

RECSiLICON

SECOND QUARTER
& FIRST HALF

2023

REPORT



SECOND QUARTER HIGHLIGHTS

- > Revenues of \$36.7M and EBITDA loss of (\$8.5M)

- > June 30, 2023 cash balance of \$15.0M
 - Cash decrease of \$34.1M
 - Cash outflows from operating activities of \$22.4M

- > Silicon gas sales
 - Sales volume of 849MT
 - Price decrease of 13.3% vs. Q1 2023

- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 143MT
 - Total polysilicon sales of 181MT
 - Total average price increase of 60.1% vs. Q1 2023

- > Moses Lake restart
 - Modification of FBR reactors ongoing
 - First production target of Q4 2023 Unchanged

- > Market for Solar Grade Polysilicon and Silane Gas
 - Polysilicon Supply contract with Hanwha Solutions Expected to be complete in Q3 2023.
 - Ongoing Discussions for Silane to Lithium Ion Battery(LIB) Anodes with Hanwha Corporation

- > Corporate bank loans finalized
 - \$110M three-year term loan guaranteed by Hanwha Solutions
 - \$30M one-year term loan guaranteed by Hanwha Solutions
 - \$100M three-year term loan guaranteed by Hanwha Solutions finalized in July 2023

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022	Q1 2023
Revenues	36.7	45.0	65.8	79.6	147.8	29.1
EBITDA	-8.5	-1.1	-31.5	2.5	-34.9	-23.0
EBITDA margin	-23.0%	-2.4%	-47.8%	3.1%	-23.6%	-79.2%
EBIT excluding impairment charges	-11.9	-7.7	-38.5	-11.2	-58.0	-26.7
Impairment charges	-0.3	0.0	-0.3	-0.2	-0.3	0.0
EBIT	-12.2	-7.7	-38.9	-11.5	-58.3	-26.7
EBIT margin	-33.3%	-17.2%	-59.1%	-14.4%	-39.4%	-91.6%
Profit/loss from continuing operations before tax	-14.7	-23.6	-49.1	-32.4	-87.0	-34.4
Profit/loss from continuing operations	-14.7	-23.6	-49.1	-32.4	-87.0	-34.4
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)	-0.03	-0.06	-0.12	-0.08	-0.21	-0.08
Polysilicon production in MT (Siemens and granular)	302	411	547	806	1,456	244
Polysilicon sales in MT (Siemens and granular)	184	489	368	774	1,502	183
Silicon gas sales in MT	849	852	1,488	1,616	2,718	640

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 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. (see Risks and Uncertainties below).

Revenues for the second quarter of 2023 were USD 36.7 million compared to USD 29.1 million for the first quarter of 2023. Polysilicon production volume for the second quarter was 302MT compared to 244MT during the first quarter of 2023. EBITDA for the second quarter of 2023 was a loss of USD 8.5 million compared to a loss of USD 23.0 million during the first quarter of 2022.

MARKET DEVELOPMENT

Market demand for Czochralski-grade semiconductor polysilicon declined moderately during the second quarter of 2023 as downstream wafer inventory grew and chip manufacturers slowed purchases. Higher-grade Float Zone semiconductor polysilicon continued to remain in

demand as large diameter wafer capacity remained strong. Demand for wafers used in memory and logic devices continued to soften as seen in the first quarter of 2023. Downstream, sales demand of personal computer and smartphones remained down in the second quarter.

Demand for specialty silicon gases saw a slight increase during the second quarter of 2023, however, purchasing remained soft as a large volume of inventory in the supply chain remained. Silane gas demand was up noticeably as the PV market remained strong. Flat panel display orders saw a slight increase at the end of the second quarter while demand for memory devices remained soft as inventory in the supply chain slowed the market turnaround. Analysts' sentiment, however, is that the bottom of this market development had been reached by the end of the second quarter. Work slowdowns and stoppages at USA West Coast and Canadian Ports delayed the return of gas containers in the second quarter but REC Silicon was successful in navigating these challenges and increased shipments of silane gas. Meanwhile, USA West Coast ports and workers reached a new labor agreement and quickly returned to normal operations. Marginally improved inflationary numbers and consumer confidence also helped the second quarter end on a slightly positive trend.

