

RECSiLICON

SECOND QUARTER

2022

REPORT



SECOND QUARTER HIGHLIGHTS

- > Revenues of \$45.0M and EBITDA loss of (\$1.1M)

- > June 30, 2022 cash balance of \$173.0M
 - Cash decrease of \$31.0M
 - Cash outflows from operating activities of \$17.6M

- > Silicon gas sales
 - Sales volume of 852MT
 - Silane gas price decrease of 0.4% vs. Q1 2022

- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 333MT
 - Total polysilicon sales of 471MT
 - Total average price increase of 5.8% vs. Q1 2022

- > Moses Lake restart
 - Modification of FBR reactors underway
 - First production target of Q4 2023 unchanged

- > Market for solar grade polysilicon and silane gas
 - Polysilicon MOU with Hanwha Solutions executed
 - Discussions underway for silane to LIB anodes with Hanwha Corporation

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021	Q1 2022
Revenues	45.0	35.6	79.6	63.7	143.2	34.6
EBITDA	-1.1	7.9	2.5	11.9	7.7	3.6
EBITDA margin	-2.4%	22.2%	3.1%	18.7%	5.4%	10.3%
EBIT excluding impairment charges	-7.7	0.8	-11.2	-2.4	-20.5	-3.5
Impairment charges	0.0	-0.3	-0.2	-0.3	-0.3	-0.2
EBIT	-7.7	0.5	-11.5	-2.7	-20.8	-3.7
EBIT margin	-17.2%	1.4%	-14.4%	-4.3%	-14.5%	-10.7%
Profit/loss from continuing operations before tax	-23.6	-5.4	-32.4	-14.0	-43.5	-8.8
Profit/loss from continuing operations	-23.6	-5.4	-32.4	-14.0	-43.5	-8.8
Profit/loss from discontinued operations, net of tax	0.0	0.0	0.1	0.0	13.4	0.1
Earnings per share from continuing operations, basic and diluted (USD)	-0.06	-0.01	-0.08	-0.04	-0.12	-0.02
Polysilicon production in MT (Siemens and granular)	390	321	761	614	1,225	372
Polysilicon sales in MT (Siemens and granular)	471	485	738	759	1,636	267
Silicon gas sales in MT	852	819	1,616	1,600	3,078	764

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 below).

Revenues for the second quarter of 2022 were USD 45.0 million compared to USD 34.6 million for the first quarter of 2022.

Total polysilicon production volume for the second quarter of 2022 was 390MT compared to 372MT during the first quarter of 2022.

EBITDA for the second quarter of 2022 was a loss of USD 1.1 million compared to a gain of USD 3.6 million during the first quarter of 2022. The decrease in EBITDA can primarily be attributed to lower EBITDA contribution from the semiconductor segment. Specifically increased costs associated with energy and raw materials.

Summary of second quarter results by segment

(USD IN MILLION)	Q2 2022	
	REVENUES	EBITDA
Semiconductor Materials	44.9	7.5
Solar Materials	0.0	-3.3
Other & Eliminations	0.1	-5.2
Total	45.0	-1.1

MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon remained dominated by long-term sales contracts. During the second 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 continued 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 remained limited by wafer manufacturing capacity. Demand for smaller diameter wafers has recovered but continued to be limited by bottlenecks in the value chain as fabrication capacity remained the limiter. Polysilicon inventories held by customers reached levels more consistent with normal supply chain replenishment and flow.

Demand for silicon gases remained high from semiconductor applications as production remained at full capacity utilization. Demand for silicon gases in standard flat panel display applications continued to weaken relative to previous quarters. However, advanced high-end display gas demand remained strong. REC Silicon's sales of silicon gases continued to be adversely affected during the second 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 continued 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 represented 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 second quarter of 2022, demand for PV installations was strong. Towards the end of the second quarter the impacts of the Withhold Release Orders and the Uyghurs Forced Labor Prevention Act are starting to be realized. However, the United States was not able to import enough material to meet demand due to supply chain issues while also feeling the impacts in supply chain pricing and the anticircumvention concerns. Imports into Europe remained strong and outpaced installations. This may be the result of purchasing ahead due to European Parliament activities or continuing supply chain concerns. According to PV Insights, polysilicon prices started the quarter at USD 34.4/kg. Polysilicon prices finished the quarter at USD 37.5/kg, an increase of approximately 9 percent over the first quarter. New wafer capacity continued to outpace new polysilicon capacity and prices were not negatively impacted as installation demand remained strong.

