

RECSILICON

FIRST QUARTER

2023

REPORT



FIRST QUARTER HIGHLIGHTS

- > Revenues of \$29.1M and EBITDA loss of (\$23.0M)
- > March 31, 2023 cash balance of \$49.1M
 - Cash decrease of \$56.2M
 - Cash outflows from operating activities of \$28.9M
- > Silicon gas sales
 - Sales volume of 640MT
 - Price decrease of 6.8% vs. Q4 2022
- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 95MT
 - Total polysilicon sales of 183MT
 - Total average price increase of 3.8% vs. Q4 2022
- > Moses Lake restart
 - Site construction has commenced
 - First production target of Q4 2023 Unchanged
- > Markets
 - Semiconductor market remains challenged
 - Anode material producer activity is showing tangible progress
- > Corporate bank loan finalized
 - \$110M three year corporate bank loan finalized

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022	Q4 2022
Revenues	29.1	34.6	147.8	31.6
EBITDA	-23.0	3.6	-34.9	-23.6
EBITDA margin	-79.2%	10.3%	-23.6%	-74.7%
EBIT excluding impairment charges	-26.7	-3.5	-58.0	-27.3
Impairment charges	0.0	-0.2	-0.3	0.0
EBIT	-26.7	-3.7	-58.3	-27.3
EBIT margin	-91.6%	-10.7%	-39.4%	-86.3%
Profit/loss from continuing operations before tax	-34.4	-8.8	-87.0	-26.0
Profit/loss from continuing operations	-34.4	-8.8	-87.0	-26.0
Profit/loss from discontinued operations, net of tax	0.0	0.1	0.1	0.0
Earnings per share, basic and diluted (USD)	-0.08	-0.02	-0.21	-0.06
Polysilicon production in MT	244	395	1,456	267
Polysilicon sales in MT	183	285	1,502	302
Silicon gas sales in MT	640	764	2,718	515

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. Current activities include execution of engineering procurement, and 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. (see Risks and Uncertainties below).

Revenues for the first quarter of 2023 were USD 29.1 million compared to USD 31.6 million for the fourth quarter of 2022.

Total polysilicon production volume for the first quarter, including by-products, was 244MT compared to 267MT during the fourth quarter of 2022.

EBITDA for the first quarter of 2023 was a loss of USD 23.0 million compared to a loss of USD 23.6 million during the fourth quarter of 2022.

MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon were stable during the first quarter 2023 as downstream higher-grade products continued to remain in demand. Silicon wafer growth slowed as wafer makers worked to control inventories. Large diameter wafer capacity held stable and smaller diameters continued to soften as mentioned in the fourth quarter 2022 report. Demand for wafers used in memory devices continued to soften while demand for discrete devices remained strong.

Demand for silicon gases held steady during the first quarter 2023. As reported in the fourth quarter 2022 report, demand in leading-edge semiconductor applications remained the driving force in the gas market despite softening in other end user markets. Weakening demand for memory devices continued to contribute to the reduction in silicon gas sales as the flat panel display market also continued with low factory utilization and inventory drawdown. Successful silicon gases value chain inventory control measures resulted in some regions postponing orders while other regions started to decrease orders. Inventory started to draw down as forecasts were adjusted and containers were returned to REC. At the end of the fourth quarter 2022, the market experienced a seasonal end of the year drop in PV demand but saw that demand return in the first quarter 2023. Market sentiment is that global inflation has reached its peak and the market will start to see growth again, albeit slowly.

REC Group - Reconciliation of Segments

(USD IN MILLION)	Q1 2023		Q1 2022		YEAR 2022		Q4 2022	
	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA
Semiconductor Materials	29.0	-3.4	34.5	10.7	147.4	6.3	31.5	-6.5
Solar Materials	0.1	-11.7	0.0	-2.8	0.2	-19.9	0.1	-10.5
Other	0.1	-8.0	0.1	-4.4	0.2	-21.3	0.1	-6.6
Total	29.1	-23.0	34.6	3.6	147.8	-34.9	31.6	-23.6