Comparable to the first quarter, demand for global PV installations remained robust during the second quarter as module and cell capacity expansion announcements continued in the United States and countries outside China. While reports are not yet finalized, the expectation is that China installed approximately 70GW while exporting over 100GW of

REC Group - Summary of results by segment

(USD IN MILLION)	Q2 2023		Q2 2022		H1 2023		H1 2022	
	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA	REVENUES	EBITDA
Semiconductor Materials	36.6	10.1	44.9	7.5	65.6	6.7	79.4	18.2
Solar Materials	0.1	-11.4	0.0	-3.3	0.1	-23.0	0.0	-6.1
Other	0.1	-7.2	0.1	-5.2	0.1	-15.2	0.1	-9.6
Total	36.7	-8.5	45.0	-1.1	65.8	-31.5	79.6	2.5

solar material in the first half of 2023. While strong expansion of module manufacturing resulted in factory utilization rates dropping in the second quarter, demand for solar panels in the United States remained strong with increased installations compared to one year ago. Chinese imports of PV modules into the United States continued to slow due to the Uyghurs Forced Labor Prevention Act prohibiting goods made wholly or in part from Xinjiang province. However, polysilicon supply in China continued to increase to record levels as new capacity came online. This led to a rapid price collapse of Chinese polysilicon compared to first quarter 2023 where prices finished at USD 24.8/kg. By the end of the second quarter, prices for Chinese polysilicon finished under USD \$8.0/kg for the first time since the summer of 2020, whereas the price was USD 40.0/kg only one year ago. Meanwhile the price of polysilicon produced outside of China remained more stable with a price decline from USD \$38.0/kg to USD \$31.0/kg by the end of the quarter. The rapid drop in polysilicon prices shifted the pricing pressure downstream as wafer prices also declined resulting in the expectation that the value chain will control costs to improve margins.

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 36.6 million during the second quarter of 2023 compared to USD 29.0 million during the first quarter of 2023.

Total polysilicon sales volumes, including by-products, were nearly unchanged at 181MT in the second quarter of 2023 compared to 183MT during the first quarter of 2023. Semiconductor grade polysilicon sales volumes increased by 48MT to 143MT. Other grade polysilicon sales volumes decreased by 51MT to 37MT.

Average polysilicon prices for the second quarter increased by 60.1 percent compared to the prior quarter. Average prices realized for semiconductor grade polysilicon increased by 10.2 percent compared to the prior quarter. Average prices for other grades of polysilicon increased by 60.3 percent compared to the prior quarter.

Total silicon gas sales volumes increased by 209MT to 849MT during the second quarter of 2023. Sales prices realized by REC Silicon for silicon gas decreased by 13.3 percent during the second quarter primarily due to the mix of sales.

Total polysilicon production volume, including by-products, was 302MT for the second quarter compared to 244MT for the first quarter of 2023 as the company took advantage of lower electricity costs.

The Semiconductor Materials segment contributed USD 10.1 million to the Company's EBITDA during the second quarter of 2023 compared to a loss of USD 3.4 million during the first quarter of 2023. The improved EBITDA is primarily due to decreased electricity costs as well as increased 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.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022	Q4 2022
Revenues	36.6	44.9	65.6	79.4	147.4	29.0
EBITDA contribution	10.1	7.5	6.7	18.2	6.3	-3.4
Contribution margin	27.6%	16.7%	10.2%	22.9%	4.3%	-11.7%
Polysilicon production in MT (Siemens)	302	411	546	805	1,453	243
Polysilicon sales in MT (Siemens)	181	489	364	774	1,502	183
Silicon gas sales in MT	849	852	1,488	1,616	2,718	640

Key Financials - Solar Materials

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022	Q4 2022
Revenues	0.1	0.0	0.1	0.0	0.2	0.1
EBITDA contribution	-11.4	-3.3	-23.0	-6.1	-19.9	-11.7
Polysilicon production in MT (Siemens and granular)	0	0	1	2	3	1
Polysilicon sales in MT (Siemens and granular)	4	0	4	0	0	0

Key Financials - Other and Eliminations

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022	Q4 2022
Revenues	0.1	0.1	0.1	0.1	0.2	0.1
EBITDA contribution	-7.2	-5.2	-15.2	-9.6	-21.3	-8.0

The Solar Materials segment contributed an EBITDA loss of USD 11.4 million during the second quarter compared to an EBITDA loss of USD 11.7 million during the first 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 7.2 million during the second quarter of 2023 compared to net operating costs of USD 8.0 million during the first quarter of 2023.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures were USD 42.2 million during the second quarter of 2023 compared to USD 22.5 million during the first quarter of 2023. Capital spending during the first half of 2023 was primarily associated with FBR modifications which will enable the restart of Moses Lake production in Q4 2023.

