

RECSiLICON

THIRD QUARTER

2023

REPORT



THIRD QUARTER HIGHLIGHTS

- > Revenues of \$34.8M and EBITDA loss of (\$17.8M)

- > September 30, 2023 cash balance of \$121.7M
 - Cash increase of \$106.6M
 - Cash inflows from operating activities of \$8.7M

- > Silicon gas sales
 - Sales volume of 754MT
 - Price decrease of 0.6% vs. Q3 2023

- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 140MT
 - Total polysilicon sales of 199MT
 - Total average price decrease of 3.6% vs. Q3 2023

- > Corporate bank loans finalized
 - \$100M three-year term loan guaranteed by Hanwha Solutions
 - \$40M three-year term loan guaranteed by Hanwha Solutions

- > Full form FBR offtake agreement signed
 - 10 year take or pay agreement with Hanwha Q Cells Georgia, Inc.
 - Included \$30M advance payment

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022	Q2 2023
Revenues	34.8	36.7	100.6	116.2	147.8	36.7
EBITDA	-17.8	-13.8	-49.3	-11.3	-34.9	-8.5
EBITDA margin	-51.2%	-37.7%	-49.0%	-9.8%	-23.6%	-23.0%
EBIT excluding impairment charges	-21.4	-19.6	-60.0	-30.8	-58.0	-11.9
Impairment charges	0.0	0.0	-0.3	-0.3	-0.3	-0.3
EBIT	-21.4	-19.6	-60.3	-31.0	-58.3	-12.2
EBIT margin	-61.6%	-53.4%	-59.9%	-26.7%	-39.4%	-33.3%
Profit/loss from continuing operations before tax	-32.8	-28.6	-81.9	-61.0	-87.0	-14.7
Profit/loss from continuing operations	-32.8	-28.6	-81.9	-61.0	-87.0	-14.7
Profit/loss from discontinued operations, net of tax	0.0	0.0	0.0	0.1	0.1	0.0
Earnings per share from continuing operations, basic and diluted (USD)	-0.08	-0.07	-0.19	-0.15	-0.21	-0.03
Polysilicon production in MT (Siemens and granular)	281	383	828	1,189	1,456	302
Polysilicon sales in MT (Siemens and granular)	199	426	567	1,200	1,502	184
Silicon gas sales in MT	754	586	2,243	2,203	2,718	849

REC SILICON GROUP

REC Silicon is a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gas to the solar and electronics industries worldwide. REC Silicon produces polysilicon and silicon gases from its US manufacturing plants in Moses Lake, Washington and in Butte, Montana.

The Company is executing a plan to realize FBR production from its plant in Moses Lake in Q4 of 2023. The company is targeting a ramp to 50 percent operation during Q2 2024 and a ramp to 100 percent operation during Q4 2024. (see Risks and Uncertainties below).

Revenues for the third quarter of 2023 were USD 34.8 million compared to USD 36.7 million for the second quarter of 2023. Polysilicon production volume for the third quarter was 281MT compared to 302MT during the second quarter of 2023. EBITDA for the third quarter of 2023 was a loss of USD 17.8 million compared to a loss of USD 8.5 million during the second quarter of 2023.

MARKET DEVELOPMENT

Market demand for advanced devices requiring Float Zone (FZ) semiconductor polysilicon remained strong in the third quarter of 2023 while demand for Czochralski-grade (CZ) semiconductor polysilicon continued to decline as downstream wafer inventory stagnated. Further inclusion of semiconductor devices in automotive applications gave chip manufacturers reasons to start increasing production, but overall

demand remained weak for integrated circuits used in smart phones, personal computers, and other consumer electronics. Government reports on the semiconductor industry showed signs of improvement but not at levels to increase inventory drawdowns as inventories remained at above average levels. Geopolitical issues and inflationary concerns continued to hold down the global market, while in the US, discretionary spending drove up the US GDP in the third quarter.

Demand for specialty silicon gases saw a slight decrease in the third quarter of 2023, however Silane gas demand for the PV market remained strong. Flat panel display consumption dropped compared to the second quarter as overall demand remained weak. Uncertainty remains in supply and demand risk due to several drivers including geopolitical, logistical, inflationary, and consumer confidence, making purchasing and inventory control decisions more complicated. The positive sign at the end of the second quarter waned as consumer confidence started to slip with interest rates remaining high and inflationary numbers persisting.

Working to balance holding inventory against growing finished goods and replenishing supply, the market appears to be accepting of holding more inventory as the impacts of Covid and supply chain issues do not want to be repeated.

Global PV demand remained stable in the third quarter 2023. Shipments of modules increased above demand, however, prices declined as module inventory builds in Europe, the US, and South America have been reported. China module exports for the first three quarters of 2023 is

REC Group - Summary of results by segment

(USD IN MILLION)	Q3 2023		Q3 2022		SEP 30, 2023		SEP 30, 2022	
	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA
Semiconductor Materials	34.7	6.1	36.6	-5.3	100.3	12.9	116.0	12.8
Solar Materials	0.1	-16.0	0.1	-3.3	0.2	-39.0	0.1	-9.4
Other	0.1	-8.0	0.1	-5.2	0.2	-23.2	0.2	-14.8
Total	34.8	-17.8	36.7	-13.8	100.6	-49.3	116.2	-11.3

expected around 150GW. Import slowness into the US due to Uyghurs Forced Labor Prevention Act has subsided some, primarily due to modules coming from Southeast Asia with non-China polysilicon and non-Xinjiang polysilicon. The US exemption to anti-circumvention tariffs also supported increased imports.