During the first quarter of 2023, demand for global PV installations remained robust. Announcements around capacity expansions continued to be made both inside the United States as well as other countries outside of China. Europe continued with strong demand due to high power prices and the war in Ukraine. Demand for solar panels in the United States remained greater than supply. Meanwhile, imports into the United States experienced extended times to clear customs due to the Uyghurs Forced Labor Prevention Act. Polysilicon supply in China continued to increase as new capacity came online albeit production reportedly ramping slowly. This allowed for price stability and slower decline of average sale prices over the course of the quarter. Wafer factory utilization increased, however, as manufacturers kept purchases controlled and inventory tight ahead of anticipated pricing declines. PV Insights showed polysilicon prices started the first quarter at USD 23.2/kg. With a quick drop ahead of the Lunar New Year, prices slowly increased before starting to decline again. By the end of the quarter, polysilicon prices had recovered to USD 24.8/kg, an increase of approximately 7 percent from the fourth quarter.

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 29.0 million during the first quarter of 2023 compared to USD 31.5 million during the fourth quarter of 2022.

Total polysilicon sales volumes, including by-products, decreased by 118MT to 183MT in the first quarter of 2023 compared to 302MT during the fourth quarter of 2022. Semiconductor grade polysilicon sales volumes decreased by 131MT to 95MT. Other grade polysilicon sales volumes increased by 12MT to 88MT.

Average polysilicon prices for the first quarter increased by 3.8 percent compared to the prior quarter. Average prices realized for semiconductor grade polysilicon increased by 59.4 percent compared to the prior quarter. Average prices for other grades of polysilicon decreased by 67.0 percent compared to the prior quarter.

Total silicon gas sales volumes increased by 125MT to 640MT during the first quarter of 2023. Sales prices realized by REC Silicon for silicon gas decreased by 6.8 percent during the first quarter primarily due to the mix of sales.

Total polysilicon production volume, including by-products, was 244MT for the first quarter compared to 267MT for the fourth quarter of 2022.

The Semiconductor Materials segment contributed a loss of USD 3.4 million to the Company's EBITDA during the first quarter of 2023 compared to a loss of USD 6.5 million during the fourth quarter of 2022. The decreased loss is primarily due to decreased electricity costs 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 execution of engineering, procurement, and 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.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022	Q4 2022
Revenues	29.0	34.5	147.4	31.5
EBITDA contribution	-3.4	10.7	6.3	-6.5
Contribution margin	-11.7%	30.9%	4.3%	-20.7%
Polysilicon production in MT	244	395	1,456	267
Polysilicon sales in MT	183	285	1,502	302
Silicon gas sales in MT	640	764	2,718	515

Key Financials - Solar Materials

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022	Q4 2022
Revenues	0.1	0.0	0.2	0.1
EBITDA contribution	-11.7	-2.8	-19.9	-10.5

Key Financials - Other and Eliminations

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022	Q4 2022
Revenues	0.1	0.1	0.2	0.1
EBITDA contribution	-8.0	-4.4	-21.3	-6.6

The Solar Materials segment contributed an EBITDA loss of USD 11.7 million during the first quarter compared to an EBITDA loss of USD 10.5 million during the fourth quarter of 2022. The decrease is due to increased restart activities.

Expenditures in the Solar Materials segment include expenditures required to maintain the plant as well as 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 first quarter of 2023 compared to net operating costs of USD 6.6 million during the fourth quarter of 2022. The increased loss is primarily due to increased personnel costs.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures were USD 22.5 million during the first quarter of 2023 compared to USD 22.7 million during the fourth quarter of 2022. Capital spending during the first quarter was primarily associated with FBR modifications which will enable the restart of Moses Lake production in Q4 2023.

Other capital spending included the Dichlorosilane (DCS) gas expansion project, and upgrades to semiconductor business. The DCS expansion project is expected to be completed in Q2 2023. The DCS project has been delayed as a result of materials and equipment delays. The project will result in an increase in DCS production capacity of approximately 200MT per year.

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 for the Senior Secured Bond which matured in April 2023.

During the first quarter of 2023, the Company recognized interest expense on borrowings of USD 3.3 million, including USD 3.2 million associated with the Senior Secured Bonds and USD 0.1M associated with a note with Grant County, Washington.

