

RECSiLICON



PARETO ENERGY CONFERENCE

September 20, 2023

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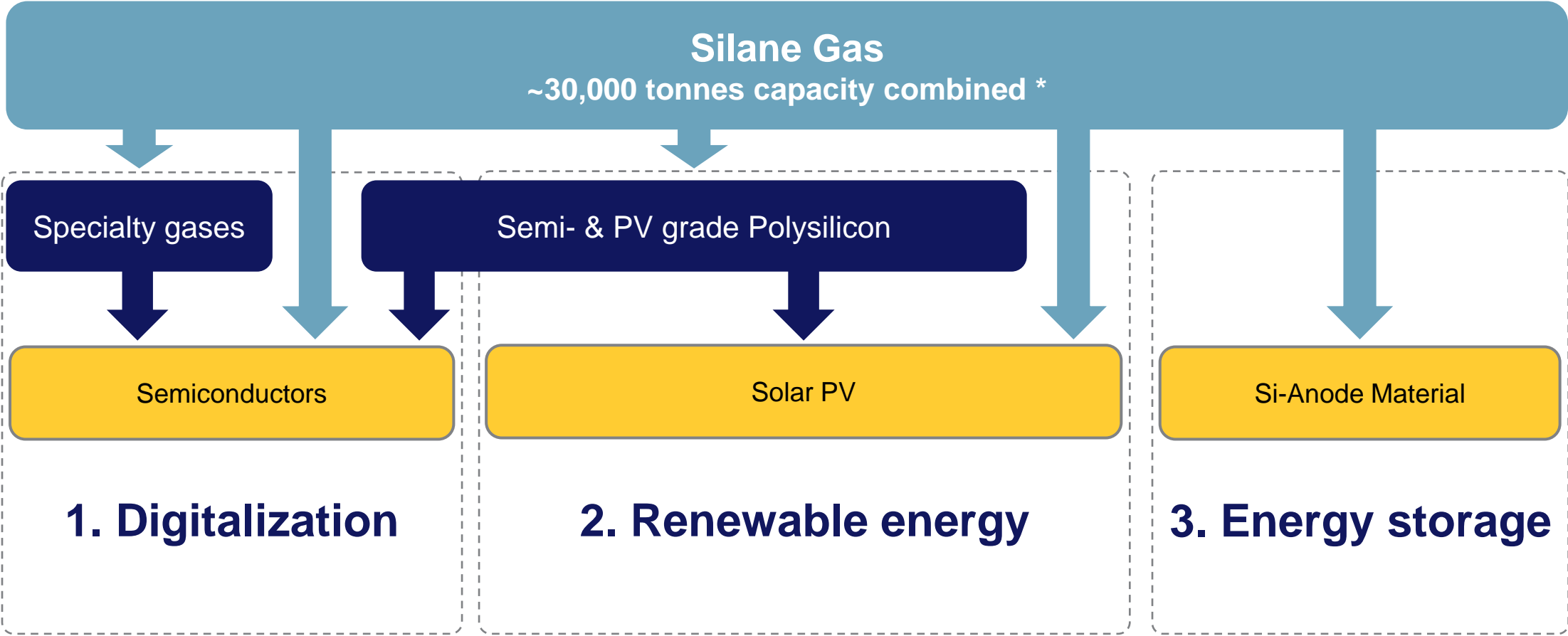
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**A Silicon Material company
providing enabling materials for the
green energy transition**

EXPOSURE TO ENERGY TRANSITION MEGATRENDS



* From 2025 and onwards

REC SILICON FEATURES

- › Largest supplier of silane outside China
- › Low-cost, low-carbon PV polysilicon producer
- › Strong position with leading semi-industry players
- › Largest Silane ISO Module container fleet
- › Immediate capacity for silane to Si-Anode material
- › 15% stake in Chinese 30,000 MT silane facility