Solar grade polysilicon prices, both inside and outside China, saw price changes in the third quarter. Prices inside China climbed from USD \$8.0/kg at the beginning of the quarter to USD \$9.5/kg mid-quarter before declining again to USD \$8.3/kg at the end of the quarter. Price fluctuations inside China were affected more significantly by the expansion of China polysilicon plants as oversupply and growing inventories allowed wafer manufacturers to slow purchases and increase pricing pressure on polysilicon manufacturers. Meanwhile prices for polysilicon produced outside China saw a decline and bifurcation between P-type and N-type polysilicon from over USD \$30.0/kg to USD \$22.7/kg for P-type polysilicon and USD \$25.6/kg for N-type polysilicon. Demand for N-type polysilicon saw increases during the third quarter as cell production shifted towards TopCon cell technology.

SEGMENT INFORMATION

SEMICONDUCTOR MATERIALS

REC Silicon manufactures polysilicon and silicon gases for semiconductor markets from its manufacturing facility in Butte, Montana. This facility is the world's largest supplier of silicon gases for semiconductor, flat panel display, and solar applications. The facility uses a silane based siemens polysilicon processing technology to produce the highest quality (FZ) polysilicon for use in the semiconductor industry. The Butte plant has a capacity of approximately 5,240MT of silicon gas loading and 1,600MT of electronic grade polysilicon production.

Semiconductor segment revenues were USD 34.7 million during the third quarter of 2023 compared to USD 36.6 million during the second quarter of 2023.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022	Q2 2023
Revenues	34.7	36.6	100.3	116.0	147.4	36.6
EBITDA contribution	6.1	-5.3	12.9	12.8	6.3	10.1
Contribution margin	17.7%	-14.6%	12.8%	11.1%	4.3%	27.6%
Polysilicon production in MT (Siemens)	279	381	825	1,186	1,453	302
Polysilicon sales in MT (Siemens)	199	426	563	1,200	1,502	181
Silicon gas sales in MT	754	586	2,243	2,203	2,718	849

Key Financials - Solar Materials

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022	Q2 2023
Revenues	0.1	0.1	0.2	0.1	0.2	0.1
EBITDA contribution	-16.0	-3.3	-39.0	-9.4	-19.9	-11.4
Polysilicon production in MT (Siemens and granular)	2	1	3	3	3	0
Polysilicon sales in MT (Siemens and granular)	0	0	4	0	0	4

Key Financials - Other and Eliminations

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022	Q2 2023
Revenues	0.1	0.1	0.2	0.2	0.2	0.1
EBITDA contribution	-8.0	-5.2	-23.2	-14.8	-21.3	-7.2

Total polysilicon sales volumes, including by-products, increased by 18MT to 199MT in the third quarter of 2023 compared to 181MT during the second quarter of 2023. Semiconductor grade polysilicon sales volumes decreased by 3MT to 140MT. Other grade polysilicon sales volumes increased by 22MT to 59MT.

Average polysilicon prices for the third quarter decreased by 3.6 percent compared to the prior quarter. Average prices realized for semiconductor grade polysilicon increased by 9.0 percent compared to the prior quarter.

Total silicon gas sales volumes decreased by 95MT to 754MT during the third quarter of 2023. Sales prices realized by REC Silicon for silicon gas were nearly unchanged from the previous quarter.

Total polysilicon production volume, including by-products, was 279MT for the third quarter compared to 302MT for the second quarter of 2023.

The Semiconductor Materials segment contributed USD 6.1 million to the Company's EBITDA during the third quarter of 2023 compared to USD 10.1 million during the second quarter of 2023. The decreased EBITDA is primarily due to decreased silicon gas sales compared to the previous quarter.

SOLAR MATERIALS

REC Silicon is working on the restart of manufacturing polysilicon for the solar energy markets from its facility in Moses Lake, Washington.

The Company is executing a plan to restart FBR production in Q4 of 2023. Current activities include site construction for FBR upgrades. The company is targeting a ramp to 50 percent operation during Q2 2024 and a ramp to 100 percent operation during Q4 2024.

The Solar Materials segment contributed an EBITDA loss of USD 16.0 million during the third quarter compared to an EBITDA loss of USD 11.4 million during the second quarter of 2023.

Expenditures in the Solar Materials segment include expenditures related to the preparation for startup.

OTHER AND ELIMINATIONS

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 in Japan, Taiwan, Korea, Singapore, China, and the United States.

Net operating costs in Other and Eliminations were USD 8.0 million during the third quarter of 2023 compared to net operating costs of USD 7.2 million during the second quarter of 2023.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures were USD 40.8 million during the third quarter of 2023 compared to USD 42.2 million during the second quarter of 2023. Capital spending was primarily associated with FBR modifications which will enable the restart of Moses Lake production.

Other capital spending included upgrades to semiconductor business.

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

Net financial expenses are primarily associated with interest expense on borrowings, interest expense on lease liabilities, and the amortization of up-front fees on borrowings.

During the third quarter of 2023, the Company recognized interest expense on borrowings of USD 4.2 million, including USD 4.1 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 0.6 million. See note 7 for more information on borrowings and note 12 for more information on related parties.

The Company recognized an interest expense of USD 2.1 million on imputed liabilities for leased assets during third quarter. See note 4 for additional information on leases.

Up-front fees and costs are related to the guarantee fees charged by Hanwha associated with term loans. See note 7 for more information on borrowings and note 12 for more information on related parties.