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

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. Net currency loss during the first quarter of 2023 were the result of loss on cash deposits in NOK due to the impact of a stronger USD compared to NOK.

See note 7 for additional information on borrowings.

INCOME TAX

The loss from total operations of USD 34.4 million during the first 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.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022	Q4 2022
Financial income	0.5	0.2	1.9	0.9
Interest expenses on borrowings	-3.3	-3.3	-13.4	-3.4
Interest expense on leases	-2.1	-2.2	-8.6	-2.1
Capitalized borrowing cost	1.7	0.4	3.0	1.2
Expensing of up-front fees and costs	-0.1	-0.1	-0.5	-0.1
Other financial expenses	-0.3	-0.3	-1.4	-0.3
Net financial expenses	-4.2	-5.6	-20.9	-4.8
Net currency gains/losses	-4.0	0.4	-9.7	5.2
Net financial items	-7.7	-5.1	-28.7	1.3

CASH FLOW

Net cash outflows from operating activities were USD 28.9 million during the first quarter of 2023. Operating activities consisted of the loss from operations of USD 34.4 million, of which USD 3.6 million from depreciation. Trade receivables and customer prepayments decreased by USD 2.7 million. Inventories increased by USD 4.5 million. Changes in payables, accrued and prepaid expenses decreased by USD 4.5 million. This was partially offset by increases in property tax payable of USD 4.1 million. Cash outflows included interest payments on leases of USD 2.1 million. There was also a decrease effect of USD 4.0 million on cash balances due to foreign exchange rates.

Cash outflows from investing activities were USD 22.5 million and were a result of capital expenditures.

Cash outflows from financing activities were USD 0.8 million and were the result of net decrease in lease liabilities. (see note 4).

During the first quarter of 2022 cash balances decreased by USD 56.2 million to USD 49.1 million at March 31, 2023.

FINANCIAL POSITION

In the first quarter, shareholders' equity decreased to USD 33.0 million (11.5 percent equity ratio) at March 31, 2023, compared to USD 60.4 million (18.9 percent equity ratio) at December 31, 2022. This decrease was the result of the loss from total operations of USD 34.4 million during the quarter offset by currency effects of USD 6.9 million.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. At March 31, 2023, net debt was USD 134.7 million, which consisted of USD 115.3 million total carrying value of the Company's debt (from note 8) plus USD 68.5 million current and non-current lease liabilities (from the balance sheet) less USD 49.1 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. At March 31, 2023, nominal net debt was USD 134.7 million and equaled net debt.

See note 17 to the consolidated financial statements for 2022 and note 8 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 is working on additional financing options to address capital requirements. They are expected to be completed during the second and third quarters of 2023. Additional information will be provided when finalized.

Management and the Board of Directors believes that the Company will be successful in attracting the capital necessary to meet obligations and continue as a going concern. 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. Current activities include execution of engineering, procurement, and 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.

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

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

GLOBAL UNCERTAINTY

Volatility in the foreign currency market has had a negative impact on REC's cash position. REC Silicon holds a portion of its cash in NOK. The weakening of NOK compared to the USD has resulted in currency loss in Q1. REC Silicon will convert NOK to USD as needed.

Furthermore, high interest rates and high inflation add to uncertainty.

MARKET OUTLOOK

The market for silicon gas used in semiconductor manufacturing is predicted to remain soft in the second quarter of 2023. Some slowing in advanced devices is anticipated as wafer fabs and chip manufacturers adjust production to help draw inventory down. Markets for home computing and mobile phones are expected to remain stagnant for the next couple quarters as data servers, automation, along with automobile sensors, are expected to be the market drivers. Silicon gas demand in the photovoltaics market is anticipated to continue to be strong for the remainder of this year. Inventory drawdowns are expected to continue into the third quarter when the market is then expected to recover. While the timing of this recovery is the subject of debate among analysts, positive signs can already be seen.