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 second quarter of 2023, the Company recognized interest expense on borrowings of USD 2.5 million, including USD 0.5 million associated with the Senior Secured Bonds, USD 1.9 million associated

with term loans, and USD 0.1 million associated with a note with Grant County, Washington.

The Company recognized an interest expense of USD 2.1 million on imputed liabilities for leased assets during second 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 gains during the second quarter of 2023 were the result of a gain on cash deposits in NOK due to the impact of a weaker USD compared to NOK.

See note 7 for additional information on borrowings.

INCOME TAX

The loss from total operations of USD 14.7 million during the second 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 22.4 million during the second quarter of 2023. Operating activities consisted of the loss from operations of USD 14.7 million, of which USD 3.8 million from depreciation. Trade receivables and customer prepayments decreased by USD 1.4 million. Inventories increased by USD 3.2 million. Changes in payables and other items decreased by USD 9.0 million. There was also an increase effect of USD 0.7 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 8.2 million.

Cash outflows from investing activities were USD 41.5 million and were a result of capital expenditures of USD 42.2 million offset by the sale of non-core assets of USD 0.7 million.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Financial income	0.3	0.0	0.8	0.2	1.9
Interest expenses on borrowings	-2.5	-3.3	-5.9	-6.7	-13.4
Interest expense on leases	-2.1	-2.2	-4.2	-4.3	-8.6
Capitalized borrowing cost	1.8	0.5	3.5	0.9	3.0
Expensing of up-front fees and costs	-0.3	-0.1	-0.4	-0.2	-0.5
Other financial expenses	-0.3	-0.3	-0.7	-0.7	-1.4
Net financial expenses	-3.4	-5.4	-7.6	-11.0	-20.9
Net currency gains/losses	0.7	-10.5	-3.3	-10.1	-9.7
Net financial items	-2.5	-15.9	-10.2	-21.0	-28.7

Cash flows from financing activities were USD 29.2 million and were the result of the repayment of the USD Senior secured bond of USD 110 million plus USD 140 in proceeds from term loan agreements entered into during the quarter, minus net decrease in lease liabilities of USD 0.8 million. (see notes 4 and 7).

During the second quarter of 2023 cash balances decreased by USD 34.1 million to USD 15.0 million on June 30, 2023.

FINANCIAL POSITION

Shareholders' equity decreased to USD 22.4 million (7.6 percent equity ratio) on June 30, 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 49.1 million during the first half of 2023 offset by currency effects of USD 11.1 million. The currency effects are primarily the result of equity injections from Norway to the US.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. On June 30, 2023, net debt was USD 197.7 million, which consisted of USD 145.1 million total carrying value of the Company's debt (from note 7) plus USD 67.7 million current and non-current lease liabilities (from the balance sheet) less USD 15.0 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 198.0 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 and is in discussions toward a potential smaller bank financing on similar terms that may be necessary in the next few months. See notes 7 and 13.

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 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.

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.

MARKET OUTLOOK

Across the silicon gases markets, inventory drawdowns are expected to continue into the third quarter as markets recover. The market for silicon gases used in semiconductor manufacturing is expected to start its recovery in the third quarter of 2023 as analysts are reporting that most markets reached the bottom in the second quarter. The primary driver is expected to be consumer spending as inflationary reports start to turn more positive creating a softer landing that will drive consumer confidence. New models of smartphones are expected to be released towards the end of the third quarter and that will also help with market recovery. The outlook for silicon gas demand in the photovoltaics market remains strong for the balance of this year. While inventory drawdowns will continue to hold shipments in display markets from increasing quickly, we are starting to see positive signs and expect demand to start a comeback in the second half of this year and on a positive trend. Even with sentiment of a softer landing for the global economy there still is risk of continued market slowdown along with geopolitical risk that still could cause a recession.

