

RECSiLICON

Third Quarter 2024 Presentation


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A SILICON MATERIALS COMPANY
PROVIDING ENABLING MATERIALS
FOR THE GREEN ENERGY TRANSITION

RECSiLICON

Agenda

- › Highlights and Updates
- › Moses Lake Facility Update
- › Butte Operations
- › Silane for Silicon Anode Material
- › Financials
- › Market Outlook
- › Summary



Highlights and Updates

- › Revenues of \$33.8M
- › EBITDA -\$42.7M primarily due to startup costs at Moses Lake
- › End of quarter cash balance of \$23.6M
- › Delay of qualification of Moses Lake polysilicon
- › Moses Lake operation rate reduced
- › Silane shipments affected by PV slowdown and trade concerns



MOSES LAKE FACILITY UPDATE

Timeline of the FBR Polysilicon Restart



Internal improvement history

2024, 1Q

- Reduced timeline for additional commissioning of product handling processes
- Ongoing cleanup efforts for product quality improvement

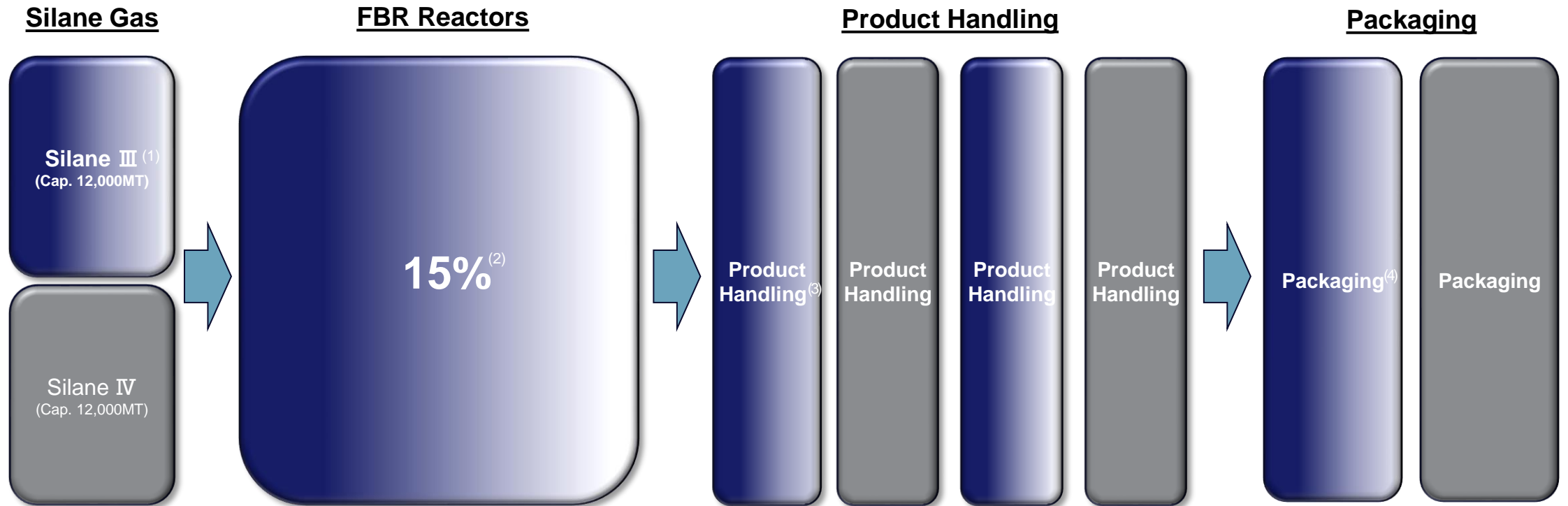
2024, 2Q

- Further improvements in product handling equipment for additional impurity removal
- Metal purity is continuously being improved

2024, 3Q

- Confirmation of improvements in most quality items
- Discussions with the customer regarding specification modification

Current Operations Status



- 1) Operating silane unit as needed for gas supply to FBR
- 2) Reduced FBR rates balanced with modified product handling
- 3) Focused on product quality in production on modified lines
- 4) Packaging line balanced with product handling

 Partial operations  Standby for operations

Moses Lake Facility Summary

› Operations

- Operating rate adjusted to 15%
- Turn down will affect ramp timing
- Facility will not be at 100% by year end

› Qualification and Quality

- Unknown timing and results at present
- Focusing on quality improvement modifications

› Considerations/Actions

- Working to determine new timeline
- Will communicate further updates when available
- Evaluating further financing requirements
- Negotiation for another qualification if unsuccessful

RAMP OF MOSES LAKE PRODUCTION FACILITY (Excerpt from Quarterly Financial Report)