Forecast for downstream players' capital spending remains conservative compared to the last couple of years as capacity increases continue to be sought while minimizing capital expenditures. However, market indicators point to a capital spending increase over the next couple of years. Semiconductor wafer market growth is expected to increase as demand for advanced sensors and power devices increases. Meanwhile, solar installation demand is forecasted to increase approximately 24 percent compared to 2022 as PV Cell manufacturing is also expected to grow outside of China. Logistics transport times and costs are also expected to get closer to pre-pandemic levels as the year progresses.

Semiconductor polysilicon demand for logic and memory devices is expected to decline in the second quarter, however, demand for silicon supplying discrete power devices is anticipated to hold steady throughout the remainder of this year. Data transmission and storage, along with higher-power computing and communications devices, remain the strongest drivers in this market.

During the first quarter of 2023 the United States Department of Commerce released guidance for the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022. The United States is already seeing several semiconductor fabs under construction. As these facilities are completed over the next couple of years it is expected to increase opportunities for semiconductor material suppliers.

Solar grade polysilicon prices finished the first quarter at USD 24.8/kg, a slight increase from USD 23.2/kg at the end of fourth quarter 2022. Prices are expected to decline in 2023 as more Chinese capacity comes online. Sentiment is that some Chinese manufacturers will push prices lower to not have inventory builds as competition increases. Polysilicon supply in China, however, will continue to expand and may be in oversupply as the year progresses. Prices for polysilicon manufactured outside of China continues to show higher price trending and demand is expected to remain strong. These prices outside China are expected to maintain the pricing bifurcation witnessed now. Global PV installation demand for 2023 remains forecasted at 24 percent growth compared to 2022, or approximately 350GW for this year and far surpassing forecast prediction this time last year.

As stated in the fourth quarter report, the United States Government continues to work on the implementation of the Inflation Reduction Act. It is expected that countries will continue strong support for developing renewable manufacturing outside of China as this effort will also support polysilicon manufacturers in the United States.

Battery manufacturing continues to move towards commercialization. With support of the US Department of Energy grants and production tax credits from the IRA bill, the battery supply chain is expected to grow in the United States as several companies have already announced manufacturing sites and commenced construction. The momentum towards electric vehicles continues to grow globally and as battery manufacturing capacity increases, demand will only grow further.

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	MAR 31, 2023	MAR 31, 2022	DEC 31, 2022
ASSETS				
Non-current assets				
Intangible assets	3	0.9	0.9	1.0
Land and buildings	3	30.6	32.8	31.1
Machinery and production equipment	3	23.0	29.1	24.6
Other tangible assets	3	2.6	2.5	2.7
Assets under construction	3	83.1	17.7	62.4
Property, plant and equipment	3	139.4	82.1	120.9
Right of use assets	4	30.3	32.8	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		171.1	115.9	152.3
Current assets				
Inventories	6	42.8	40.0	38.3
Trade and other receivables	11	23.1	29.3	23.2
Restricted bank accounts		0.8	0.8	0.8
Cash and cash equivalents		49.1	204.0	105.3
Total current assets		115.7	274.2	167.5
Total assets		286.8	390.0	319.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2023	MAR 31, 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		-2,994.7	-2,893.5	-2,967.3
Total shareholders' equity		33.0	134.2	60.4
Non-current liabilities				
Retirement benefit obligations		8.3	13.1	8.6
Non-current provision, interest calculation	9	19.5	20.4	19.3
Non-current financial liabilities, interest bearing	7	4.2	115.3	4.2
Non-current lease liabilities	4	64.5	67.5	65.8
Other non-current liabilities, not interest bearing		1.3	1.4	1.3
Total non-current liabilities		97.8	217.7	99.1
Current liabilities				
Trade payables and other liabilities		39.8	33.8	46.5
Current financial liabilities, interest bearing	7	111.1	0.5	111.0
Current lease liabilities	4	4.1	2.7	2.8
Current prepayments, interest calculation		1.1	1.2	0.1
Total current liabilities		156.0	38.2	160.3
Total liabilities		253.8	255.9	259.5
Total equity and liabilities		286.8	390.0	319.9

