

2022

Annual report



RECSiLICON

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BOARD OF DIRECTORS

TAE WON JUN

Currently Chief Strategy Officer of the Strategy Division at Hanwha Corp. and President at Hanwha Holdings since April 2019. Previously Executive Director for Morgan Stanley PE Asia (2016-2019), and Director, M&A at Hanwha Group (2012-2016).

MBA, Wharton School, and Bachelor in Finance, Korea University.

DONG KWAN KIM

Currently Chief Executive Officer of the Strategy Division at Hanwha Corp. and Hanwha Solutions since Jan 2020. Previously held multiple executive positions at Hanwha QCELLS Group.

Artium Baccalaureus in Government, Harvard University.

ROBERTA BENEDETTI

Senior advisor within energy and renewables with more than 20 years of experience in the energy sector. Previously held multiple executive positions at Enel (1998-2006), E.ON (2006-2016), and ANEV (2011-2016).

University of Florence, and exchange at Ryerson Polytechnic University.

VIVIAN BERTSEKA

Board Member of Transition Zero, Blue Layer. Previously Founding Partner & COO, Just Climate (2020-2022), and Investment Director, Generator IM Global Equity, (2015-2020) and Growth Equity (2011-2015).

MBA (distinction) from INSEAD, and Artium Baccalaureus in Applied Mathematics, Harvard University.

DR. RENATE OBERHOFFER-FRITZ

Currently Professor and Chair, Institute of Preventive Pediatrics, Faculty of Sports and Health Science, Technical University Munich and consultant for German Heart Center.

MD, Ph.D, Technical University Munich.

Letter from the CEO

There have been a lot of positive developments at REC Silicon this past year that have placed the company in a position to seize upon the market opportunities that exist for the company's Signature Silane gas-based operations. These opportunities are fueled by major secular growth trends existing in Digitalization, Renewable Energy and the Energy Transition. For REC Silicon this is further enhanced by concerns around supply security and embedded competence that is driving major efforts towards re-shoring industries that were first developed and commercialized in the United States, such as Photovoltaics and Semiconductors. Along with underlying growth trends, the Investment Reduction Act, Chips Act and the Infrastructure Act all create clear pathways for us to run our current assets towards full utilization as well as expand in areas where we have strong and distinct positions. As the largest producer of Silane and High Purity Granular outside of China and the only one located in the United States, our entire production asset and product portfolio is uniquely positioned to translate these circumstances into further value for our shareholders. Simply put, we have the right assets, the right products at the right time and in the right place.

Support for the long-term success of the company was solidified in 2022 as a result of the purchase by Hanwha Solutions and its affiliate Hanwha Corporation of Aker Horizon's interest in REC Silicon along with an additional share offering from the company as Hanwha became the largest shareholder at 33.33%. REC Silicon's Board of Directors also changed to the current Board comprised of Mr. Tae Won JUN as chair and Mr. Dong Kwan KIM as deputy chair both of whom are affiliated with Hanwha, along with Ms. Paraskevi (Vivian) Bertseka, Dr. Renate Oberhoffer-Fritz, and Ms. Roberta Benedetti as independent Board members.

In 2022, REC Silicon announced the restart of the Moses Lake facility on the heels of offtake opportunities to sell the production from the facility to Hanwha. Favorable governmental initiatives such as the Inflation Reduction Act, which included SEMA has provided incentives to support the reshoring of the PV industry within the United States that will also greatly enhance REC Silicon's current and future prospects at Moses Lake. Moreover, the CHIPS Act is also expected to positively contribute to the success at Butte as the Semiconductor industry continues its path

"Simply put, we have the right assets, the right products at the right time and in the right place."

towards reshoring to the United States as well. Additional improvement and expansion opportunities for high value products manufactured at the Butte facility, such as DCS, were identified and are now being implemented so that the Butte facility will continue to take advantage of market opportunities that are rapidly developing.

Although the long-term prospects for REC Silicon have never been brighter, there has also been some short-term challenges facing the company. The second half of 2022 has been a disappointment from



revenue and EBITDA perspectives and was marred by market weakness in the semiconductor industry and cost challenges from inflationary pressures and other factors, particularly with respect to the cost of power in Butte. Nevertheless, the company is taking steps to mitigate these external factors and expects market and cost improvements for the coming year.

I continue to believe that REC Silicon possesses the right assets with the right products at the right time and in the right place. We have worked hard to put in place the necessary stepping stones to allow us to accelerate to a highly successful and profitable future. Our prospects for the company are indeed “electric”!

A handwritten signature in blue ink that reads "Kurt Levens". The signature is fluid and cursive, with a long horizontal line extending from the end.

Kurt Levens
President and CEO

Board of Directors' report

2022 HIGHLIGHTS (COMPARED TO 2021)

- > Revenues of \$147.8M compared to \$143.2M in 2021
- > EBITDA of loss of (\$34.9M) compared to gain of \$7.7M in 2021
- > Cash balance of \$105.3M at December 31, 2022
 - Cash decrease of \$5.2M in 2022
 - Cash outflows from operations of \$42.1M
 - Cash outflows from investing activities of \$54.8M
 - Cash inflows from financing activities of \$98.8M
 - Decrease effect on cash of changes in foreign exchange rates of \$7.2M
- > Silicon gas sales volumes of 2,718MT compared to 3,078MT in 2021
 - 11.7% decrease in sales volume
 - 12.8% Increase in average silicon gas prices
- > Total polysilicon sales volumes of 1,428MT compared to 1,636MT in 2021
 - Semiconductor grade polysilicon sales of 1,045MT compared to 1,117MT in 2021
 - Average semiconductor grade polysilicon price increase of 19.2%
 - Polysilicon inventory decrease of 53MT
- > Investment in REC Silicon by Hanwha
 - Private placement of equity completed January 19, 2022
 - 48.2 million shares issued (proceeds of NOK 964M)

BUSINESS ACTIVITIES

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

REC Silicon is a global leader in silane-based, high-purity silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries.

REC Silicon 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 United States. REC Silicon's sales and marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and in the United States. The Group's investment in the Yulin JV is held by REC Silicon Pte. Ltd. in Singapore.

STRATEGY AND OBJECTIVES

REC Silicon's strategy is to maintain its position as a technological innovator in the silicon materials industry.

REC Silicon intends to improve its competitive position and:

- Successfully restart FBR in Moses Lake
- Maintain financial flexibility
- Optimize efficiency of utilized assets
- Optimize semiconductor segment product offerings
- Control inventory by flexing production to match sales and business conditions
- Focus on cost control
- Focus on continued quality improvements

2022 SUMMARY

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	2022	2021
Revenues	147.8	143.2
EBITDA	-34.9	7.7
EBITDA margin	-23.6%	5.4%
EBIT excluding impairment charges	-58.0	-20.5
Impairment charges	-0.3	-0.3
EBIT	-58.3	-20.8
EBIT margin	-39.4%	-14.5%
Profit/loss from continuing operations before tax	-87.0	-43.5
Profit/loss from continuing operations	-87.0	-43.5
Profit/loss from discontinued operations, net of tax	0.1	13.4
Earnings per share, basic and diluted (USD)	-0.21	-0.12
Polysilicon production in MT (Siemens and granular)	1,375	1,225
Polysilicon sales in MT (Siemens and granular)	1,428	1,636
Silicon gas sales in MT	2,718	3,078

Revenues

Total revenues increased by 3.3 percent from USD 143.2 million in 2021 to USD 147.8 million during 2022. This increase is primarily due to increased sales prices for semiconductor grade polysilicon. Nearly all revenues reported are in the Semiconductor Materials segment and increased by 3.6 percent from USD 142.8 million in 2021 to USD 147.4 million in 2022.

Operations

During 2022 all polysilicon produced by REC Silicon was manufactured in the Semiconductor Materials segment from its plant in Butte, Montana. The Company is executing a plan to realize FBR production from its plant in Moses Lake in Q4 of 2023.

Total polysilicon production increased by 151MT (12.3 percent) to 1,375MT in 2022 compared to 1,225MT in 2021. All production in 2022 and 2021 was from the semiconductor materials segment.

Total polysilicon inventories declined by 53MT in 2022.

EARNINGS

Earnings Before Financial Items and Income taxes (EBIT) for 2022 was a loss of USD 58.3 million. This represents an increased loss compared to an EBIT loss of USD 20.8 million in 2021.

EBITDA for 2022 was a loss of USD 34.9 million compared to an EBITDA of USD 7.7 million in 2021. The decrease in EBITDA compared to 2021 is the result of higher operating costs, specifically energy and raw materials. EBITDA contributed by the Semiconductor Materials segment declined by USD 27.1 million to USD 6.3 million in 2022 due primarily increased operating costs. EBITDA contributed by the Solar Materials segment decreased by USD 14.3 million due to restart activities and inflation. In Other and Eliminations, net operating costs increased by USD 1.3 million due to restart activities and inflation.

TECHNOLOGY, RESEARCH, AND DEVELOPMENT

REC Silicon's long-term competitive position is based on cost efficiency and industry leading product performance. REC Silicon's research and technology development activities are designed to enhance quality, improve efficiency, and reduce production costs of our products to add value to our customers and further enhance our competitive position.

However, research and development efforts have been limited due to the shutdown of the FBR facility in Moses Lake. During 2022, research and development efforts were focused on maintaining minimum research lab operations to support the silicon gas and semiconductor grade polysilicon businesses.

Cash expenditures for research and development were USD 1.5 million in 2022 compared to USD 1.3 million in 2021. Total expenditures including depreciation were USD 1.9 million in 2022 and USD 1.7 million in 2021.

SEGMENT INFORMATION

SEMICONDUCTOR MATERIALS SEGMENT

REC Silicon manufactures polysilicon and silicon gases for semiconductor markets from its manufacturing facility in Butte, Montana. This facility is the world's largest supplier of silicon gases for semiconductor, flat panel display, and solar applications. The facility uses a silane-based Siemens polysilicon processing technology to produce the highest quality (FZ) polysilicon for use in the semiconductor industry. The Butte plant has a capacity of approximately 5,240MT of silicon gas loading and 1,600MT electronic grade polysilicon production.

Key financials - Semiconductor Materials

(USD IN MILLION)	2022	2021
Revenues	147.4	142.8
EBITDA contribution	6.3	33.4
Contribution margin	4.3%	23.4%
Polysilicon production in MT (Siemens)	1,375	1,225
Polysilicon sales in MT (Siemens)	1,428	1,570
Silicon gas sales in MT	2,718	3,078

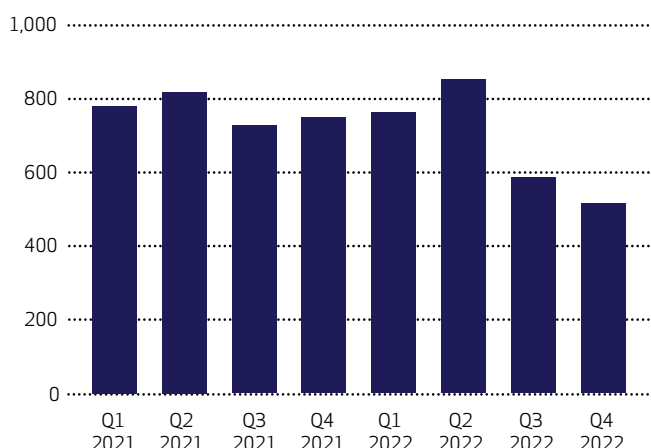
Markets

Markets for semiconductor grade polysilicon remained strong in 2022. Large diameter wafer demand for memory and advanced logic devices saw growth during the year as higher grade products remained in demand, even as the market started working towards year-end inventory control. Silicon wafer growth started to slow as downstream demand outlook weakened. Large diameter wafer capacity remained stable as the demand for smaller diameters softened.

Silicon gases demand for semiconductor applications remained high for most of the year, specifically in advanced semiconductor devices. The demand for silicon gases in flat panel display applications declined throughout the second half of 2022 as end users reduced factory utilization and focused on inventory control. Global shipping delays and port congestion issues adversely affected sales during the year. A softer forecast with regards to solar PV for the first part of 2023 contributed to a lower shipment profile by the end of the year. The China market concentrated efforts on supply inside the country to combat inventory concerns and global logistics. Weakening demand in memory devices also added to the reduction in silicon gas sales as the year progressed. Market sentiment and concern focused on the potential of a global slowdown and recession leading end users to adjust order points to lower levels. However, by the end of the year, there were improvements in shipping times and freight costs.

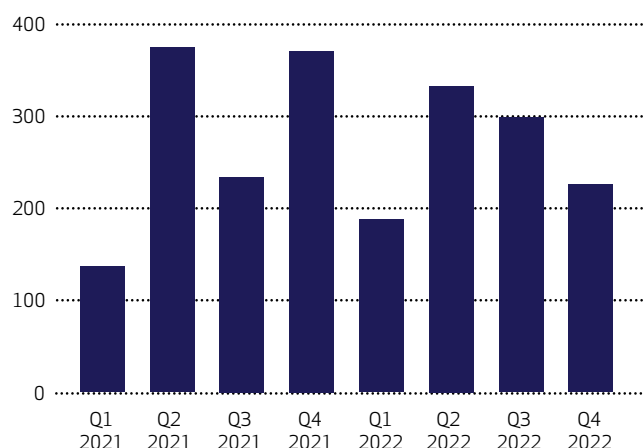
Silicon Gas Sales

Sales Volumes (MT)



Semiconductor Polysilicon Sales

Sales Volumes (MT)



Financial Performance

In 2022, revenues for the Semiconductor Materials segment were USD 147.4 million compared to USD 142.8 million in 2021; an increase of 3.2 percent.

Revenues from polysilicon sales increased by 11.2 percent in 2022 compared to 2021. Total polysilicon sales volumes decreased by 9.0 percent from 1,570MT in 2021 to 1,428MT in 2022. The underlying sales volumes of semiconductor grade polysilicon were 1,045MT during 2022 compared to 1,117MT during 2021. Average prices realized for semiconductor grade polysilicon increased by 19.2 percent.

Revenues from silicon gas sales decreased by 0.4% in 2022 compared to 2021. Silicon gas sales volumes were 2,718MT, a 11.7 percent decrease compared to 3,078MT in 2021. Average annual prices for silicon gas increased by 12.8 percent.

Total polysilicon production in the Semiconductor Materials segment increased by 151MT to 1,375MT in 2022 compared to 1,225MT in 2021. The underlying production volumes of semiconductor grade polysilicon increased by 221MT to 993MT for 2022. Inventories of polysilicon in the Semiconductor Materials segment decreased by 53MT in 2022 as the company took advantage of additional sales.

The Semiconductor Materials segment contributed USD 6.3 million of income to EBITDA during 2022. This compares to an EBITDA of USD 33.4 million in 2021.

Income contributed by the Semiconductor Materials segment represents revenues less production costs for products sold during the period and excludes depreciation, amortization, impairment, and selling, general, and administrative expenses.

SOLAR MATERIALS SEGMENT

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

Key financials - Solar Materials

(USD IN MILLION)	2022	2021
Revenues	0.2	0.1
EBITDA contribution	-19.9	-5.7
Contribution margin	NA	NA
Polysilicon production in MT (Siemens and granular)	0	0
Polysilicon sales in MT (Siemens and granular)	0	65

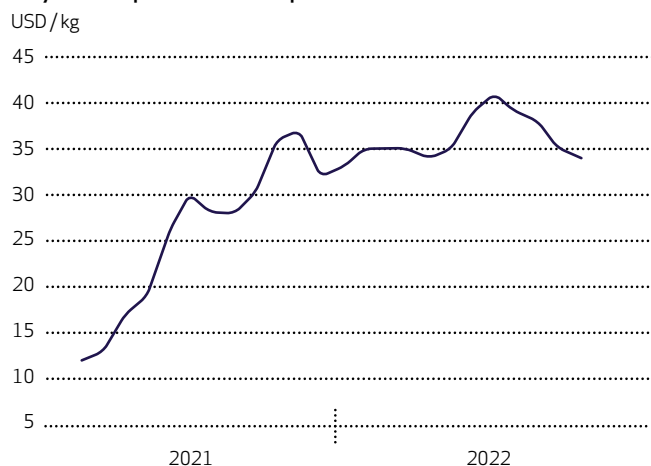
Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington in 2019.

The Company is executing a plan to realize FBR production from its plant in Moses Lake 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. (see Risk Factors below).

Markets

During 2022, demand for PV installations globally were strong. Europe continued to see increased imports for PV modules as concerns around energy supply and high natural gas pricing drove demand. However, the United States saw a decline in installations as impacts of the Uyghurs Forced Labor Prevention Act were felt in Q4. China saw record exports

Polysilicon Spot Price Development



*PV Insights – Mono-crystalline polysilicon prices

of modules in 2022 as regions like Europe and South America balanced out lower importing countries like the United States and India. Globally PV installations are expected to increase year on year. Polysilicon supply in China continued to increase as new capacity came online. Overall, the market saw monthly supply of polysilicon increase past 30GW and then nearing 40GW by the end of the year. Factory utilizations for wafers declined as the year ended in anticipation of lower polysilicon prices ahead of Lunar New Year and inventory draw down. PV Insights showed polysilicon prices started the year at USD 31.8/kg then slowly increased throughout the year until the end of the 4th quarter as new capacity was released. Polysilicon finished the year near USD 33.6/kg, an increase of approximately 5.8 percent from the end of 2021. Several countries are taking a stronger position for developing a global supply chain that is not reliant on one region.

Financial Performance

Revenues for the Solar Materials segment were USD 0.2 million during 2022 compared to USD 0.1 million in 2021.

Due to the shutdown of the FBR facility in May of 2019, there was no FBR production in 2022 or 2021. The Company is executing a plan to realize ultrahigh purity FBR production from its plant in Moses Lake 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 Solar Materials segment contributed a loss of USD 19.9 million to the Company's EBITDA during 2022. This compares to a loss of USD 5.7 million in 2021. The increased expenses are related to restart activities.

The loss contributed by the Solar Materials segment represents costs associated with restart activities and excludes depreciation, amortization, impairment, and selling, general, and administrative expenses.

OTHER AND ELIMINATIONS

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 Taiwan, Korea, China, and the United States.

Key financials - Other and Eliminations

(USD IN MILLION)	2022	2021
Revenues	0.2	0.2
EBITDA contribution	-21.3	-20.0
Silicon gas sales in MT	0	0

Other and Eliminations EBITDA decreased to USD 21.3 million during 2022 compared to USD 20.0 million in 2021. Costs exclude depreciation, amortization and impairment.

INVESTMENT (YULIN JV)

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 made the final equity settlement payment of USD 4.7 million during 2022. This was done after the successful completion of performance testing specified in the Technology Transfer Agreement (TTA).

FINANCIAL ITEMS

Financial items - REC Silicon Group

(USD IN MILLION)	2022	2021
Financial income	1.9	0.1
Interest expenses on borrowings	-13.4	-13.6
Expensing of up-front fees and costs	-0.5	-0.4
Interest expense on leases	-8.6	-8.8
Capitalized borrowing cost	3.0	0.4
Net change in fair value of financial equity investment through profit and loss	0.0	0.0
Other financial expenses	-1.4	-1.3
Net financial expenses	-20.9	-23.6
Net currency gains/losses	-9.7	0.8
Net financial items	-28.7	-22.7

Net financial items were an expense of USD 28.7 million in 2022 compared to an expense of USD 22.7 million in 2021.

Net currency gains/losses are primarily related to the impact of exchange rate fluctuations on liabilities and cash deposits denominated in NOK. In addition, net currency gains/losses include fluctuations between transaction currencies and the USD which is the reporting currency for the group.

Interest expenses on borrowings were USD 13.4 million in 2022 compared to USD 13.6 million in 2021. Interest expense on borrowings includes interest on the Company's senior secured bonds for both years presented. In addition, it includes interest expense on a note payable associated with the settlement of the property tax dispute with Grant County, Washington. (See note 17 to the consolidated financial statements).

Interest expense on leases was USD 8.6 million in 2022 compared to USD 8.8 million in 2021. This decrease can be attributed to increased principal lease payments (See Note 7 to the consolidated financial statements).

Capitalized borrowing costs are related to capitalized interest associated with long term capital projects. Interest is capitalized at the company's external borrowing rate of 11.5 percent.

The remaining expense can be attributed to interest on asset retirement obligations and interest on the pension obligation.

INCOME TAX

The losses before tax from continuing operations of USD 87.0 million in 2022 and USD 43.5 million in 2021 resulted in no effective tax impact since it is offset by changes in unrecognized deferred tax assets. These losses represent an increase in the Company's unrecognized deferred tax asset. The losses will continue to be available to offset taxable income during future periods.

See note 18 to the consolidated financial statements.

PROFIT AND LOSS

The loss from total operations was USD 86.8 million in 2022 compared to USD 30.1 million in 2021.

CASH FLOW

Net cash outflows from operating activities were USD 42.1 million in 2022 compared to USD 14.6 million in 2021. Cash outflows included USD 22 million of interest payments and a USD 1.6 million contribution to the defined benefit pension plan in the United States.

Net cash outflows from investing activities were USD 54.8 million in 2022 compared to cash outflows of USD 6.8 million in 2021. Payments of capital expenditures were USD 55.9 million in 2022 and were primarily associated with FBR modifications which will enable the restart of Moses Lake production in Q4 of 2023. Other capital spending included the Dichlorosilane (DCS) gas expansion project in the Butte production facility. The DCS expansion will result in an increase in DCS production capacity of approximately 200MT per year. (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.

In addition, cash inflows included USD 1.1 million in 2022 and USD 1.4 million in 2021 due to the maturity of municipal bonds held by the Company.