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

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

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

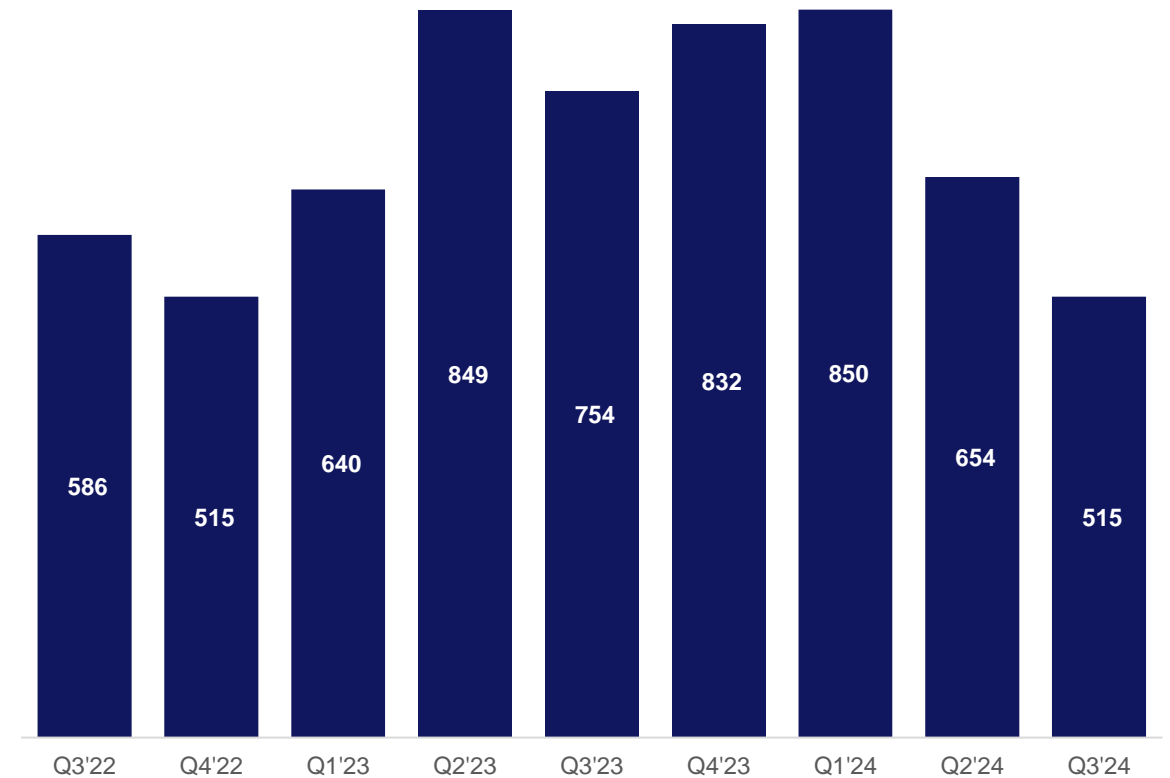
Additional impairments and provisions would likely be required if the Moses Lake facility is not successfully ramped to full capacity.

BUTTE OPERATIONS

Silicon Gases

- › Silicon gas sales
 - 515 MT shipped in Q3 2024
- › PV and FPD demand affecting volume
 - Lower utilization rates and suspended facilities
 - Trade issues and concerns affecting SE Asia
 - Lower utilization and closure of specific FPD facilities
- › Semiconductor market
 - Demand for silicon gases apart from silane is on track
 - Silane demand is up compared to 2023 but still lower than prior run rate
 - Concerns over non-AI memory related silane demand over next few quarters
 - Geopolitical issues continue to cause adjustments in purchasing strategies

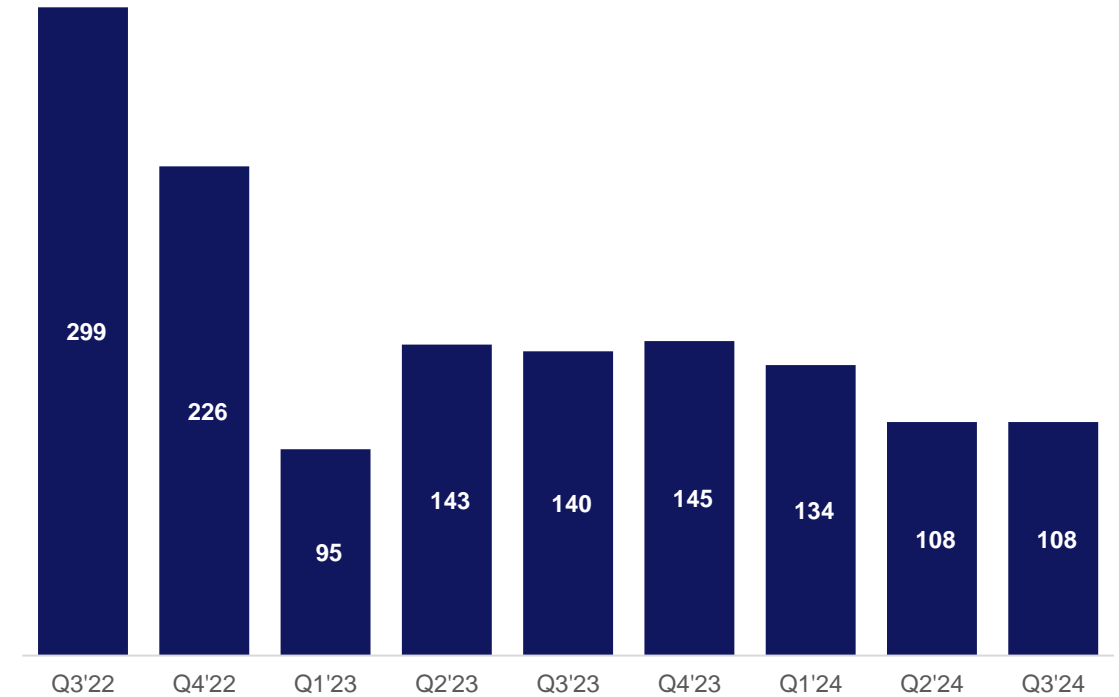
Silicon Gas
Sales Volumes (MT)



