolidated statement of cash flows

USD in million	Notes	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
<b>Cash flows from operating activities</b>						
Profit/loss before tax <sup>1</sup>		-52.6	-14.7	-143.8	-73.9	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>	5.6	3.8	20.6	11.0	22.4
Changes in receivables, prepayments from customers etc.	<u>10</u>	1.9	1.4	11.1	31.8	25.1
Changes in inventories	<u>5</u>	3.1	-3.2	-0.2	-11.2	-20.3
Changes in payables, accrued and prepaid expenses		0.2	-6.9	2.1	-6.0	3.0
Changes in VAT and other public taxes and duties		0.1	-1.8	3.7	2.4	1.3
Currency effects not cash flow or not related to operating activities		0.0	-0.7	0.0	3.2	-12.3
Other items		-1.3	-0.3	-1.1	-0.1	0.2
Net cash flow from operating activities		-43.0	-22.4	-107.7	-42.7	-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		1.4	0.7	1.6	0.7	0.7
Payments for property, plant and equipment and intangible assets	<u>3</u>	-15.4	-42.2	-80.5	-105.5	-145.7
Net cash flow from investing activities		-14.0	-41.5	-78.9	-104.7	-8.7
<b>Cash flows from financing activities</b>						
Payments of lease liabilities	<u>4</u>	-2.0	-0.8	-5.8	-3.0	-3.9
Payments of borrowings	<u>6</u>	0.0	-110.0	-30.0	-110.0	-111.1
Proceeds from borrowings	<u>6</u>	45.0	140.0	75.0	280.0	280.0
Net cash flow from financing activities		43.0	29.2	39.2	167.0	165.0
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.7	0.0	-3.1	-4.6
Net increase/decrease in cash and cash equivalents		-14.1	-34.1	-147.3	16.4	65.7
Cash and cash equivalents at the beginning of the period		37.6	49.1	170.9	105.3	105.3
Cash and cash equivalents at the end of the period		23.6	15.0	23.6	121.7	170.9
<b><sup>1</sup> Profit/loss before tax includes</b>						
Interest Paid		-5.9	-6.3	-21.4	-18.3	-25.0
Interest Received		0.3	1.6	2.9	2.4	3.6

# 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

On November 4, 2024, REC Silicon ASA announced that its wholly owned subsidiary, REC Silicon Inc, and REC Silicon Inc's wholly owned subsidiaries have entered into a USD 25 million short-term loan with Hanwha International LLC to meet the near-term capital requirements caused by the delay in the first shipment due to the postponed test schedule. The company is working on additional financing solutions to address the capital requirements for going forward. Additional information will be released once finalized.

Management and the Board of Directors believe that the Company will be successful in obtaining 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. Through a gradual ramp up, the company is working towards 100 percent production (see [note 09](#) 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	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
<b>Revenues</b>					
Semiconductor Materials	32.8	34.7	111.1	100.3	140.6
Solar Materials	1.0	0.1	2.5	0.2	0.4
Other	0.0	0.1	0.0	0.2	0.2
<b>Total</b>	<b>33.8</b>	<b>34.8</b>	<b>113.6</b>	<b>100.6</b>	<b>141.1</b>
<b>EBITDA</b>					
Semiconductor Materials	0.4	6.1	10.3	12.9	14.0
Solar Materials	-36.3	-16.0	-99.7	-39.0	-64.8
Other	-6.8	-8.0	-22.9	-23.2	-29.7
<b>Total</b>	<b>-42.7</b>	<b>-17.8</b>	<b>-112.3</b>	<b>-49.3</b>	<b>-80.5</b>
<b>EBIT</b>					
Semiconductor Materials	-2.3	3.0	2.0	3.5	-5.4
Solar Materials	-39.0	-16.3	-111.6	-40.3	-67.4
Other	-6.9	-8.1	-23.2	-23.5	-30.2
<b>Total</b>	<b>-48.2</b>	<b>-21.4</b>	<b>-132.9</b>	<b>-60.3</b>	<b>-102.9</b>

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

### Semiconductor Materials - Segment

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Revenues	32.8	34.7	111.1	100.3	140.6
Cost of materials	-3.7	-7.1	-16.6	-19.0	-26.8
Change in inventories	-10.9	2.7	-8.1	9.4	7.2
Employee benefit expense	-8.1	-7.2	-23.8	-21.4	-30.1
Other operating expenses	-10.6	-21.3	-51.7	-60.7	-81.3
Other income and expenses	1.0	4.4	-0.6	4.4	4.4
Total current costs	-32.3	-28.5	-100.8	-87.4	-126.6
EBITDA contribution	0.4	6.1	10.3	12.9	14.0
Depreciation of fixed assets	-2.1	-2.5	-6.3	-7.4	-9.8
Depreciation of leased assets	-0.7	-0.7	-2.0	-1.9	-2.6
Impairment	0.0	0.0	0.0	0.0	-7.0
Total depreciation, amortization, and impairment	-2.7	-3.1	-8.3	-9.4	-19.3
EBIT contribution	-2.3	3.0	2.0	3.5	-5.4

