

RECSiLICON

FIRST QUARTER

2022

REPORT



FIRST QUARTER HIGHLIGHTS

- > Revenues of \$34.6M and EBITDA of \$3.6M

- > March 31, 2022 cash balance of \$204.0M
 - Cash increase of \$93.5M
 - Cash outflows from operating activities of \$2.6M

- > Silicon gas sales
 - Sales volume of 764MT
 - Silane gas price increase of 10% vs. Q4 2021

- > Semiconductor segment polysilicon sales
 - Total semiconductor segment polysilicon sales of 267MT
 - Total average price decrease of 3% vs. Q4 2021
 - Semiconductor grade polysilicon price increase of 6%
 - Overall favorable price impact due to product mix

- > Investment in REC Silicon by Hanwha Solutions
 - \$109.5M private placement of equity completed
 - Intend to develop a US based PV supply chain

- > Restart of Moses Lake FBR targeted
 - 100% capacity utilization by end of 2024
 - Hanwha has proposed offtake contracts for all production

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021	Q4 2021
Revenues	34.6	28.1	143.2	43.2
EBITDA	3.6	4.0	7.7	-0.4
EBITDA margin	10.3%	14.3%	5.4%	-1.0%
EBIT excluding impairment charges	-3.5	-3.2	-20.5	-7.4
Impairment charges	-0.2	0.0	-0.3	0.0
EBIT	-3.7	-3.2	-20.8	-7.4
EBIT margin	-10.7%	-11.4%	-14.5%	-17.1%
Profit/loss from continuing operations before tax	-8.8	-8.6	-43.5	-13.1
Profit/loss from continuing operations	-8.8	-8.6	-43.5	-13.1
Profit/loss from discontinued operations, net of tax	0.1	0.0	13.4	0.0
Earnings per share from continuing operations, basic and diluted (USD)	-0.02	-0.02	-0.12	-0.04
Polysilicon production in MT (Siemens and granular)	372	293	1,225	316
Polysilicon sales in MT (Siemens and granular)	267	274	1,636	481
Silicon gas sales in MT	764	781	3,078	750

REC SILICON GROUP

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon have resulted in the shutdown of the plant in Moses Lake, Washington (see Risks and Uncertainties on page 6).

Revenues for the first quarter of 2022 were USD 34.6 million compared to USD 43.2 million for the fourth quarter of 2021.

Total polysilicon production volume for the first quarter of 2022 was 372MT compared to 316MT during the fourth quarter of 2021.

Because the production facility in Moses Lake, Washington has been shut down, all production and sales was from the Semiconductor Materials facility in Butte, Montana during the first quarter.

EBITDA for the first quarter of 2022 was USD 3.6 million compared to a loss of 0.4 million during the fourth quarter of 2021. The improvement can primarily be attributed to higher EBITDA contribution from the segment consisting of Other & Eliminations. The improved EBITDA in the segment Other & Eliminations is primarily due to accruals for variable compensation plans.

Summary of first quarter results by segment

(USD IN MILLION)	Q1 2022	
	REVENUES	EBITDA
Semiconductor Materials	34.5	10.7
Solar Materials	0.0	-2.8
Other & Eliminations	0.1	-4.4
Total	34.6	3.6

MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon are dominated by long-term sales contracts. During the first quarter of 2022, REC Silicon's total shipments were consistent with anticipated seasonality for the quarter. Some opportunities for additional shipments were adversely impacted by the ongoing global logistics logjam and administrative delays related to COVID induced measures.

Demand for silicon wafers continues to grow, particularly for large diameter wafers intended for use in memory and advanced logic applications. Although capacity expansions have been announced, demand for large diameter wafers is limited by wafer manufacturing capacity. Demand for smaller diameter wafers has recovered but continues to be limited by bottlenecks in the value chain as fabrication capacity is currently the potential limiter. Polysilicon inventories held by customers have reached levels that are more consistent with normal supply chain replenishment and flow.

Demand for silicon gases remained high from semiconductor applications as production is at full capacity utilization. Demand for silicon gases in standard flat panel display applications remained muted relative to previous quarters, however advanced high-end display gas demand climbed. REC Silicon's sales of silicon gases continued to be adversely affected and limited during the first quarter by delays in returning containers due to global shipping delays, port congestion, and availability of container booking. Demand for silicon gases in solar PV and older technology flat panel display applications in China continues to decline as manufacturers disengage from supply arrangements with the United States. In addition, logistics bottlenecks are preventing the timely and cost-effective supply of materials required by customers in China. REC Silicon continued to increase shipments to locations outside of China. These shipments represent existing and recently expanded manufacturing capacity which is expected to result in increases in addressable market share. However, these were also subject to previously mentioned logistics challenges and limitations depending on location.