Cash inflows from financing activities were USD 98.8 million in 2022 and included USD 109.5 million from the equity raise offset by payments of lease liabilities and payments of borrowings, which included payment of the indemnification loan. Cash outflows from financing activities in 2021 were USD 3.0 million and included payments of USD 0.9 million on the property tax note and USD 2.1 million payments of long-term lease liabilities.

There was also a negative effect of USD 7.2 million in 2022 due to cash balances held in NOK.

In total, cash balances decreased by USD 5.2 million in 2022 to USD 105.3 million at December 31, 2022.

FINANCIAL POSITION

Shareholders' equity increased to USD 60.4 million (18.9 percent equity ratio) at December 31, 2022 compared to USD 33.3 million (11.3 percent equity ratio) at December 31, 2021.

This increase was primarily the result of the equity raise of USD 109.5 million, a remeasurement of the pension of USD 3.5 million and USD 0.9 million of currency translation effects taken to equity. These were offset by a loss from total operations of USD 86.8 million.

Net debt decreased by USD 8.0 million to USD 78.5 million at December 31, 2022 from USD 86.4 million at December 31, 2021. This decrease was primarily the result of the decrease in cash balances of USD 5.2 million discussed above. This was offset by decreases in debt including the payment of the indemnification loan of USD 10.7 million and payment of USD 1.0 million in the Grant County WA property tax note. Lease liabilities decreased by USD 1.9 million. Additionally, USD 0.5 million of loan fees were amortized in 2022.

Net debt includes unamortized loan fees. Excluding unamortized capitalized borrowing costs, nominal net debt was USD 78.6 million at December 31, 2022 which represents a decrease of USD 8.5 million from USD 87.1 million at December 31, 2021 (See note 17 to the consolidated financial statements).

GOING CONCERN

On March 21, 2023, the Company announced a corporate debt financing, which is a 3 year-term loan of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. REC Silicon's largest shareholder Hanwha Solutions has committed to fully guarantee the announced debt financing, which will result in favorable terms compared to other financing alternatives.

In addition to this USD 110 million debt financing, the company has a near term need to raise additional financing to meet liquidity requirements in 2023, in particular relating to the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte. The Company is currently working with various financing parties and we are confident that we are close to a final solution that covers the entire funding amount needed for the next 12 months. REC Silicon will update the market as financing plans are concluded. (see note 17, 29 and 33)

Accordingly, the Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Company is a going concern and that this assumption was realistic at the date of the accounts.

REC SILICON ASA (NGAAP)

Financial Review

REC Silicon ASA (the Company) prepares its financial statements according to NGAAP. The Company is a holding company with corporate management and financial functions.

In 2022, REC Silicon ASA had a negative EBIT of USD 2.4 million compared to a negative EBIT of USD 2.3 million in 2021. The Company

recorded a net loss of USD 89.4 million in 2022. The net loss included net financial expenses of USD 87.2 million which includes impairment of internal loans of USD 68.7 million, interest income of USD 1.8 million and interest expenses of USD 13.1 million. Other major remaining items of net financial items were net currency losses of USD 7.1 million due to cash balances held in NOK. Interest income from subsidiaries was suspended for 2022 and 2021 due to the financial position and outlook of the borrowing companies. In 2021 The net loss included net financial expenses of USD 29.8 million which includes impairment of loans to US subsidiaries of USD 25.7 million, impairment of loan to REC Silicon Pte Ltd of USD 5.2 million, and interest expenses of USD 13.1 million. Other major remaining items of net financial items were net currency gains of USD 0.8 million and other financial income related to the settlement of the indemnity loan in the amount of USD 13.4 million. (See note M to the financial statements for REC Silicon ASA).

Total equity for the parent Company was USD 188.4 million at December 31, 2022 compared to USD 168.4 million at December 31, 2021. This increase is a result of the equity settlement of USD 109.5 million offset by the net loss of USD 89.4 million discussed above.

Allocation of the Net Loss for the Parent Company

The Board proposes that the net loss for the year of USD 89.6 million be distributed to other equity.

Change of Control

The USD Senior Secured Bond agreement has a change of control provision. If a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, bondholders acquire a put option entitling them to cancel the commitments and declare all outstanding amounts and accrued unpaid interest due and payable. More detailed information can be obtained from the bond trustee, Nordic Trustee ASA.

RISK FACTORS

The Group's activities expose it to a variety of financial risks, including market risk, operational risk, liquidity risk, credit risk, currency risk, interest-rate risk, refinancing risk, and others (See note 3 to the consolidated financial statements).

REC Silicon's Board of Directors is responsible for determining the acceptable risk profile for the Company. The Board oversees risk management processes and conducts reviews of risks faced by the company and internal control procedures.

REC Silicon's management is responsible for reviewing and operationalizing the defined risk profile by maintaining a system for risk management. Management performs risk assessments and actively monitors the development of material risks and initiates actions accordingly.

Risk assessments are performed periodically. The materiality of each risk factor is determined by assessing the likelihood and consequence of that risk. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritize activities to mitigate those risks that have the greatest potential to impact Company performance.

Market risk

On January 31, 2023 the Company announced the entering into of a binding term sheet between its subsidiary REC Solar Grade Silicon LLC and Hanwha Solutions for a 10 year take-or pay offtake for FBR polysilicon produced at REC Silicon's facility at Moses Lake, Washington. The Offtake provides for the sale to Hanwha Solutions of 100% of the prime FBR production from the facility.

Company management and the Board of Directors will continue to monitor COVID-19 and take appropriate action as additional developments occur.

Currently the Group does not have direct exposure to Ukraine or Russia, however, management and the Board of Directors will continue to monitor the conflict in Ukraine and will take necessary action to minimize market risk if required.

Operational risk

The Group's production processes involve manufacturing, processing, storage, use, handling, distribution and transport of silane gas and other substances of an explosive or hazardous nature. Accidents or mishandlings involving these substances could cause property damage or injury, which could lead to significant liabilities and costs for the Group. The occurrence of a catastrophic event at one of the Group's polysilicon production facilities could adversely impact production capacity at such facility for a significant period of time. In addition, an interruption in the supply of materials and services to one of the Group's manufacturing facilities could disrupt production capacity for a significant period of time. Despite insurance coverage, the Group could incur uninsured losses and liabilities arising from such events, and/or suffer substantial losses in operational capacity, which could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations.

The production process for the Butte facility is energy intensive and subject to risk from high energy prices.

REC Silicon's Moses Lake, Washington facility was shut down in the second quarter of 2019 due to difficult market conditions and Chinese tariffs on polysilicon produced in the United States.

The Company is executing a plan to realize FBR production from its plant in Moses Lake 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.

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

Liquidity risk

On March 21, 2023, the Company announced a corporate debt financing, which is a 3 year-term loan of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. REC Silicon's largest shareholder Hanwha Solutions

has committed to fully guarantee the announced debt financing, which will result in favorable terms compared to other financing alternatives.

In addition to this USD 110 million debt financing, the company has a near term need to raise additional financing to meet liquidity requirements in 2023, in particular relating to the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte. The Company is currently working with various financing parties and we are confident that we are close to a final solution that covers the entire funding amount needed for the next 12 months. REC Silicon will update the market as financing plans are concluded. (see note 17, 29 and 33)

Credit risk

Credit risk is primarily related to trade receivables and guarantees provided for discontinued operations. In trade receivables, sources of credit risk include geographic, industry and customer concentrations, and risks related to the collection. Policies and procedures are in place for managing credit risk, including obtaining securities where possible. Market and customer specific developments affect credit risk. The Group provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 54.9 million at December 31, 2022. The guarantees will decrease from 2023 to 2039 when they will expire in their entirety.

Currency risk

The Company's net cash flows from continuing operations are primarily in USD. Debt is denominated in USD. The Group's currency risk relates primarily to cash balances held in currencies other than USD. The Group does not currently hold any hedging instruments to offset the risk of changes in exchange rates between the USD and NOK.

CORPORATE GOVERNANCE

Good corporate governance is essential to ensure that our business is run in a way that protects the long-term interest of all stakeholders. The Board of Directors has approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Group's compliance with the Code of Practice is described in the report on Corporate Governance for 2022 which is included in this Annual Report.

The Company has directors and officers liability insurance. The insurance covers the Board of Directors as well as officers of the company from legal personal liability for financial damage caused by the performance of their duties.

MARKET OUTLOOK

Company management and the Board of Directors will continue to monitor the war in Ukraine and will take necessary action to minimize market risk if required.

Semiconductor supply chain participants and industry analysts continue to indicate that demand for semiconductor devices is expected to be soft throughout the first quarter of 2023. Historically Q1 has been a soft market but markets have shifted due to changes from the COVID-19 pandemic. We are seeing the market slow down due to these shifts along with concerns around a potential global downturn. The expectation is that the market will correct during 2023 and return to growth in 2024.

Demand for REC Silicon's semiconductor grade polysilicon and silicon gases are expected to remain stable in 2023 with some potential for growth in specialized segments. 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. The passage of the CHIPS act in the United States is predicted to support semiconductor manufacturing in the United States.

Solar grade polysilicon prices will continue to see price declines in 2023 as capacity is brought online. Continued growth of PV installations is forecasted in 2023. The outlook globally remains strong as both governments and corporations push efforts to slow global warming. While polysilicon capacity expansions have been announced that may result in oversupply, the restart of the Moses Lake FBR facility will be supported by the passage of the Solar Energy Manufacturing for America (SEMA) included in the Inflation Reduction Act. The forecasted increases in wafer capacity and increased demand for PV installations should result in strong demand for solar grade polysilicon. Industrial analysts estimate global demand for PV installations to surpass 300GW in 2023.

Additionally, in 2022 the United States Department of Energy awarded grants to support development of a United States battery supply chain. Some of the awarded grants were directed to manufacturers of silicon

anode battery materials. These developments are expected to help drive the commercialization of silicon-based anode material for batteries. Developer forecasts predict large scale silane demand by 2025.

EVENTS AFTER THE BALANCE SHEET DATE

On January 31, 2023 the Company announced the entering into of a binding term sheet between its subsidiary REC Solar Grade Silicon LLC and Hanwha Solutions for a 10 year take-or pay offtake for FBR polysilicon produced at REC Silicon's facility at Moses Lake, Washington (the "Offtake"). The Offtake provides for the sale to Hanwha Solutions of 100% of the prime FBR production from the facility.

On March 21, 2023 the Company announced a corporate debt financing of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. The contemplated debt financing will be fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions, which will result in favorable terms compared to other financing alternatives. In addition to this USD 110 million debt financing, the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte, will require additional financing. REC Silicon is in the process of exploring all funding options, including debt financing and pre-payments from offtake contracts, and the company is confident that funds will be raised well in advance of such capital needs. REC Silicon will update the market as financing plans are concluded. (see note 17, 29 and 33).

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 REC Silicon's activities described in section "Risk Factors" above.

Lysaker, March 23, 2023
Board of Directors

This document is signed electronically.

Tae Won Jun
Chairman of the Board

Dong Kwan Kim
Deputy Chair

Vivian Bertseka
Member of the Board

Roberta Benedetti
Member of the Board

Dr. Renate Oberhoffer-Fritz
Member of the Board

William K. Levens
President and CEO

STATEMENT OF COMPLIANCE

The Board of Directors and the Chief Executive Officer (CEO) have today considered and approved the report from the Board of Directors and CEO, the financial statements for the Group and for the parent company REC Silicon ASA (the Company) for the year ending December 31, 2022.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements as stated in the Norwegian Accounting Act that are applicable at December 31, 2022. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway that are applicable at December 31, 2022. The report from the Board of Directors and CEO, including the report on corporate governance and sustainability, for the Group and the Company has been prepared in accordance with the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16 applicable at December 31, 2022.

We confirm that, to the best of our knowledge:

- The financial statements for the Group and the Company for the year ending December 31, 2022 have been prepared in accordance with applicable accounting standards, and
- The information in the financial statements gives a true and fair view of the Group's and the Company's assets, liabilities, financial position, and results of operations for the year ending December 31, 2022, and
- The report from the Board of Directors for the year ending December 31, 2022 includes a fair review of:
 - The development, results of operations and position for the Group and the Company, and
 - The principal risks and uncertainties for the Group and the Company.

Lysaker, March 23, 2023
Board of Directors

This document is signed electronically.

Tae Won Jun
Chairman of the Board

Dong Kwan Kim
Deputy Chair

Vivian Bertseka
Member of the Board

Roberta Benedetti
Member of the Board

Dr. Renate Oberhoffer-Fritz
Member of the Board

William K. Levens
President and CEO

Sustainability report

1. INTRODUCTION

ABOUT THIS REPORT

This Sustainability Report covers the calendar year 2022 for REC Silicon ASA and all its subsidiaries. The materiality assessment is based on the SASB framework for the industries Solar Technology and Project Developers and Semiconductors. The numerical disclosures are based on the upcoming reporting standards of the EU Corporate Sustainability Reporting Directive (CSRD) as outlined in the draft standards (ESRS) as published by EFRAG in November 2022. The report and its contents have not been subject to external verification. The attached TCFD report is based on the guidance from the Task Force for Climate-related Financial Disclosures.

VISION, MISSION, VALUES, PRINCIPLES

REC Silicon's purpose is the development and sale of products and services related to renewable energy sources, as stated in its Articles of Association. It is therefore our obligation to ensure that we integrate sustainability in all we do so that we contribute to the energy transition with a minimal environmental footprint.

REC Silicon's ambition is to operate in an ethical manner based on legally sound business practices in all respects. The Company has established a Code of Conduct and Sustainability Policy, which applies to all employees in all countries. The Code outlines our approach to:

- Human Rights
- Health and Safety
- The Environment
- Climate Action
- Anti-corruption and Bribery
- Governance

The full details of the Code can be found at the [company website](#).

REC Silicon supports the United Nations (UN) Sustainable Development Goals (SDGs) and believes it has the potential to deliver meaningful positive impact on SDG 7 – Affordable and Clean Energy and SDG 13 – Climate Action. At the same time, we recognize our responsibility to minimize the impact our operations have on our people and on society, working towards SDG 3 – Good Health and Wellbeing, SDG 6 – Clean Water and Sanitation, SDG 11 – Sustainable Cities and Communities, SDG 12 – Responsible Consumption and Production and SDG 15 – Life on Land. We also aim to contribute to society through SDG 5 – Gender Equality and SDG 8 – Decent Work and Economic Growth.

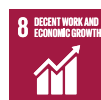
BUSINESS MODEL AND STRATEGY

REC Silicon ASA is headquartered in Lysaker, Norway and has two manufacturing facilities in the United States (US). The Company converts metallurgical grade silicon (MGS) into silane gas using a closed-loop process that recycles chloride metals back to the initial reactors. The silane gas is further processed into ultra-pure polysilicon through the Siemens method or the fluidized bed reactor (FBR) method. The purchasers of ultra-pure polysilicon are typically silicon wafer producers, which turn the purified polysilicon into wafers for the use either in the semiconductor and electronics industries or the solar photovoltaic (PV) industry. REC Silicon also market and sell silane gas as a separate product. Currently users of silane gas are typically in the electronics industries. Further, new technologies utilizing silane gas as anode material in batteries are under development, and silane gas markets could in the future be expanded to include the battery industry for energy storage.

REC Silicon's strategy is to maintain its position as a technological innovator in the silicon materials industry. The company aims to take full advantage of three important sets of legislation that have recently been passed in the US:

- The Inflation Reduction Act of 2022
- The CHIPS & Science Act of 2022
- The Infrastructure and Jobs Act of 2021

FOCUS AREAS AND THE UNITED
NATIONS SUSTAINABLE
DEVELOPMENT GOALS



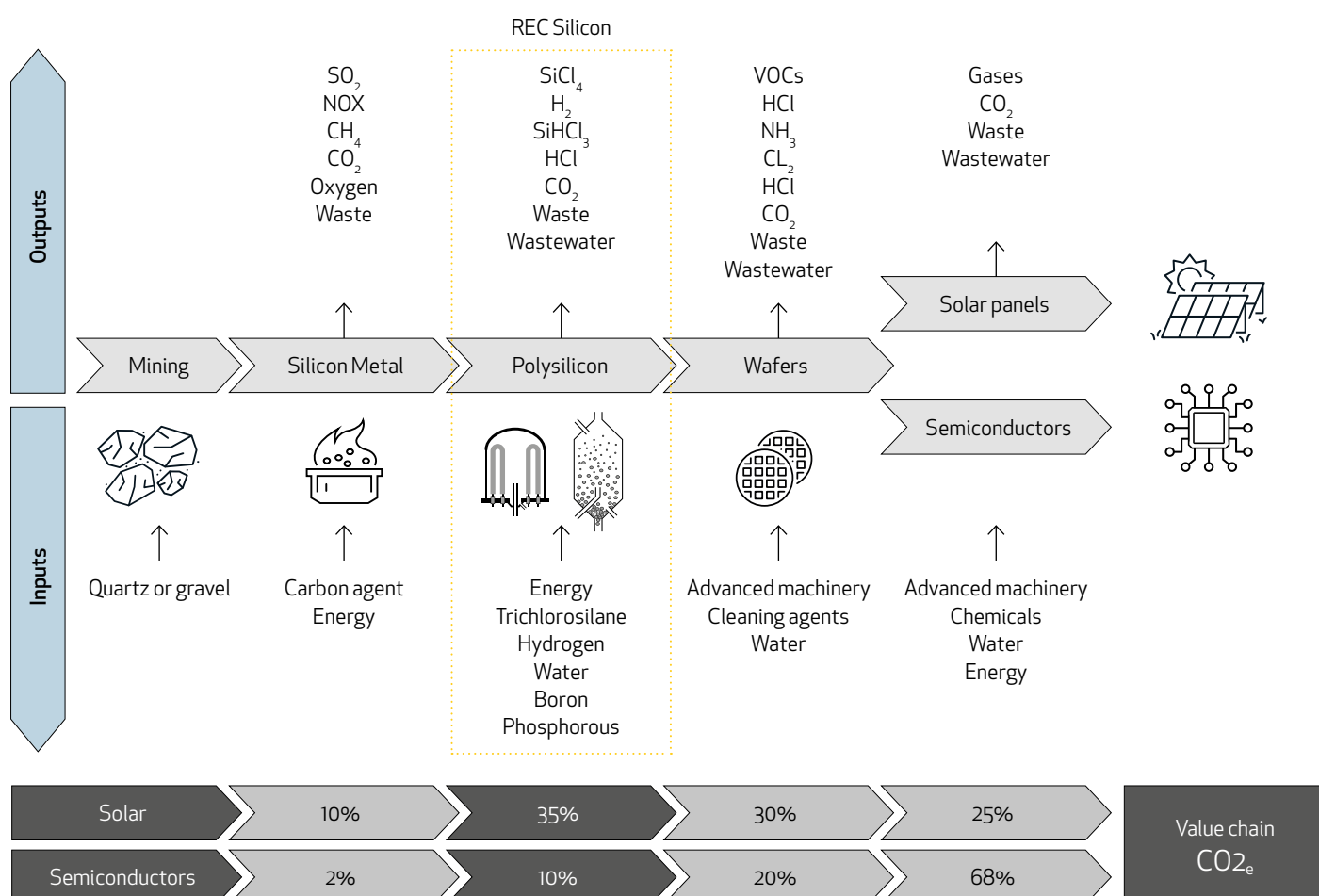
The general ambition of these sets of legislation is to build-up low-carbon value chains in the US, where the semiconductor and solar industries are particularly relevant to the Company. As a response, REC Silicon is restarting its Moses Lake plant, which uses the FBR technology to produce polysilicon. This process consumes 80%-90% less energy than the conventional Siemens method and will enable the Company to provide low-carbon polysilicon, primarily for the solar industry. The company is also expanding its silane gas capabilities at both Butte and Moses Lake in response to anticipated demand from the electronics industries and industries providing batteries to the electric vehicle industry.

THE VALUE CHAIN

Silicon is the second most prevalent element in the earth's crust and is predominantly found together with oxygen in minerals like quartzite and silicates. About 20% of global production is purified into MGS using an electric arc furnace with a coking agent and significant amounts of energy. The higher purity MGS is used to produce polysilicon, while the lower purity is mainly for the use in the automotive industry.

The processing of MGS into silane gases and further into ultra-pure electronic grade polysilicon through the traditional Siemens method is highly energy intensive. The Butte facility, which uses the Siemens method, has an energy intensity of around 170 MWh per ton of product. The FBR method used at Moses Lake has approximately 80%-90% less energy use per ton of product.

REC SILICON VALUE CHAIN



The Company currently withdraws around 2.5 million cubic meters of water per year, discharging about 60% of this in the form of cleansed water, legally required to be above drinking water standard. REC Silicon is subject to strict environmental permits requiring full capture of emissions to air, using scrubbers. The performance relative to these permits is subject to third party verification and ensures little or no impact on the environment and on local communities.

Before REC Silicon's products reach the end-users in the form of semiconductors or solar PV panels, wafer producers process the polysilicon into wafers using several energy, water and chemicals-intensive steps like slicing, bevelling, lapping, etching, heating, polishing and cleaning. The semiconductor industry uses additional energy, water and chemicals-intensive processes to produce microchips for a wide range of applications. The solar PV industry produces cells and panels that adds inputs such as silver, glass and aluminum for the final product.

In its final use, polysilicon has significant benefits for society in the form of renewable energy and through enabling digitalization to save energy and resources. On the other hand, the production of the material, cradle to grave, requires significant amounts of energy, water and chemicals. Hence, greenhouse gas (GHG) emissions resulting from energy use is important, as well as emissions to air and water, water stress, biodiversity and ecosystems, in addition to health and safety for personnel involved during the various steps of production.