Net currency gains and (losses) are primarily related to the impact of exchange rate fluctuations between transaction currencies and the USD, which is the primary functional currency for the group.

INCOME TAX

The loss from total operations of USD 24.8 million during the third quarter of 2023 resulted in no effective tax impact due to REC Silicon's unrecognized deferred tax asset. Losses increase the Company'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 2022 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 8.8 million during the third quarter of 2023. Operating activities consisted of the loss from operations of USD 24.8 million, of which USD 3.6 million from depreciation. Trade receivables and customer prepayments changed by USD 27.7 million, Primarily due to the USD 30.0 million advance payment received from Hanwha Q Cells Georgia, a wholly owned subsidiary of Hanwha Solutions. Inventories increased by USD 3.5 million. Changes in payables and other items increased by USD 5.9 million. There was also an increase effect of USD 0.2 million on cash balances due to foreign exchange rates. Cash outflows included interest payments on leases of USD 2.1 million and interest on debt of USD 2.6 million.

Cash outflows from investing activities were USD 40.8 million and were a result of capital expenditures of USD 40.8 million.

Cash flows from financing activities were USD 138.5 million and were the result proceeds from term loan agreements entered into during the quarter of USD 140 million, minus net decrease in lease liabilities of USD 1.5 million. (see notes 4 and 7).

During the third quarter of 2023 cash balances increased by USD 106.6 million to USD 121.7 million on September 30, 2023.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Financial income	1.6	0.8	2.4	1.0	1.9
Interest expenses on borrowings	-4.2	-3.4	-10.1	-10.0	-13.4
Interest expense on leases	-2.1	-2.1	-6.3	-6.5	-8.6
Capitalized borrowing cost	2.1	0.9	5.7	1.8	3.0
Expensing of up-front fees and costs	-0.6	-0.1	-1.0	-0.3	-0.5
Other financial expenses	-0.3	-0.3	-1.0	-1.0	-1.4
Net financial expenses	-5.1	-5.0	-12.8	-16.0	-20.9
Net currency gains/losses	0.2	-4.7	-3.1	-14.9	-9.7
Net financial items	-3.4	-9.0	-13.6	-29.9	-28.7

FINANCIAL POSITION

Shareholders' equity decreased to negative USD 12.4 million (-2.8 percent equity ratio) on September 30, 2023, compared to USD 22.4 million (18.9 percent equity ratio) on June 30, 2023. This decrease was the result of the loss from total operations of USD 24.5 million during the third quarter of 2023 and currency translation differences.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. On September 30, 2023, net debt was USD 230.5 million, which consisted of USD 284.8 million total carrying value of the Company's debt (from note 7) plus USD 67.4 million current and non-current lease liabilities (from the balance sheet) less USD 121.7 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, 2023, nominal net debt was USD 231.0 million.

See note 17 to the consolidated financial statements for 2022 and note 7 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2022, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

GOING CONCERN

The Company has completed additional financing to address capital requirements. See note 7.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

RESTART OF PRODUCTION FACILITY IN MOSES LAKE

The Company is executing a plan to realize FBR production in Q4 of 2023. The company is targeting a ramp to 50 percent operation during Q3 2024 and a ramp to 100 percent operation during Q4 2024.

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

Additional impairments and provisions would be required if the Moses Lake facility is not successfully restarted.

MARKET OUTLOOK

The expected increase in silicon gases used in semiconductor manufacturing during the third quarter did not materialize, which also resulted in a slowing of inventory drawdowns as market recovery signals are still not yet clear. Analyst consensus is that the market will hold at lower levels for a couple of quarters before recovery in 2024. While the downstream market is seeing continued consumer spending, confidence

levels are declining, and the forecasted quick soft landing does not appear to be happening soon. In the US, lower income households are increasingly burdened by inflation and big-ticket items as credit purchases are softening. Inflation is not yet near levels acceptable to central bankers, and the latest Fed and ECB announcements and actions leave feelings that more rate increases may occur if elevated inflationary numbers persist. While 2023 is projected to be a down year in semiconductor demand, 2024 is projected to show recovery. Expectations are that the recovery will lean more towards the second half of 2024. Longer term, the market growth is still projected to follow the historical average of around 6%.

Demand for silicon gas in the short term will be supported by the increased growth in the photovoltaics market as installations of solar systems continue to grow. Specialty gases inventory for the semiconductor market will continue to be drawn down in Q4 2023 and Q1 2024 and shipments are expected to start to slightly increase over this timeframe. Stronger market demand is expected to rebound in the second half of 2024 as demand for advanced sensors and power devices increases. The higher percentage of devices used in automotive and consumer electronics will drive growth in this market. The return to pre-pandemic preferential patterns, semi-cyclical replacement of electronic goods, remain consistent with evidence from US, China and Korean data.

Semiconductor polysilicon demand for logic and memory devices is expected to remain weak in the first half of 2024 while demand for silicon for discrete power devices is expected to remain strong as previously forecasted.

The benefits of the Inflation Reduction Act have inspired new entrants to the markets and the US market continues to see announcements for PV supply chain manufacturing. It remains to be seen how much capacity will come online over the next couple of years but there is the potential that the US market may be able to meet their own module and cell demands. Wafer and polysilicon announcements have been fewer overall, driven by high cost and other barriers to entry, along with the lack of clarity of the domestic content adder policy for US made products. Once guidance from the United States Departments of Commerce and Treasury for the IRA bill is completed, the picture should become clearer as to the potential total capacity of wafer and polysilicon expansions.