During the first quarter of 2022, demand for PV installations witnessed the expected first quarter softening. However, demand did not drop as far as expected due to solar installation project carryover from 2021. Projects continued to be pushed out due to supply chain limitations and pricing concerns. After finishing the last week of 2021 down for the quarter, polysilicon prices increased in early January 2022 and held steady for the remainder of the quarter. Polysilicon prices finished the quarter near USD 34.4/kg, an increase of approximately 12 percent during the quarter. New polysilicon capacity did not come online as quickly as predicted and polysilicon manufacturers were able to move inventory with the higher prices.

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 4,500MT of silicon gas loading and 2,000MT polysilicon production.

Semiconductor segment revenues were USD 34.5 million during the first quarter of 2022 compared to USD 43.2 million during the fourth quarter of 2021. Sales of silicon gases continues to be adversely impacted by delays in the global logistics supply chain.

Total polysilicon sales volumes decreased by 214MT to 267MT in the first quarter of 2022 compared to 481MT during the fourth quarter of 2021. Semiconductor grade polysilicon sales volumes decreased by 184MT to 188MT. Solar grade polysilicon sales volumes decreased by 31MT to 79MT.

Average polysilicon prices for the first quarter decreased by 3 percent compared to the prior quarter due to the mix of polysilicon sold during the first quarter. Average prices realized for individual semiconductor grades increased by 5.6 percent compared to the prior quarter. Average prices for solar grade polysilicon decreased by 20.7 percent compared to the prior quarter.

Total silicon gas sales volumes increased by 14MT to 764MT during the first quarter of 2022. Sales prices realized by REC Silicon for silane gas increased by 10 percent during the first quarter primarily due to increased sales volumes into markets with higher sales prices.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021	Q4 2021
Revenues	34.5	28.0	142.8	43.2
EBITDA contribution	10.7	10.8	33.4	9.3
Contribution margin	30.9%	38.6%	23.4%	21.5%
Polysilicon production in MT (Siemens)	372	293	1,225	316
Polysilicon sales in MT (Siemens)	267	227	1,570	481
Silicon gas sales in MT	764	781	3,078	750

Key Financials - Solar Materials

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021	Q4 2021
Revenues	0.0	0.1	0.1	0.0
EBITDA contribution	-2.8	-1.9	-5.7	-2.6
Polysilicon production in MT (Siemens and granular)	0	0	0	0
Polysilicon sales in MT (Siemens and granular)	0	47	65	0

Key Financials - Other and Eliminations

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021	Q4 2021
Revenues	0.1	0.1	0.2	0.1
EBITDA contribution	-4.4	-4.9	-20.0	-7.1
Silicon gas sales in MT	0	0	0	0

Total polysilicon production volume for the first quarter was 372MT compared to 316MT for the fourth quarter of 2021.

The Semiconductor Materials segment contributed USD 10.7 million of income to the Company's EBITDA during the first quarter of 2022 compared to income of USD 9.3 million during the fourth quarter of 2021.

SOLAR MATERIALS

REC Silicon has the capability to manufacture polysilicon for the solar energy markets from its manufacturing facility in Moses Lake, Washington.

Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the plant in Moses Lake, Washington during 2019.

The Company expects to restart the Moses Lake manufacturing facility when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, and/or silicon anode battery technology based on silane gas is commercialized. REC Silicon has undertaken project execution activities which will maintain the ability to restart the Moses Lake facility during 2023. If the restart of the Moses Lake facility is not supported by estimates of demand for solar grade polysilicon and/or estimates of demand for silane gas by the battery industry, the Company will delay the restart of production in Moses Lake. Please see Risks and Uncertainties below.

The Solar Materials segment contributed an EBITDA loss of USD 2.8 million during the first quarter compared to an EBITDA loss of USD 2.6 million during the fourth quarter of 2021.

Expenditures in the Solar Materials segment include only those expenditures required to maintain the plant in a non-operating status.

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 4.4 million during the first quarter of 2022 compared to net operating costs of USD 7.1 million during the fourth quarter of 2021. Fourth quarter includes costs for employee termination benefits and adjustments to accruals for employee incentive plans.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures were USD 5.7 million during the first quarter of 2022 compared to USD 3.4 million during the fourth quarter of 2021. Capital spending during the first quarter was primarily associated with the Dichlorosilane (DCS) gas expansion project, FBR upgrades for ultrahigh purity granular, and upgrades to semiconductor polysilicon production. The DCS expansion project is expected to cost approximately USD 8.0 million and be complete by the end of 2022. The project will result in an increase in DCS production capacity of approximately 200MT per year. Costs associated with FBR upgrades represent long lead activities to support the potential restart of FBR production in Moses Lake (see risks and uncertainties).