Semiconductor Grade Polysilicon

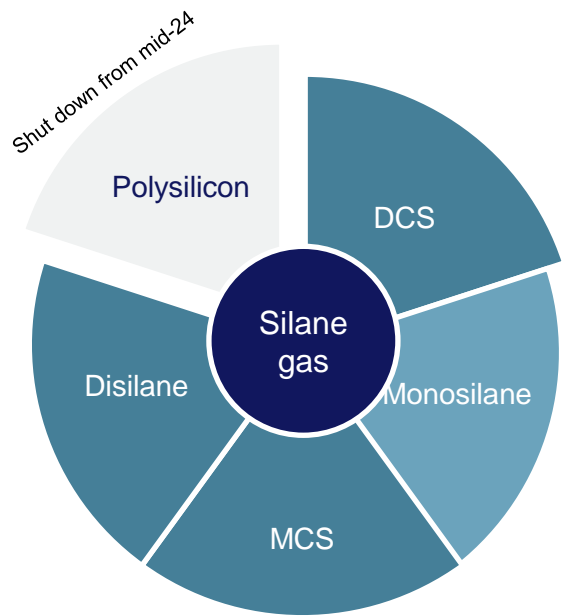
- › Semiconductor grade polysilicon
 - 108 MT shipped in Q3 2024 vs. 108 MT in Q2 2024
- › Finishing the processing of material from inventory
 - Target is still to clear finished goods inventory by end of the year
 - Restructuring activities still ongoing
 - Minimal reactors for gases characterization will continue

Semiconductor Grade Polysilicon
Sales Volumes (MT)



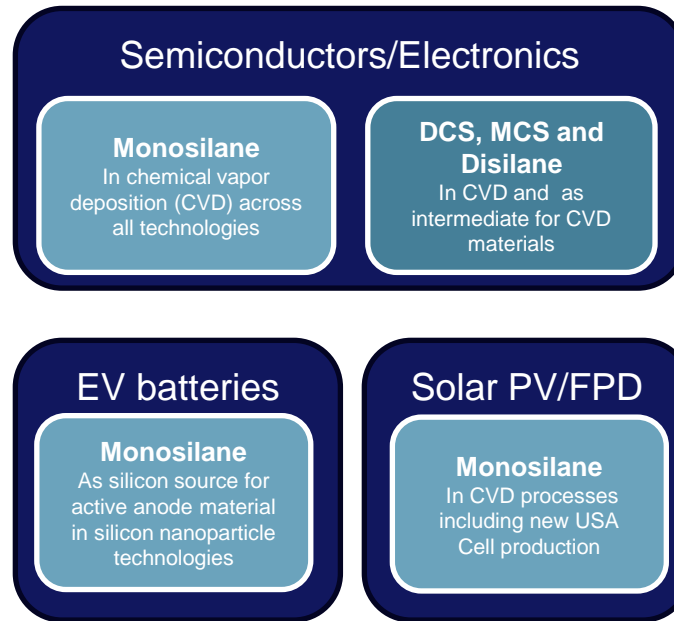
High-Grading Butte Portfolio for Growth

Silane-based products

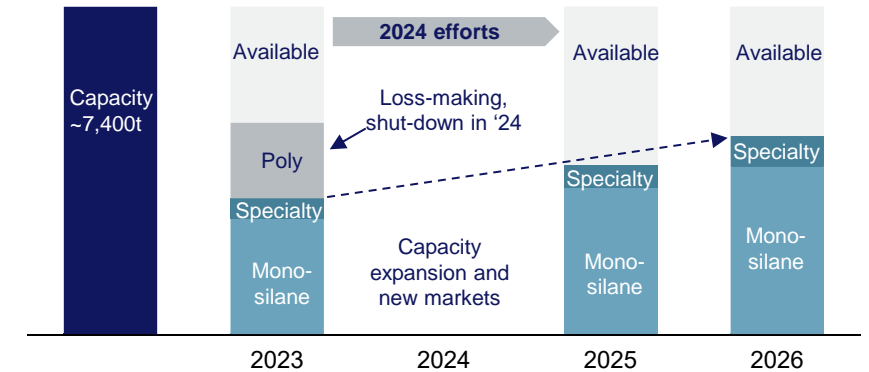


DCS, MCS and Disilane are specialty gases for advanced applications in the Semiconductor industry