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2023	Q1 2022	YEAR 2022
Revenues		29.1	34.6	147.8
Cost of materials		-5.3	-6.5	-27.3
Changes in inventories	6	2.5	5.1	-3.8
Employee benefit expenses		-14.5	-9.5	-44.1
Other operating expenses		-34.8	-20.2	-107.1
Other income and expense		0.0	0.0	-0.5
EBITDA		-23.0	3.6	-34.9
Depreciation	3	-2.8	-6.2	-19.9
Amortization	3	0.0	0.0	0.0
Depreciation of right of use assets	4	-0.8	-0.8	-3.1
Impairment	3,4	0.0	-0.2	-0.3
Total depreciation, amortization and impairment		-3.6	-7.3	-23.4
EBIT		-26.7	-3.7	-58.3
Financial income		0.5	0.2	1.9
Net financial expenses		-4.2	-5.6	-20.9
Net currency gains/losses		-4.0	0.4	-9.7
Net financial items ¹⁾		-7.7	-5.1	-28.7
Profit/loss before tax from continuing operations		-34.4	-8.8	-87.0
Income tax expense/benefit from continuing operations		0.0	0.0	0.0
Profit/loss from continuing operations		-34.4	-8.8	-87.0
Profit/loss from discontinued operations, net of tax		0.0	0.1	0.1
Profit/loss from total operations		-34.4	-8.6	-86.8
Attributable to:				
Owners of REC Silicon ASA		-34.4	-8.6	-86.8
Earnings per share (In USD)				
From continuing operations				
-basic		-0.08	-0.02	-0.21
-diluted		-0.08	-0.02	-0.21
Earnings per share (In USD)				
From total operations				
-basic		-0.08	-0.02	-0.21
-diluted		-0.08	-0.02	-0.21

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Profit/loss from total operations	-34.4	-8.6	-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	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.1	0.0	3.5
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	6.8	0.0	0.9
- taken to equity	6.8	0.0	0.9
Sum items that may be reclassified subsequently to profit or loss	6.8	0.0	0.9
Total other comprehensive income	6.9	0.0	4.4
Total comprehensive income	-27.4	-8.6	-82.4
Total comprehensive income attributable to:			
Owners of REC Silicon ASA	-27.4	-8.6	-82.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA							
(USD IN MILLION)	NOTES	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME
March 31, 2022							
At January 1, 2022		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9
Share issue		5.5	104.0	0.0	109.5	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-8.6
At March 31, 2022		59.2	2,926.7	41.8	3,027.7	539.0	-3,432.5
Year 2022							
At January 1, 2022		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9
Share issue		5.5	104.0	0.0	109.5	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-82.4
At December 31, 2022		59.2	2,926.7	41.8	3,027.7	539.0	-3,506.3
March 31, 2023							
At January 1, 2023		59.2	2,926.7	41.8	3,027.7	539.0	-3,506.3
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-27.4
At March 31, 2023		59.2	2,926.7	41.8	3,027.7	539.0	-3,533.8

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
March 31, 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss from total operations	0.0	0.0	-8.6	-8.6
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
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	0.0	0.0
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
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	-8.6	-8.6
Accumulated at March 31, 2022	27.9	20.9	-3,481.3	-3,432.5
Year 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss from total operations	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
March 31, 2023				
Accumulated at January 1, 2023	28.8	20.9	-3,556.0	-3,506.3
Profit/loss from total operations	0.0	0.0	-34.4	-34.4
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
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	6.8	0.0	0.0	6.8
Sum items that may be reclassified to profit or loss	6.8	0.0	0.0	6.8
Total other comprehensive income for the period	6.8	0.0	0.1	6.9
Total comprehensive income for the period	6.8	0.0	-34.3	-27.4
Accumulated at March 31, 2023	35.6	20.9	-3,590.3	-3,533.8