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 44.9 million during the second quarter of 2022 compared to USD 34.5 million during the first quarter of 2022.

Total polysilicon sales volumes increased by 204MT to 471MT in the second quarter of 2022 compared to 267MT during the first quarter of 2022. Semiconductor grade polysilicon sales volumes increased by 146MT to 333MT. Solar grade polysilicon sales volumes increased by 58MT to 137MT.

Average polysilicon prices for the second quarter increased by 5.8 percent compared to the prior quarter. Average prices realized for individual semiconductor grades increased by 2.7 percent compared to the prior quarter. Average prices for solar grade polysilicon increased by 25.6 percent compared to the prior quarter.

Total silicon gas sales volumes increased by 88MT to 852MT during the second quarter of 2022. Sales prices realized by REC Silicon for silane gas decreased by 0.4 percent during the second quarter primarily due to the mix of sales.

Total polysilicon production volume for the second quarter was 390MT compared to 372MT for the first quarter of 2022.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021	Q1 2022
Revenues	44.9	35.5	79.4	63.5	142.8	34.5
EBITDA contribution	7.5	11.5	18.2	22.3	33.4	10.7
Contribution margin	16.7%	32.4%	22.9%	35.1%	23.4%	30.9%
Polysilicon production in MT (Siemens)	390	321	761	614	1,225	372
Polysilicon sales in MT (Siemens)	471	466	738	693	1,570	267
Silicon gas sales in MT	852	819	1,616	1,600	3,078	764

Key Financials - Solar Materials

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021	Q1 2022
Revenues	0.0	0.0	0.0	0.1	0.1	0.0
EBITDA contribution	-3.3	1.2	-6.1	-0.7	-5.7	-2.8
Polysilicon production in MT (Siemens and granular)	0	0	0	0	0	0
Polysilicon sales in MT (Siemens and granular)	0	18	0	65	65	0

Key Financials - Other and Eliminations

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021	Q1 2022
Revenues	0.1	0.1	0.1	0.1	0.2	0.1
EBITDA contribution	-5.2	-4.8	-9.6	-9.7	-20.0	-4.4
Silicon gas sales in MT	0	0	0	0	0	0

The Semiconductor Materials segment contributed USD 7.5 million of income to the Company's EBITDA during the second quarter of 2022 compared to income of USD 10.7 million during the first quarter of 2022. The decrease is primarily due to increased energy and raw material costs.

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 in the fourth quarter of 2023. REC Silicon has undertaken project execution activities which will enable 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 3.3 million during the second quarter compared to an EBITDA loss of USD 2.8 million during the first quarter of 2022. The change is primarily due to an increase in employee costs.

Expenditures in the Solar Materials segment include expenditures required to maintain the plant in a non-operating status as well as preparation for startup.

OTHER AND ELIMINATIONS

The segment Other includes general administrative and sales activities in support of the manufacturing facilities in the United States and the Company's headquarters in Norway. It also includes costs associated with the Company's representative offices in Japan, Taiwan, Korea, Singapore, China, and the United States.

Net operating costs in Other and Eliminations were USD 5.2 million during the second quarter of 2022 compared to net operating costs of USD 4.4 million during the first quarter of 2022. The change is primarily due to adjustments to accruals for employee incentive plans.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures were USD 12.8 million during the second quarter of 2022 compared to USD 5.7 million during the first quarter. Capital spending during the second quarter was primarily associated with FBR modifications which will enable the restart of Moses Lake production in Q4 2023. Other capital spending included the Dichlorosilane (DCS) gas expansion project, and upgrades to semiconductor polysilicon production. The DCS expansion project is expected to cost approximately USD 8.0 million and be complete near the end of 2022. The project will result in an increase in DCS production capacity of approximately 200MT per year.