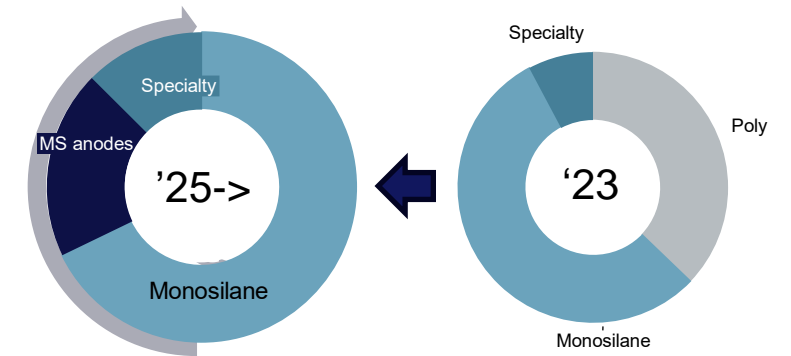
Key silane markets



Reallocating and expanding capacity



Targeting differentiated offerings and growth markets



SILANE FOR SILICON ANODE MATERIAL

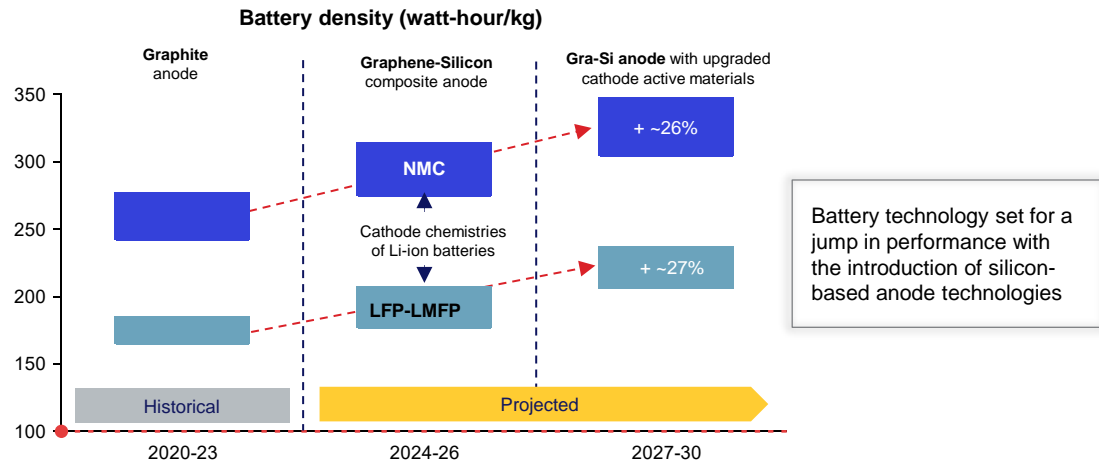
Silicon Anode

- › Signed multi-year contract with Sila Nanotechnologies to start in 2025
- › REC supplies at least six companies
- › Discussions continue with companies about potential supply modes and cooperation



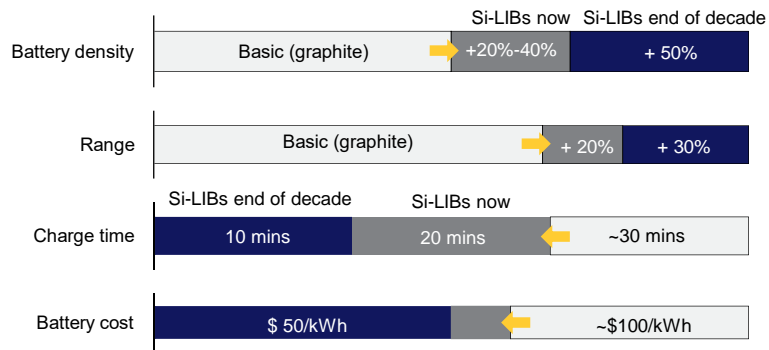
Silane Gas Set to Boost EV Battery Performance

Silicon is the key to better battery performance



Source: McKinsey Battery Insights

Key performance traits of Si-LIBs

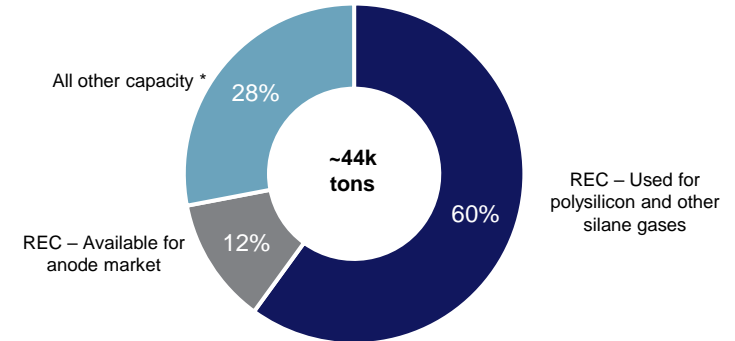


Source: Sila Nanotechnologies Inc, Group 14

Silicon battery anodes based on monosilane (Si-LIBs) are entering into mass production now.

Manufacturers have already secured contracts with four major EV makers (incl. Mercedes Benz and Porsche) and four cell makers (incl. Panasonic).

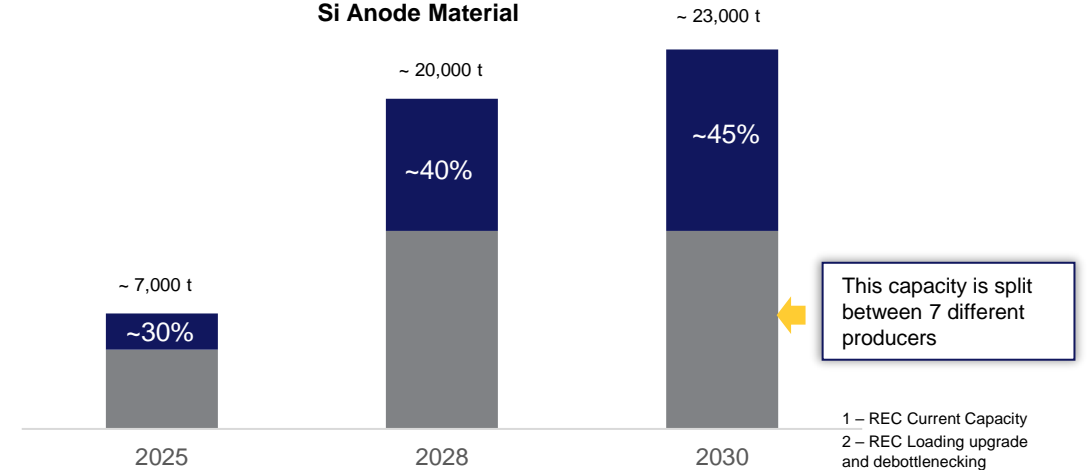
REC Silicon has Silane for the Si Anode material demand...¹