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, the amortization of up-front fees for the Senior Secured Bonds which mature in 2023.

During the first quarter of 2022, 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 0.2M associated with a note with Grant County, Washington to settle disputed property taxes.

The Company recognized interest of USD 2.2 million on imputed liabilities for leased assets during fourth 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 first quarter of 2022 were the result of gains on cash deposits in NOK due to the impact of a marginally weaker USD compared to NOK.

See note 8 for additional information on borrowings.

INCOME TAX

The loss from total operations of USD 8.6 million during the first quarter of 2022 resulted in no effective tax impact because it is offset by changes in unrecognized deferred tax assets and can primarily be attributed to the Company's operations in the United States. These losses represent increases in 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 2021 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 2.6 million during the first quarter of 2022. First quarter 2022 EBITDA was USD 3.6 million. Working capital invested resulted in a net cash outflow of USD 4.5 million and consisted of an increase in inventories of USD 7.0 million, a decrease in payables of USD 0.8 million offset by collections in excess of sales of USD 3.3 million. Cash outflows included interest payments on leases of USD 2.2 million. The remaining cash inflows USD 0.6 million can be attributed to changes in other assets and liabilities.

Cash outflows from investing activities were USD 5.7 million and were a result of capital expenditures.

Net cash flows from financing activities were USD 101.8 million and were the result of the settlement of the equity investment of USD 109.5 million offset by the payment of the Indemnity loan of USD 7.1 and a decrease in lease liabilities of USD 0.6 million (See note 4).

Financial Items - REC Silicon Group

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021	Q4 2021
Financial income	0.2	0.0	0.1	0.0
Interest expenses on borrowings	-3.3	-3.4	-13.6	-3.4
Interest expense on leases	-2.2	-2.2	-8.8	-2.2
Capitalized borrowing cost	0.4	0.1	0.4	0.2
Net change in fair value of financial equity investment through profit and loss	0.0	0.0	0.0	0.0
Expensing of up-front fees and costs	-0.1	-0.1	-0.4	-0.1
Other financial expenses	-0.3	-0.3	-1.3	-0.2
Net financial expenses	-5.6	-5.9	-23.6	-5.7
Net currency gains/losses	0.4	0.5	0.8	-0.0
Net financial items	-5.1	-5.4	-22.7	-5.7

During the first quarter of 2022 cash balances increased by USD 93.5 million to USD 204 million at March 31, 2022.

FINANCIAL POSITION

Shareholders' equity increased to USD 134.2 million (34.4 percent equity ratio) at March 31, 2022, compared to USD 33.3 million (11.3 percent equity ratio) at December 31, 2021. This increase was the result of the settlement of the share issue of USD 109.5 million and the loss from total operations of USD 8.6 million during the quarter.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. At March 31, 2022, net debt was USD -18.0 million or USD 115.8 million total carrying value of the Company's debt (from note 8) plus USD 70.2 million current and non-current lease liabilities (from the balance sheet) less USD 204.0 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. At March 31, 2021, nominal net debt was USD -17.5 million or USD 116.3 million contractual repayment values of the Company's debt (from note 8) plus USD 70.2 million current and non-current lease liabilities (from the balance sheet) less USD 204.0 million in cash and cash equivalents.

See note 17 to the consolidated financial statements for 2021 and note 8 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2021, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

IMPACT OF COVID-19 GLOBAL PANDEMIC

Market disruptions caused by the COVID-19 pandemic are dissipating. However, increased infection rates in China are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

Company management and the Board of Directors will continue to monitor the situation and take appropriate action as additional developments occur.

ANTICIPATED 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 50 percent operation during Q2 2024 and 100 percent operation during Q4 2024.

The Company's plans to reopen the Moses Lake facility are in part dependent upon available markets for its products and the completion of projects to restart production. Accordingly, the successful realization of these plans is subject to uncertainty.

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

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

GLOBAL UNCERTAINTY

The Russian invasion of Ukraine has had a major impact on global energy supplies and prices. Increased energy costs will have a negative effect on REC Silicon's profitability as the semiconductor materials segment is dependent on electricity and natural gas as direct material inputs. REC Silicon has limited direct exposure in the region and is complying with all imposed sanctions imposed on Russia and Belarus.