Capital expenditures also include cost savings and improvement initiatives, routine replacement of production equipment, and capital necessary to maintain safe and reliable operations.

FINANCIAL ITEMS

Net financial expenses are primarily associated with interest expense on borrowings, interest expense on lease liabilities, the amortization of up-front fees for the Senior Secured Bonds which mature in 2023.

During the second 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 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 losses during the second quarter of 2022 were the result of losses on cash deposits in NOK due to the impact of a significantly stronger USD compared to NOK.

See note 8 for additional information on borrowings.

INCOME TAX

The loss from total operations of USD 23.6 million during the second 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 17.6 million during the second quarter of 2022. Second quarter 2022 EBITDA was a loss of USD 1.1 million. Working capital invested resulted in a net cash outflow of USD 0.1 million and consisted of a decrease in inventories of USD 2.0 million, an increase in payables of USD 3.2 million offset by sales in excess of collections of USD 5.3 million. Cash outflows included interest payments on leases of USD 2.2 million. The remaining cash inflows USD 0.2 million can be attributed to changes in other assets and liabilities.

Cash outflows from investing activities were USD 12.8 million and were a result of capital expenditures.

Net cash flows from financing activities were USD 0.6 million and were the result of a decrease in lease liabilities. (See note 4).

During the second quarter of 2022 cash balances decreased by USD 31.0 million to USD 173.0 million at June 30, 2022.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021	Q1 2022
Financial income	0.0	0.0	0.2	0.1	0.1	0.2
Interest expenses on borrowings	-3.3	-3.4	-6.7	-6.8	-13.6	-3.3
Interest expense on leases	-2.2	-2.2	-4.3	-4.4	-8.8	-2.2
Capitalized borrowing cost	0.5	0.0	0.9	0.2	0.4	0.4
Expensing of up-front fees and costs	-0.1	-0.1	-0.2	-0.2	-0.4	-0.1
Other financial expenses	-0.3	-0.3	-0.7	-0.7	-1.3	-0.3
Net financial expenses	-5.4	-6.0	-11.0	-11.9	-23.6	-5.6
Net currency gains/losses	-10.5	0.0	-10.1	0.6	0.8	0.4
Net financial items	-15.9	-5.9	-21.0	-11.3	-22.7	-5.1

FINANCIAL POSITION

In the second quarter, shareholders' equity decreased to USD 113.2 million (30.8 percent equity ratio) at June 30, 2022, compared to USD 134.2 million (34.4 percent equity ratio) at March 31, 2022. This decrease was the result of the loss from total operations of USD 23.6 million during the quarter, offset by currency translation differences taken to equity in the amount of USD 2.6 million.

Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. At June 30, 2022, net debt was USD 12.5 million or USD 115.9 million total carrying value of the Company's debt (from note 8) plus USD 69.6 million current and non-current lease liabilities (from the balance sheet) less USD 173.0 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 12.9 million or USD 116.3 million contractual repayment values of the Company's debt (from note 8) plus USD 69.6 million current and non-current lease liabilities (from the balance sheet) less USD 173.0 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

Company management and the Board of Directors continue to monitor the situation and will 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 a ramp to 50 percent operation during Q2 2024 and a ramp to 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 likely 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, rising interest rates, inflation and logistical challenges add to uncertainty.

MARKET OUTLOOK

Continued global shipping delays and port congestion is expected to result in the delay of shipments. 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 are indicating that demand for some semiconductor devices is softening through the second half of 2022, particularly for commodity memory devices. This, combined with continuing softness in the commodity flat panel display segment may result in lower shipments of silane gas. 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 third quarter of 2022 demand for REC Silicon's silane is expected to be in a range of previous quarter's shipments with some risk to the lower end due to the softening factors observed. Other silicon gases demand remains strong due to its linkage to leading edge processes and the current capacity coming online globally. While polysilicon demand remains strong, shipments may be affected by ongoing scheduled maintenance. 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.

Recent developments in United States legislation may improve market outlook. The recent passing of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022 in the United States Senate, and currently with bipartisan support in the House, if passed, is anticipated to bolster more American-made manufacturing along the semiconductor value chain.