* Including planned capacity expansion outside of China yet to be built

...and set to increase market share further if required²

Monosilane capacity scenarios for Si Anode Material



FINANCIALS

Group Earnings

> Revenues \$33.8M

- Siemens polysilicon sales volume decreasing as planned
- Silicon gas sales volume decreased by 21.3% vs. Q2-24

> EBITDA (\$42.7M)

- Impacts:
 - Restart activities

> Semiconductor materials segment

- EBITDA of \$0.4M

> Solar materials segment

- EBITDA of (\$36.3M)

> Other

- Net expense of \$6.8M

	<i>(Millions USD)</i>	Q3 2024	Q3 2023	2023	Q2 2024
Semiconductor Materials		\$ 32.8	\$ 36.6	\$ 140.6	\$ 36.4
Solar Materials		1.0	0.1	0.4	1.3
Other		0.0	0.1	0.2	0.0
Revenues		<u>\$ 33.8</u>	<u>\$ 36.7</u>	<u>\$ 141.1</u>	<u>\$ 37.7</u>
Semiconductor Materials		\$ 0.4	\$ 6.1	\$ 14.0	\$ 7.0
Solar Materials		(36.3)	(16.0)	(64.8)	(36.6)
Other		(6.8)	(8.0)	(29.7)	(8.6)
EBITDA		<u>\$ (42.7)</u>	<u>\$ (17.8)</u>	<u>\$ (80.5)</u>	<u>\$ (38.2)</u>
EBITDA Margin		(126.4%)	(48.5%)	(57.0%)	(101.3%)
Polysilicon Production (Granular)		1,390 MT	NA	NA	1,391 MT
Polysilicon Sales (Granular)		0 MT	NA	NA	106 MT
Polysilicon Production (Siemens)		142 MT	279 MT	1,101 MT	256 MT
Polysilicon Sales (Siemens)		169 MT	199 MT	745 MT	187 MT
Silicon Gas Sales		515 MT	754 MT	3,075 MT	654 MT