Capital spending is forecasted to remain down in the second half of 2023. However, market indicators still point to a capital spending increase over the next couple of years. As reported in the first quarter, semiconductor wafer market growth is expected to increase as demand for advanced sensors and power devices increases. Solar installation demand is forecasted to increase compared to 2022, however, the revised projection is now pointing higher than the 24 percent reported last quarter. We continue to see improvements in logistics for our products allowing customers to draw down inventories and resume ordering.

Semiconductor polysilicon demand for logic and memory devices declined in the second quarter as previously reported, however, demand for silicon for discrete power devices remains strong as predicted. Data transmission and storage, along with higher-power computing and communications devices, continue to be the strong drivers in this market.

As previously reported, the United States Department of Commerce released guidance for the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022. This led to several semiconductor fabs under construction in the United States with some nearing completion and therefore supporting demand in the silicon gas business over the next several years. The Inflation Reduction Act is driving growth in the United States for the PV supply chain and will support our growth in polysilicon and silane gas for PV Cell manufacturers. We expect more guidance from United States Departments of Commerce and Treasury for the CHIPS and IRA bills.

The bifurcation in solar grade polysilicon prices become significant in the second quarter of 2023 as prices in China dropped below USD \$8.0/kg while polysilicon produced outside China remained over USD \$30.0/kg. China prices are expected to stabilize around cash cost in the second half of 2023 as second and third tier suppliers cut production. Expansion of polysilicon plants in China should also slow as market

prices no longer support return on investment cases. Inside China, oversupply of polysilicon is expected to continue with polysilicon and wafer prices at or near bottom resulting in more pressure on China cell prices in the second half of the year. Demand for polysilicon produced outside of China will remain strong but prices will continue to decline so that downstream producers remain competitive in the market. Polysilicon prices outside China are expected to maintain the pricing bifurcation and higher price trending as global PV installation demand forecast for 2023 remains strong compared to 2022. However, industry analysts continue to revise installation forecasts upward potentially surpassing 350GW this year, a dramatic increase from forecasted predictions this time last year.

There are no changes in the outlook for battery manufacturing. Many companies continue 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 and have started construction of manufacturing sites. 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.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2023 and the financial information in this report that is relevant for the first half year 2023 (together "the first half year 2023 report").

The first half year 2023 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Securities Trading Act (Verdipapirhandelloven).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2023 gives a true and fair view of the Group's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the first half year 2023 report includes a fair review of important events during the period and their effects on the condensed set of financial statements for the first half year 2023, together with a description of the principal risks and uncertainties for the remaining months of the financial year as well as transactions with related parties that have a material effect on financial position or the results for the period.

August 15, 2023
Board of Directors

This document is signed electronically.

Tae Won Jun
Chairman of the Board

Dong Kwan Kim
Deputy Chair

Vivian Bertseka
Member of the Board

Roberta Benedetti
Member of the Board

Dr. Renate Oberhoffer-Fritz
Member of the Board

William K. Levens
President and CEO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2023	JUN 30, 2022	DEC 31, 2022
ASSETS				
Non-current assets				
Intangible assets	3	0.9	0.9	1.0
Land and buildings	3	29.7	32.2	31.1
Machinery and production equipment	3	27.7	23.9	24.6
Other tangible assets	3	2.7	2.5	2.7
Assets under construction	3	121.5	32.6	62.4
Property, plant and equipment	3	181.6	91.1	120.9
Right of use assets	4	29.5	32.1	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		212.4	124.1	152.3
Current assets				
Inventories	7	45.9	38.0	38.3
Trade and other receivables	11	19.5	32.1	23.2
Restricted bank accounts		0.7	0.8	0.8
Cash and cash equivalents		15.0	173.0	105.3
Total current assets		81.2	243.9	167.5
Total assets		293.6	368.0	319.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2023	JUN 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		-3,005.3	-2,914.5	-2,967.3
Total shareholders' equity		22.4	113.2	60.4
Non-current liabilities				
Retirement benefit obligations		8.4	12.8	8.6
Non-current provision, interest calculation	9	19.8	20.6	19.3
Non-current financial liabilities, interest bearing	7	114.2	5.3	4.2
Non-current lease liabilities	4	62.8	66.9	65.8
Other non-current liabilities, not interest bearing		1.3	1.5	1.3
Total non-current liabilities		206.4	107.1	99.1
Current liabilities				
Trade payables and other liabilities		28.2	33.8	46.5
Current financial liabilities, interest bearing	7	30.9	110.6	111.0
Current lease liabilities	4	5.0	2.7	2.8
Current prepayments, interest calculation		0.8	0.6	0.1
Total current liabilities		64.8	147.8	160.3
Total liabilities		271.2	254.8	259.5
Total equity and liabilities		293.6	368.0	319.9