Moses Lake

- › 25,000 MT silane gas capacity
 - Prime high-purity granular polysilicon capacity - 16,000 MT
 - ~ 2,400MT silane for merchant sales
- › Risk mitigating offtake contract
- › Low energy – low cost and conflict-free

Butte

- › 7,400 MT Silane gas capacity
 - High purity Float Zone polysilicon
- › Silicon gases
 - Production expansion for DCS (3x)
 - Ongoing loading/container expansion for high value silicon gases

Yulin JV

- › 30,000 MT Silane gas capacity
 - 19,000 MT FBR-B granular
 - 300 MT Siemens semiconductor grade
 - 2,000 MT Silane gas loading

DISRUPTIVE CHANGES TO SILANE-BASED INDUSTRIES

- › China dominance
- › High-emission energy
- › Political risks
- › ESG issues



Investments and growth moving from Asia to the US

- › Strong political and regulatory push
- › Low-emission energy
- › Supply chain geographical diversification
- › End-user proximity
- › Tech war

Semiconductor Industry



> USD 200 bn investments *

Solar Industry



> USD 100 bn investments *

EV Industry/ Energy Storage



> USD 210 bn investments *



* Sources: Semiconductor Industry Association, Solar Energy Industries Association, Atlas Public Policy

USD 2 TRILLION OF RELEVANT US LEGISLATIVE INITIATIVES

Key initiatives

Inflation Reduction Act 2022 (USD 500 bn)

- › USD 394bn to clean energy and climate change (tax credits, grants and loan guarantees)
- › Aims to boost investments in US manufacturing capacity

Bipartisan Infrastructure Law 2021 (USD 1.2trn)

- › USD 15bn to EV charging infrastructure, buses and transit

The CHIPS Act 2022 (USD 280bn)

- › Reduce reliance on overseas supply chains for semiconductors
- › USD 50bn to expand US production of mature and advanced semiconductors

The Uygur Forced Labor Prevention Act (2022)

- › Prohibits imports of goods produced in the Xinjian region or by certain Chinese entities

REC Silicon benefits

High purity granular polysilicon to the solar PV industry

- › USD 3/kg in manufacturing tax credits for REC Silicon (Moses Lake)
- › Full slate of incentives available for developers if 100% US supply chain
- › Manufacturing tax credits for wafer, cell and module producers
- › Low carbon focus
- › Significant increase in demand from the solar industry (> 3x 2023 – 2030)
- › Investment in ingot/wafer production capacity

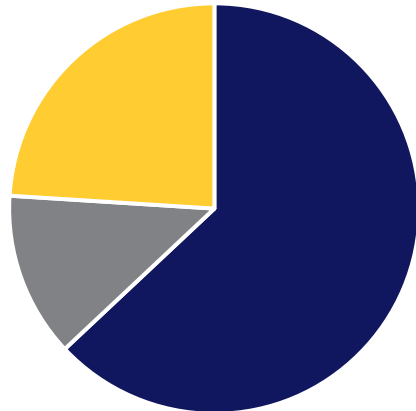
Silicon Gas

- › Investments in US semiconductor production
- › Investments in US Si-Anode material production
- › Investments in US PV Cell production

REC SILICON ROAD TO SUSTAINABLE PROFITABILITY

Current exposure

- › ~ 7,400 mt silane gas production
- › 2/3 of revenues in Asia



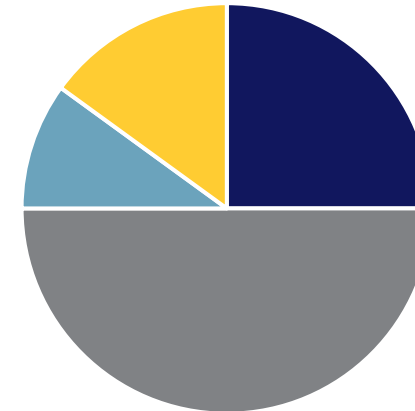
■ Semiconductors ■ Solar ■ Other

From exposure to volatile China markets and lower value commodity products

To high exposure to US value chains with higher value products and significant growth trends