MATERIALITY ASSESSMENT

REC Silicon is generally classified within both the semiconductor and solar energy industries, but is also expanding its offering to serve the battery storage industry. The materiality assessment uses the Sustainability Accounting Standards Boards (SASB) framework for all three industries, as an initial evaluation of material topics. This indicates a general overlap of material topics.

MATERIAL TOPICS	SASB		
	SOLAR TECHNOLOGY AND PROJECT DEVELOPERS	SEMI-CONDUCTORS	FUEL CELLS AND INDUSTRIAL BATTERIES
GHG emissions		x	
Energy management	x	x	x
Water management	x	x	
Waste management	x	x	
Ecological impacts	x		
Product design and life cycle management	x	x	x
Materials sourcing and efficiency	x	x	x
Employee Health and Safety		x	x
Employee Engagement, Diversity and Inclusion		x	
Competitive Behaviour		x	

The Board of Directors has considered the SASB framework in relation to the business of the Company. Six focus areas have been established as a result, each with a specific set of KPIs that are monitored for performance and as the basis for performance targets.



FOCUS AREA	RATIONALE	KPIS
Safety	The health and safety of personnel involved in REC Silicon's operations, as well as those in the value chain, are of utmost importance. The company monitors five internal KPIs to ensure good performance, as well as one external through regular supply-chain audits	<ul style="list-style-type: none"> • LTI rate, TRIF • Safe job analyses • Hazard recognition audits • Serious incidents • Supply chain audits • Near misses
Energy	The entire value chains for both the solar PV and semiconductor industries are highly energy intensive and therefore contribute meaningfully to GHG emissions. It is the ambition of the entire value chain, including REC Silicon, to reduce energy intensity and increase the use of renewable energy sources to minimize the carbon footprint of the end-products. Key parameters for the company include energy mix, energy efficiency and energy sourcing	<ul style="list-style-type: none"> • Energy use • Emissions from energy use • Energy mix • Energy efficiency • Quality and reliability of energy sourcing
Water	REC Silicon's production consumes substantial volumes of water resources. Although REC Silicon's facilities are not placed in areas of high water-stress, the discharge of water from production needs to be monitored and managed to ensure that it has the required water quality. The company operates according to strict environmental regulations that stipulate that any discharged water needs to be above drinking water standard	<ul style="list-style-type: none"> • Water consumption • Water quality • Waste-water discharge • Water use efficiency
Environment	REC Silicon's production processes generate significant volumes of waste, where increased recycling could be important to reduce the environmental footprint. Emissions to air are also relevant, as well as the protection of local biodiversity. The company monitors waste volumes, waste recycling, raw materials sourcing and participates in initiatives to preserve local biodiversity	<ul style="list-style-type: none"> • Waste production volumes • Waste recycling • Raw materials sourcing • Emissions to air • Biodiversity initiatives • Recovery of end-of life products
Equal treatment and human rights	The company needs access to qualified personnel and strives to be an attractive workplace that respects all aspects of human rights, giving everyone an equal opportunity to succeed. The company recognizes its responsibility to ensure human rights in the value chain, which is done through regular supply-chain audits	<ul style="list-style-type: none"> • Percentage of women in workforce and management • Gender pay gap • Gender equality Initiatives • Human rights audits and violations • Local community contributions
Governance	REC Silicon adheres to the strictest principles of fair business behavior and integrates the governance of sustainability matters fully in the overall corporate governance structure. The ultimate responsibility for the governance of sustainability matters lies with the Board of Directors, which define and monitor the sustainability strategy. The company carries out anti-corruption audits, provides anti-corruption training to its workforce and makes a whistle-blower service available	<ul style="list-style-type: none"> • Anti-corruption audits and violations • Number of whistle-blower incidents • Transparency of ESG governance structure • Stewardship initiatives in value chain

The Company has performance targets related to Energy, Environment and Safety. Going forward, additional targets will be established relating to water usage, equal treatment and human rights.

STAKEHOLDER ENGAGEMENT

REC Silicon maintains a constant dialogue with its stakeholders, which further inform the definition of material sustainability matters for the company in the form of informal feedback. The Company plans to establish a more structured plan and process for stakeholder engagement going forward. The primary stakeholders are:

- Employees
- Clients and end-users
- Suppliers
- Investors
- The local community

Feedback from the value chain stakeholders (suppliers, clients and end-users) is particularly important in the context of the growing need to manage sustainability issues across the entire value chain.

Clients and end-users

While both the semiconductor industry and the solar PV industry ultimately deliver products that enable the transition to a low-carbon future, both are, due to their rapid growth, under pressure to reduce the carbon footprint of their respective supply-chains.

There are several initiatives in the solar industry to reduce the carbon footprint of the solar PV supply chain, such as the Ultra-low Carbon Solar Alliance (where REC Silicon is a member), the Decarbonising Industrial Supply Chain Energy Program (DISC-e), labelling schemes to certify low-carbon panels, as well as governmental initiatives to prioritise low-carbon suppliers in public tenders.

The same goes for the semiconductor industry, where the leading producers are actively promoting a low-carbon supply chain, requiring high-energy consumption suppliers to verify their GHG emissions and to set targets for emission reductions.

It is therefore vital for REC Silicon to be able to deliver polysilicon that is low in energy- and carbon intensity. This is also reflected in the ambitions of the Solar Energy Manufacturing Act of 2022 (SEMA), which aims to establish a low-carbon supply chain for the industry in the US.

Employees and the local communities

Employees of REC Silicon regard health and job safety, diversity and inclusion as key factors. Both REC Silicon's US production facilities are important contributors to their respective local communities, providing jobs and tax income. With this follows strict environmental performance (no pollution) and the protection of ecosystems and biodiversity. The company maintains close relations with the local communities through company initiatives, donations and employee volunteer work.

Investors

Through dialogue with investors, all aspects of sustainability are discussed. Of particular importance to investors in the company are areas related to climate change, supply-chain management, employee health and safety and governance. New regulations are also being introduced worldwide putting increased responsibility on listed companies to identify impacts, risks and opportunities related to climate change, attempting to boost transparency on the investment risks for investors.

Suppliers

REC Silicon's suppliers echo the commitment to reduce the carbon footprint of the polysilicon value chain. The Company has started a project to map the carbon emissions of its upstream value chain and to engage with the suppliers with the largest footprint to set carbon emission reduction targets. Further engagement will also include a focus on human rights management.

GOVERNANCE AND RISK MANAGEMENT

The oversight and ultimate responsibility for sustainability-related matters lie with the Board of Directors. The Board of Directors review sustainability matters quarterly with regards to HSE and environmental performance. General performance on sustainability KPIs, as outlined above, are reviewed on an annual basis, where the effectiveness of

policies and actions are also assessed. The need for actions and improvements may result in revised policies and the launch of programs and initiatives to be implemented in the following year. All targets and related KPIs are approved by the Board of Directors.

The Board of Directors consists of five members, with a 60% female representation and 60% of the members being independent. The members have strong sustainability credentials, either as executives of renewable energy companies or as experts and advisors within climate-related and renewable energy-related NGOs and investment businesses. For further details on the Board of Directors, see the [Company Overview Section](#) of the Annual Report.

At the senior management level, the Vice President of HSE, PSM and HR has the responsibility for health & safety, human resources/social matters, as well as environmental performance. The organization has additional administrative resources dedicated to the monitoring of environmental performance in relation to regulatory reporting obligations to the US Environmental Protection Authority (EPA). Such reporting typically covers GHG emissions, emissions to air and water discharge.

Sustainability-related matters are integrated into the overall risk management framework of the Company. The risk management system is in the process of being ISO 14001 certified, which is expected to be complete during 2023. Group management sets the context in which risks are managed and supervises the risk management process. Group management performs separate risk evaluations based on a top-down approach. Risk assessments are presented to the Audit Committee and the Board of Directors. The Board conducts a review of risks in connection with the approval of the annual budget.

Group management regularly updates the Board of Directors including operational reviews, HSE (Health, Safety and Environment) performance, financial highlights and key performance indicators. Prior to each Board meeting, the CEO prepares a report to the Board of Directors, which includes this information in addition to any items requested by Board members and items requiring action by the Board of Directors. Because the Group operates internationally, it is required to comply with numerous national and international laws and regulations. All business activities and processes must be conducted in accordance with laws, and regulations.

2. CLIMATE AND THE ENVIRONMENT

REC Silicon delivers products that are integral to the green transition as key inputs to the renewable energy industry and to the electronics and semiconductor industries, both of which are central to the electrification of society. Climate-related matters therefore represent an opportunity set for the Company.

At the same time, the Company's business and value chains are very energy intensive and result in significant carbon emissions. The value chains also require substantial water resources, generate emissions to air, water and soil, and produces large volumes of solid waste. In addition to these impacts, there are obvious climate-related risks that may affect the Company going forward, both in terms of physical risks and transition risks.

IMPACTS

1) CO₂e emissions

REC Silicon's current production levels result in around 200,000 tons of carbon emissions, where the primary driver is energy use. This equals approximately 46 tons of CO₂e per ton of product. The Company recognizes its responsibility to minimize these emissions through utilizing available technologies, as well as implementing efficiency improvements in production to reduce energy use and switching to renewable energy sources.

2) Water use

The company's operations currently have a gross water consumption of about 2.5 million cubic meters, equivalent to more than 500 cubic meters per ton produced. None of the production locations are in areas of high baseline water stress, according to the World Wildlife Fund's Water Risk Filter global dataset. The water discharge amounts to 1.5 million cubic meters, which is subject to strict environmental standards to ensure that any discharged water is above drinking water standard.

3) Waste

The operations generate in excess of 4,500 tons of waste, equal to one ton of waste per ton of product. The waste consists mostly of non-hazardous solid waste generated from processing metallurgical grade silicon and from air pollution control (scrubbers), which is pressed and sent to a local landfill for disposal. Less than 0.03% is hazardous waste.

4) Pollution

REC Silicon operates under a minor source air quality permit ensuring little or no emissions to air. The Company uses scrubbers to capture any pollutants, as outlined in the separate section on waste above.

RISKS

1) Energy and CO₂e emissions

With 2.8 terajoule of annual direct and indirect energy usage, REC Silicon is exposed to risks related to energy supply and costs. The primary energy source is natural gas, while grid electricity is used as a secondary energy source. The Company is therefore exposed to future risks related to energy availability, as well as carbon taxes on fossil energy consumed. The upstream supply chain is also highly energy intensive and faces similar risks. Establishing a financially and environmentally sustainable energy sourcing strategy is therefore highly important.

2) Water resources

While the Company does not operate in areas of high water-stress, future climate change that leads to increased frequency and severity of droughts may affect access to water. Storm water management may also be an issue related to physical climate change due to the risk of more extreme weather patterns.

3) Waste

Future requirements to increase waste recycling could imply extra costs for the Company and no meaningful technology exists to turn the solid waste into recyclable or reusable products. REC Silicon collaborates with other producers to investigate applicable solutions that could be used.

OPPORTUNITIES

1) Solar energy

Based on the International Energy Agency (IEA) World Energy Outlook 2022, the pathway to 1.5°C global warming involves net zero emissions by 2050. In this scenario, unabated fossil fuels need to be replaced by about 300 exajoule per year (EJ/year) of low-emission energy sources with electricity's share of final energy consumption required to increase from about 20% today to 50% in 2050. Solar PV energy supply is expected to make up nearly 40% of the required increase in renewable energy supply and 25% of total energy supply by 2050. This is equivalent to 124 EJ/year of energy, a 26-fold increase from the 5 EJ/year provided from solar energy in 2020 and requires an enormous ramp up of the production capacity of the entire value chain for solar PV panels. Consequently, the IEA estimates that the global production capacity for polysilicon needs to double from 2022 to 2030 and increase further thereafter.

2) Battery storage

The electrification of society brings the need for energy storage solutions, both within transport and for intermittent renewable energy like solar and wind to ensure stable and efficient grid distribution of power. It is estimated that battery production needs to increase 100-fold to keep pace with the energy transition. Silane gas is regarded as a promising anode material for batteries. In addition to the abundance of silicon and comparably low cost, silane may provide additional benefits in reducing the space needed for batteries, improving the energy density, and allow for more abundant raw materials to be used in the production of batteries.

3) Low carbon polysilicon

The expected growth in solar energy production requires substantial resources to produce all inputs required for the panels. The resource and energy use involved in manufacturing solar panels is estimated to emit between 10 and 15 gigatons tons of CO₂e by 2050, and potentially up to 30 gigatons in a high-growth scenario.¹⁾

REC Silicon is a member of the Ultra Low-Carbon Solar Alliance, which has a target to reduce the CO₂e footprint of solar panels by 50%. This could save 5-7.5 gigatons of CO₂e emissions by 2050. Establishing a full low-carbon value chain for polysilicon is therefore a significant opportunity for the Company and one which is backed by recent legislative initiatives in the US.

POLICIES

REC Silicon has established a Code of Conduct and Sustainability Policy that forms the overriding framework for the management of climate-related impacts, risks and opportunities, as well as other environmental matters. The Code sets goals and commitments relating to:

- Reducing the carbon intensity of the polysilicon production
- Increasing the use of renewable energy in the production processes
- Sourcing of raw materials from suppliers using low-carbon production methods
- Reducing waste at all stages in production and ensure maximum recycling
- Using a systematic approach to identify, manage, and track air emissions, storm water management and waste management

The Company has also set a specific commitment to reduce the carbon intensity per ton of product by 40% within 2027 (base-year 2021).

The objective of The Code is to minimize the impact of the Company's operations on the climate and the environment in general, including any impact on the local communities where the Company operates. The Code also represents an overall framework for making the Company future-fit to manage risks related to climate and the environment, as well as capture opportunities for growth. The Code applies to all the Company's operations.

The actions and plans related to the policy objectives are further outlined below.

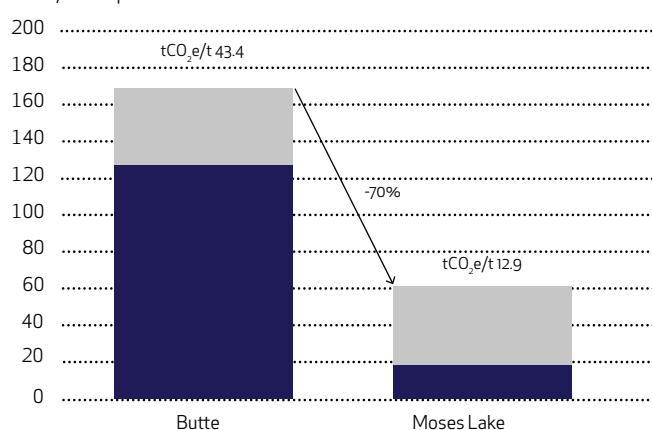
ACTIONS AND PLANS

1) Restarting Moses Lake to reduce carbon intensity

The current polysilicon production from REC Silicon's Butte facility uses the Siemens technology, which accounts for about 90% of all worldwide polysilicon production²⁾. The Siemens method is batch-based with frequent shutdowns and restarts of the reactors. This involves extensive heating and cooling processes consuming significant amounts of energy. In contrast, the Moses Lake facility uses the fluidized bed reactor (FBR) technology, which uses 80%-90% less energy per ton of product than the Siemens method. Energy consumption is the main driver of the carbon footprint of polysilicon, along with natural gas. Since the production capacity of Moses Lake is more than three times higher than the Butte facility, the carbon intensity of REC Silicon's overall output would fall significantly as the production at Moses Lake ramps up. The

Normalised Energy Intensity

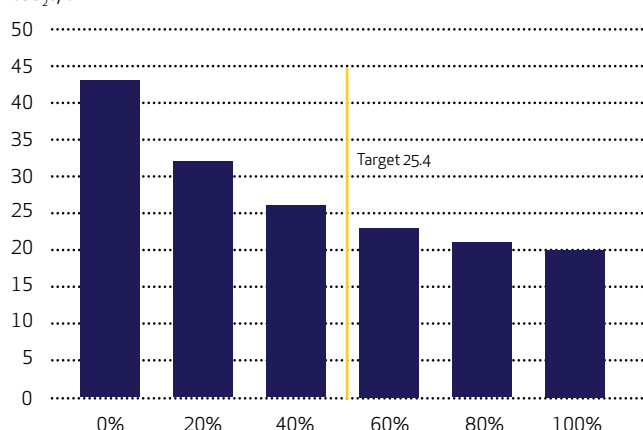
MWh / ton of product



● Electricity ● Natural Gas ● Other fossil fuels

Carbon Intensity vs Moses Lake Capacity Utilization

tCO₂e/t



¹⁾ Technological learning for resource efficient terawatt scale photovoltaics, Energy & Environmental Science Journal Issue 10, 2021

²⁾ <https://www.bernreuter.com/polysilicon/production-processes/>

products from the facility are specifically targeting the solar energy industry, which means that the Company will contribute meaningfully to reducing the overall carbon footprint of solar panels.

The plan to restart Moses Lake towards the end of 2023 is ambitious and requires REC Silicon to have success along several critical lines:

- A significant capital expenditure budget and complex operations are involved in restarting a facility that has been mothballed since 2019
- Adequate product quality must be reached and maintained
- There must be sufficient market demand for the product and long-term off-take contracts need to be secured
- REC Silicon needs to secure significant funding for the restart project

2) Mapping upstream Scope 3 emissions to reduce value chain carbon intensity

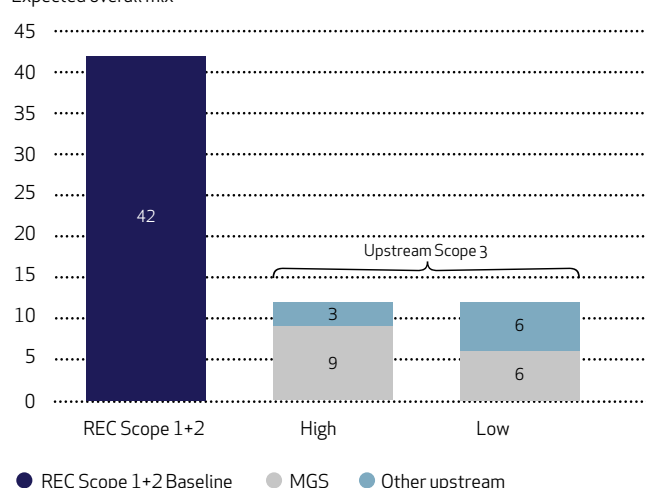
In addition to its membership in the Ultra Low-Carbon Solar Alliance, which is involved in the downstream value chain in the solar industry, REC Silicon believes it can have additional impact in the upstream value chain.

REC Silicon has not assessed its Scope 3 emissions previously, so it is difficult to set clear and measurable targets for the potential emission reductions. However, based on various industry reports and scientific publications on the energy and resource use through the solar industry value chain, the upstream Scope 3 emissions may be illustrated as in the graph to the right (tons of CO₂e per ton of product):

REC Silicon intends to work directly with the major suppliers to calculate the carbon footprints of the products and/or services delivered to the Company and use internal data where applicable and possible. The Company will adhere to the GHG Corporate Value Chain Accounting Reporting Standard in calculating upstream Scope 3 emissions.

REC Silicon Baseline Scope 1+2 vs Upstream

Expected overall mix



The outcome of the two above-mentioned plans is expected to contribute to the Code of Conduct and Sustainability Policy's objective to reduce the carbon intensity of the Company's production. Since Moses Lake has the potential to source renewable hydropower, the actions may also increase the use of renewable energy in the Company's production. Moreover, mapping the upstream Scope 3 emissions will enable REC Silicon to potentially make choices to source key inputs from the least carbon-intensive suppliers.

Additional efforts to increase water use efficiency and to explore ways to recycle or reuse solid waste are in the planning phase and are expected to become more material in the coming years.

TARGETS AND PERFORMANCE

The targets adopted performance for climate-related and environmental matters are summarized in the table below.

TARGET	UNIT	BASE YEAR	BASLINE VALUE	2022	TARGET VALUE	TARGET YEAR	2022 VS TARGET
Carbon Intensity per ton of product (Scope 1+2, Market Based)	tCO ₂ e/Mt	2021	42.4	46.1	25.4	2027	181%
Environmental Permit Breaches	#	Continuous	n.m.	6	0	n.m.	n.m.

Climate

During 2022, net production volumes dropped by 4%, while energy usage increased by 4% so the energy intensity went up by 8% compared to 2021. The main reason is a change in the product mix in 2022, which had a higher proportion of polysilicon compared to 2021.

Polysilicon, as the ultimate end-product for the company, is more energy intensive than silane gas which is used both as an input to polysilicon and as a stand-alone product. The production of polysilicon uses significantly more electricity, which explains the 6% increase in electricity consumption year-over-year.

Another driver for the increased energy use, although more minor, was higher activity related to preparations started for the start-up of the

Moses Lake facility, which resulted in the number of employees growing by 25% compared to the previous year.

Despite slightly lower production volumes, Scope 1 emissions were flat owing to the above-mentioned change in product mix. Scope 2 emissions were up by 6% in line with increased electricity consumption due to the 11% increase in polysilicon production.

As a result, the carbon intensity increased by 9% from 2021 to 46.1 tCO₂e/ton. The company maintains a target of 25.4 tCO₂e/ton by 2027. This is driven by the start-up of Moses Lake, which uses 80%-90% less energy per ton of polysilicon than the Butte facility, the only active facility in 2022. Moses Lake is due to start up during Q4'23 and there will likely be limited change in the carbon intensity until 2024.