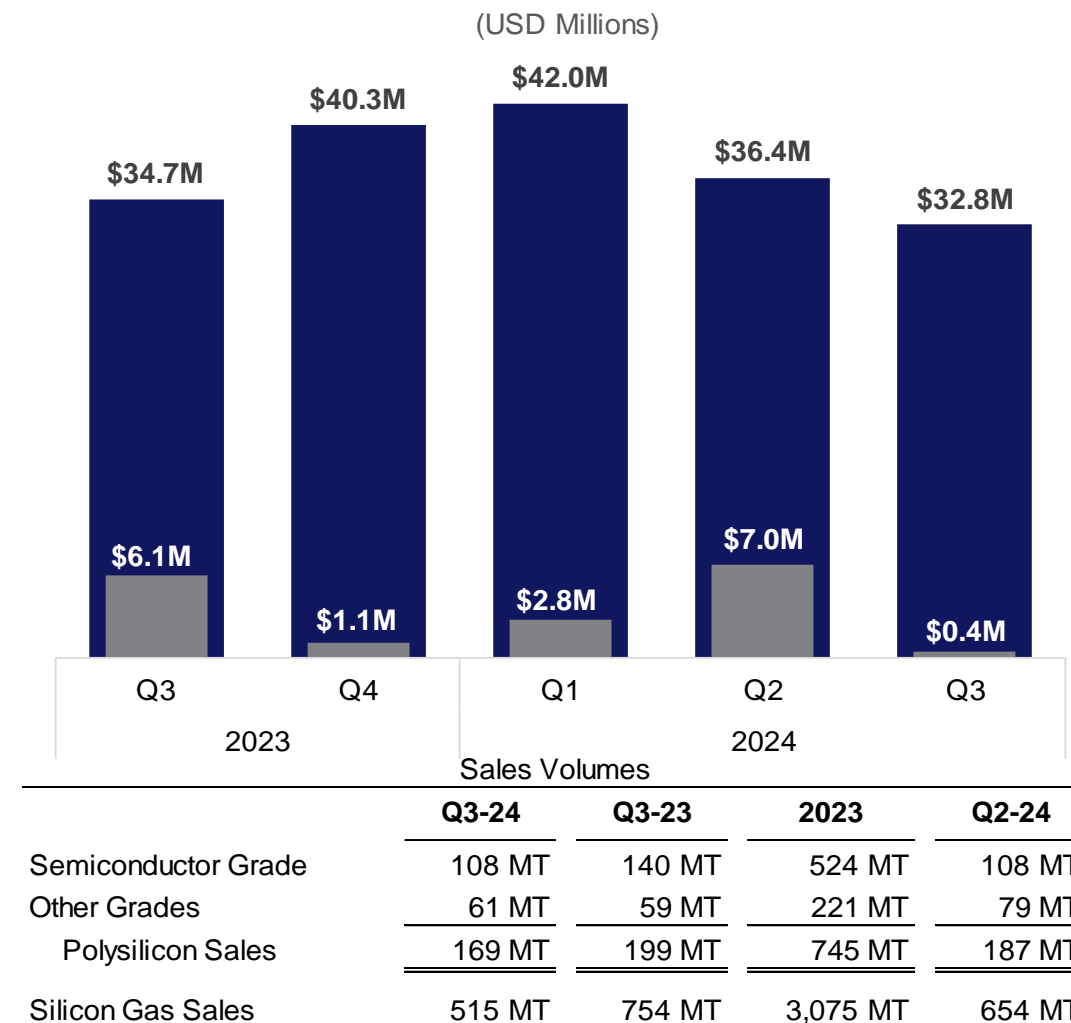
Semiconductor Materials Segment

› Revenues \$32.8M

- 9.9% decrease in revenues vs. Q2-24
- Polysilicon sales volume decreasing as planned
- Silicon gas sales volume – 21.3% decrease vs. Q2-24
- Silicon gas sales price – 6.9% increase vs. Q2-24

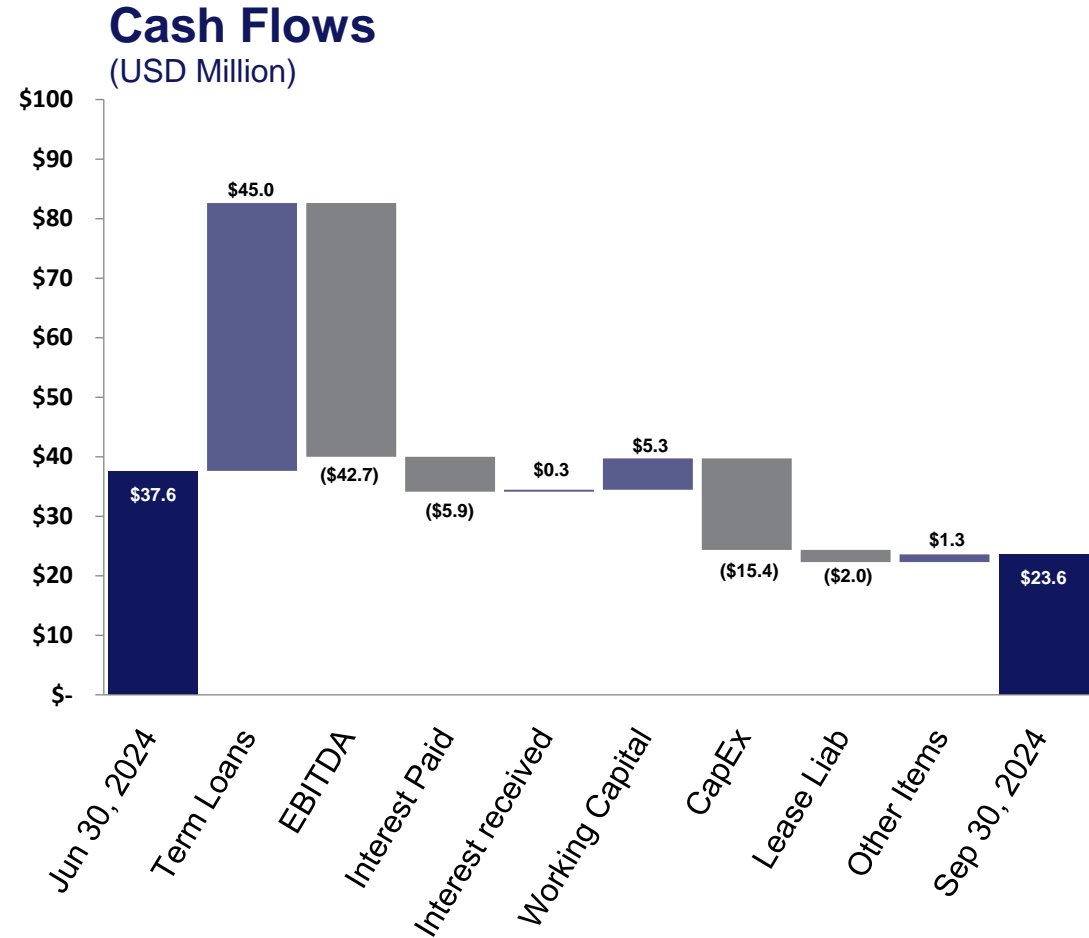
› EBITDA contribution \$0.4M

- \$6.6M decrease in EBITDA contributed vs. Q2-24
- Scheduled maintenance shutdown within the quarter