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Revenues		36.7	45.0	65.8	79.6	147.8
Cost of materials	7	-7.1	-7.5	-12.4	-14.0	-27.3
Changes in inventories	7	4.9	-4.6	7.4	0.5	-3.8
Employee benefit expenses		-16.6	-11.1	-31.2	-20.6	-44.1
Other operating expenses		-29.3	-22.8	-64.1	-43.0	-107.1
Other income and expense ¹⁾		2.9	0.0	2.9	0.0	-0.5
EBITDA		-8.5	-1.1	-31.5	2.5	-34.9
Depreciation	3	-2.6	-5.9	-5.5	-12.1	-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	-1.6	-1.6	-3.1
Impairment ²⁾	3, 4, 7	-0.3	0.0	-0.3	-0.2	-0.3
Total depreciation, amortization and impairment		-3.8	-6.7	-7.4	-13.9	-23.4
EBIT		-12.2	-7.7	-38.9	-11.5	-58.3
Financial income		0.3	0.0	0.8	0.2	1.9
Net financial expenses		-3.4	-5.4	-7.6	-11.0	-20.9
Net currency gains/losses		0.7	-10.5	-3.3	-10.1	-9.7
Net financial items ³⁾		-2.5	-15.9	-10.2	-21.0	-28.7
Profit/loss before tax from continuing operations		-14.7	-23.6	-49.1	-32.4	-87.0
Income tax expense/benefit from continuing operations		0.0	0.0	0.0	0.0	0.0
Profit/loss from continuing operations		-14.7	-23.6	-49.1	-32.4	-87.0
Profit/loss from discontinued operations, net of tax ⁴⁾	8	0.0	0.0	0.0	0.1	0.1
Profit/loss from total operations		-14.7	-23.6	-49.1	-32.3	-86.8
Attributable to:						
Owners of REC Silicon ASA		-14.7	-23.6	-49.1	-32.3	-86.8
Earnings per share (In USD)						
From continuing operations						
-basic		-0.03	-0.06	-0.12	-0.08	-0.21
-diluted		-0.03	-0.06	-0.12	-0.08	-0.21
Earnings per share (In USD)						
From total operations						
-basic		-0.03	-0.06	-0.12	-0.08	-0.21
-diluted		-0.03	-0.06	-0.12	-0.08	-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)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Profit/loss from total operations	-14.7	-23.6	-49.1	-32.3	-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	0.0	0.0	3.5
Currency translation effects	0.1	0.2	0.2	0.2	0.0
Sum items that will not be reclassified to profit or loss	0.1	0.2	0.2	0.2	3.5
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	4.1	2.4	10.9	2.4	0.9
Sum items that may be reclassified subsequently to profit or loss	4.1	2.4	10.9	2.4	0.9
Total other comprehensive income	4.2	2.6	11.1	2.6	4.4
Total comprehensive income	-10.5	-21.0	-37.9	-29.6	-82.4
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	-10.5	-21.0	-37.9	-29.6	-82.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

(USD IN MILLION)	NOTES	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
June 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	-29.6	-29.6
At June 30, 2022		59.2	2,926.7	41.8	3,027.7	539.0	-3,453.6	113.2
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
June 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	0.0000	-37.9	-37.9
At June 30, 2023		59.2	2,926.7	41.8	3,027.7	539.0	-3,544.3	22.4