CLIMATE PERFORMANCE	UNIT	2020	2021	2022	% CHANGE 2022/2021
Production Numbers					
Polysilicon production	Mt	969	1,307	1,453	11%
Net Silane gases production	Mt	3,084	3,200	2,890	-10%
Total production	Mt	4,053	4,507	4,343	-4%
ENERGY					
Energy Consumption					
Coal and coal products	MWh	0	0	0	n.m.
Crude oil and petroleum products	MWh	478	459	527	15%
Natural gas	MWh	171,152	179,924	180,236	0%
Other non-renewable sources	MWh	14	57	21	-64%
Nuclear products	MWh	0	0	0	n.m.
Purchased or acquired electricity, heat, steam and cooling from non-renewable sources	MWh	498,701	563,179	595,022	6%
Total non-renewable energy consumption	MWh	670,346	743,619	775,806	4%
Share of non-renewable sources in total energy consumption	%	100%	100%	100%	
Direct Energy Consumption	MWh	171,645	180,440	180,784	0%
Indirect Energy Consumption (Electricity)	MWh	498,701	563,179	595,022	6%
Total Energy Consumed	MWh	670,346	743,619	775,806	4%
Energy Intensity	MWh/Mt	165	165	179	8%
GHG EMISSIONS					
Scope 1 GHG Emissions					
Gross Scope 1 GHG emissions	tCO ₂ e	31,019	32,608	32,799	1%
Scope 2 GHG Emissions					
Gross location-based Scope 2 emissions	tCO ₂ e	136,580	154,240	162,960	6%
Gross market-based Scope 2 emissions	tCO ₂ e	140,227	158,358	167,311	6%
Total GHG emissions (Scope 1 + Scope 2, Location Based)	tCO ₂ e	167,599	186,848	195,759	5%
Total GHG emissions (Scope 1 + Scope 2, Market Based)	tCO ₂ e	171,246	190,966	200,110	5%
Carbon Intensity (Scope 1 + 2, Market Based)	tCO ₂ e/Mt	42.3	42.4	46.1	9%
Scope 3 Emissions	tCO ₂ e	n.a.	n.a.	n.a.	n.m.

Restatement of historical figures

For the 2022 report, REC has restated the historical figures for CO₂ emissions and for energy usage. This refers to five items:

- Natural gas consumption has been restated at the request of the US Environmental Protection Agency (EPA), where the adjustment refers to pass-through volumes of natural gas to an adjacent hydrogen production facility owned by a third party. This is the main reason for the reduction in energy consumption.
- The energy mix reported for 2021 included a data error that classified natural gas consumption as diesel consumption, which overstated the Scope 1 GHG emission numbers.
- The classification of energy mix has been restated to fit with current reporting standards, where diesel and gasoline are reported as "crude and petroleum products", while propane is reported as "other non-renewable sources".

- The denominator for carbon intensity (production volume) has been changed to reflect that part of the silane production volumes is used as input in polysilicon production, so to avoid double counting, only the net silane production is used to measure carbon intensity. Actual production numbers for polysilicon have also been updated and corrected. Carbon intensity is now calculated based on market-based Scope 2 emissions.
- Updated CO₂ factors for grid electricity purchased in the WECC Northwest NWPP region.
- Carbon intensity is now market based, while the 2021 and 2020 figures were location based.

The effects of the restatements are as follows:

RESTATEMENT EFFECT	UNIT	2020			2021		
		NEW	OLD	% CHANGE	NEW	OLD	% CHANGE
Polysilicon production	Mt	969	906	7%	1,307	1,225	7%
Net Silane gases production	Mt	3,084	4,545	-32%	3,200	5,142	-38%
Total production	Mt	4,053	5,451	-26%	4,507	6,367	-29%
Energy consumption							
Crude and petroleum products	MWh	478	226,508	-100%	459	231,224	-100%
Natural gas	MWh	171,152	281	n.m.	179,924	184	n.m.
Other non-renewable sources	MWh	14	0	n.m.	57	0	n.m.
Purchased electricity	MWh	498,701	497,373	0%	563,179	562,290	0%
Total non-renewable energy consumption	MWh	670,346	724,162	-7%	743,619	793,698	-6%
Direct Energy Consumption	MWh	171,645	226,797	-24%	180,440	231,250	-22%
Indirect Energy Consumption (Electricity)	MWh	498,701	497,373	0%	563,179	562,290	0%
Total Energy Consumed	MWh	670,346	724,170	-7%	743,619	793,540	-6%
Energy Intensity	MWh/mt	165	125	32%	165	133	24%
Scope 1 GHG emissions	tCO ₂ e	31,019	59,982	-48%	32,608	61,168	-47%
Total GHG emissions (Location Based)	tCO ₂ e	167,599	225,220	-26%	186,848	225,220	-17%
Total GHG emissions (Market Based)	tCO ₂ e	171,246	n.a.		190,966	n.a.	
Carbon Intensity	tCO ₂ e/Mt	42.3	37.6	12%	42.4	35.4	20%

Environment

Water withdrawal was up from the previous year, owing to the previously mentioned change in product mix which is more energy and water intensive than was the case for 2021. As before, around 60% of the water is discharged back to surface water where the water quality is subject to strict regulatory requirements.

Waste volumes and intensity was lower in 2022 than in 2021. Only a small fraction (0.7%) was diverted from disposal for recycling. Of the total waste, only a fraction (0.03%) is hazardous waste, while 96% is solid waste from production and from scrubbers used to capture

emissions. There are still few, if any, solutions for the reuse or recycling of this waste, which explains why the recycling rate still is low.

REC Silicon experienced a total of 6 environmental permit breaches during 2022, double that of the previous year. Of these, four were WET test failures for pollutants in wastewater, while one refers to an NPDES permit violation where the company failed to have a compliant sample of wastewater and one refers to a DEW WPB inspection. While the company is not satisfied with the increase in breaches, none of the 2022 incidents were serious.

ENVIRONMENTAL PERFORMANCE	UNIT	2020	2021	2022	% CHANGE 2022/2021
Non-GHG emissions to air, direct					
SOx sulphur dioxide emissions	Mt	n.a.	n.a.	0.5	n.m.
NOx nitrogen oxides emissions	Mt	n.a.	n.a.	55.2	n.m.
CO carbon monoxide emissions	Mt	n.a.	n.a.	32.6	n.m.
Volatile organic compounds emissions (VOC)	Mt	n.a.	n.a.	2.0	n.m.
Particulate matter	Mt	n.a.	n.a.	15.0	n.m.
Coarse particulate matter (PM10)	Mt	n.a.	n.a.	5.8	n.m.
Fine particulate matter (PM 2.5)	Mt	n.a.	n.a.	3.2	n.m.
Other	Mt	n.a.	n.a.	5.0	n.m.
Water					
Surface water withdrawn from freshwater	Mill m ³	2.4	2.2	2.4	9%
Produced water withdrawn from freshwater	Mill m ³	0.1	0.1	0.1	0%
Total water withdrawal	Mill m ³	2.5	2.3	2.5	9%
Water discharge to surface water	Mill m ³	1.4	1.5	1.5	-1%
Water discharge to groundwater	Mill m ³	0.0	0.0	0	n.m.
Water discharge to third-party water	Mill m ³	0.0	0.0	0	n.m.
Total water discharge	Mill m ³	1.4	1.5	1.5	-1%
Total water consumption	Mill m ³	1.1	0.8	1.0	26%
Share of water from regions with High Water Baseline Stress	%	0	0	0	n.m.
Share of water from regions with Extremely High Water Baseline Stress	%	0	0	0	n.m.
Water discharge share of water withdrawal	%	57%	64%	59%	n.m.
Water consumption per produced unit	'000 m ³ /Mt	0.27	0.18	0.24	31%
Waste water discharge per produced unit	'000 m ³ /Mt	0.36	0.32	0.33	3%
Waste					
Hazardous waste generated	Mt	0.4	1.4	1.6	19%
Hazardous waste diverted from disposal	Mt	n.a.	n.a.	0.8	n.m.
Hazardous waste directed to disposal	Mt	n.a.	n.a.	0.8	n.m.
Non-hazardous waste generated	Mt	5,176	5,315	4,519	-15%
Non-hazardous waste diverted from disposal	Mt	n.a.	n.a.	29	n.m.
Non-hazardous waste directed to disposal	Mt	n.a.	n.a.	4,490	n.m.
Total waste generated	Mt	5,176	5,316	4,520	-15%
Total waste diverted from disposal	Mt	n.a.	n.a.	30	n.m.
Total waste directed to disposal	Mt	n.a.	n.a.	4,491	n.m.
Waste Intensity					
Hazardous waste per produced unit	Mt	0.0	0.0	0.0	4%
Total waste per produced unit	Mt	1.3	1.2	1.0	-12%
Ecological Impacts					
Total number of permit breaches	#	3	3	6	100%
Number of serious incidents or environmental releases	#	0	0	0	n.m.

3. HEALTH AND SAFETY

Health and safety have the highest priority and REC Silicon aims to prevent all work-related accidents, injuries, and occupational illnesses. The target is zero incidents, zero injuries, and no harm to employees, contractors, partners, customers, and communities. Maintaining a strong health and safety performance represents the Company's license to operate.

POLICIES

The Code of Conduct and Sustainability Policy sets goals and commitments for health and safety. REC Silicon follows the strategy that all accidents, injuries, and occupational illnesses are preventable.

REC Silicon aims for every activity to be carried out safely and securely and to comply with the highest international health, safety and security standards and the prevailing laws and regulations everywhere the Company operates. The Company aims for continuous improvement and to empower all organizational levels to implement a management approach based on the principles of precaution, prevention, protection, and risk management.

ACTIONS AND PLANS

REC Silicon has an extensive set of HSE procedures, safety departments at each facility, and employee-driven processes that monitor, audit and further develop safety procedures, practices, and protocols. Health and Safety actions and plans are continuous efforts that focus on:

- Design, engineering practices, administrative controls and safe work practices
- Personal protective equipment
- Educational materials and continuous safety training
- Obligation for employees to report all safety concerns
- On-site emergency teams and off-site back up response teams
- Safe job analysis and hazard recognition audits
- Visible safety information in all facilities with updated logs visible to all employees

Workplace safety and health is communicated to all employees in a monthly safety meeting. This meeting provides updated information to the employees and a platform for them to raise any concerns. The

processing of such concerns shall be documented and addressed in the subsequent safety meeting.

REC Silicon requires its suppliers and business partners to share the same commitment. The Company monitors the suppliers' safety records annually to ensure that safe work practices are strictly adhered to and that all measures to ensure a safe and healthy work environment for their employees are taken. Suppliers shall be able to provide records upon the request of REC Silicon.

TARGETS AND PERFORMANCE

The Company has targets for three of the KPIs related to health and safety. The performance is benchmarked against the national average for REC Silicon's NAICS industry classification (Non-ferrous metals (except aluminium) manufacturing):

TARGET	TARGET VALUE	COMMENT
LTI rate	0	
TRIF	0	
Serious incidents	0	
TRIF < National Industry Average	< 100%	NAICS Non-ferrous metal (except aluminum) manufacturing

Health and safety performance improved during 2022 with the number of lost time injuries dropping by 75% from 2021. The company is also well below the national average for its industry, as defined by NAICS Sector 331410 and reported by the US Bureau of Labor Statistics. The reduction was driven by an increased emphasis on root causes and having an on-site PA to manage injuries, as well as closer collaboration with employees in understanding the jobs.

The number of Safe Job Analysis fell by 6% year-on-year and the Company has a focus in 2023 to reinvigorate this process and get employees re-engaged to understand the optionality for doing these analyses during normal work hours. The number of Hazard Recognition Audits increased by 5% as a total of 20 audits were completed at Moses Lake in preparation for the start-up of production.

HEALTH AND SAFETY PERFORMANCE	UNIT	2020	2021	2022	% CHANGE 2022/2021
Man Hours					
Hours worked	#	531,040	538,758	592,816	10%
Serious incidents (SI)	#	0	0	0	n.m.
Lost time injuries (LTI)	#	2	4	1	-75%
Total recordable injuries (TRI)	#	6	8	8	0%
Serious incidents frequency (SIF)	# / mn hrs	0	0	0	n.m.
Lost time injuries frequency (LTIF)	# / mn hrs	3.8	7.4	1.7	-77%
Total recordable injuries rate (TRIF)	# / mn hrs	11.3	14.8	13.5	-9%
Total fatalities	#	0	0	0	n.m.
National Average TRIF for NAICS Sector 331410 ¹⁾	# / mn hrs	16	16	16	
REC Silicon TRIF vs National Average	%	71%	93%	84%	
Job Safety					
Safe Job Analyses	#	334	299	281	-6%
Hazard Recognition Audits	#	414	331	349	5%
Process Safety					
Leakages	#	n.a.	n.a.	0	n.m.
Spills	#	n.a.	n.a.	0	n.m.

¹⁾ US Bureau of Labor Statistics, latest iteration 2020

4. SOCIAL MATTERS

REC Silicon relies on a highly skilled workforce to maintain adequate performance in its operations. Moreover, with the plans to restart the Moses Lake facility, a significant rise in headcount is required and the Company needs to ensure that it can attract the right talent and offer equal opportunities for all. Furthermore, REC Silicon is a major employer in the communities where it operates, contributing jobs and tax income and has a responsibility towards community development overall.

REC Silicon is in a significant recruitment process relating to the start-up of the Moses Lake facility, with a 25% growth in the workforce during 2022. It is essential for the company to be regarded as a safe and fair employer to be able to complete its recruitment drive in the coming years.

POLICIES

The Code of Conduct and Sustainability Policy sets goals and commitments for equal treatment and human rights. REC Silicon commits to internationally recognized human and labor rights standards, including:

- The International Bill of Human Rights
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The ILO Declaration on Fundamental Principles and Rights at Work
- The National Labor Relations Act (NLRA)

These standards are further integrated into other fundamental documents of the Company's internal regulatory system.

The Company strives to provide a working environment that is:

- Free from any form of discrimination, abuse, harassment or intimidation
- Free from discrimination based on gender, race, ethnical background, sexual orientation, age, political beliefs, marital status, or any other status
- Free from all forms of child labor, human trafficking, modern slavery and compulsory or forced labor
- Respective of the freedom of association and collective bargaining, as defined by the NLRA
- Respective of employees' rights to freedom of opinion and expression, freedom of thought, conscience, and religion
- Offering fair working conditions in accordance with all applicable legislation to the employees
- Offering training to ensure that the employees conduct business ethically, honestly and in compliance with all applicable laws and regulations.

REC Silicon requires its suppliers and business partners to share the same commitment.

ACTIONS AND PLANS

REC Silicon has ongoing community participation through United Way, Relay for Life and Adoption of Families for Christmas. The Company also participates in local Emergency Planning Committees. Employees are allocated time off to participate in voluntary local community activities.

During the recruiting and hiring phase at Moses Lake, training has been implemented to ensure hiring managers understand the philosophy of unconscious biases and ensure that we are selecting the most qualified candidates regardless of gender, ethnicity, race, or any other factors. All of Management in the hiring process are currently subject to ongoing training. Ultimately, REC Silicon's goal is to be the company of choice due to its offering of equal opportunities for employees.

In addition, manager core training is being offered to ensure that Management gives solid constructive feedback and improve listening skills. This is the foundation of building good interplant relationships at

all levels of the organization. Executive Management supports and encourages this type of training initially and on an on-going basis.

TARGETS AND PERFORMANCE

The total workforce increased by 25% during 2022, primarily related to the preparations for the restart of Moses Lake, which accounted for roughly 70% of the increase in personnel. The gender balance is relatively stable, and the company has not succeeded in attracting an increased female representation in new hires, apart from a slight increase in leadership positions. The female/male pay gap is at 90%, which is reasonable, but can be improved.

REC Silicon now reports on a significantly expanded format when it comes to its workforce composition. The new data will be considered for future actions and plans to address imbalances and future targets. Data for training has been compiled on a manual basis for 2022 (5,595 hours in total), but the number of training hours are now being tracked automatically from 2023 as part of the overall tracking system for the company.

WORKFORCE, DIVERSITY, TRAINING	UNIT	2020	2021	2022	% CHANGE 2022/2021
Number of employees					
Total number of permanent employees	#	281	289	360	25%
Temporary employees	#	n.a.	n.a.	5	
Non-guaranteed hours employees	#	n.a.	n.a.	0	
Total new hires	#	n.a.	n.a.	99	
Permanent employee turnover rate	%	n.a.	n.a.	4.6%	
Employees - by age					
< 30	#	n.a.	n.a.	30	
30-39	#	n.a.	n.a.	87	
40 - 49	#	n.a.	n.a.	84	
50 - 59	#	n.a.	n.a.	114	
> 60	#	n.a.	n.a.	50	
Employees in total	#	n.a.	n.a.	365	
< 30	%	n.a.	n.a.	8%	
30-39	%	n.a.	n.a.	24%	
40 - 49	%	n.a.	n.a.	23%	
50 - 59	%	n.a.	n.a.	31%	
> 60	%	n.a.	n.a.	14%	
Employees in total	%	n.a.	n.a.	100%	
Employees - by gender					
Male	#	233	241	306	27%
Female	#	48	48	54	13%
Total	#	281	289	360	25%
Male	%	83%	83%	85%	
Female	%	17%	17%	15%	
Total					

WORKFORCE, DIVERSITY, TRAINING CONTINUED	UNIT	2020	2021	2022	% CHANGE 2022/2021
Gender balance					
Employees (women share of total)	%	17%	17%	15%	
Leadership positions (women share of total)	%	25%	14%	17%	
Executive management positions (women share of total)	%	n.a.	n.a.	20%	
New hires (women share of total)	%	n.a.	n.a.	15%	
Board of Directors (women share of total)	%	50%	40%	60%	
Earnings ratio - base salary (women:men)	%	n.a.	n.a.	90%	
Employee training					
Average training hours per employee per year	#	n.a.	n.a.	19	
Local community interaction					
Donations to Local Communities	USD	23,000	1,250	33,905	
- Contribution by employees	%	33%	62%	35%	
Volunteer hours to programs and charitable organizations	#	900	611	600	

5. BUSINESS CONDUCT

REC Silicon's ambition is to operate in an ethical manner based on legally sound business practices in all respects. The Company sets high standards of integrity and believes that a sound business must be based on value-based management and clear guidelines on ethics and sustainability. REC Silicon creates value by supporting a competitive market, operating fairly, and fighting illegal practices.

POLICIES

The Code of Conduct and Sustainability Policy sets goals and commitments relating to:

- Anti-corruption and bribery
- Governance, including cooperation with authorities, political contributions, conflicts of interest, confidential information and intellectual property and whistle blowing.
- Supply chain management

The Company has zero tolerance for any form of corruption, without exception, and supports the ten principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. REC Silicon is also subject to the US Foreign Corrupt Practices Act.

The ethical and reputational reliability of potential business partners are ascertained before any business relationship is entered into and all are asked to comply with and share REC Silicon's anti-corruption principles. Supply chain audits are undertaken to ensure compliance with the standards, as well as on human rights.

Non-compliance with the anti-corruption and bribery regulations are regarded as a serious violation and a disciplinary matter. Employees are protected against any sanctions from REC Silicon or any representative

of the Company for refusing to participate in any action that is or can be perceived as corruption, bribery, or facilitation payment.

REC Silicon has a whistle-blower service, and all employees have a right and duty to report any violations of the principles of the Code of Conduct. Information shared through the whistle-blower process will be shared only with those who have a need to know and will be kept confidential within the enforcement of the Code of Conduct.

ACTIONS AND PLANS

Although REC Silicon has conducted supplier audits for several years, the Company plans to develop a Supplier Code of Conduct during 2023, which will formalise the general principles of the Company when it comes to health and safety and human and labor rights. Suppliers will be required to sign this document and the Company will conduct regular audits to ensure compliance with the obligations of suppliers.

As a Norwegian domiciled company, REC Silicon is subject to the requirements of the 2022 Norwegian Transparency Act, which has been established to ensure that companies respect basic human rights and decent working conditions.

The Act sets requirements for Norwegian companies to establish a systematic and integral process to ensure the above is the case throughout its supply chain. Companies are required to conduct an annual due diligence process to assess related impacts and risks in the supply chain and to publish a publicly available report of the findings. Companies are also required to answer any questions from the public regarding basic human rights and decent working conditions in its supply chain in writing. Pursuant to the Act, REC Silicon will publish its annual Transparency Report within 30th June 2023 and make the report available in the Corporate Governance section at its [website](#).

TARGETS AND PERFORMANCE

REC Silicon has zero tolerance for corruption and human rights violations and our targets are therefore aligned with this. The entire workforce has been trained on human rights and anti-corruption matters, and we are pleased that there have been no incidents of human rights violations, nor corruption incidents, during the past three years.

Supplier audits were largely postponed during the Covid-19 years, but the company has now established a plan to get these back on track during 2023.