Exposure 2025 ->

- › ~ 30,000 mt silane gas production
- › 2/3 of revenues in the US



■ Semiconductors ■ Solar ■ Energy storage ■ Other

Additional growth potential as value chains develop

Change in product mix to higher value products

Strong competitive position due to location and available capacity

OPERATIONAL

Re-starting Moses Lake

- › Modified FBR reactor successful inert trial run
- › Silane Unit (3.0) modifications to be completed in September
- › Silane Unit (3.0) mechanical integrity inspections completed
- › Testing and recommissioning of equipment underway
- › Lab construction is ongoing
- › 95% of the project budget spent or under contract
- › Ramp-up target of November 1st

Upgrading Butte

- › DCS expansion complete qualifications start this year
- › Increased investments in silicon gas container capacity and fleet
- › Cost reduction ROI projects ongoing



FINANCIALS

Contracts

- › High purity granular polysilicon offtake agreement with Hanwha Q Cells completed September 6 this year
- › Discussions are ongoing with multiple silane based Si-Anode material producers and potential channel partners
- › Further contracts of offtake of high-value silicon gases from Butte in process

Funding

- › Refinanced USD 110M bond in April
- › USD 30M one-year corporate bank loan finalized in June
- › USD 100M three-year term loan finalized in July
- › Final tranche of USD 40 million concluded on 15 September
- › Prepayments under high-purity granular polysilicon offtake contract
- › Yulin JV share sale continues to be in process

Supported by market megatrends

- › Digitalization
- › Renewable energy
- › Energy storage

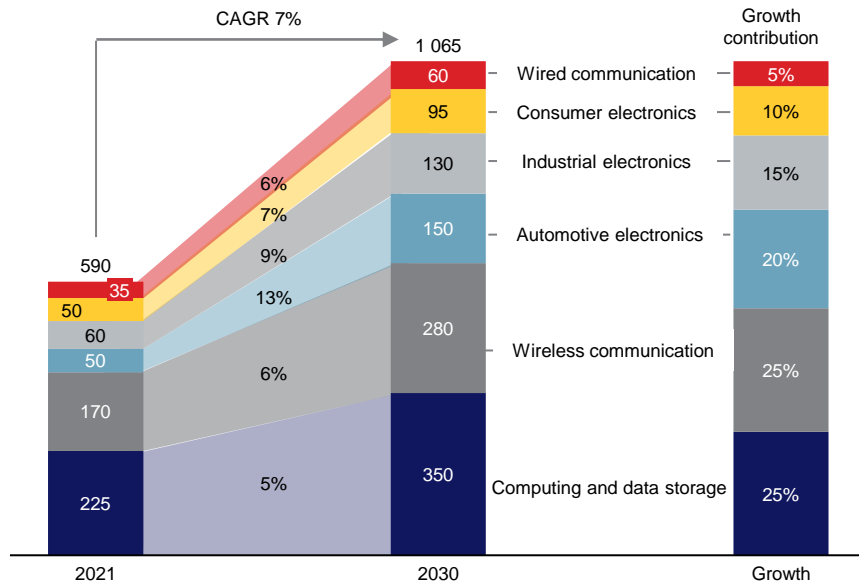


SEMICONDUCTOR MARKET

Trillion dollar industry by 2030

- › 7% annual growth towards 2030
- › 75% of growth from automotive electronics, wireless communication and computing/data storage
- › US market accounts for 34% of current demand