### Solar Materials - Segment

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Revenues	1.0	0.1	2.5	0.2	0.4
Cost of materials	-10.6	-0.4	-29.5	-0.8	-3.6
Change in inventories	3.5	1.0	10.9	1.7	5.4
Employee benefit expense	-9.1	-6.7	-29.1	-16.6	-26.2
Other operating expenses	-21.1	-11.5	-54.5	-27.8	-45.0
Other income and expenses	0.1	1.6	0.0	4.2	4.2
Total current costs	-37.2	-16.0	-102.2	-39.2	-65.1
EBITDA contribution	-36.3	-16.0	-99.7	-39.0	-64.8
Depreciation of fixed assets	-2.3	-0.2	-10.5	-0.5	-0.7
Amortization	0.0	0.0	0.0	0.0	0.0
Depreciation of leased assets	-0.5	-0.2	-1.2	-0.4	-0.8
Impairment	0.0	0.0	-0.2	-0.3	-1.1
Total depreciation, amortization, and impairment	-2.8	-0.4	-11.9	-1.3	-2.6
EBIT contribution	-39.0	-16.3	-111.6	-40.3	-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	34.1	2.6	34.8	71.5	0.0	71.5
Disposals	0.0	-0.2	-0.7	0.0	-0.9	0.0	-0.9
Depreciation and amortization	-1.7	-14.6	-0.9	0.0	-17.1	0.0	-17.1
Carrying value on June 30, 2024	32.1	59.5	5.0	215.7	312.3	0.8	313.1
On June 30, 2024							
Historical cost	145.5	2,202.0	71.4	264.8	2,683.7	68.7	2,752.4
Accumulated depreciation/amortization/impairment	-113.4	-2,142.6	-66.4	-49.1	-2,371.4	-67.9	-2,439.3
Carrying value on June 30, 2024	32.1	59.5	5.0	215.7	312.3	0.8	313.1

<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 September 30, 2024 and did not identify any indicators which might give rise to a change in impairment compared to June 30, 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	-0.1	-0.1	-2.9	-0.1	-3.2
Additions	1.3	0.0	0.1	0.7	2.2
Modification of existing leases	0.1	0.0	1.0	0.0	1.1
Balance on September 30, 2024	1.3	0.4	29.9	0.8	32.3

### 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 September 30, 2024 <sup>1</sup>	100.4	4.1	16.4	16.3	16.3	16.1	31.1

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

The weighted average incremental borrowing rate applied to lease liabilities on September 30, 2024 is 13.0 percent.

### Amounts recognized in profit or loss

USD in million	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Interest on lease liabilities	2.1	2.1	6.3	6.3	8.5
Depreciation of right-of-use assets	1.1	0.8	3.2	2.4	3.4
Expenses relating to short-term leases	0.0	0.0	0.0	0.1	0.1

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	Q3 2024	Q3 2023	Sep 30, 2024	Sep 30, 2023	Year 2023
Total cash outflow for leases	4.1	2.9	12.1	8.7	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	Sep 30, 2024			Dec 31, 2023		
	Before writedowns	Writedowns	After writedowns	Before writedowns	Writedowns	After writedowns
Stock of raw materials	10.5	0.0	10.5	18.1	0.0	18.1
Spare parts	48.3	-32.0	16.3	44.3	-33.1	11.2
Work in progress	9.5	-4.6	4.9	12.8	-2.3	10.5
Finished goods	86.5	-59.5	27.0	25.1	-6.4	18.7
<b>Total</b>	<b>154.8</b>	<b>-96.1</b>	<b>58.8</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 September 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
Capitalized Borrowing Cost, current (USD) <sup>1</sup>				-0.6					
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%	50.0	50.0		50.0		
Bank Loan - NongHyup	REC Silicon Inc	2026	3 mon SOFR+2.0%	40.0	40.0				40.0
Related Party Loan - Hanwha International	REC Silicon Inc	2024	3 mon SOFR+2.2%	25.0	25.0	25.0			
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>328.6</b>	<b>329.2</b>	<b>26.2</b>	<b>51.4</b>	<b>251.6</b>	<b>0.0</b>

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

On August 2, 2024 REC Silicon Inc. 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. 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. See [note 11](#).

On August 16, 2024 REC Silicon Inc. entered into an additional USD 20 million facility loan from Standard Chartered Bank in New York through an amendment to the existing facility loan of USD 30 million. This additional facility loan is fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions and will mature on June 13, 2025, the same date as the existing facility loan.