Globally PV installations are expected to surpass 350GW in 2023 but module manufacturing this year is expected to be over 400GW increasing the inventory burden. Inventories in several regions globally are growing and the installation pace is expected to continue putting pressure on module suppliers who have been dropping prices in efforts to continue demand growth and factory utilization. This pricing pressure and growing inventory has worked its way back upstream through cell and wafer makers as factory utilization for wafer makers has declined in the last two months. Efforts for inventory control and pricing stabilization have caused wafer makers to slow purchases of polysilicon in China. Polysilicon prices are expected to continue to decline going into the next couple quarters with Chinese polysilicon companies continuing to expand and increase the overcapacity situation. As previously forecasted, our expectation is Chinese polysilicon prices to stay around cost of manufacturing levels going into 2024, while outside China prices for N-Type P Type polysilicon will remain stable.

The 2024 outlook for global PV installations is forecasted to be over 400GW with outside China market growth increasing faster than inside China. China is expected to have significant pricing pressures in 2024, along with slowed installation growth, and expected to try and force more material outside of China. Global PV prices will continue to be under pressure from this but with changing geopolitical policies we should see stabilization of prices and demand increase for products made outside of China.

The US battery manufacturing markets are seeing increased activities with factory construction starting at several companies. The move towards commercialization scale will start to materialize in 2024 with demand forecasted to pick up in 2025.

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 "Market 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 2022, including the section Risk Factors in the Board of Directors' Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2023	SEP 30, 2022	DEC 31, 2022
ASSETS				
Non-current assets				
Intangible assets	3	0.9	1.0	1.0
Land and buildings	3	34.2	31.7	31.1
Machinery and production equipment	3	37.4	20.0	24.6
Other tangible assets	3	3.0	2.6	2.7
Assets under construction	3	146.7	46.0	62.4
Property, plant and equipment	3	221.1	100.3	120.9
Right of use assets	4	29.2	31.6	30.4
Other non-current receivables		0.4	0.0	0.1
Financial assets and prepayments		0.4	0.0	0.1
Total non-current assets		251.7	133.0	152.3
Current assets				
Inventories	7	49.4	35.3	38.3
Trade and other receivables	11	20.1	25.6	23.2
Restricted bank accounts		0.8	0.8	0.8
Cash and cash equivalents		121.7	146.8	105.3
Total current assets		191.9	208.4	167.5
Total assets		443.6	341.4	319.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2023	SEP 30, 2022	DEC 31, 2022
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		3,027.7	3,027.7	3,027.7
Other equity and retained earnings		-3,040.0	-2,939.0	-2,967.3
Total shareholders' equity		-12.4	88.6	60.4
Non-current liabilities				
Retirement benefit obligations		8.1	12.5	8.6
Non-current provision, interest calculation	9	20.0	20.9	19.3
Non-current financial liabilities, interest bearing	7	254.2	5.3	4.2
Non-current lease liabilities	4	61.4	66.5	65.8
Non-current prepayments	12	26.2	0.0	0.0
Other non-current liabilities, not interest bearing		0.7	1.0	1.3
Total non-current liabilities		370.6	106.1	99.1
Current liabilities				
Trade payables and other liabilities		45.0	32.1	46.5
Current financial liabilities, interest bearing	7	30.6	110.7	111.0
Current lease liabilities	4	6.0	2.8	2.8
Current prepayments, interest calculation	12	3.8	1.0	0.1
Total current liabilities		85.4	146.6	160.3
Total liabilities		455.9	252.8	259.5
Total equity and liabilities		443.6	341.4	319.9

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Revenues		34.8	36.7	100.6	116.2	147.8
Cost of materials	6	-7.5	-6.8	-19.9	-20.9	-27.3
Changes in inventories	6	3.7	-5.9	11.1	-5.4	-3.8
Employee benefit expenses		-17.5	-11.4	-48.7	-32.0	-44.1
Other operating expenses		-37.3	-25.8	-101.4	-68.8	-107.1
Other income and expense ¹⁾		6.0	-0.5	9.0	-0.5	-0.5
EBITDA		-17.8	-13.8	-49.3	-11.3	-34.9
Depreciation	3	-2.8	-4.9	-8.3	-17.1	-19.9
Amortization	3	0.0	0.0	0.0	0.0	0.0
Depreciation of right of use assets	4	-0.8	-0.8	-2.4	-2.3	-3.1
Impairment ²⁾	3, 4, 6	0.0	0.0	-0.3	-0.3	-0.3
Total depreciation, amortization and impairment		-3.6	-5.8	-11.0	-19.7	-23.4
EBIT		-21.4	-19.6	-60.3	-31.0	-58.3
Financial income		1.6	0.8	2.4	1.0	1.9
Net financial expenses		-5.1	-5.0	-12.8	-16.0	-20.9
Net currency gains/losses		0.2	-4.7	-3.1	-14.9	-9.7
Net financial items ³⁾		-3.4	-9.0	-13.6	-29.9	-28.7
Profit/loss before tax from continuing operations		-24.8	-28.6	-73.9	-61.0	-87.0
Income tax expense/benefit from continuing operations		0.0	0.0	0.0	0.0	0.0
Profit/loss from continuing operations		-24.8	-28.6	-73.9	-61.0	-87.0
Profit/loss from discontinued operations, net of tax ⁴⁾		0.0	0.0	0.0	0.1	0.1
Profit/loss from total operations		-24.8	-28.6	-73.9	-60.8	-86.8
Attributable to:						
Owners of REC Silicon ASA		-24.8	-28.6	-73.9	-60.8	-86.8
Earnings per share (In USD)						
From continuing operations						
- basic		-0.06	-0.07	-0.18	-0.15	-0.21
- diluted		-0.06	-0.07	-0.18	-0.15	-0.21
Earnings per share (In USD)						
From total operations						
- basic		-0.06	-0.07	-0.18	-0.15	-0.21
- diluted		-0.06	-0.07	-0.18	-0.15	-0.21