Furthermore, increased inflation and logistical challenges add to uncertainty.

MARKET OUTLOOK

Market disruptions caused by the COVID-19 pandemic are dissipating in most locations with the exception of regions in China. Continued global shipping delays and port congestion is expected to result in the delay of shipments. In addition, increases in COVID-19 infection rates may adversely impact economic activities in certain geographic areas and industries. The outlook for markets provided below is focused on the long-term development of markets and assumes that economies recover from the COVID-19 pandemic.

Semiconductor supply chain participants and industry analysts continue to indicate that demand for semiconductor devices is expected to remain strong through the second quarter of 2022. While visibility of demand and order commitments are clear, order fulfillment and execution may be adversely affected by delays in the global logistics supply chain and could continue to represent a volume limiter. REC Silicon will continue to mitigate, as much as possible, any disruption to our customers and revenue expectations.

In the second quarter of 2022 demand for REC Silicon's semiconductor grade polysilicon and silicon gases are expected to be higher due to the demand by our customers. Over the long run, macro demand factors associated with data transmission and storage, mobility, and increasing silicon content in automobiles and other consumer goods are expected to result in demand growth. The increasing trend towards electrification and the adoption of new technologies is also expected to increase demand for REC Silicon's advanced silicon products.

Solar grade polysilicon prices have held steady at around USD 33.4/kg during the second quarter 2022. Prices are expected to remain stable as demand remains strong due to continued ingot/wafer factory expansions. Wafer manufacturers still seem set on building inventory in anticipation of late year demand. Wafer prices are also holding strong as top tier producers continue to push increases. Polysilicon supply increases for 2022 are still projected to stabilize the market but capacity is still slow to come online. The delayed polysilicon supply increases along with strong wafer demand projects well for polysilicon prices holding steady throughout 2022.

Efforts in the US continue with climate change initiatives that would support US solar manufacturing. Along with the US efforts, there is focus on the outside of China value chain and how best to expand. Increased demand for PV installations is keeping demand strong for solar grade polysilicon. Installation forecasts increased in the first quarter, but analysts are raising concerns around continued supply chain disruptions, China COVID lockdowns, and the US solar circumvention investigation. Some analysts project that even with the concerns, overall installation demand will remain strong as more countries will increase efforts to move away from fossil fuels and impacts of Russia/Ukraine war. Both energy independence and supply chain diversity will be focuses for the world moving forward. Installation forecast predictions have widened a little with the range now being 220-260GW, forecasting both a downside and an upside potential. Even with module prices increasing for the second year in a row, installation demand continues to grow. Given all the challenges seen today, as with what was seen in 2020 the world will find a way and we expect installations will remain strong for 2022.

Developments with the US battery market are picking up with the US Department of Energy releasing a notice of funding opportunities related to the Bipartisan infrastructure bill that passed in 2021. Expectation is developers will apply for funding to support buildout of battery capacity in the US, including silicon anode battery materials. We expect strong demand for silicon anode batteries by 2025 is achievable.

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 2021, 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, 2022	MAR 31, 2021	DEC 31, 2021
ASSETS				
Non-current assets				
Intangible assets	3	0.9	1.0	0.9
Land and buildings	3	32.8	35.0	33.3
Machinery and production equipment	3	29.1	44.8	34.7
Other tangible assets	3	2.5	3.0	2.6
Assets under construction	3	17.7	6.6	12.5
Property, plant and equipment	3	82.1	89.4	83.1
Right of use assets	4	32.8	35.1	33.2
Other non-current receivables		0.0	1.2	0.0
Financial assets and prepayments		0.0	1.2	0.0
Total non-current assets		115.9	126.7	117.3
Current assets				
Inventories	7	40.0	48.8	33.1
Trade and other receivables	12	29.3	30.2	29.6
Restricted bank accounts		0.8	4.5	4.4
Cash and cash equivalents		204.0	131.5	110.5
Total current assets		274.2	215.0	177.6
Total assets		390.0	341.7	294.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2022	MAR 31, 2021	DEC 31, 2021
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		3,027.7	2,918.2	2,918.2
Other equity and retained earnings		-2,893.5	-2,867.7	-2,884.9
Total shareholders' equity		134.2	50.4	33.3
Non-current liabilities				
Retirement benefit obligations		13.1	18.8	13.4
Non-current provision, interest calculation	10	20.4	14.9	20.2
Non-current financial liabilities, interest bearing	8	115.3	116.7	115.2
Non-current lease liabilities	4	67.5	69.2	67.9
Other non-current liabilities, not interest bearing		1.4	2.2	1.6
Total non-current liabilities		217.7	221.8	218.2
Current liabilities				
Trade payables and other liabilities		33.8	34.6	29.4
Derivatives	6	0.0	1.5	0.0
Current financial liabilities, interest bearing	8	0.5	31.2	11.3
Current lease liabilities	4	2.7	2.2	2.6
Current prepayments, interest calculation		1.2	0.0	0.2
Total current liabilities		38.2	69.4	43.5
Total liabilities		255.9	291.3	261.6
Total equity and liabilities		390.0	341.7	294.9