Solar grade polysilicon prices finished the second quarter on an upward trend at USD 37.5/kg. Third quarter 2022 prices are expected to remain stable as demand remains strong due to continued ingot/wafer factory expansions. Wafer and Cell prices endured the same pattern as polysilicon in the second quarter and finished on an upward trend. As long as market demand remains strong, polysilicon and wafer prices are also expected to remain stable while cell prices are expected to increase slightly. More polysilicon capacity is expected to be commissioned in the

second half of 2022 and as a result may feel some price decline. However, with the current strong demand for solar installations and the rapid downstream manufacturing expansions, prices are expected to remain mostly stable.

The Inflation Reduction Act has passed both houses of the United States Congress and is awaiting President Biden's signature. Included in the bill is the Solar Energy Manufacturing for America Act (SEMA) which gives direct support to develop the US solar supply chain.

Support for an outside China value stream continues to increase with several countries and companies evaluating options for support and growth. While installation forecasts were adjusted down in the second quarter due to political and supply chain concerns, analysts' forecasts now show growth in the second half of 2022. With the continuation of the Russia/Ukraine war, energy independence and supply chain diversity is becoming more of reality and effort than a discussion. Solar installations are set to have continued strong growth as a result.

The US Department of Energy has collected grant funding applications for US battery market development. The second half of 2022 should see funding awarded and the future supply market picture should become more clear. Our expectation is silicon anode battery materials will be included in those awards and further manufacturing announcement will be made.

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.

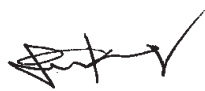
STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2022 and the financial information in this report that is relevant for the first half year 2022 (together "the first half year 2022 report").

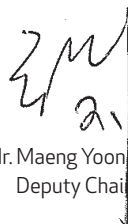
The first half year 2022 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Securities Trading Act (Verdipapirhandelloven).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2022 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 2022 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 2022, 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.

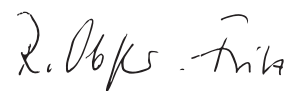
August 17, 2022
Board of Directors



Mr. Koo Yung Lee
Chairman of the Board



Mr. Maeng Yoon Kim
Deputy Chair



Dr. Renate Oberhoffer-Fritz
Member of the Board



James A. May II
CEO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2022	JUN 30, 2021	DEC 31, 2021
ASSETS				
Non-current assets				
Intangible assets	3	0.9	1.0	0.9
Land and buildings	3	32.2	34.4	33.3
Machinery and production equipment	3	23.9	39.3	34.7
Other tangible assets	3	2.5	2.9	2.6
Assets under construction	3	32.6	7.7	12.5
Property, plant and equipment	3	91.1	84.3	83.1
Right of use assets	4	32.1	34.4	33.2
Other non-current receivables		0.0	1.1	0.0
Financial assets and prepayments		0.0	1.1	0.0
Total non-current assets		124.1	120.8	117.3
Current assets				
Inventories	7	38.0	45.0	33.1
Trade and other receivables	12	32.1	26.5	29.6
Restricted bank accounts		0.8	4.5	4.4
Cash and cash equivalents		173.0	123.6	110.5
Total current assets		243.9	199.7	177.6
Total assets		368.0	320.5	294.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2022	JUN 30, 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		-2,914.5	-2,873.2	-2,884.9
Total shareholders' equity		113.2	45.0	33.3
Non-current liabilities				
Retirement benefit obligations		12.8	18.5	13.4
Non-current provision, interest calculation	10	20.6	15.1	20.2
Non-current financial liabilities, interest bearing	8	5.3	115.9	115.2
Non-current lease liabilities	4	66.9	68.7	67.9
Other non-current liabilities, not interest bearing		1.5	2.0	1.6
Total non-current liabilities		107.1	220.2	218.2
Current liabilities				
Trade payables and other liabilities		33.8	27.8	29.4
Derivatives	6	0.0	1.5	0.0
Current financial liabilities, interest bearing	8	110.6	23.8	11.3
Current lease liabilities	4	2.7	2.2	2.6
Current prepayments, interest calculation		0.6	0.0	0.2
Total current liabilities		147.8	55.3	43.5
Total liabilities		254.8	275.5	261.6
Total equity and liabilities		368.0	320.5	294.9