1) Amounts reported for 2023 are related to insurance proceeds

2) Amounts reported for 2023 include USD 0.3M related to items removed from service

3) See financial items table in part 1 of this report

4) Amounts reported for 2022 are related to the settlement of the indemnification loans

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Profit/loss from total operations	-73.9	-60.8	-86.8
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	3.5
Currency translation effects	0.1	0.3	0.0
Sum items that will not be reclassified to profit or loss	0.1	0.3	3.5
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	1.0	6.4	0.9
Sum items that may be reclassified subsequently to profit or loss	1.0	6.4	0.9
Total other comprehensive income	1.1	6.7	4.4
Total comprehensive income	-72.7	-54.2	-82.4
Total comprehensive income attributable to:			
Owners of REC Silicon ASA	-72.7	-54.2	-82.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

(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
September 30, 2022							
At January 1, 2022	53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.2
Share issue	5.5	104.0	0.0	109.5	0.0	0.0	109.5
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-54.1	-54.1
At September 30, 2022	59.2	2,926.7	41.8	3,027.7	539.0	-3,478.1	88.6
Year 2022							
At January 1, 2022	53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.2
Share issue	5.5	104.0	0.0	109.5	0.0	0.0	109.5
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-82.4	-82.4
At December 31, 2022	59.2	2,926.7	41.8	3,027.7	539.0	-3,506.3	60.4
September 30, 2023							
At January 1, 2023	59.2	2,926.7	41.8	3,027.7	539.03	-3,506.3	60.4
Total comprehensive income	0.0	0.0	0.0	0.0	0.0	-72.8	-72.8
At September 30, 2023	59.2	2,926.7	41.8	3,027.7	539.0	-3,579.1	-12.4

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
September 30, 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss	0.0	0.0	-60.8	-60.8
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Currency translation effects	0.0	0.0	0.3	0.3
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.3	0.3
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	6.4	0.0	0.0	6.4
Sum items that may be reclassified to profit or loss	6.4	0.0	0.0	6.4
Total other comprehensive income for the period	6.4	0.0	0.3	6.7
Total comprehensive income for the period	6.4	0.0	-60.5	-54.2
Accumulated at September 30, 2022	34.3	20.9	-3,533.2	-3,478.1
Year 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss	0.0	0.0	-86.8	-86.8
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	3.5	3.5
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	3.5	3.5
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.9	0.0	0.0	0.9
Sum items that may be reclassified to profit or loss	0.9	0.0	0.0	0.9
Total other comprehensive income for the period	0.9	0.0	3.5	4.4
Total comprehensive income for the period	0.9	0.0	-83.3	-82.4
Accumulated at December 31, 2022	28.8	20.9	-3,556.0	-3,506.3
September 30, 2023				
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:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	0.0
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	0.1	0.1
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.1	0.1
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	1.0	0.0	0.0	1.0
Sum items that may be reclassified to profit or loss	1.0	0.0	0.0	1.0
Total other comprehensive income for the period	1.0	0.0	0.1	1.1
Total comprehensive income for the period	1.0	0.0	-73.7	-72.7
Accumulated at September 30, 2023	29.8	20.9	-3,629.7	-3,579.1

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Cash flows from operating activities						
Profit/loss before tax ¹⁾		-24.8	-28.6	-73.9	-61.0	-87.0
Depreciation, amortization and impairment	3, 4	3.6	5.8	11.0	19.7	23.4
Changes in receivables, prepayments from customers etc.	11, 12	27.7	5.2	31.8	3.2	5.9
Changes in inventories	6	-3.5	2.7	-11.2	-2.2	-5.2
Changes in payables, accrued and prepaid expenses		5.4	2.8	-6.0	3.2	10.9
Changes in VAT and other public taxes and duties		0.2	0.1	2.4	2.1	0.0
Currency effects not cash flow or not related to operating activities		-0.2	0.0	3.2	3.0	10.2
Other items		0.3	-0.1	-0.1	-0.2	-0.3
Net cash flow from operating activities		8.7	-12.0	-42.7	-32.2	-42.1
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		0.0	1.1	0.0	1.2	1.1
Proceeds from sale of property, plant and equipment and intangible assets	3	0.0	0.0	0.7	0.0	0.0
Payments for property, plant and equipment and intangible assets	3	-40.8	-14.6	-105.5	-33.2	-55.9
Net cash flow from investing activities		-40.8	-13.5	-104.7	-32.0	-54.8
Cash flows from financing activities						
Proceeds from issue of share capital		0.0	0.0	0.0	109.5	109.5
Payments of lease liabilities	4	-1.5	-0.7	-3.0	-1.9	-2.6
Payments of borrowings	7	0.0	0.0	-110.0	-7.1	-8.1
Proceeds from borrowings	7	140.0	0.0	280.0	0.0	0.0
Net cash flow from financing activities		138.5	-0.7	167.0	100.5	98.8
Effect on cash and cash equivalents of changes in foreign exchange rates		0.2	0.0	-3.1	0.0	-7.2
Net increase/decrease in cash and cash equivalents		106.6	-26.2	16.4	36.3	-5.2
Cash and cash equivalents at the beginning of the period		15.0	173.0	105.3	110.5	110.5
Cash and cash equivalents at the end of the period		121.7	146.8	121.7	146.8	105.3
1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF						
Profit/loss before tax from continuing operations		-24.8	-28.6	-73.9	-61.0	-87.0
Profit/loss before tax from discontinued operations		0.0	0.0	0.0	0.1	0.1
Profit/loss before tax from total operations		-24.8	-28.6	-73.9	-60.8	-86.8