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2022	Q1 2021	YEAR 2021
Revenues		34.6	28.1	143.2
Cost of materials	7	-6.5	-4.2	-17.1
Changes in inventories	7	5.1	6.4	-8.9
Employee benefit expenses		-9.5	-9.5	-41.7
Other operating expenses		-20.2	-16.7	-75.6
Other income and expense ¹⁾		0.0	0.0	7.9
EBITDA		3.6	4.0	7.7
Depreciation	3	-6.2	-6.5	-25.2
Amortization	3	0.0	0.0	0.0
Depreciation of right of use assets	4	-0.8	-0.7	-3.0
Impairment ²⁾	3, 4, 7	-0.2	0.0	-0.3
Total depreciation, amortization and impairment		-7.3	-7.2	-28.5
EBIT		-3.7	-3.2	-20.8
Financial income		0.2	0.0	0.1
Net financial expenses		-5.6	-5.9	-23.6
Net currency gains/losses		0.4	0.5	0.8
Net financial items ³⁾		-5.1	-5.4	-22.7
Profit/loss before tax from continuing operations		-8.8	-8.6	-43.5
Income tax expense/benefit from continuing operations		0.0	0.0	0.0
Profit/loss from continuing operations		-8.8	-8.6	-43.5
Profit/loss from discontinued operations, net of tax ⁴⁾	8	0.1	0.0	13.4
Profit/loss from total operations		-8.6	-8.6	-30.1
Attributable to:				
Owners of REC Silicon ASA		-8.6	-8.6	-30.1
Earnings per share (In USD)				
From continuing operations				
-basic		-0.02	-0.02	-0.12
-diluted		-0.02	-0.02	-0.12
Earnings per share (In USD)				
From total operations				
-basic		-0.02	-0.02	-0.08
-diluted		-0.02	-0.02	-0.08

1) Amounts reported for 2021 are related to the forgiveness of the C.A.R.E.S Act loan in Q2 and employee termination benefits in Q4.

2) Amounts reported for 2021 include USD 0.3M related to writedown of spare parts.

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

4) Amounts reported for 2021 are related to the settlement of the indemnification loans.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021
Profit/loss from total operations	-8.6	-8.6	-30.1
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	4.3
Currency translation effects	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	4.4
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	0.0	0.0	0.0
Sum items that may be reclassified subsequently to profit or loss	0.0	0.0	0.0
Total other comprehensive income	0.0	0.0	4.3
Total comprehensive income	-8.6	-8.6	-25.7
Total comprehensive income attributable to:			
Owners of REC Silicon ASA	-8.6	-8.6	-25.7

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
March 31, 2021								
At January 1, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Share issue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-8.6	-8.6
At March 31, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,406.8	50.4
Year 2021								
At January 1, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Share issue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-25.7	-25.7
At December 31, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.3
March 31, 2022								
At January 1, 2022		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.3
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	-8.6	-8.6
At March 31, 2022		59.2	2,926.7	41.8	3,027.7	539.0	-3,432.5	134.2

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, 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
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, 2021	27.9	20.9	-3,455.6	-3,406.8
Year 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss from total operations	0.0	0.0	-30.1	-30.1
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	4.3	4.3
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	4.4	4.4
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	4.4	4.3
Total comprehensive income for the period	0.0	0.0	-25.7	-25.7
Accumulated at December 31, 2021	27.9	20.9	-3,472.7	-3,423.9
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	-3,432.6