BUSINESS CONDUCT	UNIT	2020	2021	2022
Human rights and corruption				
On-site audits of suppliers on human rights	#	0	3	0
Self-directed audits of suppliers on human rights	#	0	0	0
Human rights violations recorded	#	0	0	0
Proportion of workforce completed human rights training	%	n.a.	n.a.	100%
Proportion of workforce completed anti-corruption training	%	n.a.	n.a.	100%
Anti-corruption violations recorded	#	0	0	0
Whistleblower incidents recorded	#	0	0	0



TCFD DISCLOSURES 2022

GOVERNANCE	
Describe the board's oversight of climate-related risks and opportunities	The Board of Directors considers climate-related matters when reviewing and guiding strategy, risk management policies and business plans, as well as setting performance objectives. Climate-related risks are part of the overall risk framework for the Company and are reviewed regularly by the Board and at least quarterly. Climate-related opportunities are reviewed frequently and are considered particularly relevant as the Company is part of the value chain for the fast-growing solar PV industry. In yearly meetings, the Board will consider progress towards climate-related goals and targets, relevant policy frameworks and set new performance goals and targets, where relevant.
Describe the management's role in assessing and managing climate-related risks and opportunities	Project and operational risks are reported monthly to the management along with related KPIs and are considered by the executive management at least quarterly. Climate-related opportunities are managed as part of the Company's ongoing business and strategy. The responsibilities are distributed across the management level, with a separate function responsible for oversight of sustainability in general, including climate-related risks and opportunities. A full overview of all sustainability matters, including climate-related risks and opportunities, are presented to the Board of Directors once a year for approval in preparation for the annual- and sustainability reports.
STRATEGY	
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	See risks and opportunity table on page 21. REC Silicon defines short term as 0-2 years, medium term 3-5 years and long term more than 5 years. This is in line with the time horizons specified in the draft ESRS of the EU Corporate Sustainability Reporting Directive (CSRD). The process to determine which of the climate-related risks and opportunities that could have a material financial impact has been integrated into the Company's overall strategic plan, which involves re-starting the Moses Lake facility to capture growth opportunities in the Solar PV industry and in sourcing raw materials from low-carbon suppliers to lower the life-cycle carbon footprint of the Company's products.
Describe the impact of climate related risks and opportunities on the organization's business, strategy and financial planning	The transition to a low-carbon society involves the electrification of energy supply, as well as digitalization of society. The Company supplies polysilicon, which is a key input in both solar PV panels and in semiconductors and is therefore an integral part of the "green transition". The strategy is therefore to aggressively pursue growth in these industries. REC Silicon is committing substantial financial resources to re-start the Moses Lake facility, securing financing both from external sources and through commercial arrangements as part of the financial planning process. The Company's value chains are energy- and emission intensive and it is therefore strategically imperative to minimize production related GHG emissions. The Company follows a clear strategy to significantly grow its production of low-carbon polysilicon and silane gases, as part of an industry-wide effort.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Company has undertaken scenario analyses for the demand for the solar PV industry, as part of its long-term strategy. In particular, the various scenarios published by the International Energy Agency (IEA) have been considered to inform the Company's strategy with regards to growth opportunities, as well as the need to secure access to raw materials and inputs, as well as energy sources, that are resilient to both physical and transition risks. Tighter scenarios involving global warming in line with the Paris Agreement (1.5°C) is likely to provide substantial growth opportunities for the Company's products targeting the solar PV industry. Looser scenarios implying increased levels of global warming are also likely to result in significant market growth for the Company's products. In both cases, the high energy intensity of the operations expose the Company to risks related to energy prices in general, and carbon taxes on fossil fuel sources in particular. This is primarily managed through focusing capacity expansion on production processes that consume significantly less energy than conventional methods. This reduces the carbon footprint of the Company's products by more than 70% compared to conventional polysilicon. Overall, the Company believes its strategy is resilient towards climate-related risks and opportunities.

RISK MANAGEMENT

Describe the organization's processes for identifying and assessing climate-related risks	Risks of a more strategic nature are identified and assessed through continuous stakeholder dialogue and participation in collaboration and initiatives across the value chain. In general, it involves mapping of supply chains to ensure access to low-carbon raw materials and a high degree of renewable energy sources. Operational climate-related risks are identified and assessed continuously as part of the risk management system. The risk management system is in the process of being ISO 14001 certified, expected to be completed during 2023, which will include a continuous improvement plan.
Describe the organization's processes for managing climate-related risks	The key strategic risk element is to ensure low-carbon raw materials and energy sources. Raw materials are sourced through long-term frame agreements with key suppliers that are chosen on the basis of security of supply and low carbon footprints. Energy for the production processes is, where possible, secured from renewable sources, such as hydro-power. Generic risks related to operations are managed as part of the overall safety and risk management system.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Generic risks are managed at group level through the general risk management system, including physical climate risks like adverse weather and water scarcity. Longer term risks, like transition risks, are part of the overall strategic framework of the Company and are integrated into long-term planning, along with the corresponding climate-related opportunities.

METRICS AND TARGETS

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	The key metric used is Scope 1 + 2 GHG emissions per ton of product produced. This also involves sub metrics such as energy intensity per ton of product produced and the percentage of renewable energy used in production. Scope 2 emissions are market based. The GHG emissions are calculated in line with the GHG Protocol.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	GHG emissions have been reported annually since 2011 (Scope 1 + 2). See Climate Disclosures in this report. The Company has also committed to assess its upstream Scope 3 emissions within 2027.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	The Company has a target to reduce the GHG intensity of its production (Scope 1 and 2) by 40% by 2027 with 2021 as the baseline. The Company is starting a process to map its upstream Scope 3 emissions and will consider setting targets relating to this in the future.

CLIMATE RELATED RISKS

RISK TYPE	CLASSIFICATION	DESCRIPTION	LIKELIHOOD	MITIGATION	TIMEFRAME
Physical	Acute	Increased severity and frequency of extreme weather like storms and drought leading to disruption of operations, supply of raw materials and energy supply	More likely than not	<ul style="list-style-type: none"> • Emergency response preparedness • Risk management systems • Inventory management • Energy market analysis and sourcing strategy 	MT->
	Chronic	Water scarcity affecting operations	About as likely as not	<ul style="list-style-type: none"> • Reduce water intensity of operations 	LT
Transition	Policy and legal	Higher carbon pricing levels impacting the cost of natural gas and electricity from non-renewable sources	Very likely	<ul style="list-style-type: none"> • Energy efficiency improvements • Focus production on the FBR technology, which consumes 80%-90% less energy than the Siemens method • Source electricity from renewable sources 	MT->
		Restrictions on emission levels	Likely	<ul style="list-style-type: none"> • Ensure production is energy efficient and low carbon 	MT->
		Transportation costs increase due to higher carbon prices	Likely	<ul style="list-style-type: none"> • Conscious supplier choices • Fossil-free transportation solutions 	MT->
	Technology	Polysilicon is replaced as a key conducting material in the electronics or solar industry with other solutions that are less energy intensive	About as likely as not	<ul style="list-style-type: none"> • Explore alternative uses for polysilicon • Develop silane gas as battery anode material 	LT
	Market	Buyers of polysilicon continue to require lower embodied carbon emission of polysilicon, which may impact the operations at Butte, which has a high carbon footprint	Very likely	<ul style="list-style-type: none"> • Energy efficiency improvements at Butte • Use renewable electricity at Butte • Source raw materials from low-carbon producers 	MT->
	Reputation	Stigmatization of industry sectors with high energy usage and emissions	More likely than not	<ul style="list-style-type: none"> • Focus products on sectors driving or enabling the green shift 	LT

Time Horizons: ST (short-term) 0-2 years, MT (medium term) 3-5 years, LT (long term) More than 5 years

CLIMATE RELATED OPPORTUNITIES

OPPORTUNITY TYPE		DESCRIPTION	LIKELIHOOD	DRIVER	TIMEFRAME
Resource efficiency	Energy efficiency	Use the FBR technology to produce polysilicon, this technology requires 80%-90% less energy per ton of product than the Siemens technology (90% of world production)	Very likely	<ul style="list-style-type: none">Restart production from Moses Lake facility in Q4'23 (solely FBR production)Secure long-term offtake contracts with solar industry	ST ->
	Product quality	Produce higher purity polysilicon from the Butte facility to capture more positive end-product impact relative the resources and inputs used	Very likely	<ul style="list-style-type: none">Improvement programs at the Butte facility	
	Reuse of raw materials	Reuse solid waste from processing	Very likely	<ul style="list-style-type: none">R&D into alternative uses for the solid waste created from processing MGS into silane and polysiliconImprove system for container trackingEstablish initiatives for plastics use reduction and recycling	LT
Energy sources	Lower emission sources	Source electricity required in production from renewable energy sources	Very likely	<ul style="list-style-type: none">Moses Lake facility has access to hydropowerPurchasing green energy certificates for Butte productionEnergy market analysis and sourcing strategy	MT ->
		Source MGS from suppliers with access to renewable energy	Very likely	<ul style="list-style-type: none">Direct purchasing volumes to producers of low-carbon MGSRequire suppliers to switch to renewable energy	MT ->
Products and services	Diversification	Develop silane gas as anode material for battery storage solutions, particularly for EV industry	Likely	<ul style="list-style-type: none">Collaborate with battery storage providers to develop solutions	MT ->
Markets	Solar PV industry	Capture the substantial growth in the deployment of solar panels as a key renewable energy source	Very likely	<ul style="list-style-type: none">Restart Moses LakeUS regulatory initiatives (such as the Inflation Reduction Act)Low-carbon value chain	ST ->
	Semiconductor industry	Capture the substantial growth associated with the digitalization of society	Very likely	<ul style="list-style-type: none">Production efficiency improvements at ButteUS regulatory initiatives (such as the CHIPS Act)	MT ->
Resilience	Energy transition	Firmly placed in value chains that are key enablers in the energy transition	Very likely	<ul style="list-style-type: none">Continue to develop capacity in line with market growthContinuous improvement to reduce negative impacts of production processes and downstream distribution	ST ->

Time Horizons: ST (short-term) 0-2 years, MT (medium term) 3-5 years, LT (long term) More than 5 years

Board of Directors' report on Corporate Governance

REC Silicon ASA (the "Company" or "REC Silicon") and its subsidiaries (together REC Silicon Group/the Group), endorses the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board, most recently revised on October 14, 2021.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors of REC Silicon ("Board") has prepared the following report that explains the Group's corporate governance practices and how it has complied with the Code of Practice in the preceding year. The application of the Code of Practice is based on the "comply or explain" principle and deviations from the code, if any, is explained under the relevant item. The Group's corporate governance practices are subject to annual reviews and discussions by the Board.

REC Silicon Group deviated from the recommendations in the Code of Practice on two sections at year-end 2022. These deviations pertained to separate proxy voting for candidates to the Board (Section 6) and separate regulations for takeover bids (Section 14).

The following sections provides a discussion of the company's corporate governance in relation to each section of the Code of Practice.

2. BUSINESS

REC Silicon believes the solar industry plays a key role as a long-term supplier of sustainable energy and its business is focused on the production of polysilicon and silicon gases for the solar and electronics industries. To make solar electricity competitive with traditional energy sources, the Group focuses on product improvements and cost reductions through the introduction of new process and product

technologies as well as continuous productivity enhancement and technology development.

The Group's business corresponds with the purpose of the Company which is described in its Articles of Association § 3: "The Company's purpose is development and sale of products and services related to renewable energy sources, and to perform other financial operations related to such. The Company may, through subscription of shares or in any other ways, including granting of loans, acquire interests in other companies with identical or similar purposes".

The Board has defined clear strategies, business goals and risk profile for the Group's business activities, to create value for its shareholders in a sustainable manner considering financial, social and environmental factors. This includes efficient and responsible utilization of resources to the benefit of all its stakeholders.

Sustainability is at the core of REC Silicon's business model and the Company acknowledges its responsibilities toward the environment, society and the local communities in which it operates. The Board carries the responsibility to secure acceptable sustainability performance and has implemented various policies providing business practice guidance and reporting procedures to ensure continuous improvement. An account of the Company's sustainability performance is included in the ESG report in the annual report.

The Group's strategies, business goals and risk profile are reviewed on an annual basis and presented in the annual report, quarterly reports, and at various investor meetings.

3. EQUITY AND DIVIDENDS

The Group's consolidated equity was USD 60.4 million at December 31, 2022, which represented 18.9 percent of total assets. The debt-to-equity ratio was 4.3. The Board monitors the Group's capital structure and takes actions necessary to ensure that it is appropriate for the current objectives, strategy, and risk profile. Reference is also made to the consolidated financial statements note 3.3 regarding capital structure and financing and note 3.1 regarding financial risk and to the report of the Board.

The Group's ambition is to give its shareholders a high and stable return on their investment and to be competitive compared with alternative investment opportunities with comparable risk. To support committed investments and productivity improvements, the Board's view so far has been that retained earnings should be used within the Company. Accordingly, there has been no distribution of dividends to the shareholders since the Company was publicly listed in 2006, and no proposed dividend payments for the financial year 2022.

The Board will continue to assess the capital structure based on the goals, strategies, risk profile, and the financial situation of the Company.

At the Annual General Meeting (AGM) on June 22, 2022, the Board was granted the following authorities:

- Authority to increase the share capital with up to NOK 84,125,000 through one or several share capital increases. The authorization to acquire shares may be used for one or more of the following purposes:
 - in connection with investments, acquisitions, or other corporate purposes
 - for use for incentive programs for employees
- Authority to acquire treasury shares in the Company (up to a maximum of ten percent of the face value of the share capital). As of December 31, 2022, the authorization has not been used.

These authorities were restricted for defined purposes and each mandate was considered separately. They are valid until the AGM in 2023 or no later than 15 months from the date of the 2022 AGM.

For further information about the mandates given to the Board, reference is made to the minutes from REC Silicon's 2022 AGM and EGMs, which are available on the Company's website (www.recsilicon.com).

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company seeks to conform to the principles for equal treatment of shareholders. In the event of a share capital increase based on authorization from the general meeting, where the pre-emptive rights of shareholders are set aside, grounds will be provided in the stock exchange notice in which the share capital increase is announced.

In the event of a share buy-back program, the Board will aim to ensure that all related transactions are carried out either through the trading system or at prevailing prices at Oslo Børs. The Board will consider company's and shareholders' interests and aim to maintain transparency and equal treatment of all shareholders. In the event of limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. There were no transactions in own shares during 2022.

5. FREELY NEGOTIABLE SHARES

REC Silicon has one class of shares and each share confers one voting right at the General Meetings. The Company's shares are listed on the Oslo Stock Exchange, where they are freely transferable. There are no restrictions on owning, trading or voting for shares in the Articles of Association.

6. GENERAL MEETINGS

The Board shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings, and that the general meeting is an effective forum for shareholders and the Board. Extraordinary general meetings (EGM) can be called by the Board of Directors if deemed necessary or be requested by the company's auditor or shareholders representing at least 5% of the company's share capital.

Notification

The Board of Directors ensures that the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific, allowing shareholders to form a view on all matters to be considered at the meeting. The notice of the General Meeting and supporting documents are made available on the Company's website no later than 3 weeks prior to the date of the meeting. The deadline for shareholders to give attendance notice is set as close to the date of the meeting as possible, and minimum 5 days prior to the General Meeting.

Shareholders may request that specific matters be considered by a general meeting by written notice to the Board within 7 days prior to the time limit for notice of the General Meeting together with a proposal for resolution and reasons why the matter is proposed for consideration. If the notice has already been distributed, a new notice shall be distributed if the time limit for notice to the General Meeting has not expired.

Participation and execution

The Chairman of the Board, the Board members, the auditor, and the members of the Nomination Committee are normally present at the General Meeting. All Board members are encouraged to attend the meeting.

The Chairman of the Board nominates an independent chair for election to lead the meeting.

The right to participate and vote at the general meeting may only be exercised by shareholders whose shareholdings are entered in the Norwegian Central Securities Depository (the "VPS"), on the fifth day prior to the general meeting, as stipulated by the Articles of Association in accordance with statutory law. Instead of participating at the general meeting, shareholders may vote in advance or grant a proxy, with or without voting instructions as further described in this notice.

The AGM is held by the end of June every year in the municipality where the Company has its registered business address or in Oslo. If required, the Board may hold the AGM digitally. The 2022 Annual General Meeting was held digitally on June 22, with 39.67% of the Company's shares represented.

On May 2, 2022, the Board called for an EGM in connection with the election of new members to the Board of Directors, with 35.79% of the shares represented.

On October 21, 2022, the Board called for an EGM in connection with the election of new members to the Board, with 45.93% of the shares represented.

On December 1, 2022, the Board called for an EGM in connection with the election of an additional member to the Board, with 40.54% of the shares represented.

Deviation from the Code of Practice

The Code recommends separate voting for candidates to the Board. However, it is not possible to vote separately on each candidate nominated to the Board because the composition of the Board must be in accordance with applicable legislation regarding gender representation and qualifications for committee assignments. The nomination committee's proposal is given with respect to such legislation. Should a situation arise where the composition of the Board might conflict with applicable legislation, the situation, and consequences of electing a board contrary to legislation should be discussed at the General Meeting and shareholders should base their votes on the views discussed.

7. NOMINATION COMMITTEE

The Nomination Committee is governed by the Articles of Association section 6. The AGM on June 22, 2022, elected the following three members for the Nomination Committee for the period until the AGM in 2023: Mr. Junghey Chae (chair), Dr. Sungchoon Kang, and Dr. Jieun Lee.

The nomination committee does not include any executive personnel or any member of the Board. Mr. Junghey Chae is an employee of the Company's main shareholders. The remaining members of the Nomination Committee are independent of the Board and Group Management.

The General Meeting stipulates the rules of procedure for the Nomination Committee and determines the Committees' remuneration.

The Nomination Committee gives its recommendation to the General Meeting on election of and compensation to members of the Board, in addition to election of members of the Nomination Committee. Each proposal is justified on an individual basis. All shareholders are entitled to nominate candidates to the Board, and information on how to propose candidates can be found on the Company's website.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Articles of Association section 6, the Company's Board shall consist of three to twelve members. On 31 December 2022, the Board consisted of five members (see table below), of which three were female and independent from the main shareholders. The directors are elected by the General Meeting for a term of one year and may be re-elected.

The EGM on May 2, 2022, elected Mr. Koo Yung LEE as chair, Mr. Maeng Yoon KIM as deputy chair, Dr. Renate Oberhoffer-Fritz, and Ms. Heike Heiligt, to replace Kristian Monsen Røkke as chair, Anette Malm Justad as deputy chair, Audun Stensvold, Lene Landøy, and Mr. Seung Deok PARK.

The EGM on October 21, 2022, elected Mr. Tae Won JUN (chair), Mr. Dong Kwan KIM (deputy chair), and Ms. Paraskevi (Vivian) Bertseka, to replace Mr. Koo Yung LEE as chair, Mr. Maeng Yoon KIM as deputy chair, and Ms. Heike Heiligt subsequent to her prior resignation. Dr. Renate Oberhoffer-Fritz was retained from the prior Board.

The EMG on December 22, 2022, elected Ms. Roberta Benedetti as a fifth Board member.

Overview of the Board at December 31, 2022:

NAME	ROLE	CONSIDERED INDEPENDENT OF MAIN SHAREHOLDERS	INDEPENDENT OF GROUP MANAGEMENT AND MATERIAL BUSINESS CONTACTS	SERVED SINCE	TERM EXPIRES	PARTICIPATION BOARD MEETINGS 2022
Tae Won JUN	Chair (from 21 October 2022)	No	Yes	21-Oct-2022	AGM 2023	1 of 7
Dong Kwan KIM	Board Member	No	Yes	21-Oct-2022	AGM 2023	1 of 7
Dr. Renate Oberhoffer-Fritz	Board member	Yes	Yes	02-May-2022	AGM 2023	4 of 7
Paraskevi (Vivian) Bertseka	Board member	Yes	Yes	21-Oct-2022	AGM 2023	1 of 7
Roberta Benedetti	Board Member	Yes	Yes	22-Dec-22	AGM 2023	0 of 7

All members of the Board are considered independent of the Company's executive management and material business contacts.

The Company's annual report and the website provides information to illustrate the expertise of the members of the Board. The Board considers its composition to be diverse and represent required competencies including financial and industrial experience. Board members are encouraged to own shares in the Company. An overview of Board members' share ownership in the Company is available in note 16 to the consolidated financial statements.

9. WORK OF THE BOARD OF DIRECTORS

The Board has the ultimate responsibility for the management of the Company and the Group and for supervising Group Management.

The Board has adopted "Rules of procedures for the Board of Directors," which regulates the Board's responsibilities, duties, and administrative procedures as well as the tasks and duties of the Chief Executive Officer. The Board has also adopted a Chart of Authority regulating matters that are to be decided by the Board and matters that may be decided by Group Management. The Chart of Authority distinguishes between investment decisions, customer contracts, procurement contracts, compensation, and finance and is reviewed on an annual basis. The Board holds at least one meeting per year with the auditor and without any members of Group Management or administration present.

The Board has adopted guidelines to ensure it is informed of and how to handle potential transactions and matters to be considered by the Board, in which members of the Board, Group Management or close associates are involved. The Board must review and approve all transactions between the Group and Group Management or the Board.

The Company uses independent third-party valuations in case of significant transactions with closely related parties which are not to be considered by the General Meeting. There was one agreement announced in 2022 between the Group and its shareholders, directors, Group Management or other related parties that could be described as a material transaction. Details on the related-party transaction are disclosed in the consolidated financial statements, note 10.

The Board has established two committees: an Audit Committee and a Compensation Committee.

Audit Committee

The Company's Audit Committee is governed by the Norwegian Public Limited Liability Companies Act and the Audit Committee Charter, which sets out the tasks and rules of procedure of the Committee.

The Committee members are appointed by and among the Board of Directors. At December 31, 2022, the Audit Committee members were Dr. Renate Oberhoffer-Fritz, Ms. Paraskevi (Vivian) Bertseka. On February 22, 2023, Roberta Benedetti was appointed by the Board of

Directors as an additional member of the Audit Committee. The Audit Committee held 6 meetings in 2022.

The Audit Committee supports the Board with the assessment and control of financial risk, financial reporting, auditing, control, and prepares discussions and resolutions for Board meetings. It has no decision-making authority. The Audit Committee reviews complaints regarding accounting, internal controls, and auditing matters. In addition, under the whistleblower procedure, complaints from employees and other concerned parties are received and followed up by the Audit Committee.

The Audit Committee makes recommendations to the Board with respect to the Group auditor and the auditor's fees, as assessing the auditor's independence, including considering any non-audit-related services provided.