Semiconductor 2030 outlook

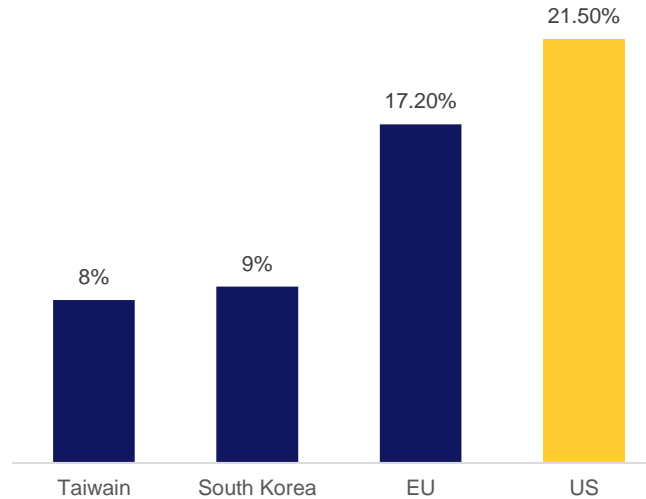


Source: McKinsey & Company

Manufacturers struggling to go green

- › Strong net zero pledges among all major players
- › Lack of realistic clean energy options for growth among Taiwanese and South Korean producers
- › US has some of the largest access to renewable energy, to be increased further by the IRA Act

Renewables share of energy mix in 2022

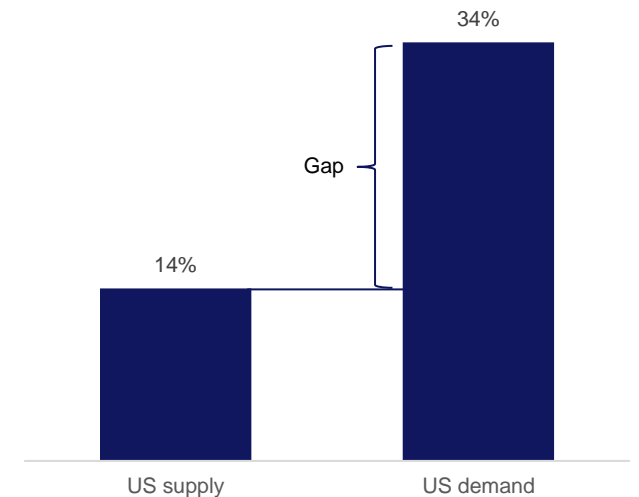


Source: FT, Korea Electric Power Corp, Taiwan Bureau of Energy, US EIA, Eurostat

Taking back supply chain control

- › Strong US reliance on semiconductor imports
- › CHIPS Act main motive to re-shore production and reduce supply/demand gap
- › USD 200bn of chip manufacturing investments already announced

Semiconductor market balance 2021



Source: McKinsey & Company

PV MARKET

Strong impact from IRA already

- › 35% increase in expected installations in 2022-27 from the introduction of the IRA
- › USD 100 bn of investments already announced from companies in the US, Asia and Europe
- › Full impact throughout the US value chain

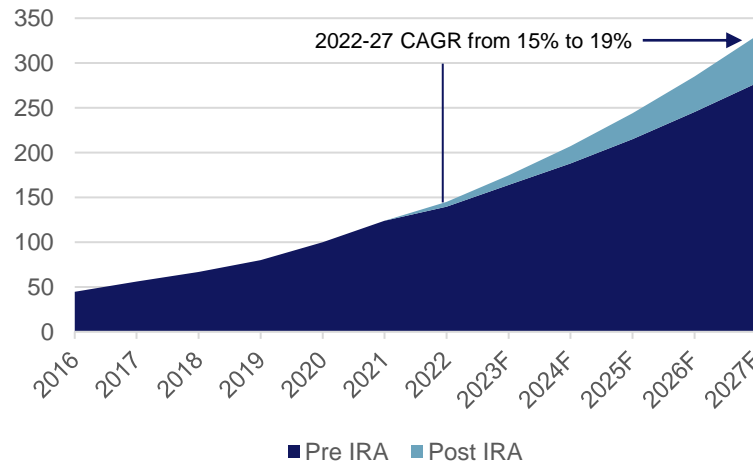
Value chain explosion

- › Limited existing value chain for PV in the US
- › Significant expansion is required, and announced for major value chain components
- › REC Silicon has the only announced expansion of the solar grade polysilicon capacity (Moses Lake)