NOTES

1 GENERAL

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. The Group's investment in the Yulin JV is held in REC Silicon Pte Ltd in Singapore.

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 2022. The consolidated financial statements for 2022 are available upon request from the Company's registered office in Lysaker, Norway or at www.recsilicon.com.

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 2022 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 2022.

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 is executing a plan to realize FBR production in Q4 of 2023. The company is targeting a ramp to 50 percent operation during Q2 2024 and 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 2022.

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 2022.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2022 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 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
REVENUES					
Semiconductor Materials	34.7	36.6	100.3	116.0	147.4
Solar Materials	0.1	0.1	0.2	0.1	0.2
Other	0.1	0.1	0.2	0.2	0.2
Total	34.8	36.7	100.6	116.3	147.8
EBITDA					
Semiconductor Materials	6.1	-5.3	12.9	12.8	6.3
Solar Materials	-16.0	-3.3	-39.0	-9.4	-19.9
Other	-8.0	-5.2	-23.2	-14.8	-21.3
Total	-17.8	-13.8	-49.3	-11.3	-34.9
EBIT					
Semiconductor Materials	3.0	-8.6	3.5	2.3	-7.6
Solar Materials	-16.3	-5.7	-40.3	-18.2	-28.9
Other	-8.1	-5.3	-23.5	-15.1	-21.8
Total	-21.4	-19.6	-60.3	-31.0	-58.3

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Revenues	34.7	36.6	100.3	116.0	147.4
Cost of materials	-7.1	-6.6	-19.0	-20.5	-26.9
Change in inventories	2.7	-6.1	9.4	-6.3	-4.7
Employee benefit expense	-7.2	-8.4	-21.4	-20.7	-25.7
Other operating expenses	-21.3	-20.8	-60.7	-55.7	-83.8
Other income and expenses	4.4	0.0	4.4	0.0	0.0
Total current costs	-28.5	-41.9	-87.4	-103.1	-141.1
EBITDA contribution	6.1	-5.3	12.9	12.8	6.3
Depreciation of fixed assets	-2.5	-2.7	-7.4	-8.4	-11.1
Depreciation of leased assets	-0.7	-0.6	-1.9	-1.9	-2.6
Impairment	0.0	0.0	0.0	-0.3	-0.3
Total depreciation, amortization, and impairment	-3.1	-3.3	-9.4	-10.5	-13.9
EBIT contribution	3.0	-8.6	3.5	2.3	-7.6

Solar Materials - Segment

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Revenues	0.1	0.1	0.2	0.1	0.2
Cost of materials	-0.4	-0.1	-0.8	-0.3	-0.4
Change in inventories	1.0	0.2	1.7	0.9	1.4
Employee benefit expense	-6.7	-0.7	-16.6	-4.5	-8.8
Other operating expenses	-11.5	-2.7	-27.8	-5.7	-12.3
Other income and expenses	1.6	0.0	4.2	0.0	0.0
Total current costs	-16.0	-3.4	-39.2	-9.5	-20.1
EBITDA contribution	-16.0	-3.3	-39.0	-9.4	-19.9
Depreciation of fixed assets	-0.2	-2.2	-0.5	-8.3	-8.4
Amortization	0.0	0.0	0.0	0.0	0.0
Depreciation of leased assets	-0.2	-0.1	-0.4	-0.4	-0.6
Impairment	0.0	0.0	-0.3	0.0	0.0
Total depreciation, amortization, and impairment	-0.4	-2.3	-1.3	-8.8	-9.0
EBIT contribution	-16.3	-5.7	-40.3	-18.2	-28.9

The following table disaggregates revenues by contract type and reconciles to total revenues.

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Spot Contract Revenue	20.1	22.6	57.3	72.1	93.9
Structured (Regional/Volume pricing)	13.1	11.4	37.0	37.5	44.8
Tiered (Volume pricing)	1.6	2.7	6.3	6.7	9.1
Total	34.8	36.7	100.6	116.3	147.8

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2022.

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 at January 1, 2023	31.1	24.6	2.7	62.4	120.9	1.0	121.8
Net additions ¹⁾	5.1	19.3	0.6	84.3	109.2	0.0	109.2
Disposals	-0.3	-0.3	0.0	0.0	-0.7	0.0	-0.7
Depreciation and amortization	-1.7	-6.2	-0.4	0.0	-8.3	0.0	-8.3
Carrying value at September 30, 2023	34.2	37.4	3.0	146.7	221.1	0.9	222.1
At September 30, 2023							
Historical cost	145.4	2,176.8	73.9	188.2	2,584.3	68.8	2,653.1
Accumulated depreciation/amortization/impairment	-111.2	-2,139.5	-71.0	-41.6	-2,363.2	-67.8	-2,431.0
Carrying value at September 30, 2023	34.2	37.4	3.0	146.7	221.1	0.9	222.1

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2022.