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Revenues		45.0	35.6	79.6	63.7	143.2
Cost of materials	7	-7.5	-4.2	-14.0	-8.4	-17.1
Changes in inventories	7	-4.6	-2.2	0.5	4.1	-8.9
Employee benefit expenses		-11.1	-11.3	-20.6	-20.8	-41.7
Other operating expenses		-22.8	-18.3	-43.0	-35.0	-75.6
Other income and expense ¹⁾		0.0	8.3	0.0	8.3	7.9
EBITDA		-1.1	7.9	2.5	11.9	7.7
Depreciation	3	-5.9	-6.3	-12.1	-12.8	-25.2
Amortization	3	0.0	0.0	0.0	0.0	0.0
Depreciation of right of use assets	4	-0.8	-0.7	-1.6	-1.5	-3.0
Impairment ²⁾	3, 4, 7	0.0	-0.3	-0.2	-0.3	-0.3
Total depreciation, amortization and impairment		-6.7	-7.4	-13.9	-14.6	-28.5
EBIT		-7.7	0.5	-11.5	-2.7	-20.8
Financial income		0.0	0.0	0.2	0.1	0.1
Net financial expenses		-5.4	-6.0	-11.0	-11.9	-23.6
Net currency gains/losses		-10.5	0.0	-10.1	0.6	0.8
Net financial items ³⁾		-15.9	-5.9	-21.0	-11.3	-22.7
Profit/loss before tax from continuing operations		-23.6	-5.4	-32.4	-14.0	-43.5
Income tax expense/benefit from continuing operations		0.0	0.0	0.0	0.0	0.0
Profit/loss from continuing operations		-23.6	-5.4	-32.4	-14.0	-43.5
Profit/loss from discontinued operations, net of tax ⁴⁾	8	0.0	0.0	0.1	0.0	13.4
Profit/loss from total operations		-23.6	-5.4	-32.3	-14.0	-30.1
Attributable to:						
Owners of REC Silicon ASA		-23.6	-5.4	-32.3	-14.0	-30.1
Earnings per share (In USD)						
From continuing operations						
-basic		-0.06	-0.01	-0.08	-0.04	-0.12
-diluted		-0.06	-0.01	-0.08	-0.04	-0.12
Earnings per share (In USD)						
From total operations						
-basic		-0.06	-0.01	-0.08	-0.04	-0.08
-diluted		-0.06	-0.01	-0.08	-0.04	-0.08

1) See annual financial statements for information on amounts reported for 2021.

2) Amounts reported for 2022 include USD 0.2M related to software that will not be implemented.

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Profit/loss from total operations	-23.6	-5.4	-32.3	-14.0	-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	0.0	0.0	4.3
Currency translation effects	0.2	0.0	0.2	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.2	0.0	0.2	0.0	4.4
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	2.4	0.0	2.4	0.0	0.0
Sum items that may be reclassified subsequently to profit or loss	2.4	0.0	2.4	0.0	0.0
Total other comprehensive income	2.6	0.0	2.6	0.0	4.3
Total comprehensive income	-21.0	-5.4	-29.6	-14.0	-25.7
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	-21.0	-5.4	-29.6	-14.0	-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
June 30, 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	-14.0	-14.0
At June 30, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,412.2	45.0
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
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

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, 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss	0.0	0.0	-14.0	-14.0
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	-14.0	-14.0
Accumulated at June 30, 2021	27.9	20.9	-3,461.0	-3,412.2
Year 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss	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	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