The quest for low cost and low carbon

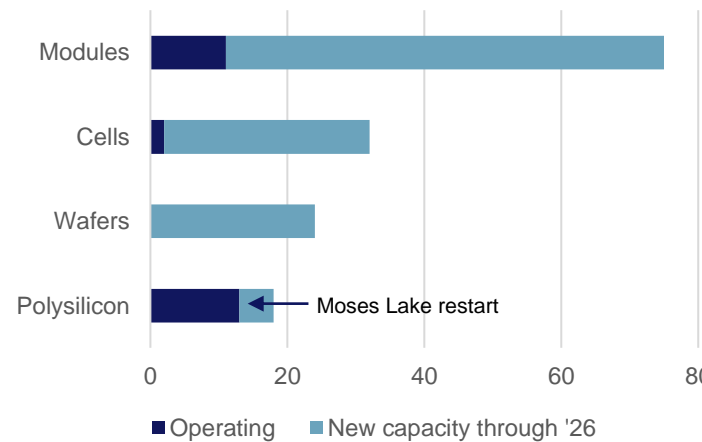
- › Strong demand from end users and module producers for low carbon PV supply chain
- › Moses Lake has ~ 70% lower carbon intensity than traditional polysilicon which is ~40% of total PV carbon footprint
- › With IRA incentives, Moses Lake is also competitive with Chinese producers on a cost per kg basis

US PV Deployment Forecast (GW)



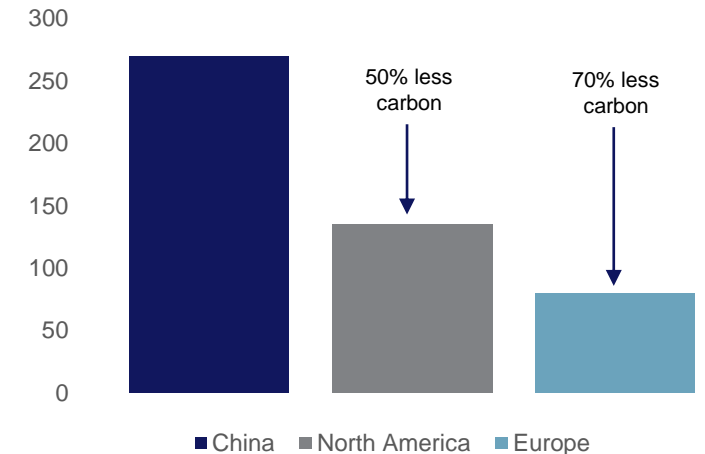
Source: SEIA, Wood Mackenzie

PV value chain capacity additions by 2026



Source: Rystad Energy

PV manufacturing carbon footprint (g/kWh)



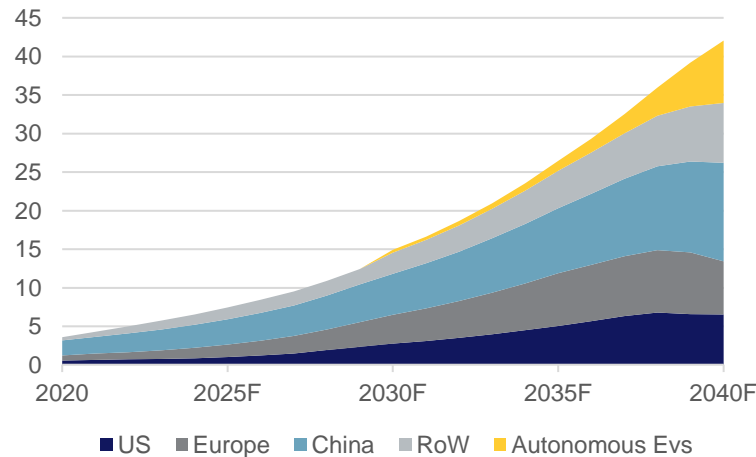
Source: The Ultra Low Carbon Solar Alliance