Cash Flows

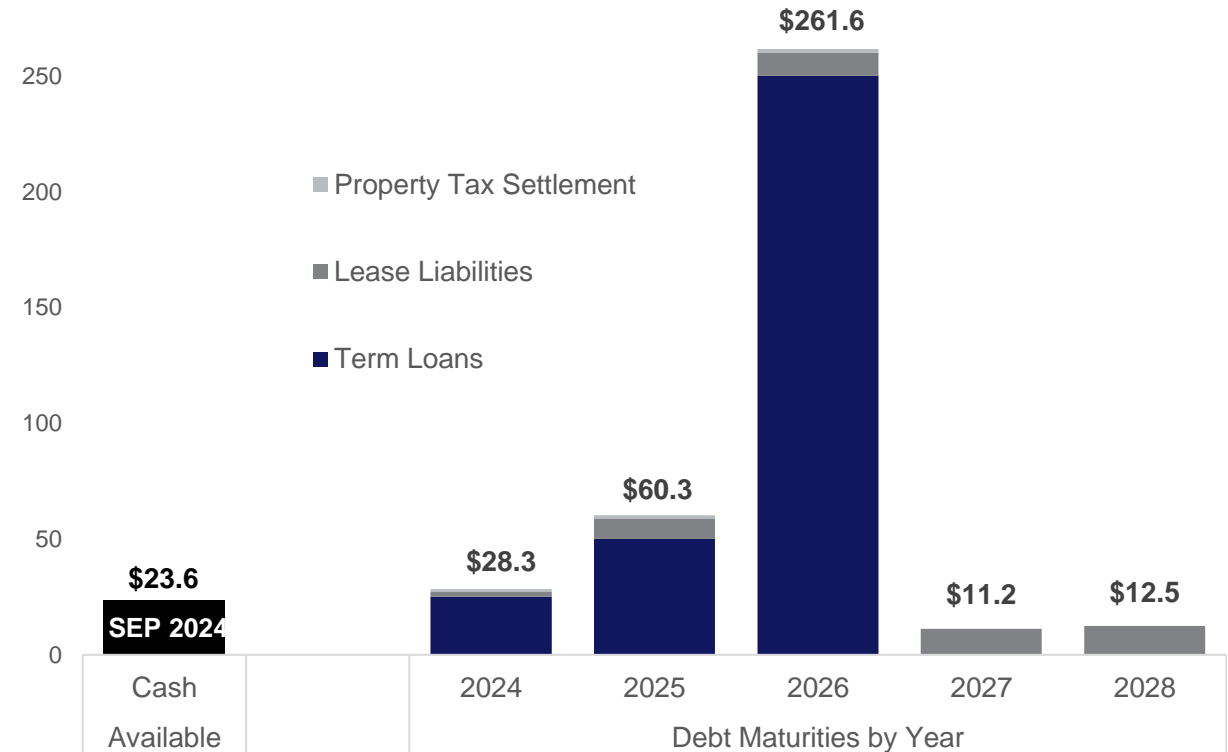
- › September 30, 2024 cash balance \$23.6M
 - \$14.1M decrease in cash during Q3'24
- › Cash flows from operating activities (\$43.0M)
 - (\$42.7M) EBITDA
 - \$5.3M working capital
 - \$3.1M decrease in inventories
 - \$1.9M decrease in receivables
 - \$0.4M increase in payables
 - (\$5.5M) interest items
 - (\$5.9M) interest paid
 - \$0.3M interest received
 - (0.1M) other items
- › Cash inflows from investing activities (\$14.0M)
 - (\$15.4M) capital expenditures
 - \$1.4M sales of non-core asset
- › Cash flows from financing activities (\$43.0M)
 - \$45.0M proceeds from borrowing
 - (\$2.0M) payment of lease liabilities



Financial Position

- › Nominal net debt \$396.4M
 - \$44.8M increase during Q3-24
 - \$45.0M increase in term loans
 - (\$0.2M) changes in lease liabilities
- › Nominal debt \$372.8M
 - \$58.9M increase during Q3-24
 - (\$14.1M) decrease in cash
 - \$44.8 change in nominal debt

Debt Maturity Profile (USD Million)



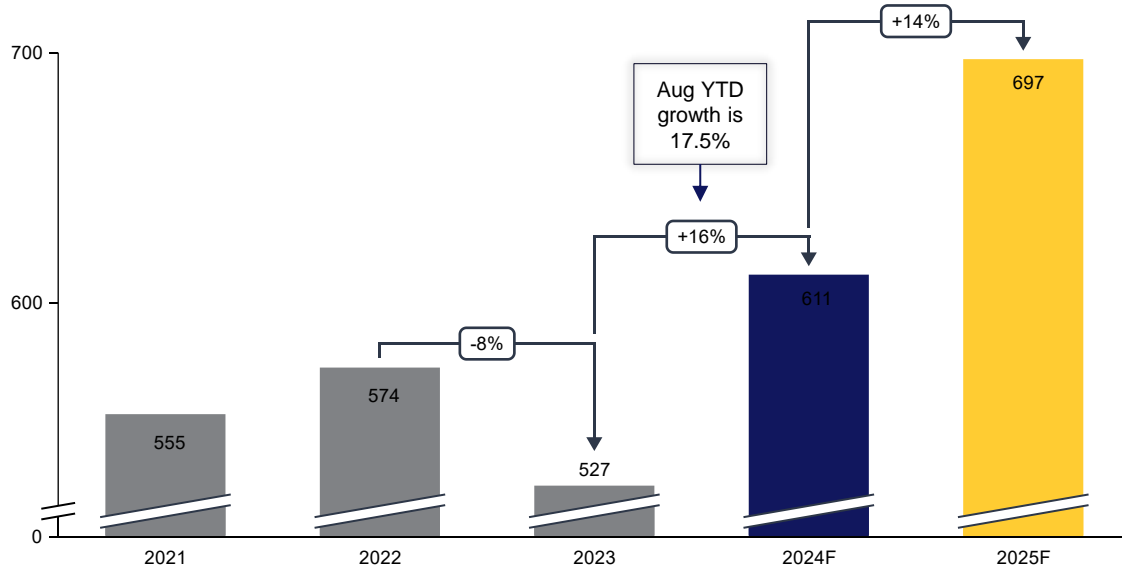
MARKET OUTLOOK

Semiconductor Market – Long Term still intact

Growth returning to the semiconductor industry

- › Generative AI is the big driver
- › 17.5% growth in billings YTD as of August, above forecast for 2024
- › Market set to reach USD 1 trillion by 2030