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2022	Q1 2021	YEAR 2021
Cash flows from operating activities				
Profit/loss before tax from continuing operations ¹⁾		-8.8	-8.6	-43.5
Less: Government grant (forgiveness of C.A.R.E.S. Act Loan)		0.0	0.0	-8.3
Income taxes paid/received		0.0	0.0	0.0
Depreciation, amortization and impairment	3, 4	7.3	7.2	28.5
Changes in receivables, prepayments from customers etc.	12	3.3	-0.7	-2.4
Changes in inventories	7	-7.0	-7.6	7.9
Changes in payables, accrued and prepaid expenses		-1.5	3.7	4.6
Changes in VAT and other public taxes and duties		4.1	4.5	-0.6
Currency effects not cash flow or not related to operating activities		0.2	0.0	-0.7
Other items		-0.1	0.1	0.0
Net cash flow from operating activities		-2.6	-1.3	-14.6
Cash flows from investing activities				
Proceeds/Payments finance receivables and restricted cash		0.0	0.0	1.5
Payments for property, plant and equipment and intangible assets	3	-5.7	-1.7	-8.3
Net cash flow from investing activities		-5.7	-1.7	-6.8
Cash flows from financing activities				
Increase in equity		109.5	0.0	0.0
Payments of lease liabilities	4	-0.6	-0.5	-2.1
Payments of borrowings ²⁾	8	-7.1	0.0	-0.9
Net cash flow from financing activities		101.8	-0.5	-3.0
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		93.5	-3.4	-24.4
Cash and cash equivalents at the beginning of the period		110.5	134.9	134.9
Cash and cash equivalents at the end of the period		204.0	131.5	110.5
¹⁾ PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF				
Profit/loss before tax from continuing operations		-8.8	-8.6	-43.5
Profit/loss before tax from discontinued operations		0.1	0.0	13.4
Profit/loss before tax from total operations		-8.6	-8.6	-30.1

2) In Q1 2022 Payment of borrowings is the net payment of the indemnification loan. Total payment was USD 10.7 million with USD 3.6 million from restricted cash. In 2021 payment of borrowings was for the Grant County Washington property tax settlement note.

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 2021. The consolidated financial statements for 2021 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 2021 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 2021.

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 2021.

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 2021.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2021 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 2022	Q1 2021	YEAR 2021
REVENUES			
Semiconductor Materials	34.5	28.0	142.8
Solar Materials	0.0	0.1	0.1
Other	0.1	0.1	0.2
Total	34.6	28.1	143.2
EBITDA			
Semiconductor Materials	10.7	10.8	33.4
Solar Materials	-2.8	-1.9	-5.7
Other	-4.4	-4.9	-20.0
Total	3.6	4.0	7.7
EBIT			
Semiconductor Materials	6.9	7.0	18.9
Solar Materials	-6.1	-5.2	-19.0
Other	-4.5	-5.0	-20.6
Total	-3.7	-3.2	-20.8

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021
Revenues	34.5	28.0	142.8
Cost of materials	-6.4	-4.1	-16.9
Change in inventories	4.7	5.8	-10.8
Employee benefit expense	-6.0	-5.2	-24.2
Other operating expenses	-16.2	-13.6	-62.1
Other income and expenses	0.0	0.0	4.5
Total current costs	-23.9	-17.2	-109.4
EBITDA contribution	10.7	10.8	33.4
Depreciation of fixed assets	-2.9	-3.1	-12.1
Depreciation of leased assets	-0.6	-0.6	-2.4
Impairment	-0.2	0.0	0.0
Total depreciation, amortization, and impairment	-3.8	-3.8	-14.6
EBIT contribution	6.9	7.0	18.9

Solar Materials - Segment

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021
Revenues	0.0	0.1	0.1
Cost of materials	-0.1	0.0	-0.2
Change in inventories	0.5	0.6	1.9
Employee benefit expense	-1.7	-1.6	-6.8
Other operating expenses	-1.4	-1.0	-4.6
Other income and expenses	0.0	0.0	3.9
Total current costs	-2.8	-2.0	-5.8
EBITDA contribution	-2.8	-1.9	-5.7
Depreciation of fixed assets	-3.2	-3.2	-12.4
Amortization	0.0	0.0	0.0
Depreciation of leased assets	-0.1	-0.1	-0.6
Impairment	0.0	0.0	-0.3
Total depreciation, amortization, and impairment	-3.3	-3.3	-13.3
EBIT contribution	-6.1	-5.2	-19.0

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

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021
Non-Contract Revenue	21.2	15.2	92.7
Structured (Regional/Volume pricing)	11.9	11.6	45.1
Tiered (Volume pricing)	1.5	1.3	5.3
Contract Revenue	13.4	12.9	50.5
Total	34.6	28.1	143.2

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2021.