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
June 30, 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss	0.0	0.0	-32.3	-32.3
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Currency translation effects	0.0	0.0	0.2	0.2
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.2	0.2
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	2.4	0.0	0.0	2.4
Sum items that may be reclassified to profit or loss	2.4	0.0	0.0	2.4
Total other comprehensive income for the period	2.4	0.0	0.2	2.6
Total comprehensive income for the period	2.4	0.0	-32.1	-29.6
Accumulated at June 30, 2022	30.4	20.9	-3,504.8	-3,453.6
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
June 30, 2023				
Accumulated at January 1, 2023	28.8	20.9	-3,556.0	-3,506.3
Profit/loss	0.0	0.0	-49.1	-49.1
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	0.2	0.2
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.2	0.2
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	10.9	0.0	0.0	10.9
Sum items that may be reclassified to profit or loss	10.9	0.0	0.0	10.9
Total other comprehensive income for the period	10.9	0.0	0.2	11.1
Total comprehensive income for the period	10.9	0.0	-48.9	-37.9
Accumulated at June 30, 2023	39.7	20.9	-3,604.9	-3,544.3

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Cash flows from operating activities						
Profit/loss before tax from continuing operations ¹⁾		-14.7	-23.6	-49.1	-32.4	-87.0
Depreciation, amortization and impairment	3, 4	3.8	6.7	7.4	13.9	23.4
Changes in receivables, prepayments from customers etc.	11	1.4	-5.3	4.1	-2.0	5.9
Changes in inventories	7	-3.2	2.0	-7.7	-4.9	-5.2
Changes in payables, accrued and prepaid expenses		-6.9	2.0	-11.4	0.5	10.9
Changes in VAT and other public taxes and duties		-1.8	-2.1	2.3	2.0	0.0
Currency effects not cash flow or not related to operating activities		-0.7	10.4	3.3	10.6	10.2
Other items		-0.3	-0.1	-0.4	-0.1	-0.3
Net cash flow from operating activities		-22.4	-10.0	-51.4	-12.5	-42.1
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		0.0	0.0	0.0	0.0	1.1
Proceeds from sale of property, plant and equipment and intangible assets	3	0.7	0.0	0.7	0.0	0.0
Payments for property, plant and equipment and intangible assets	3	-42.2	-12.8	-64.7	-18.6	-55.9
Net cash flow from investing activities		-41.5	-12.8	-64.0	-18.6	-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	-0.8	-0.6	-1.6	-1.3	-2.6
Payments of borrowings	7	-110.0	0.0	-110.0	-7.1	-8.1
Proceeds from borrowings	7	140.0	0.0	140.0	0.0	0.0
Net cash flow from financing activities		29.2	-0.6	28.4	101.2	98.8
Effect on cash and cash equivalents of changes in foreign exchange rates		0.7	-7.6	-3.3	-7.6	-7.2
Net increase/decrease in cash and cash equivalents		-34.1	-31.0	-90.2	62.5	-5.2
Cash and cash equivalents at the beginning of the period		49.1	204.0	105.3	110.5	110.5
Cash and cash equivalents at the end of the period		15.0	173.0	15.0	173.0	105.3

1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF

Profit/loss before tax from continuing operations		-14.7	-32.4	-49.1	-23.6	-87.0
Profit/loss before tax from discontinued operations		0.0	0.1	0.0	0.0	0.1
Profit/loss before tax from total operations		-14.7	-32.3	-49.1	-23.6	-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)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
REVENUES					
Semiconductor Materials	36.6	44.9	65.6	79.4	147.4
Solar Materials	0.1	0.0	0.1	0.0	0.2
Other	0.1	0.1	0.1	0.1	0.2
Total	36.7	45.0	65.8	79.6	147.8
EBITDA					
Semiconductor Materials	10.1	7.5	6.7	18.2	6.3
Solar Materials	-11.4	-3.3	-23.0	-6.1	-19.9
Other	-7.2	-5.2	-15.2	-9.6	-21.3
Total	-8.5	-1.1	-31.5	2.5	-34.9
EBIT					
Semiconductor Materials	7.0	4.1	0.5	11.0	-7.6
Solar Materials	-11.9	-6.5	-23.9	-12.6	-28.9
Other	-7.3	-5.4	-15.4	-9.9	-21.8
Total	-12.2	-7.7	-38.9	-11.5	-58.3