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Cash flows from operating activities						
Profit/loss before tax from continuing operations ¹⁾		-23.6	-5.4	-32.4	-14.0	-43.5
Less: Government grant (forgiveness of C.A.R.E.S. Act Loan)		0.0	-8.3	0.0	-0.1	-8.3
Income taxes paid/received		0.0	0.0	0.0	-8.3	0.0
Depreciation, amortization and impairment	3, 4	6.7	7.4	13.9	0.0	28.5
Changes in receivables, prepayments from customers etc.	12	-5.3	1.8	-2.0	0.0	-2.4
Changes in inventories	7	2.0	3.5	-4.9	1.1	7.9
Changes in payables, accrued and prepaid expenses		2.0	-2.6	0.5	-4.0	4.6
Changes in VAT and other public taxes and duties		-2.1	-2.4	2.0	0.0	-0.6
Currency effects not cash flow or not related to operating activities		2.8	-0.1	3.0	0.0	-0.7
Other items		-0.1	0.1	-0.1	0.2	0.0
Net cash flow from operating activities		-17.6	-6.1	-20.1	-7.4	-14.6
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		0.0	0.0	0.0	0.0	1.5
Payments for property, plant and equipment and intangible assets	3	-12.8	-1.2	-18.6	-2.9	-8.3
Net cash flow from investing activities		-12.8	-1.2	-18.6	-2.9	-6.8
Cash flows from financing activities						
Increase in equity		0.0	0.0	109.5	0.0	0.0
Payments of lease liabilities	4	-0.6	-0.5	-1.3	-1.0	-2.1
Payments of borrowings ²⁾	8	0.0	0.0	-7.1	0.0	-0.9
Net cash flow from financing activities		-0.6	-0.5	101.2	-1.0	-3.0
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.0	0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		-31.0	-7.8	62.5	-11.3	-24.4
Cash and cash equivalents at the beginning of the period		204.0	131.5	110.5	134.9	134.9
Cash and cash equivalents at the end of the period		173.0	123.6	173.0	123.6	110.5

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

Profit/loss before tax from continuing operations		-23.6	-5.4	-32.4	-14.0	-43.5
Profit/loss before tax from discontinued operations		0.0	0.0	0.1	0.0	13.4
Profit/loss before tax from total operations		-23.6	-5.4	-32.3	-14.0	-30.1

²⁾ In 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)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
REVENUES					
Semiconductor Materials	44.9	35.5	79.4	63.5	142.8
Solar Materials	0.0	0.0	0.0	0.1	0.1
Other	0.1	0.1	0.1	0.1	0.2
Total	45.0	35.6	79.6	63.7	143.2
EBITDA					
Semiconductor Materials	7.5	11.5	18.2	22.3	33.4
Solar Materials	-3.3	1.2	-6.1	-0.7	-5.7
Other	-5.2	-4.8	-9.6	-9.7	-20.0
Total	-1.1	7.9	2.5	11.9	7.7
EBIT					
Semiconductor Materials	4.1	7.9	11.0	14.9	18.9
Solar Materials	-6.5	-2.4	-12.6	-7.6	-19.0
Other	-5.4	-5.0	-9.9	-10.0	-20.6
Total	-7.7	0.5	-11.5	-2.7	-20.8

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Revenues	44.9	35.5	79.4	63.5	142.8
Cost of materials	-7.4	-4.1	-13.8	-8.3	-16.9
Change in inventories	-6.2	-2.2	2.0	-1.3	-21.2
Writedowns on inventories	1.2	-0.5	-2.2	4.4	10.4
Change in inventories	-4.9	-2.7	-0.2	3.1	-10.8
Employee benefit expense	-6.4	-6.7	-12.4	-11.9	-24.2
Other operating expenses	-18.7	-14.9	-34.9	-28.6	-62.1
Other income and expenses	0.0	4.5	0.0	4.5	4.5
Total current costs	-37.4	-24.0	-61.3	-41.2	-109.4
EBITDA contribution	7.5	11.5	18.2	22.3	33.4
Depreciation of fixed assets	-2.8	-3.1	-5.7	-6.2	-12.1
Depreciation of leased assets	-0.6	-0.6	-1.3	-1.2	-2.4
Impairment	0.0	0.0	-0.2	0.0	0.0
Total depreciation, amortization, and impairment	-3.4	-3.7	-7.2	-7.4	-14.6
EBIT contribution	4.1	7.9	11.0	14.9	18.9