The Company conducted a review of impairment indicators in September, 2023 and did not identify any indicators which might give rise to a change in impairment compared to June 30, 2023.

4 LEASES

See note 7 to the consolidated financial statements for 2022.

Right-of-Use assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY	GAS PLANTS	OTHER LEASED ASSETS	TOTAL
Balance at January 1, 2023	0.0	0.5	29.9	0.0	30.4
Depreciation	-0.1	-0.1	-2.2	0.0	-2.4
Additions	0.0	0.0	0.1	0.1	0.2
Modification of existing leases	0.1	0.0	0.9	0.0	1.0
Balance at September 30, 2023	0.0	0.5	28.7	0.1	29.2

Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2023	2024	2025	2026	2027	AFTER 2027
Lease liabilities at September, 2023 ¹⁾	106.7	2.9	14.7	14.7	14.7	14.6	45.1

1) Amounts listed are undiscounted

The weighted average incremental borrowing rate applied to lease liabilities at September 30, 2023 and December 31, 2022 is 13.2 percent.

Amounts recognized in profit or loss

(USD IN MILLION)	Q3 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Interest on lease liabilities	2.1	2.1	6.3	6.5	8.6
Depreciation of right-of-use assets	0.8	0.8	2.4	2.3	3.1
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	0.0	0.0	0.0	0.5
Expenses relating to short-term leases	0.0	0.0	0.1	0.1	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

Net losses in 2022 are due to changes in Asset Retirement Obligations (ARO's) related to leased assets.

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 2023	Q3 2022	SEP 30, 2023	SEP 30, 2022	YEAR 2022
Total cash outflow for leases	2.9	2.8	8.7	8.4	11.2

5 INVESTMENTS

OTHER INVESTMENTS

See note 9 to the consolidated financial statements for 2022.

The Group has an investment in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). REC Silicon's ownership is 15 percent of the Yulin JV. The Company has designated the investment in the Yulin JV as an equity security at fair value through profit/loss (FVTPL).

REC Silicon's investment in the Yulin JV has been reported in the statement of financial position at a value of zero which is unchanged from the prior period.

During the Group's review of fair value estimate of the Company's investment in the Yulin JV, no impairment indicators were identified that might give rise to a change in the valuation of the Company's investment in the Yulin JV.

In Q2 2023 REC Silicon offered its equity interest in the JV as part of a public bidding process in connection with the Yulin JV's capital raise. REC Silicon and an identified buyer have made progress; however, additional steps are required and are ongoing. The initial consideration for this transfer is RMB 1 billion (USD 140.1 million) calculated based on the valuation of the Yulin JV's total enterprise value of RMB 6.8 billion (USD 934.2 million). The value of the Yulin JV was determined by a third-party appraiser as a valuation must be determined prior to the commencement of the bidding process according to the regulations applicable to state owned enterprises in China.

The final consideration will be determined after the completion of the equity transfer agreement.

As of the date of these financial statements the process is ongoing, and the timing and outcome of a potential transaction is uncertain.

6 INVENTORIES

See note 13 to the consolidated financial statements for 2022.

Inventories at end of period

(USD IN MILLION)	SEP 30, 2023			DEC 31, 2022		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	11.4	0.0	11.4	12.1	0.0	12.1
Spare parts	43.4	-33.4	10.0	42.8	-33.4	9.4
Work in progress	11.7	-2.2	9.5	9.4	-2.3	7.1
Finished goods	24.2	-5.6	18.5	12.8	-3.1	9.7
Total	90.6	-41.2	49.4	77.1	-38.8	38.3

7 BORROWINGS AND GUARANTEES

See notes 17, 29, and 30 to the consolidated financial statements for 2022.

Carrying amounts of interest-bearing liabilities at September 30, 2023 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	BORROWER	MATURITY	INTEREST RATE	CARRYING AMOUNT	CONTRACTUAL PAYMENTS, EXCLUDING INTEREST						
				CURRENCY	TOTAL	2023	2024	2025	2026	AFTER 2026	
Capitalized Borrowing Cost, current ¹⁾				-0.5							
Bank Loan - Hana Bank	REC Silicon ASA	2026	3 mon SOFR+1.8%	110.0	110.0					110.0	
Bank Loan - Hana Bank	REC Silicon Inc	2026	3 mon SOFR+1.5%	100.0	100.0					100.0	
Bank Loan - Standard Chartered	REC Silicon Inc	2024	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%	5.3	5.3	1.1	1.2	1.4	1.6		0.0
Total				284.8	285.3	1.1	31.2	1.4	251.6	0.0	

1) Amortized as part of effective interest

On July 20, 2023 REC Silicon ASA through its subsidiary REC Silicon Inc, entered into a three-year loan agreement for a USD 100 million term loan from KEB Hana Bank for the purpose of supporting capital needs of the company. The term loan is part of the overall financing plan for the company's ongoing restart of the Moses Lake FBR facility. The loan has an interest rate of three-month SOFR + 1.5%. The term loan is also fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions with an annual guarantee fee of 0.9% and a 0.5% fee for a standby letter of credit.

On September 15, 2023 REC Silicon ASA through its subsidiary REC Silicon Inc, entered into a three-year agreement for a USD 40 million term loan from Nonghyup Bank for the purpose of supporting the restart capital needs of the company. The loan has an interest rate of three-month SOFR + 2.0%. The term loan is also fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions with an annual guarantee fee of 0.9%.