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Revenues	36.6	44.9	65.6	79.4	147.4
Cost of materials	-6.9	-7.4	-12.0	-13.8	-26.9
Change in inventories	4.4	-4.9	6.7	-0.2	-4.7
Employee benefit expense	-7.3	-6.4	-14.2	-12.4	-25.7
Other operating expenses	-16.7	-18.7	-39.4	-34.9	-83.8
Other income and expenses	0.0	0.0	0.0	0.0	0.0
Total current costs	-26.5	-37.4	-58.9	-61.3	-141.1
EBITDA contribution	10.1	7.5	6.7	18.2	6.3
Depreciation of fixed assets	-2.4	-2.8	-5.0	-5.7	-11.1
Depreciation of leased assets	-0.6	-0.6	-1.3	-1.3	-2.6
Impairment	0.0	0.0	0.0	-0.2	-0.3
Total depreciation, amortization, and impairment	-3.1	-3.4	-6.3	-7.2	-13.9
EBIT contribution	7.0	4.1	0.5	11.0	-7.6

Solar Materials - Segment

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Revenues	0.1	0.0	0.1	0.0	0.2
Cost of materials	-0.2	-0.1	-0.4	-0.2	-0.4
Change in inventories	0.5	0.3	0.7	0.8	1.4
Employee benefit expense	-5.9	-2.0	-9.9	-3.8	-8.8
Other operating expenses	-8.5	-1.5	-16.3	-3.0	-12.3
Other income and expenses	2.6	0.0	2.6	0.0	0.0
Total current costs	-11.4	-3.4	-23.2	-6.1	-20.1
EBITDA contribution	-11.4	-3.3	-23.0	-6.1	-19.9
Depreciation of fixed assets	-0.1	-3.0	-0.3	-6.2	-8.4
Amortization	0.0	0.0	0.0	0.0	0.0
Depreciation of leased assets	-0.1	-0.1	-0.3	-0.3	-0.6
Impairment	-0.3	0.0	-0.3	0.0	0.0
Total depreciation, amortization, and impairment	-0.6	-3.2	-0.9	-6.5	-9.0
EBIT contribution	-11.9	-6.5	-23.9	-12.6	-28.9

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

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Spot Contract Revenue	20.7	28.3	37.2	49.5	93.9
Structured (Regional/Volume pricing)	13.8	14.2	23.9	26.1	44.8
Tiered (Volume pricing)	2.2	2.5	4.7	4.0	9.1
Total	36.7	45.0	65.8	79.6	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	7.6	0.1	59.1	66.9	0.0	66.9
Disposals	-0.3	-0.3	0.0	0.0	-0.7	0.0	-0.7
Depreciation and amortization	-1.1	-4.1	-0.2	0.0	-5.5	0.0	-5.5
Carrying value at June 30, 2023	29.7	27.7	2.7	121.5	181.6	0.9	182.5
At June 30, 2023							
Historical cost	140.3	2,165.4	73.5	163.1	2,542.4	68.8	2,611.2
Accumulated depreciation/amortization/impairment	-110.6	-2,137.7	-70.9	-41.6	-2,360.8	-67.8	-2,428.6
Carrying value at June 30, 2023	29.7	27.7	2.7	121.5	181.6	0.9	182.5

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 June, 2023 and did not identify any indicators which might give rise to a change in impairment compared to March 31, 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	0.1	0.5	29.8	0.0	30.3
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	0.0	0.0	0.0	0.0	0.0
Balance at June 30, 2023	0.0	0.5	29.0	0.0	29.6

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 June, 2023 ¹⁾	108.8	5.8	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 June 30, 2023 and December 31, 2022 is 13.2 percent.

Amounts recognized in profit or loss

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Interest on lease liabilities	2.1	2.2	4.2	4.3	8.6
Depreciation of right-of-use assets	0.8	0.8	1.6	1.6	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	0.0	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 available upon implementation of IFRS 16.

Amounts recognized in the statement of cash flow

(USD IN MILLION)	Q2 2023	Q2 2022	H1 2023	H1 2022	YEAR 2022
Total cash outflow for leases	2.9	2.8	5.8	5.6	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.

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

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.

6 INVENTORIES

See note 13 to the consolidated financial statements for 2022.