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, 2021	33.3	34.7	2.6	12.5	83.1	0.9	84.0
Net additions ¹⁾	0.0	0.0	0.2	5.2	5.5	0.0	5.5
Depreciation and amortization	-0.6	-5.6	-0.1	0.0	-6.2	0.0	-6.2
Impairment	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Carrying value at March 31, 2022	32.8	29.1	2.5	17.7	82.1	0.9	83.0
At March 31, 2022							
Historical cost	140.9	2,156.6	76.7	74.3	2,448.4	68.7	2,517.1
Accumulated depreciation/amortization/impairment	-108.1	-2,127.5	-74.2	-56.6	-2,366.3	-67.8	-2,434.1
Carrying value at March 31, 2022	32.8	29.1	2.5	17.7	82.1	0.9	83.0

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2021.

The Company conducted a review of impairment indicators at March 31, 2022 and did not identify any indicators which might give rise to a change in impairment compared to December 31, 2021.

4 LEASES

See note 7 to the consolidated financial statements for 2021.

Right-of-Use assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2022	0.1	1.2	31.9	0.0	0.0	0.0	33.2
Depreciation	0.0	0.0	-0.7	0.0	0.0	0.0	-0.8
Additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Modification of existing leases	0.0	0.0	0.4	0.0	0.0	0.0	0.4
Balance at March 31, 2022	0.1	1.1	31.6	0.0	0.0	0.0	32.8

Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2022	2023	2024	2025	2026	AFTER 2026
Lease liabilities at March 31, 2022 ¹⁾	121.2	8.4	11.0	14.5	14.5	14.5	58.4

1) Amounts listed are undiscounted

The weighted average incremental borrowing rate applied to lease liabilities at March 31, 2022 and December 31, 2021 is 13.2 percent.

Amounts recognized in profit or loss

(USD IN MILLION)	Q1 2022	Q1 2021	YEAR 2021
Interest on lease liabilities	2.2	2.2	8.8
Depreciation of right-of-use assets	0.8	0.7	3.0
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	0.0	0.3
Expenses relating to short-term leases	0.0	0.0	0.2
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0	0.0

Net losses in 2021 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)	Q1 2022	Q1 2021	YEAR 2021
Total cash outflow for leases	2.8	2.7	10.9

5 INVESTMENTS

OTHER INVESTMENTS

See note 9 to the consolidated financial statements for 2021.

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.

REC Silicon has not made the final payment of USD 4.7 million under the supplemental agreement to settle REC Silicon's obligation to contribute equity to the Yulin JV which was payable during December 2020 due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues.

6 DERIVATIVES

See notes 3, 11, 17 and 30 to the consolidated financial statements for 2021.

7 INVENTORIES

See note 13 to the consolidated financial statements for 2021.

Inventories at end of period

(USD IN MILLION)	MAR 31, 2022			DEC 31, 2021		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	4.8	0.0	4.8	3.3	0.0	3.3
Spare parts	43.1	-33.7	9.4	42.6	-33.7	8.9
Work in progress	13.8	-2.7	11.1	11.9	-2.0	9.9
Finished goods	21.9	-7.2	14.7	15.4	-4.4	11.0
Total	83.6	-43.5	40.0	73.1	-40.1	33.1

8 BORROWINGS AND GUARANTEES

See notes 17, 29, and 30 to the consolidated financial statements for 2021.

Carrying amounts of interest-bearing liabilities at March 31, 2022 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST					
	CURRENCY	USD	TOTAL	2022	2023	2024	2025	AFTER 2025
Capitalized Borrowing Cost, non-current (USD) ¹⁾	0.0	0.0						
Capitalized Borrowing Cost, current (USD) ¹⁾	-0.5	-0.5						
Senior secured bond (USD)	110.0	110.0	110.0		110.0			
Grant County WA tax settlement (USD)	6.3	6.3	6.3	1.0	1.1	1.2	1.4	1.6
Total		115.8	116.3	1.0	111.1	1.2	1.4	1.6

1) Amortized as part of effective interest

As previously reported, on October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. The settlement of this agreement was completed on February 28, 2022. A payment of NOK 32 million (USD 3.6 million) settled through an escrow account held with Nordea. A single payment of the remaining balance of NOK 63 million (USD 7.1 million) was finalized on February 28, 2022. Nordea has released all claims against REC Silicon.

Guarantees

See note 29 to the consolidated financial statements for 2021.

At March 31, 2022, 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 54.7 million on March 31, 2022 and December 31, 2021.

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2021.