Guarantees

See note 29 to the consolidated financial statements for 2022.

On September 30, 2023, the Company provided USD 1.1 million in bank guarantees for the benefit of REC Solar against which the Company has pledged USD 0.2 million of restricted cash as security.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.9 million on September 30, 2023 and December 31, 2022. The guarantees will decrease from 2023 to 2039 when they will expire in their entirety.

8 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at September 30, 2023

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2023	2024	2025	2026	2027	2028	AFTER 2028
Purchase of goods and services	113.8	67.3	46.5	0.0	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	0.0
Total purchase obligations and minimum lease payments	113.8	67.3	46.5	0.0	0.0	0.0	0.0	0.0

Commitments primarily represent costs necessary for the restart of Moses Lake as well as the purchase of raw materials.

9 PROVISIONS

(USD IN MILLION)	Q3 2023	2023	2022
Carrying value at beginning of period	19.8	19.3	20.2
Change in estimate to asset retirement obligation	0.0	0.0	-1.8
Net periodic interest on asset retirement obligation	0.2	0.7	0.9
Carrying value at end of period	20.0	20.0	19.3

See note 20 to the consolidated financial statements for 2022.

The asset retirement obligations (AROs) represent the present value of estimated future costs discounted between 5.4 to 5.7 percent and between 5 and 37 years.

10 CLAIMS, DISPUTES, AND RISKS

Please refer to the annual report for 2022, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

GOING CONCERN

The Company has completed additional financing to address capital requirements. See notes 7 and 12.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

RESTART OF PRODUCTION FACILITY IN MOSES LAKE

The Company is executing a plan to realize FBR production in Q4 of 2023. The company is targeting a ramp to 50 percent operation during Q2 2024 and a ramp to 100 percent operation during Q4 2024.

Successful execution of the Company's plan to restart production at the Moses Lake facility could require reversal of impairment.

Additional impairments and provisions would be required if the Moses Lake facility is not successfully restarted.

11 RECEIVABLES AND PREPAYMENTS

See notes 12 and 30 to the consolidated financial statements for 2022.

Aging of receivables at September 30, 2023

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	24.4	13.2	1.4	0.4	0.5	0.0	8.9
Provision for loss on trade receivables	-9.6	0.0	0.0	-0.1	-0.5	0.0	-8.9
Other current receivables	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total receivables	15.0	13.3	1.4	0.3	0.0	0.0	0.0
Prepaid Costs	4.9						
Total trade and other receivables	19.9						

There was no bad debt expense recorded during the third quarter of 2023.

12 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2022.

On September 6, 2023, REC Solar Grade Silicon entered into a full-form supply agreement with Hanwha Q Cells Georgia, Inc., a wholly owned subsidiary of Hanwha Solutions for a 10-year take-or-pay supply agreement for high purity FBR granular polysilicon produced from REC Silicon's facility at Moses Lake, Washington. On September 21, Hanwha Q Cells Georgia, Inc. made a USD 30 million advance payment to REC Solar Grade Silicon LLC and will make another payment at first delivery.

The base price for the FBR granular polysilicon in the Supply Agreement will be determined by market indices (representative of markets outside and inside of China) adjusted for a premium for US-sourced low-carbon material.

In the third quarter of 2023, REC Silicon Inc. received services from Hanwha and Hanwha subsidiaries, in the amount of USD 0.3 million.

In the third quarter of 2023, Hanwha Solutions provided loan guarantees on a total of USD 140 million of new term loans secured by REC Silicon. Annual loan guarantee fees are 0.9% of the total loans. Additionally, annual letter of credit fees totaling 0.5% of the USD 100M Hana loan will be charged to REC Silicon Inc. Guarantee fees are billed every six months, in the third quarter USD 0.6 million was paid to Hanwha Solutions for guarantee fees. Letter of credit fees are billed quarterly, in the third quarter USD 0.1 million for letter of credit fees was paid to Hanwha Solutions.

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.

EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 21.4 million for the third quarter of 2023.

EBIT Margin – EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines titled similarly.

EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.

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.

EBITDA – EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization, and impairment.

EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. An EBITDA loss of USD 17.8 million has been reported for the third quarter of 2023.

EBITDA Margin – EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines similarly titled.

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 note 2 segments.

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 EBITDA contribution of each operating segment along with other and eliminations to the Company's total EBITDA can be found in note 2 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.

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.

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.

At September 30, 2023, the equity ratio is negative 2.8 percent and is calculated by dividing USD -12.4 million total shareholders' equity by USD 443.6 million in total assets.

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 7 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.

At September 30, 2023, net debt was USD 230.5 million or USD 284.8 million total carrying value of the Company's debt (from note 7) plus USD 67.4 million current and non-current lease liabilities (from the balance sheet) less USD 121.7 million in cash and cash equivalents.

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 7 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.

At September 30, 2023, nominal net debt was USD 231.0 million or USD 285.3 million contractual repayment values of the Company's debt (from note 7) plus USD 67.4 million current and non-current lease liabilities (from the balance sheet) less USD 121.7 million in cash and cash equivalents.

FOR FURTHER INFORMATION, PLEASE CONTACT

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About REC Silicon

REC Silicon ASA is a leading producer of advanced silicon materials, supplying high-purity polysilicon and silicon gases to the solar and electronics industries worldwide. We combine over 30 years experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a capacity of more than 20,000 MT high-purity polysilicon. 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