Compensation Committee

The Compensation Committee is governed by the Norwegian Public Limited Liability Companies Act and the Compensation Committee Charter, which sets out the tasks and procedures of the Committee. The Compensation Committee members are appointed by and among the Board of Directors. At December 31, 2022, the Compensation Committee members were Tae Won JUN and Dong Kwan KIM, both independent of the Group Management. During 2022, the Compensation Committee met three times.

The Compensation Committee supports the Board by preparing resolutions on the terms and conditions of employment for the Chief Executive Officer and the general principles and strategies for compensation of Group Management including bonus and share based compensation as well as other personnel matters.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management system shall ensure that the Group has a systematic and uniform approach to risk management. The system defines roles, responsibilities, processes and procedures, standards, tools and documentation, including considerations related to integrating stakeholders in relation to the Company's value creation.

Group Management sets the context in which risks are managed and supervises the risk management process. Group Management performs separate risk evaluations based on a top-down approach. Risk assessments are presented to the Audit Committee and the Board. The Board performs a review of risks in connection with the approval of the annual budget.

Group Management regularly updates the Board including operational reviews, HSE (Health, Safety and Environment) measures, financial highlights and key performance indicators. Prior to each Board meeting, the Chief Executive Officer prepares a report to the Board, which includes this information in addition to any items requested by Board members and items requiring action by the Board. The Chief Executive

Officer also has pre-meetings and informal discussions with the Board throughout the year.

Because the Group operates internationally, it is required to comply with numerous national and international laws and regulations. All business activities and processes must be conducted in accordance with laws, and regulations.

To strengthen internal control, the Group has established an Anticorruption Policy and procedures, provided training to employees and managers, and performed a fraud risk assessment. Whistleblower complaints and other internal control activities are presented to the Audit Committee according to the Audit Committee charter.

To ensure consistent financial reporting throughout the Group, financial information is reported through a computerized financial reporting system utilizing a common chart of accounts and procedures designed to ensure the consistency of information reported. Subsidiaries accumulate transactional information, period end balances, and performance statistics through ERP systems designed to meet the business requirements of each operation. Quarterly and year-end reporting processes are expanded to meet various supplementary requirements.

The quarterly and yearly reporting process and significant accounting and reporting issues are discussed with the Audit Committee in the presence of the external auditor.

The Group's financial risk management is described in the consolidated financial statements (note 3). Reference is also made to the Board of Directors' report that includes an analysis of the financial statements and the risk factors.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board receive remuneration in accordance with their individual roles. Prior to May 12, 2020, Board members who participate in the Audit Committee or the Compensation Committee received additional compensation.

Board remuneration is not linked to Company performance and members are not granted share options.

Details on the remuneration of the Board of Directors are disclosed in the consolidated financial statements (note 16).

Members of the Board and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board, but if they do, this shall be disclosed to the full Board. The remuneration for such additional duties will be approved by the Board. There were no such assignments in 2022.

12. REMUNERATION OF THE GROUP MANAGEMENT

The guidelines for salary and other compensation to Executive Management was presented at the AGM in June 2022. The policy was

last updated in 2022 and was approved by the general meeting. The Board determines remuneration of the Chief Executive Officer while remuneration of Group Management is determined according to guidelines. The Board's statement regarding compensation of leading employees, required by accounting act §7-31b, is included in note 16 of the consolidated financial statements.

The remuneration of the Group Management consists of a basic salary, relevant additional benefits and membership in the Company's pension and insurance schemes. The remuneration also includes performance bonuses for selected individuals based on an annual performance related compensation system. In addition, the Board has adopted an incentive program for retaining key personnel. The performance bonuses are linked to the Group's financial performance and defined KPI's over time and includes incentives related to performance the employees can influence. There are absolute limits for the performance-related remuneration, where maximum performance bonus pay-out for the management varies between 25 and 50 percent of the annual basic salary.

Details on the remuneration of the Chief Executive Officer and other members of Group Management are disclosed in the consolidated financial statements (note 16).

The Board extended the long-term incentive program for retaining key personnel, whereby employees' entitlements are linked to the share price development of the Company's shares. The share-based program was introduced in 2014 and includes a lock-up period for shares awarded and an absolute limit for the maximum gain in each calendar year, however, no shares were issued in 2022. Further details on the incentive program is disclosed in note 32 of the consolidated financial statements.

The 2022 AGM voted separately on the compensation to leading employees and the statement regarding long-term incentive plans.

13. INFORMATION AND COMMUNICATION

The Company treats its investors equally. Timely information is published simultaneously to all investors in accordance with applicable legislation and regulation in order to provide the best possible basis for evaluation of Company performance. All information is provided in English.

The Board adopted an Investor Relations (IR) policy specifying, among other things, who is entitled to speak on behalf of the Company on various subjects and with guidelines for the Company's contact with shareholders other than through General Meetings.

Interim reports are published on a quarterly basis, in line with Oslo Stock Exchange's recommendations. Interim reports include presentations to provide an overview of operational and financial developments, market outlook, and the Company's prospects. The presentations are open to the public and made available through a webcast. The Chief Executive Officer, the Chief Financial Officer and the IR Officer are normally present at the quarterly presentations. Furthermore, the Company keeps an ongoing dialogue with its investors and makes presentations to analysts and investors through various conferences and events.

The Company observes a "Silent Period" extending from the last day of the quarter until operating results are released publicly. During this period, Group Management is not available for discussions with investors or analysts. The IR Officer is available on a limited basis to provide material previously released and to facilitate the collection and distribution of consensus forecasts. The Investor Relations function is in charge of coordinating the Company's communications to the market and to existing and potential investors of the Company. The IR Officer is an independent contractor that reports to the Chief Financial Officer.

14. TAKE-OVERS

The Company has no defence mechanism to prevent take-over bids. The Board is open to initiatives that are commercially and financially attractive for the shareholders. The Board will assess potential offers in accordance with applicable legislation and Code of Practice requirements in due course.

Any transaction that effectively constitutes a disposal of a majority of the Company's activities will be decided by the General Meeting.

Deviation from the Code of Practice

The Board has not established separate guidelines in the event of a take-over bid as recommended by the Code of Practice. Take-over bids are usually specific, one-off, events which makes preparation of guidelines challenging. In the event of a take-over process, the Board will ensure that the Company's shareholders are treated equally, and that the Company's activities are not unnecessarily interrupted. The Board will further seek to comply with the relevant recommendations from the Code of Practice.

15. AUDITOR

The Company's external auditor, KPMG, is appointed by the General Meeting and is independent from the Company.

The auditor participates at Board meetings with respect to the Annual Financial Statements. The auditor comments on any material changes in the Company's accounting principles, material estimates used to calculate accounting figures, and reports disagreements between the auditor and Group Management.

The auditor presents significant identified weaknesses and proposals for improvements of the internal control procedures annually to the Board with an annual confirmation that the auditor has satisfied the requirements for independence together with a summary of all services provided to the Group. The auditor meets with the Audit Committee and the Board at least once a year without the Chief Executive Officer or any other member of the Group Management present.

The auditor is also required to participate in meetings of the Audit Committee and present the main features of the audit plan to the Committee.

Remuneration of the auditor is approved by the General Meeting. The auditor provides a break-down between audit and non-audit services, and information is provided to the General Meeting about non-audit services provided by the auditor. The Board has issued guidelines regarding Group Management's use of the auditor for services other than audit. These guidelines include a list of services that are preapproved for fees up to NOK 500,000 and requires audit committee approval for all other non-audit services or if fees are more than NOK 500,000. For more information about remuneration to the auditor, see note 22 to the consolidated financial statements.

The auditor participates at the AGM and presents the independent auditor's report.

FINANCIAL STATEMENTS

REC Silicon Group & REC Silicon ASA

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	2022	2021
ASSETS			
Non-current assets			
Intangible assets	6	1.0	0.9
Land and buildings	6	31.1	33.3
Machinery and production equipment	6	24.6	34.7
Other tangible assets	6	2.7	2.6
Assets under construction	6	62.4	12.5
Property, plant and equipment	6	120.9	83.1
Right of use assets	7	30.4	33.2
Other non-current receivables	12	0.1	0.0
Financial assets and prepayments		0.1	0.0
Total non-current assets		152.3	117.3
Current assets			
Inventories	13	38.3	33.1
Trade and other receivables	12	23.2	29.6
Restricted bank accounts	14	0.8	4.4
Cash and cash equivalents	14	105.3	110.5
Total current assets		167.5	177.6
Total assets		319.9	294.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	2022	2021
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital		3,027.7	2,918.2
Other equity and retained earnings		-2,967.3	-2,884.9
Total shareholders' equity		60.4	33.3
Non-current liabilities			
Retirement benefit obligations	19	8.6	13.4
Non-current provision, interest calculation	20	19.3	20.2
Non-current financial liabilities, interest bearing	17	4.2	115.2
Non-current lease liabilities	7	65.8	67.9
Other non-current liabilities, not interest bearing	32	1.3	1.6
Total non-current liabilities		99.1	218.2
Current liabilities			
Trade payables and other liabilities	20	46.5	29.4
Derivatives	11	0.0	0.0
Current financial liabilities, interest bearing	17	111.0	11.3
Current lease liabilities	7	2.8	2.6
Current prepayments, interest calculation	20	0.1	0.2
Total current liabilities		160.3	43.5
Total liabilities		259.5	261.6
Total equity and liabilities		319.9	294.9

Lysaker, March 23, 2023
Board of Directors

This document is signed electronically.

Tae Won Jun
Chairman of the Board

Dong Kwan Kim
Deputy Chair

Vivian Bertseka
Member of the Board

Roberta Benedetti
Member of the Board

Dr. Renate Oberhoffer-Fritz
Member of the Board

William K. Levens
President and CEO

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	2022	2021
Revenues	5	147.8	143.2
Cost of materials		-27.3	-17.1
Changes in inventories		-3.8	-8.9
Employee benefit expenses	16, 24, 32	-44.1	-41.7
Other operating expenses	22	-107.1	-75.6
Other income and expenses	23	-0.5	7.9
EBITDA ¹⁾		-34.9	7.7
Depreciation	6	-19.9	-25.2
Amortization	6	0.0	0.0
Depreciation of right of use assets	7	-3.1	-3.0
Impairment	6, 7, 8	-0.3	-0.3
Total depreciation, amortization and impairment		-23.4	-28.5
EBIT ²⁾		-58.3	-20.8
Financial income	25	1.9	0.1
Net financial expenses	9, 25	-20.9	-23.6
Net currency gains/losses	25	-9.7	0.8
Net financial items		-28.7	-22.7
Profit/loss before tax from continuing operations		-87.0	-43.5
Income tax expense/benefit from continuing operations	18	0.0	0.0
Profit/loss from continuing operations		-87.0	-43.5
Profit/loss from discontinued operations, net of tax ¹⁾	17, 30	0.1	13.4
Profit/loss from total operations		-86.8	-30.1
Attributable to:			
Owners of REC Silicon ASA		-86.8	-30.1
Earnings per share (In USD)			
From continuing operations			
-basic	26	-0.21	-0.12
-diluted		-0.21	-0.12
Earnings per share (In USD)			
From total operations			
-basic	26	-0.21	-0.08
-diluted	26	-0.21	-0.08

¹⁾ EBITDA - EBIT excluding depreciation, amortization and impairment.

²⁾ EBIT - Profit/loss excluding income tax expense/benefit, net financial items, and profit/loss from investments in associates.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REC SILICON GROUP

(USD IN MILLION)	2022	2021
Profit/loss	-86.8	-30.1
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	3.5	4.3
Sum items that will not be reclassified to profit or loss	3.5	4.4
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	0.9	0.0
Sum items that may be reclassified subsequently to profit or loss	0.9	0.0
Total other comprehensive income	4.4	4.3
Total comprehensive income	-82.4	-25.7
Total comprehensive income attributable to:		
Owners of REC Silicon ASA	-82.4	-25.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

REC SILICON GROUP

ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA

(USD IN MILLION)	NOTES	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
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
Year 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	-82.4	-82.4
At December 31, 2022		59.2	2,926.7	41.8	3,027.7	539.0	-3,506.3	60.4

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
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
Year 2022				
Accumulated at January 1, 2022	27.9	20.9	-3,472.7	-3,423.9
Profit/loss	0.0	0.0	-86.8	-86.8
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	3.5	3.5
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	3.5	3.5
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.9	0.0	0.0	0.9
Sum items that may be reclassified to profit or loss	0.9	0.0	0.0	0.9
Total other comprehensive income for the period	0.9	0.0	3.5	4.4
Total comprehensive income for the period	0.9	0.0	-83.3	-82.4
Accumulated at December 31, 2022	28.8	20.9	-3,556.0	-3,506.3

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	2022	2021
Cash flows from operating activities			
Profit/loss before tax ¹⁾		-87.0	-43.5
Less: Government grant (forgiveness of C.A.R.E.S. Act Loan)	21	0.0	-8.3
Income taxes paid/received	18	0.0	0.0
Depreciation, amortization and impairment	6, 7, 8	23.4	28.5
Changes in receivables, prepayments from customers etc.	12	5.9	-2.4
Changes in inventories	13	-5.2	7.9
Changes in payables, accrued and prepaid expenses	20	10.9	4.6
Changes in VAT and other public taxes and duties	20	0.0	-0.6
Currency effects not cash flow or not related to operating activities	25	10.2	-0.7
Other items	22	-0.3	0.0
Net cash flow from operating activities		-42.1	-14.6
Cash flows from investing activities			
Proceeds/Payments finance receivables and restricted cash	14	1.1	1.5
Proceeds from sale of property, plant and equipment and intangible assets	6	0.0	0.0
Payments for property, plant and equipment and intangible assets	6	-55.9	-8.3
Net cash flow from investing activities		-54.8	-6.8
Cash flows from financing activities			
Proceeds from issue of share capital	15	109.5	0.0
Payments of lease liabilities	7	-2.6	-2.1
Payments of borrowings and up-front/waiver loan fees	17	-8.1	-0.9
Net cash flow from financing activities		98.8	-3.0
Effect on cash and cash equivalents of changes in foreign exchange rates	25	-7.2	0.0
Net increase/decrease in cash and cash equivalents		-5.2	-24.4
Cash and cash equivalents at the beginning of the period		110.5	134.9
Cash and cash equivalents at the end of the period		105.3	110.5
¹⁾ PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS INCLUDES			
Interest Paid		-22.0	-22.3
Interest Received		1.9	0.1

¹⁾ Profit/loss before tax from continuing operations does not include non-cash gain from the settlement of the indemnification agreement of USD 13.4 million (see notes 17 and 30).

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REC SILICON GROUP

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REC SILICON GROUP

1 GENERAL INFORMATION

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

Company and its subsidiaries (together, "REC Silicon Group" or "Group") have a presence in the international solar energy industry. Group operations are focused on the production of polysilicon and silicon gases for the solar and electronics industries.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Lysaker Torg 5, 3. etg, Lysaker, Norway.

These consolidated financial statements have been approved for issue by the Board of Directors on March 23, 2023 and are subject to approval by the Annual General Meeting scheduled for May 11, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), relevant interpretations, and the Norwegian Accounting Act. The consolidated financial statements have been prepared under the historical cost convention except for shareholdings at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Actual outcomes may differ substantially. It also requires management to exercise judgment in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas where assumptions and estimates have a significant impact are disclosed in note 4.

2.2 CONSOLIDATION

(A) Subsidiaries

Subsidiaries are entities controlled by the Group. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date control is obtained until the date that control ceases.

All subsidiaries are owned 100 percent and there are no non-controlling interests.

Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

(B) Joint ventures

A joint venture is an arrangement where two or more parties have joint control. Joint control exists only when decisions require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by the equity method of accounting.

(C) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for by the equity method of accounting.

2.3 SEGMENT REPORTING

REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also produces polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. The Company's organization structure, management team, operating strategy, and performance measurement reporting support the determination that these businesses represent separate distinguishable operating segments. Accordingly, there are two operating segments: Solar Materials (Moses Lake, Washington) and Semiconductor Materials (Butte, Montana). The operating segments include revenues less cost of manufacturing. Cost of manufacturing includes direct and indirect manufacturing costs and does not include general, administrative, and selling expenses. 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 and EBIT 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.

2.4 FOREIGN CURRENCY TRANSLATION

(A) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's reporting currency continues to be USD. Accordingly, these consolidated financial statements are presented in USD.

(B) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates on the reporting date. Foreign exchange gains and losses resulting from the settlement, or the translation of monetary assets and liabilities are recognized in the statement of income, except when deferred in equity as qualifying hedges or as a part of a net investment.

(C) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate;
- (ii) Income and expenses for each statement of income are translated at average exchange rates for the reporting period (based on monthly average rates); and
- (iii) All resulting exchange differences from translation are recognized as a separate component of other comprehensive income (OCI).

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries, including monetary items that are regarded as a part of the net investment, are included in OCI. When a subsidiary is disposed of, exchange differences are recognized in the statement of income as part of the gain or loss on sale. At December 31, 2022 and 2021, an intercompany loan from REC Silicon ASA to REC Silicon, Inc. of USD 131.8 million was regarded as a part of the net investment in REC Silicon Inc.

2.5 CURRENT/NON-CURRENT

Assets and liabilities are classified as current when they are expected to be realized or settled within 12 months after the reporting date.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and un-reversed impairment losses. Cost includes expenditures that are directly attributable to the acquisition, construction, or installation of the item. Borrowing costs incurred for the construction of qualifying assets are capitalized during the period required to complete and prepare the asset for its intended use. Costs are included in an asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and costs can be measured reliably.

Depreciation is calculated using the straight-line method based on the costs of the assets less any residual value over their estimated useful lives.

2.7 INTANGIBLE ASSETS

(A) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets. Goodwill is carried at cost less accumulated impairment losses. Goodwill related to equity accounted investments is included in the carrying value of investments. At December 31, 2022 and 2021 the Group had no goodwill.

(B) Other intangible assets

Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and un-reversed impairment. Amortization is calculated using the straight-line method on the costs of assets over their estimated useful lives from the date they are available for use. The Group has no intangible assets with indefinite useful lives.

(C) Research and development

Research expenditures are recognized in expense as incurred. Development expenditures (relating to the design, construction and testing of a chosen alternative for new or improved materials, devices, products, processes, or systems) are capitalized when it is probable that the project will be successful considering its commercial and technological feasibility. Costs expensed in prior reporting periods are not later capitalized. Other development expenditures are recognized in expense as incurred.

2.8 IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized in the statement of income for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash inflows that are largely independent from the cash inflows associated with other assets can be identified (cash-generating units). Generally, any impairment is allocated to goodwill first, then proportionately to other non-current assets within a cash-generating unit. Assets other than

goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment includes losses associated with assets determined to have no future economic benefits and assets that are replaced prior to the end of their useful lives.

2.9 FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified and subsequently measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income based on both the use of the assets within the entity's business model and the nature of the cash flows. A financial asset is derecognized when expired or when the entity no longer has control of the cash flows related to the assets. Any rights or obligations retained in any transfer of assets are booked separately as assets or liabilities. Financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities (including derivatives) which are classified at fair value.

2.10 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently measured for changes in fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative unless the Group has the intention and ability to settle the contracts net. The method of recognizing resulting gains or losses depends on whether the derivative is designated and qualifies as a hedging instrument and the nature of the item being hedged. Derivatives are categorized as held for trading unless they are designated and qualify as hedging instruments. See note 11.

2.11 TRADE RECEIVABLES

Trade receivables that do not have a significant financing component are recognized at transaction price and subsequently measured at amortized cost, less impairment. A provision for the impairment of trade receivables is recognized based upon lifetime expected credit losses (ECLs). The Group calculates ECLs based upon the Group's historic credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. In addition, provisions are recorded for accounts which are greater than 60 days past due unless there is a clear indication that payment will be received. Balances are written off when collection efforts have been exhausted and the probability of recovery is unlikely.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits at banks, and money market funds with terms less than three months.

2.13 PAID-IN EQUITY CAPITAL

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of any income tax, from the proceeds.

2.14 BORROWINGS

Borrowings are recognized initially at fair value. Borrowings that are not maintained at fair value through profit or loss are recognized net of transaction costs and subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period the borrowings are outstanding using the effective interest method. Commitment fees for bank credit facilities are recognized as part of interest expenses as incurred.

A financial liability is removed from the statement of financial position when the obligation is discharged, cancelled, or expires. Substantial modifications to the terms of existing financial liabilities or an exchange of debt instruments with an existing lender at substantially different terms are treated as extinguishments of the original liability. The difference between the carrying amount of a financial liability and the consideration paid to extinguish the liability is recognized in profit or loss.

2.15 INVENTORIES

Inventories are stated at the lower of cost or net realizable value (NRV).

Purchased inventories are stated at average cost less estimated obsolescence. Reserves for obsolescence include the write down of items no longer required (held for disposal) and the estimated decline in NRV caused by slow moving items.

The cost of finished goods and work in progress inventories are determined on a first in, first out basis and consists of raw materials, direct labor, other direct costs, and related indirect overheads. Costs associated with abnormal waste or unused normal operating capacity are not included in inventories. NRV is the estimated sales price less incremental costs to complete and sell the item. Net adjustments to reduce inventory to the lower of cost or NRV are recognized in inventory changes in the statement of income.

2.16 INCOME TAX

Income tax expense (benefit) includes current and deferred tax. Income tax expense (benefit) is recognized in profit or loss except to the extent it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the estimated tax payable or receivable on the taxable income or loss for the year, and any adjustments to tax payable for previous years. Deferred tax includes the effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also includes the carry forward of unused net operating losses and credits.