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2023	Q1 2022	YEAR 2022
Cash flows from operating activities				
Profit/loss before tax from continuing operations ¹⁾		-34.4	-8.8	-87.0
Depreciation, amortization and impairment	3, 4	3.6	7.3	23.4
Changes in receivables, prepayments from customers etc.	11	2.7	3.3	5.9
Changes in inventories	6	-4.5	-7.0	-5.2
Changes in payables, accrued and prepaid expenses		-4.5	-1.5	10.9
Changes in VAT and other public taxes and duties		4.1	4.1	0.0
Currency effects not cash flow or not related to operating activities		4.0	0.2	10.2
Other items		-0.1	-0.1	-0.3
Net cash flow from operating activities		-28.9	-2.6	-42.1
Cash flows from investing activities				
Proceeds/Payments finance receivables and restricted cash		0.0	0.0	1.1
Payments for property, plant and equipment and intangible assets	3	-22.5	-5.7	-55.9
Net cash flow from investing activities		-22.5	-5.7	-54.8
Cash flows from financing activities				
Proceeds from issue of share capital		0.0	109.5	109.5
Payments of lease liabilities	4	-0.8	-0.6	-2.6
Payments of borrowings	7	0.0	-7.1	-8.1
Net cash flow from financing activities		-0.8	101.8	98.8
Effect on cash and cash equivalents of changes in foreign exchange rates		-4.0	0.0	-7.2
Net increase/decrease in cash and cash equivalents		-56.2	93.5	-5.2
Cash and cash equivalents at the beginning of the period		105.3	110.5	110.5
Cash and cash equivalents at the end of the period		49.1	204.0	105.3
1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF				
Profit/loss before tax from continuing operations		-34.4	-8.8	-87.0
Profit/loss before tax from discontinued operations		0.0	0.1	0.1
Profit/loss before tax from total operations		-34.4	-8.6	-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. Due to uncertain market conditions and impacts of Chinese tariffs on polysilicon manufactured in the United States, the manufacturing facility in Moses Lake, Washington is not currently operating (see note 11 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)	Q1 2023	Q1 2022	YEAR 2022
REVENUES			
Semiconductor Materials	29.0	34.5	147.4
Solar Materials	0.1	0.0	0.2
Other	0.1	0.1	0.2
Total	29.1	34.6	147.8
EBITDA			
Semiconductor Materials	-3.4	10.7	6.3
Solar Materials	-11.7	-2.8	-19.9
Other	-8.0	-4.4	-21.3
Total	-23.0	3.6	-34.9
EBIT			
Semiconductor Materials	-6.6	6.9	-7.6
Solar Materials	-12.0	-6.1	-28.9
Other	-8.1	-4.5	-21.8
Total	-26.7	-3.7	-58.3

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Revenues	29.0	34.5	147.4
Cost of materials	-5.1	-6.4	-26.9
Change in inventories	2.3	4.7	-4.7
Employee benefit expense	-6.9	-6.0	-25.7
Other operating expenses	-22.7	-16.2	-83.8
Other income and expenses	0.0	0.0	0.0
Total current costs	-32.4	-23.9	-141.1
EBITDA contribution	-3.4	10.7	6.3
Depreciation of fixed assets	-2.5	-2.9	-11.1
Depreciation of leased assets	-0.6	-0.6	-2.6
Impairment	0.0	-0.2	-0.3
Total depreciation, amortization, and impairment	-3.2	-3.8	-13.9
EBIT contribution	-6.6	6.9	-7.6

Solar Materials - Segment

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Revenues	0.1	0.0	0.2
Cost of materials	-0.2	-0.1	-0.4
Change in inventories	0.2	0.5	1.4
Employee benefit expense	-3.9	-1.7	-8.8
Other operating expenses	-7.8	-1.4	-12.3
Other income and expenses	0.0	0.0	0.0
Total current costs	-11.7	-2.8	-20.1
EBITDA contribution	-11.7	-2.8	-19.9
Depreciation of fixed assets	-0.2	-3.2	-8.4
Amortization	0.0	0.0	0.0
Depreciation of leased assets	-0.1	-0.1	-0.6
Impairment	0.0	0.0	0.0
Total depreciation, amortization, and impairment	-0.3	-3.3	-9.0
EBIT contribution	-12.0	-6.1	-28.9

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

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Spot Contract Revenue	16.5	21.2	93.9
Structured (Regional/Volume pricing)	10.1	11.9	44.8
Tiered (Volume pricing)	2.5	1.5	9.1
Total	29.1	34.6	147.9