SILANE GAS

Electric mobility growth

- › Global EV sales expected to grow 13% p.a. 2020-40
- › Silane gas has strong potential as anode material in mobility battery storage
- › Mobility growth also positive for semiconductor and electronics industries

Global EV Sales Forecast (mill units)

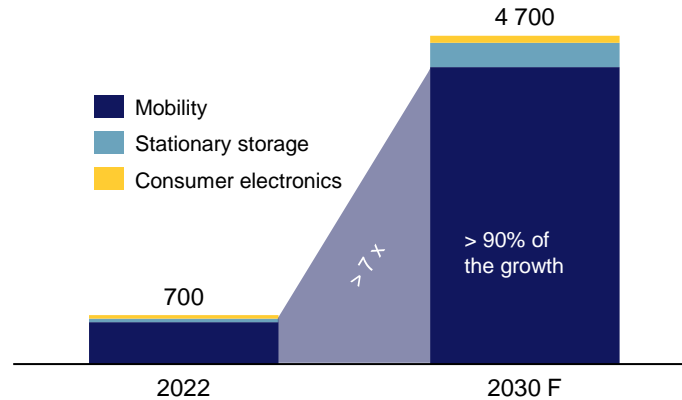


Source: IES

Driving battery storage growth

- › Global battery storage demand expected to grow nearly 7x from 2022 to 2030
- › Battery storage demand for mobility is set to account for more than 90% of the growth
- › Battery storage demand in the US set to outpace Chinese growth with 26% p.a.

Li-ion battery demand (GWh)

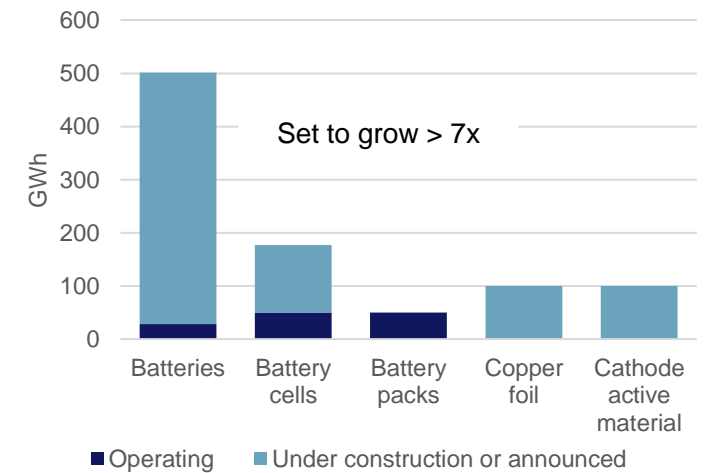


Source: McKinsey & Company

US supply chain response

- › China dominates the battery markets
- › Substantial initiatives in IRA has been met with rapid response
- › Battery storage supply chain in the US set to grow more than 7x, driven by mobility and utility scale storage demand

US battery storage supply chain



Source: SEIA

SUMMARY

› Timing opportunity

- Products driven by digitalization, renewable energy and energy storage
- US policies and incentives in place to drive demand and re-shoring of capacity to address these macro trends

› Product opportunity

- Silicon is at the heart of the identified macro trends, REC Silicon products essential to realize the transition
- Significant capacity investments made to meet immediate demand

› Location opportunity

- The largest global producer of silane and high purity granular polysilicon outside of China and the only located in the US
- The largest producer in the US of other key specialty silicon gases

› Foundation in place

- Growth capex and operating needs are fully funded through attractive financing and prepayments
- Offtake with high-quality counterparty has been executed
- High value specialty silicon gas investments in place in Butte
- Moses Lake restart is targeted for November 1st



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Thank You

Q3 2023 Reporting
November 15, 2023

www.recsilicon.com