Current and deferred tax amounts are determined using rates and laws that have been enacted or substantially enacted at the reporting date or are expected to apply when temporary differences reverse. Net deferred tax assets are recognized to the

extent that it is probable that future taxable profit will be available against which deferred amounts can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Utilization of net operating losses and tax credit carry forwards are subject to certain limitations under Section 382 and 383 of the Internal Revenue Code of the United States in the event of a change in the Company's ownership.

2.17 PROVISIONS

Provisions for product warranties, onerous contracts, asset retirement obligations, restructuring costs, termination benefits, environmental restoration, and legal claims are recognized when: The Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted only when the effect is material and the distribution in time can be reliably estimated.

2.18 SHARE-BASED COMPENSATION

The Group grants synthetic share options to certain employees. The cost of these share-based options (settled in cash) is recalculated at each reporting date using the Black Scholes option pricing model (see note 32).

2.19 PENSION/POST RETIREMENT OBLIGATIONS

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity via other comprehensive income in the period in which they arise.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Obligations for contributions to defined contribution pension plans are recognized as an expense during the period incurred.

2.20 REVENUE RECOGNITION

REC Silicon's primary performance obligation is related to sale of goods in which the performance obligations are the delivery of an agreed volume of products within an agreed specification. REC Silicon has both short term and long-term contracts. Spot market sales, normally one month, cover delivery of an agreed volume at

market price at the date the order is placed. The short-term contracts cover a period of a few months and up to one year, where the prices normally are fixed within a volume range. REC Silicon also has some long-term frame contracts that cover a period longer than one year. In these contracts the prices are normally negotiated on an annual basis.

Revenue is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which REC Silicon expects to be entitled in exchange for those goods or services. Control is transferred to the buyer, according to the agreed delivery term for each sale. Delivery terms are based on Incoterms specified within sales contracts. Generally, the main terms are "Ex Works" and "FCA".

The Group recognizes a provision for discounts and expected returns when a discount provisions or a right of return is specified in purchase contracts. The Group recognizes revenue from the sale of goods measured at the fair value of consideration received or receivable, which includes a provision of allowances for discounts and expected returns.

Goods are normally sold with standard warranties that the goods comply with the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. REC Silicon does not have any other significant obligations for returns or refunds.

2.21 LEASES

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, right-of-use assets are periodically adjusted for impairment losses, if any, and for certain remeasurements of the associated lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments are amortized to interest expense and to reduce the associated lease liability based upon the present value calculation used at inception to determine the lease liability.

Leases of 'low-value' assets and short-term leases (lease terms of 12 months or less) are recognized as expense in profit or loss when incurred.

2.22 GOVERNMENT GRANTS

Government grants are recognized at their fair values when there is reasonable assurance that the grants will be received and that the Group will comply with attached conditions. Government grants related to assets are presented in the statement of financial position as a reduction to the carrying amount of the assets and reduce depreciation in the statement of income. Government grants relating to income are listed separately under other income.

Government grant assets are recognized for the unsettled portions of grants and are discounted if the effect of discounting is significant. Significant changes to estimates of timing of utilization or discount rates are recognized as a change in the grant asset and offset to production assets or expenses based on the classification at the inception of the grant (see note 21).

2.23 STATEMENT OF CASH FLOWS

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for

investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid are reported as a part of operating activities, except borrowing costs capitalized as part of the construction of a non-current asset that are included in investing activities, and payment of up-front and loan fees that are reported as part of financing activities.

Operating activities include all cash flow effects from derivatives. Currency gains and losses are recognized in the statement of income. Amounts related to borrowing (financing activities), non-current financial assets and investments (investing activities) and unrealized gains or losses on cash and cash equivalents held at the end of the periods are reclassified in a separate line item under operating activities.

Financing activities include the repayment of prepayments received from customers on which interest is calculated.

2.24 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group, in practice, adopts new and amended standards and interpretations, issued by the IASB and approved by the EU, that are relevant to its operations as effective. A number of changes to standards were effective beginning January 1, 2022 but they did not have a material effect on the Group's financial statement.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including currency risk, interest-rate risk, liquidity risk, credit risk, refinancing risk and others.

The goals for the Group finance policy and the treasury operations are primarily to minimize the risk of financial distress, secure long-term funding, manage currency risk of expected future net cash flows, and manage interest rate risk. The Company's finance policy sets the framework and limits for hedging activities in the Group. It defines risk management objectives, responsibilities, and operational requirements.

The disclosures that are required regarding financial risks below focus on the risks that arise from financial instruments and how they have been managed. Derivative financial instruments may be used to reduce risks from commercial transactions; the existence of derivative financial instruments exposes the Company to additional risks.

(A) Currency risk

The Company operates internationally and is exposed to currency risk. At December 31, 2022, the Group's working capital is a combination of USD and NOK, equity is in NOK, and debt is in USD. Currency risk arises from transactions in currencies other than the Group's reporting currency and cash denominated in NOK. Currency risk relates primarily to a portion of cash balances denominated in NOK.

Net cash flow is defined as the consolidated external cash flows of the Group. The Group's policy provides the ability to hedge external net cash flows with a maximum time horizon of 24 months. The purpose is to reduce the currency risk of expected future net cash flows. The Company manages currency risk on an overall level.

At December 31, 2022 and 2021, the Group did not hold any derivative financial instruments related to mitigating currency risks.

(B) Credit risk

Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation and is primarily related to trade receivables and guarantees provided for discontinued operations. The Group maintains policies to ensure that credit is extended to customers with appropriate liquidity and credit histories in combination with requiring guarantees when appropriate.

(C) Liquidity risk and going concern

Liquidity risk is measured by subtracting the Group's liabilities from cash considering historic and anticipated operating results.

Liquidity risk management requires maintaining sufficient available cash or access to capital markets to compensate for anticipated volatility in operating cash flows or to fund additional investments.

Liquidity risk is impacted by changes in market conditions, potential claims against the Company, and uncertainty associated with critical judgements used to arrive at accounting estimates. In addition, the Company's access to capital markets may be impacted by overall market conditions (notes 4, 17, and 30).

On March 21, 2023, the Company announced a corporate debt financing, which is a 3 year-term loan of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. REC Silicon's largest shareholder Hanwha Solutions has committed to fully guarantee the announced debt financing, which will result in favorable terms compared to other financing alternatives.

In addition to this USD 110 million debt financing, the company has a near term need to raise additional financing to meet liquidity requirements in 2023, in particular relating to the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte. The Company is currently working with various financing parties and we are confident that we are close to a final solution that covers the entire funding amount needed for the next 12 months. REC Silicon will update the market as financing plans are concluded. (see note 17, 29 and 33)

Accordingly, the Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Company is a going concern, and that this assumption is appropriate at the date of the accounts.

(D) Interest rate risk

Changes in market interest rates affect the fair value of assets and liabilities or the variability in cash payments. The Group is exposed to interest rate risk through funding and cash management activities, primarily in REC Silicon ASA and REC Silicon AS. Cash in bank accounts and liabilities have primarily carried variable interest rates. The Company has borrowings through bonds..

Interest income and interest expense in the statement of income, as well as interest receipts and payments, are influenced by interest rate changes for financial instruments that carry variable interest rates. See note 30 for interest rate sensitivity.

(E) Hedging of risk related to supply of raw material/commodities

When the Group is exposed to changes in the total costs from specific input factors it may hedge the associated risk. As of year-end 2022 and 2021, no hedges were in place.

3.2 FAIR VALUE ESTIMATION

Fair value estimation is discussed in notes 9 and 30.

3.3 CAPITAL STRUCTURE AND FINANCING

In determining the appropriate capital structure for the Group, various factors have been considered. These include risks associated with the Group's business profile and the fact that the polysilicon production has high capital intensity.

The Group's goal is to maintain sufficient capital to maintain current operating cash flow requirements and to meet debt service obligations. Taking into account market volatility and risk related to future cash flows, the Group aims to maintain a capital structure with a high ratio of equity funding.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Management's judgments in applying the Group's accounting policies which have the most significant effect on the financial statements are discussed below and in the relevant notes.

(A) Functional currencies

The Group's presentation currency is USD. The functional currencies of REC Silicon AS and REC Solar AS are NOK. The functional currency of all other group companies is USD. The activities of the Group are primarily in the subsidiaries in the USA. Functional currency affects the reporting of currency gains and losses and exchange differences as well as hedging strategies and effects. Facts or circumstances may change in the future.

(B) Cash-generating units for impairment testing

The selection of cash generating units for impairment testing is a critical and difficult judgement. For impairment testing REC Silicon consisted of two cash generating units.

(C) Environmental liability

The Group's operations are subject to environmental laws and regulations. These laws and regulations and their interpretations are subject to change. Changes may require investment and/or increased costs to meet more stringent standards or to take remedial actions related to past activities. The Company has reported a provision for asset retirement obligations (AROs) associated with the eventual cleanup and restoration of the Company's manufacturing sites in the United States (note 20).

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY – CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain amounts included in or affecting the Group's

financial statements and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared.

(A) Impairments and bad debt provisions

Changes in facts and in management's evaluations and assumptions may give rise to further impairment losses, or reversals. The estimated recoverable amounts of the Group's assets are sensitive to small changes to key assumptions. The Company uses internal business plans that include estimates on raw material and energy prices, discount rates, and external market and industry analysis. There could be changes in environmental regulations impacting the company going forward, but no related legislation has been passed at the current time that is expected to impact the group. (notes 8 and 9).

Financial assets are also periodically reviewed for impairment. Provisions for losses on trade receivables have been made using a provision matrix based on the Group's historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. Actual losses may turn out significantly different from the evaluations made based on the knowledge and assumptions at the time of approving the accounts.

(B) Asset retirement obligations

The company has an obligation for eventual cleanup of its manufacturing operations in Moses Lake, Washington and Butte Montana. Changes in facts and in management's evaluations and assumptions may give rise to changes in provisions for asset retirement obligations (AROs). Provisions may change due to changes in amounts or timing of estimated expenditures to restore production sites or changes in governmental regulations governing restoration requirements. The restoration of production sites is subject to significant uncertainty due to variability in restoration requirements that may be imposed by regulatory authorities as well as timing of the restoration. In addition, estimates of provisions are sensitive to changes in discount rates used to calculate provisions for AROs reported by the Group. (note 20)

(C) Fair Value of the investment in the Yulin JV

Changes in facts and in management's evaluations and assumptions may give rise to changes in fair value estimates of the Company's investment in the Yulin JV. The estimate of fair value may change

due to changes in amounts or timing of cashflows generated by the Yulin JV. In addition, estimates of fair value are sensitive to changes in the discount rate used to arrive at estimates of fair value. (see note 9)

5 SEGMENT AND REVENUE INFORMATION

Revenues from customers constituting more than ten percent of total revenues for year ended December 31, 2022

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Customer 1	39.7	26.9%					39.7	26.9%
Customer 2	23.2	15.7%					23.2	15.7%

Revenues from customers constituting more than ten percent of total revenues for year ended December 31, 2021

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Customer 1	40.6	28.4%					40.6	28.4%
Customer 2	24.7	17.3%					24.7	17.3%
Customer 3	14.4	10.1%					14.4	10.1%

Geographic distribution of revenues based on customer location for year ended December 31, 2022

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
China	40.1	27.2%	0.0	0.0%	0.0	0.0%	40.1	27.1%
USA	21.5	14.6%	0.2	100.0%	0.2	100.0%	21.9	14.8%
Taiwan	21.3	14.5%	0.0	0.0%	0.0	0.0%	21.3	14.4%
Korea	20.8	14.1%	0.0	0.0%	0.0	0.0%	20.8	14.1%
Singapore	18.4	12.5%	0.0	0.0%	0.0	0.0%	18.4	12.5%
Denmark	11.2	7.6%	0.0	0.0%	0.0	0.0%	11.2	7.6%
Japan	8.4	5.7%	0.0	0.0%	0.0	0.0%	8.4	5.7%
Other	1.8	1.2%	0.0	0.0%	0.0	0.0%	1.8	1.2%
Belgium	1.4	0.9%	0.0	0.0%	0.0	0.0%	1.4	0.9%
France	0.9	0.6%	0.0	0.0%	0.0	0.0%	0.9	0.6%
Hong Kong	0.8	0.6%	0.0	0.0%	0.0	0.0%	0.8	0.6%
Czech Republic	0.7	0.5%	0.0	0.0%	0.0	0.0%	0.7	0.5%
Canada	0.1	0.0%	0.0	0.0%	0.0	0.0%	0.1	0.0%
Switzerland	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Germany	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total revenues	147.4	100.0%	0.2	100.0%	0.2	100.0%	147.8	100.0%

Geographic distribution of revenues based on customer location for year ended December 31, 2021

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
China	39.7	27.8%	0.1	48.2%	0.0	0.0%	39.8	27.8%
Korea	20.9	14.6%	0.0	0.0%	0.0	0.0%	20.9	14.6%
Singapore	20.3	14.2%	0.0	0.0%	0.0	0.0%	20.3	14.2%
Taiwan	20.1	14.1%	0.0	0.0%	0.0	0.0%	20.1	14.0%
USA	17.8	12.4%	0.0	10.4%	0.2	100.0%	18.0	12.6%
Japan	9.7	6.8%	0.0	0.0%	0.0	0.0%	9.7	6.8%
Denmark	9.5	6.6%	0.0	0.0%	0.0	0.0%	9.5	6.6%
Other	1.8	1.3%	0.0	41.3%	0.0	0.0%	1.8	1.3%
Czech Republic	1.3	0.9%	0.0	0.0%	0.0	0.0%	1.3	0.9%
Belgium	1.1	0.8%	0.0	0.0%	0.0	0.0%	1.1	0.8%
France	0.6	0.4%	0.0	0.0%	0.0	0.0%	0.6	0.4%
Canada	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Germany	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Hong Kong	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Switzerland	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total revenues	142.8	100.0%	0.1	100.0%	0.2	100.0%	143.2	100.0%

Customer location is based on the sales ship-to address. Customers may distribute the products to other countries.

Revenues by category for year ended December 31, 2022

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Silane gas	86.5	58.7%	0.0	0.0%	0.0	0.0%	86.5	58.5%
Polysilicon	61.0	41.3%	0.0	0.0%	0.0	0.0%	61.0	41.2%
Other	0.0	0.0%	0.2	100.0%	0.2	100.0%	0.4	0.3%
Total revenues	147.4	100.0%	0.2	100.0%	0.2	100.0%	147.8	100.0%

Revenues by category for year ended December 31, 2021

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Silane gas	88.0	61.6%	0.0	2.8%	0.0	0.0%	88.0	61.5%
Polysilicon	54.8	38.4%	0.1	97.2%	0.0	0.0%	54.9	38.4%
Other	0.0	0.0%	0.0	0.0%	0.2	100.0%	0.2	0.2%
Total revenues	142.8	100.0%	0.1	100.0%	0.2	100.0%	143.2	100.0%

The segment results in the tables below are the primary results used by the Chief Operating Decision Maker (CODM) to evaluate performance and allocate resources. EBITDA contribution includes all items that are included in EBITDA for the segments. The segment "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.

Segment information for the year ended December 31, 2022

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	ELIMINATIONS	TOTAL
Revenues	147.4	0.2	0.2	0.0	147.8
Cost of materials	-26.9	-0.4	0.0	0.0	-27.3
Change in inventories	-4.7	1.4	-0.5	0.0	-3.8
Employee benefit expense	-25.7	-8.8	-9.5	0.0	-44.1
Other operating expenses	-83.8	-12.3	-11.0	0.0	-107.1
Other income and expenses	0.0	0.0	-0.5	0.0	-0.5
Total costs	-141.1	-20.1	-21.5	0.0	-182.8
EBITDA contribution	6.3	-19.9	-21.3	0.0	-34.9
Depreciation of fixed Assets	-11.1	-8.4	-0.5	0.0	-19.9
Amortization	0.0	0.0	0.0	0.0	0.0
Depreciation of leased Assets	-2.6	-0.6	0.0	0.0	-3.1
Impairment	-0.3	0.0	0.0	0.0	-0.3
Total depreciation, amortization, and impairment	-13.9	-9.0	-0.5	0.0	-23.4
EBIT contribution	-7.6	-28.9	-21.8	0.0	-58.3

Segment information for the year ended December 31, 2021

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	ELIMINATIONS	TOTAL
Revenues	142.8	0.1	0.2	0.0	143.2
Cost of materials	-16.9	-0.2	0.0	0.0	-17.1
Change in inventories	-10.8	1.9	0.0	0.0	-8.9
Employee benefit expense	-24.2	-6.8	-10.7	0.0	-41.7
Other operating expenses	-62.1	-4.6	-9.0	0.0	-75.6
Other income and expenses	4.5	3.9	-0.4	0.0	7.9
Total costs	-109.4	-5.8	-20.2	0.0	-135.4
EBITDA contribution	33.4	-5.7	-20.0	0.0	7.7
Depreciation of fixed assets	-12.1	-12.4	-0.6	0.0	-25.2
Amortization	0.0	0.0	0.0	0.0	0.0
Depreciation of leased assets	-2.4	-0.6	0.0	0.0	-3.0
Impairment	0.0	-0.3	0.0	0.0	-0.3
Total depreciation, amortization, and impairment	-14.6	-13.3	-0.6	0.0	-28.5
EBIT contribution	18.9	-19.0	-20.6	0.0	-20.8

Substantially all of the Group's non-current assets are located in the United States.

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

(USD IN MILLION)	2022	2021
Spot Contract Revenue	93.9	92.7
Structured (Regional/Volume pricing)	44.8	45.1
Tiered (Volume pricing)	9.1	5.3
Total	147.8	143.2

6 FIXED ASSETS

Property, plant and equipment

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT
Carrying value at January 1, 2022	33.3	34.7	2.6	12.5	83.1
Net additions ¹⁾	0.0	7.2	0.8	49.9	58.0
Disposals	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	-2.2	-17.3	-0.4	0.0	-19.9
Carrying value at December 31, 2022	31.1	24.6	2.7	62.4	120.9
At December 31, 2022					
Historical cost	140.9	2,161.3	73.4	104.0	2,479.6
Accumulated depreciation/amortization/impairment	-109.7	-2,136.7	-70.7	-41.6	-2,358.7
Carrying value at December 31, 2022	31.1	24.6	2.7	62.4	120.9
Carrying value at January 1, 2021	35.6	50.5	3.1	6.1	95.4
Net additions ¹⁾	0.0	6.5	0.0	6.3	12.8
Disposals	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	-2.3	-22.4	-0.5	0.0	-25.2
Impairment	0.0	0.0	0.0	0.0	0.0
Carrying value at December 31, 2021	33.3	34.7	2.6	12.5	83.1
At December 31, 2021					
Historical cost	140.9	2,156.6	76.5	69.0	2,443.0
Accumulated depreciation/amortization/impairment	-107.5	-2,121.9	-73.8	-56.6	-2,359.9
Carrying value at December 31, 2021	33.3	34.7	2.6	12.5	83.1

¹⁾ Net additions include transfers from assets under construction.

Specification of useful lives and depreciation

At year-end 2022, estimated useful lives by asset class were as follows:

- Land and Buildings 0-27.5 years (weighted average approximately 17.0 years)
- Machinery and equipment 0-26.5 years (weighted average approximately 3.2 years)
- Other tangible fixed assets (weighted average approximately 5.0 years)

Assets under construction are not yet ready for their intended use and depreciation has not started.

Reviews of estimated useful lives of property, plant, and equipment for 2022 and 2021 resulted in only minor changes.

Intangible assets

(USD IN MILLION)	ASSETS UNDER DEVELOPMENT	OTHER	TOTAL INTANGIBLE ASSETS
Carrying value at January 1, 2022	0.5	0.4	0.9
Amortization	0.0	0.0	0.0
Carrying value at December 31, 2022	0.6	0.3	1.0
At December 31, 2022			
Historical cost	0.9	67.9	68.8
Accumulated amortization/impairment	-0.3	-67.5	-67.8
Carrying value at December 31, 2022	0.6	0.3	1.0
Carrying value at January 1, 2021	0.5	0.4	1.0
Disposals	0.0	0.0	0.0
Amortization	0.0	0.0	0.0
Carrying value at December 31, 2021	0.5	0.4	0.9
At December 31, 2021			
Historical cost	0.8	67.9	68.7
Accumulated amortization/impairment	-0.3	-67.5	-67.8
Carrying value at December 31, 2021	0.5	0.4	0.9

Intangible assets above have estimated useful lives, over which the assets are amortized on a straight-line basis. Intangible assets under development are not ready for their intended use, and consequently amortization has not started.

Intangible assets are primarily related FBR technology in REC Silicon (3-10 years).

Reviews of estimated useful lives of intangible assets for 2022 and 2021 resulted in only minor changes.

7 LEASES

Right of use Assets

(USD IN MILLIONS)	LAND AND BUILDINGS	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2022	0.1	1.2	32.0	0.0	0.0	0.0	33.2
Depreciation	-0.1	-0.2	-2.8	0.0	0.0	0.0	-3.1
Additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments	0.0	-0.5	0.7	0.0	0.0	0.0	0.3
Balance at December 31, 2022	0.0	0.5	29.9	0.0	0.0	0.0	30.4
Balance at January 1, 2021	0.0	1.7	33.9	0.0	0.1	0.1	35.7
Depreciation	0.0	-0.2	-2.7	0.0	0.0	0.0	-3.0
Additions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Impairments ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments	0.0	-0.3	0.7	0.0	0.0	0.0	0.4
Balance at December 31, 2021	0.1	1.2	32.0	0.0	0.0	0.0	33.2

¹⁾ See note 8 for details of impairment.