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⁾	0.0	0.6	0.0	20.8	21.4	0.0	21.4
Depreciation and amortization	-0.6	-2.2	-0.1	0.0	-2.8	0.0	-2.8
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Carrying value at March 31, 2023	30.6	23.0	2.6	83.1	139.4	0.9	140.4
 At March 31, 2023							
Historical cost	140.9	2,161.2	73.4	124.7	2,500.3	68.8	2,569.1
Accumulated depreciation/amortization/impairment	-110.3	-2,138.2	-70.8	-41.6	-2,360.9	-67.8	-2,428.7
Carrying value at March 31, 2023	30.6	23.0	2.6	83.1	139.4	0.9	140.4

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 at March 31, 2023 and did not identify any indicators which might give rise to a change in impairment compared to December 31, 2022.

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	0.0	0.0	-0.7	0.0	-0.8
Additions	0.0	0.0	0.0	0.0	0.0
Modification of existing leases	0.1	0.0	0.6	0.0	0.7
Balance at March 31, 2023	0.1	0.5	29.8	0.0	30.3

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 March 31, 2023 ¹⁾	111.7	8.6	14.6	14.6	14.6	14.6	44.7

1) Amounts listed are undiscounted

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

Amounts recognized in profit or loss

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Interest on lease liabilities	2.1	2.2	8.6
Depreciation of right-of-use assets	0.8	0.8	3.1
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	0.0	0.5
Expenses relating to short-term leases	0.0	0.0	0.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0	0.0

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 available upon implementation of IFRS 16.

Amounts recognized in the statement of cash flow

(USD IN MILLION)	Q1 2023	Q1 2022	YEAR 2022
Total cash outflow for leases	2.9	2.8	11.2

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 available upon implementation of IFRS 16.

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

6 INVENTORIES

See note 13 to the consolidated financial statements for 2022.

Inventories at end of period

(USD IN MILLION)	MAR 31, 2023			DEC 31, 2022		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	14.0	0.0	14.0	12.1	0.0	12.1
Spare parts	42.8	-33.4	9.4	42.8	-33.4	9.4
Work in progress	9.5	-2.1	7.5	9.4	-2.3	7.1
Finished goods	16.2	-4.2	12.0	12.8	-3.1	9.7
Total	82.4	-39.7	42.8	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 March 31, 2023 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT CURRENCY	CONTRACTUAL PAYMENTS, EXCLUDING INTEREST				
		TOTAL	2023	2024	2025	2026
Capitalized Borrowing Cost, non-current (USD) ¹⁾	0.0					
Capitalized Borrowing Cost, current (USD) ¹⁾	0.0					
Senior secured bond (USD)	110.0	110.0	110.0			
Grant County WA tax settlement (USD)	5.3	5.3	1.1	1.2	1.4	1.6
Total	115.3	111.1	1.2	1.4	1.4	1.6
						0.0

1) Amortized as part of effective interest

Guarantees

See note 29 to the consolidated financial statements for 2022.

At March 31, 2023, the Company had 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 March 31, 2023 and December 31, 2022. The guarantees will decrease from 2023 to 2039 when they will expire in their entirety.

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2022.

The fair value of the USD senior secured bond at March 31, 2023 is estimated at 100 percent of nominal value. The USD senior secured bond is subject to level 2 of the fair value hierarchy of IFRS 13.

USD senior secured bond

(USD IN MILLION)	MAR 31, 2023	DEC 31, 2022
Capitalized Borrowing Cost, current ¹⁾	-0.0	-0.1
Bonds, current portion	110.0	110.0
Net carrying amount	110.0	109.9

1) Amortized as part of effective interest

On April 3, 2023 the Company completed a corporate debt financing of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matured on April 13, 2023 which was repaid. The financing is guaranteed by REC Silicon's largest shareholder Hanwha Solutions. In addition to this USD 110 million debt financing, the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte, will require additional financing. REC Silicon is in the process of exploring all funding options, including debt financing and pre-payments from offtake contracts, and the company is confident that funds will be raised well in advance of such capital needs. REC Silicon will update the market as financing plans are concluded.