Inventories at end of period

(USD IN MILLION)	JUN 30, 2023			DEC 31, 2022		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	11.7	0.0	11.7	12.1	0.0	12.1
Spare parts	43.3	-33.4	9.9	42.8	-33.4	9.4
Work in progress	10.8	-2.0	8.8	9.4	-2.3	7.1
Finished goods	20.5	-5.0	15.5	12.8	-3.1	9.7
Total	86.3	-40.4	45.9	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 June 30, 2023 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	MATURITY	INTEREST RATE	CARRYING AMOUNT CURRENCY	CONTRACTUAL PAYMENTS, EXCLUDING INTEREST						
				TOTAL	2023	2024	2025	2026	AFTER 2026	
Capitalized Borrowing Cost, current ¹⁾			-0.2							
KEB Hana Bank	2026	3 mon SOFR+1.8%	110.0	110.0					110.0	
Standard Chartered	2024	1 mon SOFR+2.2%	30.0	30.0		30.0				
Grant County WA tax settlement	2026	11.5%	5.3	5.3	1.1	1.2	1.4	1.6		
Total			145.1	145.3	1.1	31.2	1.4	111.6	0.0	

1) Amortized as part of effective interest

On April 3, 2023 the Company completed a three-year corporate debt financing of USD 110 million from KEB Hana Bank for the purpose of retiring the senior secured bond that matured on April 13, 2023 which was repaid. The loan has an interest rate of three-month SOFR + 1.8%. The financing is guaranteed by REC Silicon's largest shareholder Hanwha Solutions with a guarantee fee of 0.9%.

On June 14, 2023 REC Silicon ASA through its subsidiary REC Silicon Inc, signed an agreement for a one-year USD 30 million facility loan from Standard Chartered Bank for the purpose of supporting the capital needs of the company. The loan has an interest rate of one-month SOFR + 2.2%. This facility loan is part of the overall financing plan for the company's ongoing restart and expansion initiatives and is fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions with a guarantee fee of 0.9%.

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 a guarantee fee of 0.9% and a 0.5% fee for a standby letter of credit. See note 13.

REC Silicon is in discussions toward a potential smaller bank financing on similar terms that may be necessary in the next few months so that funds are in place in advance of any capital needs.

Guarantees

See note 29 to the consolidated financial statements for 2022.

On June 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 June 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 June 30, 2023

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2023	2024	2025	2026	2027	2028	AFTER 2028
Purchase of goods and services	103.8	88.7	10.5	4.6	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	103.8	88.7	10.5	4.6	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)	Q2 2023	2023	2022
Carrying value at beginning of period	19.5	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	0.2	0.9
Carrying value at end of period	19.8	19.8	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 5.5 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 and is in discussions toward a potential smaller bank financing on similar terms that may be necessary in the next few months. See notes 7 and 13.

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.

11 RECEIVABLES AND PREPAYMENTS

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

Aging of receivables at June 30, 2023

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	22.9	12.7	1.1	0.1	0.0	0.0	8.9
Provision for loss on trade receivables	-9.6	0.0	-0.6	-0.1	0.0	0.0	-8.9
Other current receivables	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total receivables	13.4	12.8	0.5	0.0	0.0	0.0	0.0
Prepaid Costs	6.1						
Total trade and other receivables	19.5						

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

12 TRANSACTIONS WITH RELATED PARTIES

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

In the first half of 2023, REC Silicon Inc. received services from QCells, a Hanwha subsidiary, in the amount of USD 0.7 million.

In the first half 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.

In the first half 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.

13 EVENTS AFTER THE REPORTING PERIOD

On July 20, 2023 REC Silicon ASA through its subsidiary REC Silicon Inc, entered into a 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 term loan is also fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions, contributing to favorable terms similar to the other recent debt financings. REC Silicon is in discussions toward a potential smaller bank financing on similar terms that may be necessary in the next few months to ensure that funds are in place in advance of capital needs.

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 38.9 million for the first half 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 31.5 million has been reported for the first half 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 June 30, 2023, the equity ratio is 7.6 percent and is calculated by dividing USD 22.4 million total shareholders' equity by USD 293.6 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 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 June 30, 2023, net debt was USD 197.7 million or USD 145.1 million total carrying value of the Company's debt (from note 7) plus USD 67.7 million current and non-current lease liabilities (from the balance sheet) less USD 15.0 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 June 30, 2023, nominal net debt was USD 198.0 million or USD 145.3 million contractual repayment values of the Company's debt (from note 7) plus USD 67.7 million current and non-current lease liabilities (from the balance sheet) less USD 15.0 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