Solar Materials - Segment

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Revenues	0.0	0.0	0.0	0.1	0.1
Cost of materials	-0.1	-0.1	-0.2	-0.1	-0.2
Change in inventories	0.3	0.3	0.7	0.7	1.5
Writedowns on inventories	0.0	0.1	0.0	0.4	0.4
Change in inventories	0.3	0.4	0.8	1.0	1.9
Employee benefit expense	-2.0	-1.9	-3.8	-3.5	-6.8
Other operating expenses	-1.5	-1.2	-3.0	-2.2	-4.6
Other income and expenses	0.0	3.9	0.0	3.9	3.9
Total current costs	-3.4	1.2	-6.1	-0.9	-5.8
EBITDA contribution	-3.3	1.2	-6.1	-0.7	-5.7
Depreciation of fixed assets	-3.0	-3.1	-6.2	-6.3	-12.4
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	0.0	-0.3	0.0	-0.3	-0.3
Total depreciation, amortization, and impairment	-3.2	-3.6	-6.5	-6.9	-13.3
EBIT contribution	-6.5	-2.4	-12.6	-7.6	-19.0

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

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Non-Contract Revenue	28.3	23.8	49.5	39.0	92.7
Structured (Regional/Volume pricing)	14.2	10.5	26.1	22.1	45.1
Tiered (Volume pricing)	2.5	1.3	4.0	2.6	5.3
Contract Revenue	16.7	11.8	30.1	24.7	50.5
Total	45.0	35.6	79.6	63.7	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	20.1	20.4	0.0	20.4
Depreciation and amortization	-1.1	-10.8	-0.2	0.0	-12.1	0.0	-12.1
Impairment ²⁾	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Carrying value at June 30, 2022	32.2	23.9	2.5	32.6	91.1	1.0	92.1
At June 30, 2022							
Historical cost	140.9	2,156.6	76.7	89.2	2,463.3	68.7	2,532.1
Accumulated depreciation/amortization/impairment	-108.6	-2,132.7	-74.3	-56.6	-2,372.2	-67.8	-2,440.0
Carrying value at June 30, 2022	32.2	23.9	2.5	32.6	91.1	1.0	92.1

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 June 30, 2022 and did not identify any indicators which might give rise to a change in impairment compared to March 31, 2022.

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	1.1	31.6	0.0	0.0	0.0	32.8
Depreciation	0.0	0.0	-0.7	0.0	0.0	0.0	-0.8
Modification of existing leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at June 30, 2022	0.0	1.1	30.9	0.0	0.0	0.0	32.1

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 June 30, 2022 ¹⁾	118.4	5.6	11.1	14.5	14.5	14.5	58.4

1) Amounts listed are undiscounted

The weighted average incremental borrowing rate applied to lease liabilities at June 30, 2022 and December 31, 2021 is 13.2 percent.

Amounts recognized in profit or loss

(USD IN MILLION)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Interest on lease liabilities	2.2	2.2	4.3	4.4	8.8
Depreciation of right-of-use assets	0.8	0.7	1.6	1.5	3.0
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	0.0	0.0	0.0	0.3
Expenses relating to short-term leases	0.0	0.1	0.1	0.1	0.2
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 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)	Q2 2022	Q2 2021	JUN 30, 2022	JUN 30, 2021	YEAR 2021
Total cash outflow for leases	2.8	2.7	5.6	5.4	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.

On August 3, 2022, the Yulin JV passed performance testing requirements as outlined in the Technology Transfer Agreement (TTA). On August 4, 2022 REC Silicon received a Certificate of Completion stating all aspects of performance test passed and all performance guarantees are satisfied. Additionally, REC Silicon, the Yulin JV, and Shaanxi Non-Ferrous Tian Hong New Energy Co. Ltd. (SNF) agreed upon an exchange of payments. The Yulin JV will first pay USD 2.4 million to REC Silicon for invoices related to engineering and project services, REC Silicon will then make the final payment in the amount of USD 4.7 million to SNF in order to resolve the 2018 supplemental equity settlement agreement. See note 15 below.