8 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at March 31, 2023

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2023	2024	2025	2026	2027	2028	AFTER 2028
Purchase of goods and services	79.3	78.1	1.3	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	79.3	78.1	1.3	0.0	0.0	0.0	0.0	0.0

9 PROVISIONS

(USD IN MILLION)	Q1 2023	2022
Carrying value at beginning of period	19.3	20.2
Change in estimate to asset retirement obligation	0.0	-1.8
Net periodic interest on asset retirement obligation	0.2	0.9
Carrying value at end of period	19.5	19.3

See note 20 to the consolidated financial statements for 2022.

The AROs represent the present value of estimated future costs discounted between 5.4 to 5.7 percent and between 6 and 37.5 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 is working on additional financing options to address capital requirements. They are expected to be completed during the second and third quarters of 2023. Additional information will be provided when finalized.

Management and the Board of Directors believe that the Company will be successful in attracting the capital necessary to meet capital and operational commitments. 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. Current activities include execution of engineering, procurement, and 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.

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

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

GLOBAL UNCERTAINTY

High energy costs have had a negative effect on REC Silicon's profitability as the semiconductor materials segment is dependent on electricity and natural gas as direct material inputs. Energy markets remain high but have begun to stabilize. High interest rates and high inflation add to uncertainty.

Volatility in the foreign currency market has had a negative impact on REC's cash position. REC Silicon holds a portion of its cash in NOK. The weakening of NOK compared to the USD has resulted in currency loss in Q1 of 2023. REC Silicon will convert NOK to USD as needed.

11 RECEIVABLES AND PREPAYMENTS

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

Aging of receivables at March 31, 2023

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE					
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	IMPAIRED
Trade receivables and accrued revenues	24.5	12.5	1.8	0.6	0.0	0.0	9.6
Provision for loss on trade receivables	-9.6	0.0	0.0	0.0	0.0	0.0	-9.6
Other current receivables	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total receivables	15.0	12.6	1.8	0.6	0.0	0.0	0.0
Prepaid Costs	8.0						
Total trade and other receivables	23.1						

There was no bad debt expense recorded for the first quarter of 2023.

12 TRANSACTIONS WITH RELATED PARTIES

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

In the first quarter of 2023, REC Silicon Inc. received services from QCells, a Hanwha subsidiary, in the amount of USD 0.5 million.

In the first quarter of 2023, REC Silicon Inc. issued loans to specified employees in the amount of USD 0.2 million. These loans are for a term of 40 months at an interest rate of zero.

13 EVENTS AFTER THE REPORTING PERIOD

On April 3, 2023 the Company completed a corporate debt financing of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matured on April 13, 2023 which was repaid. The financing is guaranteed by REC Silicon's largest shareholder Hanwha Solutions. In addition to this USD 110 million debt financing, the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte, will require additional financing. REC Silicon is in the process of exploring all funding options, including debt financing and pre-payments from offtake contracts, and the company is confident that funds will be raised well in advance of such capital needs. REC Silicon will update the market as financing plans are concluded.

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 26.7 million for the first 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 represents 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 23.0 million has been reported for the first 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 represents 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 represents 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 March 31, 2023, the equity ratio is 11.5 percent and is calculated by dividing USD 33.0 million total shareholders' equity by USD 286.8 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 8 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 March 31, 2023, net debt was USD 134.7 million or USD 115.3 million total carrying value of the Company's debt (from note 8) plus USD 68.5 million current and non-current lease liabilities (from the balance sheet) less USD 49.1 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 8 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 March 31, 2023, nominal net debt was USD 134.7 million or USD 115.3 million contractual repayment values of the Company's debt (from note 8) plus USD 68.5 million current and non-current lease liabilities (from the balance sheet) less USD 49.1 million in cash and cash equivalents.

FOR FURTHER INFORMATION, PLEASE CONTACT

Jack Yun
Chief Financial Officer
Email: jack.yun@recsilicon.com

Nils Ove Kjerstad
IR Contact
Phone: +47 9135 6659
Email: nils.kjerstad@crux.no



REC Silicon ASA
Lysaker Torg 5, 3 etg.
PO Box 63
1324 Lysaker
Norway
Phone +47 407 24 086

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