Global semiconductor billings (USD billion)

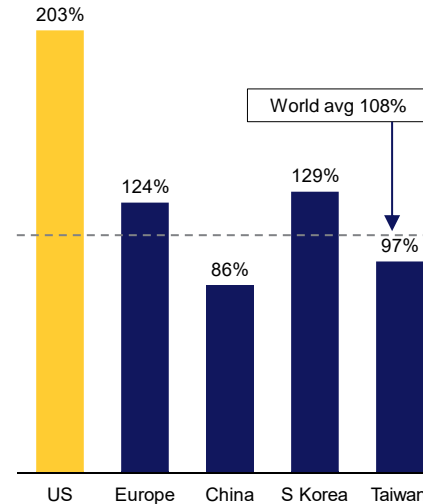


Source: Semiconductor Industry Association, World Semiconductor Trade Statistics

US investments targeting improved resilience

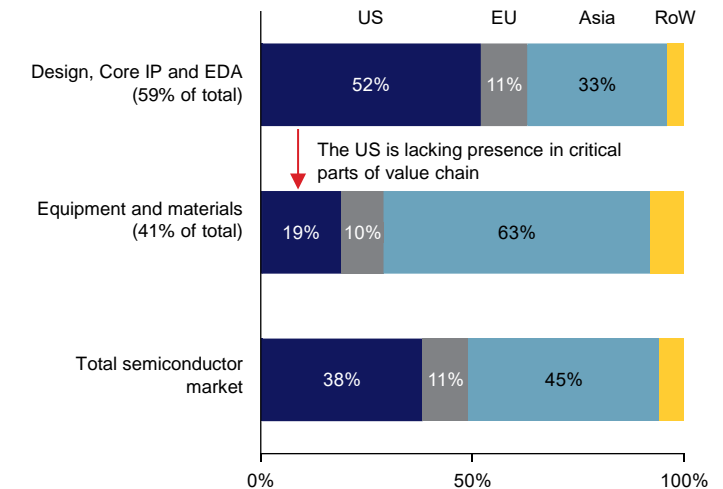
- › Enormous investments in US semiconductor value chain
- › Targeting reduced vulnerability and enhanced capture of value added from expansion in critical equipment and materials
- › Increased potential for silicon gas use in advanced nodes and AI-chips

US semiconductor capacity increase
2022-32, WSPM



Source: Semiconductor Industry Association and BCG

Semiconductor industry value added



PV Market

- › Solar installation demand softening
 - China exports declined
 - All regions experienced lower utilization
 - Trade issues causing uncertainty (SE Asia)

- › Chinese polysilicon production decreasing
 - Trying to control inventory and balancing demand
 - Maintenance shutdowns (for some producers)
 - Expecting rationalization in the industry

- › Seeing increased discussion in US on reshoring
 - Additional announcements on capacity after Q2 cancellations
 - Includes wafer and cell

November 2024 Estimates						
Sector	Company	Region	Annual Capacity	Monthly Production Output	Monthly Capacity	UR
Total Mono Cell		Outside China	92,510	7,709	3,527	45%
Mono Cell	Company A	Thailand				0%
Mono Cell	Company B	Vietnam				35%
Mono Cell	Company C	Malaysia				80%
Mono Cell	Company D	Thailand				50%
Mono Cell	Company E	Thailand				40%
Mono Cell	Company F	Cambodia				60%
Mono Cell	Company G	Malaysia				75%
Mono Cell	Company H	Vietnam				50%
Mono Cell	Company I	Vietnam				0%
Mono Cell	Company J	Thailand				100%
Mono Cell	Company K	Taiwan				30%
Mono Cell	Company L	Vietnam				
Mono Cell	Company M	Taiwan				
Mono Cell	Company N	Malaysia				
Mono Cell	Company O	Taiwan				
Mono Cell	Company P	Malaysia				

Source: REC Market Research and  InfoLink CONSULTING

Government Activity Update – Supportive Environment Continues



IRA 45x

Finalized definition on “battery-grade” materials
Clarified that for 45X domestic wafer credit, ingots need to be produced in the U.S.



AD/CVD

U.S. Commerce issues preliminary determinations for CVD case on SE Asia solar cells



CHiPS

U.S. solar wafer makers now can now qualify for 25% tax credit under CHiPS Act



301 Tariff

USTR proposed a tariff increase from 25% to 50% for polysilicon and wafer imported from China



Domestic Content

Treasury indicated that it is likely to include a pathway for U.S. wafers to be part of the domestic content calculation

SUMMARY

Summary

- › Moses Lake Facility focus
 - Product quality improvement
 - Minimal operation rate
- › Qualification timing is uncertain
- › PV production utilization remains very low affecting sales
- › Butte restructuring progressing
- › Silane for silicon anode - contract signed



Thank you.

REC Silicon ASA
Q4 2024
February 2025



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About REC Silicon

REC Silicon is a global leader in silane based high purity silicon materials. We combine 40 years experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a combined production capacity of more than 30,000 MT of high purity silane gas. Our Signature Silane® based products are used in everyday quality of life technologies, emerging technologies, cutting edge power and memory devices, high-voltage transmission, as well as renewables. 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