### 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 September 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 September 30, 2024

USD in million	Total future payments	Remaining 2024	2025	2026	2027	2028	After 2028
Purchase of goods and services	48.5	24.5	23.9	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	48.5	24.5	23.9	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	Q3 2024	Sep 30, 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	3.5
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

REC Silicon has provided qualification material of ultra-high purity polysilicon to a third party for testing. REC Silicon is working with testing organizations, the third-party testing partner, and REC's customer to expedite this process. Until the testing procedures are successfully concluded, REC's ability to deliver a qualified product remains a risk. The timing and outcome of the testing also negatively impacts the company's financial situation and operations, including, without limitation, the schedule of a ramp to full capacity in a material way.

On November 4, 2024, REC Silicon ASA announced that its wholly owned subsidiary, REC Silicon Inc, and REC Silicon Inc's wholly owned subsidiaries have entered into a USD 25 million short-term loan with Hanwha International LLC to meet the near-term capital requirements caused by the delay in the first shipment due to the postponed test schedule. The maturity of the loan is February 4, 2025, and the maturity of the existing loan announced on August 2, 2024, has also been extended to February 2, 2025. Refer to [note 12](#) for more information. The company is working on additional financing solutions to address the capital requirements going forward. Additional information will be released once finalized.

Management continues to work diligently to resolve the issue and obtain a positive qualification result, however the uncertainty concerning the successful completion of the testing procedures remains a risk. Failure to pass the testing procedures will negatively impact the financial situation of the Company in a material way, which may result, for example, in the need for the Company to renegotiate the terms and conditions of the offtake contract with Q Cells, seek other financing alternatives to meet the capital requirements for restructuring and operating, and/or refinance the short-term loans from Hanwha International LLC.

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 September 30, 2024

USD in million	Total Carrying amount	Aging of receivables that are not impaired					Impaired
		Not due	< 30 Days	>30<90 Days	>90<365 Days	>365 Days	
Trade receivables and accrued revenues	13.6	10.7	0.7	0.1	0.0	0.0	2.1
Provision for loss on trade recivables	-2.1	0.0	0.0	0.0	0.0	0.0	-2.1
Other current receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total receivables</b>	<b>11.5</b>	<b>10.7</b>	<b>0.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

There was no bad debt expense recorded during the third 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 third quarter of 2024, REC Silicon Inc. received services from Hanwha subsidiaries, in the amount of USD 0.6 million.

Hanwha Solutions provides guarantees for REC Silicon loans. In the third quarter of 2024, REC Silicon incurred costs from Hanwha Solutions in the amount of USD 0.8 million for guarantee and letter of credit fees. See [note 6](#).

On August 2, 2024 REC Silicon Inc. 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. Hanwha International LLC is an affiliate of the company's two largest shareholders Hanwha Solutions and Hanwha Corporation. See [note 6](#).

## Note 12 Events after the reporting period

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On November 4, 2024, REC Silicon ASA (REC Silicon) announced that its wholly owned subsidiary, REC Silicon Inc, and REC Silicon Inc's wholly owned subsidiaries have entered into a USD 25 million short-term loan with Hanwha International LLC. This loan is for the purpose of supporting the capital needs of REC Silicon until shipments of ultra-high purity FBR product commence. The commercial terms of the loan are in line with the previously announced loan with Hanwha International LLC as well as the existing facility loan agreements. The maturity date for this loan will be February 4, 2025.

REC Silicon and Hanwha International LLC have extended the maturity date of the existing loan that was announced on August 2, 2024, until February 2, 2025.

Hanwha International LLC is a subsidiary of the company's two largest shareholders Hanwha Solutions and Hanwha Corporation.

## 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 48.2 million for the third quarter of 2024.		EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. An EBITDA loss of USD 42.7 million has been reported for the third quarter of 2024.
EBIT Margin	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 Margin	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.
	EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.		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 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.	EBITDA Contribution	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.
	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.		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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**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 September 30, 2024, the equity ratio is negative 15.1 percent and is calculated by dividing USD negative 67.5 million total shareholders' equity by USD 445.8 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 September 30, 2024, net debt was USD 372.2 million or USD 328.6 million total carrying value of the Company's debt, from [note 6](#), plus USD 67.2 million current and non-current lease liabilities (from the balance sheet) less USD 23.6 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 September 30, 2024, nominal net debt was USD 372.8 million or USD 329.2 million contractual repayment values of the Company's debt from [note 6](#), plus USD 67.2 million current and non-current lease liabilities (from the balance sheet) less USD 23.6 million in cash and cash equivalents.

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**Nominal Debt**      Nominal debt is the contractual repayment values of interest-bearing debt instruments including financing leases.

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 September 30, 2024, nominal debt was USD 396.4 million or USD 329.2 million contractual repayment values of the Company's debt from [note 6](#), plus USD 67.2 million current and non-current lease liabilities (from the balance sheet).

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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)