6 DERIVATIVES

After the settlement of the indemnification loans in Q1 2022, REC Silicon no longer has any material 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)	JUN 30, 2022			DEC 31, 2021		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	7.3	0.0	7.3	3.3	0.0	3.3
Spare parts	43.0	-33.5	9.5	42.6	-33.7	8.9
Work in progress	13.4	-2.8	10.6	11.9	-2.0	9.9
Finished goods	16.3	-5.8	10.5	15.4	-4.4	11.0
Total	80.1	-42.1	38.0	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 June 30, 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⁾	-0.4	-0.4						
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		115.9	116.3	1.0	111.1	1.2	1.4	1.6

1) Amortized as part of effective interest

Guarantees

See note 29 to the consolidated financial statements for 2021.

At June 30, 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 June 30, 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 June 30, 2022 is estimated at 101.8 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)	JUN 30, 2022	MAR 31, 2022	DEC 31, 2021
Nominal value	0.0	110.0	110.0
Capitalized Borrowing Cost, non-current ¹⁾	0.0	0.0	-0.1
Net carrying amount, non-current	0.0	110.0	109.9
Capitalized Borrowing Cost, current ¹⁾	-0.4	-0.5	-0.5
Bonds, current portion	110.0	0.0	0.0
Net carrying amount	109.6	109.5	109.4

1) Amortized as part of effective interest

The USD senior secured bond matures in April of 2023. REC Silicon is actively working on strategies to refinance the bond.

9 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at June 30, 2022

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2022	2023	2024	2025	2026	2027	AFTER 2027
Purchase of goods and services	52.9	42.3	9.2	1.3	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	52.9	42.3	9.2	1.3	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	Q2 2022	2021
Carrying value at beginning of period	20.4	20.2
Change in estimate to asset retirement obligation	0.0	0.0
Net periodic interest on asset retirement obligation	0.2	0.5
Carrying value at end of period	20.6	20.6

See note 20 to the consolidated financial statements for 2021.

The asset retirement obligations (AROs) represent the present value of estimated future costs discounted between 3.5 to 4.8 percent and between 6.5 and 39.0 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

Company management and the Board of Directors continue to monitor the situation and will 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 a ramp to 50 percent operation during Q2 2024 and a ramp to 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 likely 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, rising interest rates, 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	39.7	22.7	0.6	0.3	0.6	1.1	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	26.6	23.9	0.6	0.3	0.6	1.1	0.0
Prepaid Costs	5.5						
Total trade and other receivables	32.1						

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

13 TRANSACTIONS WITH RELATED PARTIES

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

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

14 SHAREHOLDER MATTERS

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 AS holds zero shares in REC Silicon.

15 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, board member Heike Heiligtag has resigned from the board of directors of REC Silicon ASA.

On August 3, 2022, the Yulin JV passed performance testing requirements as outlined in the Technology Transfer Agreement (TTA). On August 4, 2022 REC Silicon received a Certificate of Completion stating all aspects of performance test passed and all performance guarantees are satisfied. Additionally, REC Silicon, the Yulin JV, and Shaanxi Non-Ferrous Tian Hong New Energy Co. Ltd. (SNF) agreed upon an exchange of payments. The Yulin JV will first pay USD 2.4 million to REC Silicon for invoices related to engineering and project services, REC Silicon will then make the final payment in the amount of USD 4.7 million to SNF in order to resolve the 2018 supplemental equity settlement agreement. See notes 5 and 13 above.

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 7.7 million for the second 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 loss of USD 1.1 million has been reported for the second 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 June 30, 2022, the equity ratio is 30.8 percent and is calculated by dividing USD 113.2 million total shareholders' equity by USD 368.0 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 June 30, 2022, net debt was USD 12.5 million or USD 115.9 million total carrying value of the Company's debt (from note 8) plus USD 69.6 million current and non-current lease liabilities (from the balance sheet) less USD 173.0 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 June 30, 2022, nominal net debt was USD 12.9 million or USD 116.3 million contractual repayment values of the Company's debt (from note 8) plus USD 69.6 million current and non-current lease liabilities (from the balance sheet) less USD 173.0 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