The fair value of the USD senior secured bond at March 31, 2022 is estimated at 102.5 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, 2022	DEC 31, 2021
Nominal value	110.0	110.0
Capitalized Borrowing Cost, non-current ¹⁾	-0.0	-0.1
Net carrying amount, non-current	110.0	109.9
Capitalized Borrowing Cost, current ¹⁾	-0.5	-0.5
Net carrying amount	109.5	109.4

1) Amortized as part of effective interest

9 COMMITMENTS**Contractual purchase obligations and minimum operating lease payments at March 31, 2022**

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2022	2023	2024	2025	2026	2027	AFTER 2027
Purchase of goods and services	16.2	15.9	0.2	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	16.2	16.0	0.2	0.0	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	Q1 2022	2021
Carrying value at beginning of period	20.2	14.7
Change in estimate to asset retirement obligation	0.0	4.7
Net periodic interest on asset retirement obligation	0.2	0.8
Carrying value at end of period	20.4	20.2

See note 20 to the consolidated financial statements for 2021.

Increases in the asset retirement obligation (ARO) in 2021 of USD 4.7 million are the result of the recalculation of the retirement obligation and are primarily due to an increased estimate of inflation as well as a change in the interest rates used to impute the estimated provision.

The AROs represent the present value of estimated future costs discounted between 3.5 to 4.8 percent and between 7 and 39.5 years.

11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS

Please refer to the annual report for 2021, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

IMPACT OF COVID-19 GLOBAL PANDEMIC

Market disruptions caused by the COVID-19 pandemic are dissipating. However, increased infection rates in China are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

Company management and the Board of Directors will continue to monitor the situation and take appropriate action as additional developments occur.

ANTICIPATED 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 50 percent operation during Q2 2024 and 100 percent operation during Q4 2024.

The Company's plans to reopen the Moses Lake facility are in part dependent upon available markets for its products and the completion of projects to restart production. Accordingly, the successful realization of these plans is subject to uncertainty.

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

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

GLOBAL UNCERTAINTY

The Russian invasion of Ukraine has had a major impact on global energy supplies and prices. Increased energy costs will have a negative effect on REC Silicon's profitability as the semiconductor materials segment is dependent on electricity and natural gas as direct material inputs. REC Silicon has limited direct exposure in the region and is complying with all imposed sanctions imposed on Russia and Belarus.

Furthermore, increased inflation and logistical challenges add to uncertainty.

12 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2021.

Aging of receivables at March 31, 2021

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE					IMPAIRED
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	35.1	16.4	1.5	1.1	0.9	0.8	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.2	1.2	0.0	0.0	0.0	0.0	0.0
Total receivables	21.9	17.7	1.5	1.1	0.9	0.8	0.0
Prepaid Costs	7.4						
Total trade and other receivables	29.3						

There was no bad debt expense recorded for the first quarter of 2022.

13 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2021.

In the first quarter of 2022, REC Silicon invoiced USD 0.1 million in engineering and project services to the Yulin JV.

14 SHAREHOLDER MATTERS

The settlement of the previously announced strategic equity investment by Hanwha Solutions was successfully completed on January 19, 2022. Gross proceeds of the settlement were NOK 964 million (48,213,001 shares at NOK 20). The new share capital of the Company is NOK 420,625,659, divided into shares 420,625,659, each with a par value of NOK 1.

15 EVENTS AFTER THE REPORTING PERIOD

The share purchase agreement announced March 23, 2022 between Hanwha Corporation, Hanwha Solutions Corporation, and Aker Horizons AS was successfully completed on May 10, 2022. Pursuant to the share purchase agreement, Hanwha Corporation acquired 50,475,079 existing shares of the Company at a share price of NOK 20.00. Following the completion of the transaction Hanwha Corporation's ownership interest in REC Silicon is approximately 12% through its holding of 50,475,079 shares of the company. Pursuant to the share purchase agreement, Hanwha Solutions acquired 19,629,197 existing shares in the Company at a share price of NOK 20.00. Following the completion of the transaction Hanwha Solutions Corporation ownership interest in REC Silicon is approximately 21.33% through its holding of 89,733,473 shares in the Company. Following the completion of the transaction, Aker Horizons holds zero shares in REC Silicon.

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 3.7 million for the first quarter of 2022.

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.

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 gain of USD 3.6 million has been reported for the first quarter of 2022.

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, 2022, the equity ratio is 34.4 percent and is calculated by dividing USD 134.2 million total shareholders' equity by USD 390.0 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, 2022, net debt was USD -18.0 million or USD 115.8 million total carrying value of the Company's debt (from note 8) plus USD 70.2 million current and non-current lease liabilities (from the balance sheet) less USD 204.0 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 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, 2022, nominal net debt was USD -17.5 million or USD 116.3 million contractual repayment values of the Company's debt (from note 8) plus USD 70.2 million current and non-current lease liabilities (from the balance sheet) less USD 204.0 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