Adjustments during 2022 consist of USD 0.7 million related to contractual increases in lease payments tied to economic indices and USD 0.5 million related to decreases in leased asset retirement obligation (ARO) estimates.

Lease Liabilities

(USD IN MILLIONS)	2022	2021
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	11.1	11.1
1 - 2 years	14.5	11.0
2 - 3 year	14.5	14.4
3 - 4 years	14.5	14.4
4 - 5 years	14.5	14.4
More than 5 years	44.4	58.0
Total undiscounted lease liabilities at December 31	113.6	123.3
Lease liabilities included in the statement of financial position at December 31	68.6	70.5
Current	2.8	2.6
Non-current	65.8	67.9

The Company includes rights to extend or terminate leases in the lease term when the Company intends to exercise a right to extend or terminate a lease. The Company is not a party to any lease that includes material rights to extend or terminate the term of a lease.

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

Leases recognized in profit or loss

(USD IN MILLIONS)	2022	2021
Interest on lease liabilities	8.6	8.8
Depreciation of right-of-use assets	3.1	3.0
Gain(-)/loss(+) due to terminations, purchases, impairments, and other changes	0.5	0.3
Expenses relating to short-term leases	0.1	0.2
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0

Right-of-use assets associated with contracts with a term less than 12 months at the time of initiation are expensed in accordance with the low-value assets and short-term lease exemptions in accordance with IFRS 16.

In 2022, the Group made lease payments totaling USD 11.2 million, comprised of USD 2.6 million of lease liability payments and USD 8.6 million imputed interest. See note 25 below.

In addition, payments of USD 0.1 million related to leases for low-value-assets and short-term durations which are exempt under IFRS 16 have been expensed in 2022. See note 22 below.

8 IMPAIRMENTS OF CASH-GENERATING UNITS

REC Silicon routinely monitors assets for indications that the carrying values of assets are no longer recoverable. If impairment indicators exist, impairment tests will be carried out to determine whether the carrying value of affected assets can be justified. If estimates conclude that asset values are no longer recoverable, the assets are written down to the recoverable amount which is the greater of fair value less cost to sell and value in use (discounted cash flows).

CASH-GENERATING UNITS

REC Silicon consisted of two cash generating units at December 31, 2022 and 2021.

Management has performed an evaluation of the Company's operations and determined that the Group consisted of two cash generating units (CGUs) based upon the Company's operations and management structures. This determination included consideration for segment reporting which includes segments for Solar Materials and Semiconductor Materials which were determined by management to represent the smallest units for which cash flows can be reasonably determined. Net Costs associated with Other have been allocated to the individual CGUs based upon estimated activity, volume, and revenue factors.

SUMMARY OF IMPAIRMENT TESTS

During 2022, recurring net operating losses, the restart of the Moses Lake FBR facility, increased raw material prices, and changes to the discount rate were determined to be indicators of potential changes in impairment for the Solar Materials Segment. Impairment testing was performed at December 31, 2022 on the Solar Materials CGU and resulted in estimated values in use that approximated the carrying value of the Solar Materials CGU. Consequently, no additional impairment or reversal of impairment was recognized in 2022.

For the semiconductor segment, impairment indicators considered were a change to discount rate and high energy costs. However, low book values compared to market cap and assumed stand along price of the segment resulted in no impairment test.

On January 31, 2023 REC Silicon announced the entering into of a binding term sheet between its subsidiary REC Solar Grade Silicon LLC and Hanwha Solutions for a 10 year take-or pay offtake for FBR polysilicon produced at REC Silicon's facility at Moses Lake, Washington. The Offtake provides for the sale to Hanwha Solutions of 100% of the prime FBR production from the facility.

The base price for the Offtake will be determined by market indices adjusted for a premium for US-sourced low carbon material. The base price is also subject to both a minimum and maximum that protects REC Silicon against potential future low market prices that could otherwise threaten the long-term prospects for the Company.

Impairment review conducted at December 31, 2022 included evaluating the impacts restarting the FBR facility in Q4 of 2023. Forecasts derived from the opportunities listed above could result in the partial reversal of impairment previously recorded by the Company. However, the Company has not entered into any definitive full form supply agreements and it is difficult to estimate prices prior to a full form agreement.

BASIS FOR THE IMPAIRMENT TESTS

Climate related risk has been considered in the calculation of value in use. The calculation reflects the expected development in the cost of emission quotas based on the current regulatory framework. There could be changes in environmental regulations impacting the company going forward, but no related legislation has been passed at the current time that is expected to impact the group. The impairment assessment is based on the expectation that any increase in cost due to new legislation will be covered by increased sales prices, full or partial compensation by incentive schemes or increased effectiveness resulting in limited impact on operating cash flows.

Future cash flows are estimated on the basis of the budget for the next year and the subsequent four forecast years. A terminal value is calculated from the estimated cash flows generated in the last forecast year. A growth rate of one percent has been used during the terminal period for both years presented. EBITDA less capital expenditures and changes in working capital have been used to estimate future cash flows.

Assets under construction for which investment has been committed are included with estimated expenditures to complete and estimated cash flows from their operations.

The carrying amounts of cash-generating units include tangible fixed assets, right of use assets, intangible assets, and net working capital only.

DISCOUNT RATE

The discount rate applied is based on the Company's cost of capital which has been estimated using the weighted average of the required rates of return for the Company's equity and debt (WACC). The required rate of return for the Company's equity is estimated using the capital assets pricing model (CAPM). The required rate of return on debt is estimated on the basis of a risk-free rate of return plus a credit risk premium derived from analysis of the debt costs and loading of public companies similar to REC Silicon. The discount rate is estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate using the Company's estimated before and after-tax cash flows and evaluated for reasonableness. The discount rates used at December 31, 2022 and 2021 are reflected in the table below:

Discount rates (%)

	2022		2021	
	POST-TAX	PRE-TAX	POST-TAX	PRE-TAX
Solar Materials CGU	14.4	17.5	11.8	14.9

KEY ASSUMPTIONS AND SENSITIVITIES

Key assumptions include future revenues (sales prices and sales volume), cost of major inputs, conversion costs and efficiency (production volume), and maintenance capital expenditures.

Price trends are difficult to predict in the current market environment and external views of anticipated market conditions differ widely. When possible, REC Silicon has used third party analyses to estimate product prices. When third party estimates are not available or vary widely, REC Silicon uses internal estimates based on experience and market intelligence to estimate market conditions and prices. Prior to a full form supply agreement in place with Hanwha, estimates of long-term average solar grade polysilicon prices used in this analysis are at conservative levels.

Estimates of future cash flows include the assumption the Moses Lake FBR facility will restart during Q4 of 2023. If access to solar grade polysilicon markets is not restored and idled capacity is not restarted, additional impairment charges would be required. Current market conditions result in negative cashflows until FBR production is restarted. As a result, the estimated timing of the increase in capacity utilization is a key assumption. This sensitivity is reflected in the table of sensitivities below in the line volume (production and sales).

As a result of the Inflation Reduction Act of 2022 in the United States, estimates include a \$3 per kilogram credit for solar grade polysilicon sales for 10 years. Direct payments from the Internal Revenue Service for the first 5 years and tax credits for the remaining 5 years.

Costs have been estimated using contractual obligations, third party indexes when appropriate, and historical spending trends adjusted for inflation.

Capital expenditures required to restart the Moses Lake FBR facility have been included in the analysis. Capital expenditures necessary to restart FBR include reactor modifications necessary to product mono grade quality polysilicon.

The table below presents the estimated change in impairment of the Solar Materials CGU due to an isolated change in the key assumption for all years. Spending includes variable manufacturing costs, fixed manufacturing costs, selling general and administrative expenses, and capital expenditures in total. The estimates are based on the assumptions used in the December 31, 2022 impairment analysis.

KEY ASSUMPTIONS FOR 2022 (USD IN MILLION)	CHANGE	ESTIMATED CHANGE IN IMPAIRMENT
Post-tax discount rate	+/-1% point	-16.7/+19.5
Sales prices	+/-2%	+/-26.8
Volume (production and sales)	+/-2%	+/-9.2
Spending	+/-2%	-/+4.2

Negative amounts represent an estimated increase in impairment.

CARRYING VALUE

The tables below reflect the development of carrying values for each cash generating unit.

At December 31, 2022

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	TOTAL
Trade and other receivables	18.9	0.7	3.6	23.2
Inventories	33.7	4.6	0.0	38.3
Current assets	52.5	5.3	3.6	61.5
Long term assets	93.3	51.4	7.5	152.2
Trade payables and other current liabilities	-30.1	-9.3	-4.4	-43.7
Long term liabilities	-8.6	0.0	0.0	-8.6
Allocation of other	4.7	2.1	-6.8	0.0
Carrying values	111.8	49.5	0.0	161.3

At December 31, 2021

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	TOTAL
Trade and other receivables	22.7	0.7	5.1	28.5
Inventories	27.0	6.0	0.0	33.1
Current assets	49.7	6.7	5.1	61.5
Long term assets	92.6	16.9	7.8	117.3
Trade payables and other current liabilities	-14.7	-5.2	-6.7	-26.6
Long term liabilities	-13.4	0.0	0.0	-13.4
Allocation of other	5.3	0.9	-6.2	0.0
Carrying values	119.6	19.2	0.0	138.8

9 INVESTMENTS

OTHER INVESTMENTS

The Group entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV) in February 2014. On February 1, 2018, REC Silicon Pte. Ltd (REC Silicon) and Shaanxi Non-Ferrous Tian Hong New Energy Co. Ltd. (SNF) entered into a supplemental agreement in relation to outstanding capital contributions.

This supplemental agreement reduced REC Silicon's equity ownership to 15 percent and REC Silicon agreed to pay interest of USD 0.6 million to the Yulin JV and a penalty of USD 10.4 million to SNF in annual installments. The remaining liability associated with this agreement was zero at December 31, 2022 and USD 4.7 million at December 31, 2021.

REC Silicon's option to either buy back the 34 percent equity interest from SNF pursuant to a valuation and public bidding process as required by PRC state-owned asset disposal regulations expired in Q3 of 2021. REC Silicon currently maintains its previously reported 15 percent equity interest in the Yulin JV.

The corporate governance of the Yulin JV remains unchanged from previous reports. At the time that REC Silicon's equity interest in the Yulin JV was reduced to 15 percent, the Board of Directors of the Yulin JV was adjusted to five directors, of which four are appointed by SNF and one is appointed by REC. REC nominates the Chief Technology Officer while the remaining executive management of the Yulin JV is nominated by SNF. In 2019 company management determined that REC did not have significant influence over the operational and financial decisions of the Yulin JV. Factors included large majority owner and flow of information. At that point the company changed from the equity method of accounting to fair value.

In accordance with International Financial Reporting Standards (IFRS) 9, the carrying amount of the Yulin JV is reported at fair value and the Company has designated the investment as an equity security at fair value through profit and loss (FVTPL).

2022

At year-end 2022, REC Silicon performed an analysis to estimate the fair value of its investment in the Yulin JV using discounted estimated future cashflows. The market value of the investment was estimated using the discounted estimated future cash flows from Yulin JV operations over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 14.4 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 17.5 percent. As a result, estimated enterprise value less long-term debt results in a negative value of approximately USD 1.0 million for REC Silicon's 15 percent equity interest. REC Silicon has no obligation to contribute additional equity as a result of these deficits. Accordingly, REC Silicon's investment in the Yulin JV remains at a value of zero at December 31, 2022. The value of the JV is subject to uncertainty and is very sensitive to changes in discount rates, sales prices, volume and spending.

2021

At year-end 2021, REC Silicon performed an analysis to estimate the fair value of its investment in the Yulin JV using discounted estimated future cashflows. Due to the impact of continued delays in realizing designed production capacities, and continued deterioration in REC Silicon's ability to influence business decisions, increases in anticipated cashflows have not been realized. In addition, the Yulin JV has accumulated additional long-term debt to fund operating losses, to complete construction, and to maintain operations. The market value of the investment was estimated using the discounted estimated future cash flows from Yulin JV operations over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 11.8 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 14.9 percent. As a result, estimated enterprise value less long-term debt results in a negative value of approximately USD 13.1 million for REC Silicon's 15 percent equity interest. REC Silicon has no obligation to contribute additional equity as a result of these deficits. Accordingly, REC Silicon's investment in the Yulin JV remains at a value of zero at December 31, 2021.

KEY ASSUMPTIONS FOR 2022 (USD IN MILLION)

	CHANGE	ESTIMATED CHANGE IN REC'S EQUITY VALUE
Post-tax discount rate	+/-1% point	-7.8/+9.0
Sales prices	+/-2%	+/-8.3
Volume (production and sales)	+/-2%	+/-3.8
Spending	+/-2%	-/+0.4

The Yulin JV continues to increase production, quality performance, and is steadily increasing product sales. Both silane units and the FBR reactors have demonstrated design capacities and utilization rates are increasing. The Yulin JV is increasing production of high purity granular polysilicon using high purity liners.

10 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its subsidiaries, associates, joint ventures and with its Group Management and Board of Directors.

Transactions with subsidiaries have been eliminated on consolidation and are not reported as related party transactions in the consolidated financial statements for the Group.

KEY MANAGEMENT COMPENSATION, SHAREHOLDINGS, LOANS ETC.

Group Management and Board of Directors' compensation, ownership of REC Silicon ASA shares, options and bonds, loan agreements and guarantees are shown in note 16.

RELATED COMPANIES

REC Silicon Inc. invoiced the Yulin JV USD 0.3 million in 2022 and USD 0.8 million in 2021 for engineering and project services.

In Q3 2022, the Yulin JV paid USD 2.4 million to REC Silicon for invoices related to engineering and project services, REC Silicon made the final payment in the amount of USD 4.7 million to SNF to resolve the 2018 supplemental equity settlement agreement. (See note 9 above).

REC Silicon has an agreement with QCells, a Hanwha company, for QCells to provide services to REC Silicon. In 2022 services in the amount of USD 0.2 million were incurred.

11 DERIVATIVE FINANCIAL INSTRUMENTS

See note 30 below for additional information on the fair value of financial instruments.

After the settlement of the indemnification loans in Q1 2022, REC Silicon no longer has any material derivatives.

12 RECEIVABLES AND PREPAYMENTS

Trade and other receivables

(USD IN MILLION)	2022	2021
Trade receivables and accrued revenues	26.4	37.2
Provision for loss on trade receivables	-9.6	-14.4
Trade receivables - net	16.8	22.8
Prepaid costs	6.3	5.4
VAT and other public taxes and duties receivables	0.0	0.0
Other non-current and current receivables	0.1	1.3
Total Trade and other receivables	23.3	29.6

Specification of provision for loss on trade receivables

(USD IN MILLION)	2022	2021
At January 1	-14.4	-14.4
Change in provisions	4.8	0.0
At December 31	-9.6	-14.4

The provision for doubtful accounts includes the review of expected credit losses (ECL) based upon historical experience.

In the third quarter of 2022 REC Silicon exhausted efforts to collect from a previously impaired customer. As a result, the company wrote off USD 4.8 million of receivables as well as reversed the loss on receivables for the same customer. This resulted in a net zero change to receivables. REC will continue to seek all collection options on remaining impaired accounts. There was no bad debt expense recorded in 2022. The provision for loss on trade receivables is limited a small number of customers and although unlikely that any funds will be collected, the provision will remain until all efforts are exhausted (see note 30). At December 31, 2022 the review of the provision included the fact that the Company has not experienced any bad debt since 2018.

13 INVENTORIES

Inventories in the statement of financial position

(USD IN MILLION)	2022			2021		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of materials, merchandise, production supplies	12.1	0.0	12.1	3.3	0.0	3.3
Spare parts	42.8	-33.4	9.4	42.6	-33.7	8.9
Work in progress	9.4	-2.3	7.1	11.9	-2.0	9.9
Finished goods	12.8	-3.1	9.7	15.4	-4.4	11.0
Total	77.1	-38.8	38.3	73.1	-40.1	33.1

Inventories have been written down to estimated net realizable values. Write-downs of materials and spare parts represent the estimated obsolescence related to items held in inventories at cost. Write-downs of work in progress and finished goods have been estimated by comparing the net realizable value of anticipated sales to the manufacturing costs of items held in inventory.

14 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents are primarily bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

(USD IN MILLION)	2022	2021
Restricted bank accounts non-current	0.0	0.0
Restricted bank accounts current	0.8	4.4
Total restricted bank accounts	0.8	4.4

At December 31, 2022 restricted bank accounts consisted of USD zero for security for the indemnification loan, USD 0.2 million security for bank guarantees for REC Solar AS (a subsidiary of the Company) and restricted cash for the US subsidiaries of USD 0.6 million. At December 31, 2021, restricted bank accounts consisted of USD 3.6 million security for the indemnification loan, USD 0.2 million security for bank guarantees for REC Solar AS (a subsidiary of the Company) and restricted cash for the US subsidiaries of USD 0.5 million.

15 SHAREHOLDER INFORMATION

The following shareholders held one percent or more of the total outstanding shares in REC Silicon ASA at December 31.

NAME OF SHAREHOLDERS		2022		2021	
		NO. OF SHARES	OWNERSHIP	NO. OF SHARES	OWNERSHIP
HANWHA ¹⁾		140,208,552	33.33%	0	0.00%
BNP PARIBAS	Nominee	12,619,185	3.00%	5,949,185	1.60%
MORGAN STANLEY & CO. LLC	Nominee	9,614,334	2.29%	10,579,700	2.84%
NORDNET LIVSFORSIKRING AS	Ordinary	5,418,313	1.29%	4,954,248	1.33%
FAZAJU AS	Ordinary	30,000	0.01%	4,540,000	1.22%
AKER HORIZONS HOLDING AS	Ordinary	0	0.00%	91,995,551	24.70%
TOTAL SHARES OUTSTANDING		420,625,659		372,412,658	

¹⁾ Hanwha Solutions and Hanwha Corporation, (together "Hanwha") holds shares via two nominee accounts, Citibank N.A. 89,733,473 shares, Hongkong and Shanghai Banking Corp 50,475,079 shares.

The list of shareholdings above is based on the VPS shareholder register at December 31, 2022 and 2021. Actual shareholding may deviate due to the use of nominee accounts, share lending, forward contracts or other contractual arrangements.

At December 31, 2022, REC Silicon ASA had 37,280 shareholders (39,420 at December 31, 2021). The total number of outstanding shares was 420,625,659 at December 31, 2022 and 372,412,658 at December 31, 2021 each with a par value of NOK 1.

PRIVATE PLACEMENT OF EQUITY

On November 18, 2021, the Company announced that Aker Horizons Holding AS, REC Silicon and Hanwha Solutions Corporation entered into an agreement pursuant to which REC Silicon shall issue, and Hanwha Solutions shall subscribe for, 48,213,001 new shares in REC Silicon at a subscription price of NOK 20 per share, totaling approximately NOK 964 million in proceeds in a directed share issue. The Share Issue was implemented based on the existing authorization granted to the board of REC Silicon. Aker Horizons sold and Hanwha Solutions

shall acquire 21,891,275 existing shares in the Company at a price of NOK 20 per share simultaneously with the Share Issue. This transaction settled on January 19, 2022. After the settlement of the transaction in 2022 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.

At the Annual General Meeting on June 22, 2022, the Board was authorized to increase the share capital with up to NOK 84,125,000, which was approximately 20 percent of the share capital at that time, through one or more increases in the share capital. The Annual General meeting also authorized the Board to acquire treasury shares in the Company (up to a maximum of ten percent of the nominal value of the existing share capital). Shares may be acquired at minimum NOK 1 per share and maximum NOK 150 per share. The authorization to acquire treasury shares has not been used and remained available at December 31, 2022. Both authorizations were valid until the 2023 Annual General Meeting, but in any event not longer than 15 months.

16 MANAGEMENT AND BOARD OF DIRECTORS' COMPENSATION, LOANS, SHARES, BONDS

The Board's statement on executive management remuneration (the "statement") has been prepared in accordance with the provisions of the Norwegian Public Companies Act (PLA), the Norwegian Accounting Act, and the Norwegian Code of Practice for Corporate Governance. Following amendments to the PLA, the statement is now subject to new and more detailed requirements for determining salaries and other remuneration. From January 1, 2021, the board is required to prepare both guidelines for such determinations (section 6-16 (a)) and a report that provides an overview of paid and outstanding remuneration (section 6-16(b)). The guidelines will be forward-looking and will be adopted by the Annual General Meeting through a binding vote, while the report will be retrospective and will be subject to an advisory vote at the Annual General Meeting.

REC Silicon's board has prepared proposed guidelines for the company's executive remuneration policy in accordance with the provision in the new section 6-16 (a). The proposed guidelines, which provide a broader and deeper discussion of the principles for remuneration to key management, were effective from 2021

onwards. The guidelines were presented to the Annual General Meeting in 2021, where a binding vote on these guidelines was held in accordance with the new regulations. The guidelines are available on REC Silicon's website. The executive management remuneration report in accordance with the new regulations will be prepared for the for the Annual General Meeting in 2023.

The guidelines for determination of salary and other compensation for leading employees, as outlined in the annual general meeting in 2022, have been complied with in 2022. See www.recsilicon.com/investors/aggm for the Statement of Remuneration.

The Board of Directors had previously implemented incentive programs during previous periods whereby employee entitlements are linked to the share price development of the Company's shares. There were no shares granted in 2022. See note 32 for details of share-based compensation programs.

Salary and other compensation to the Group's Board of Directors and Management for 2022 and 2021 are described below.

Compensation of the Group Management for 2022

(AMOUNTS IN USD)							
NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED COMPENSATION EARNED	SHARE BASED COMPENSATION PAID	PENSION BENEFITS	OTHER TAXABLE BENEFITS	SEVERANCE
Kurt Levens	131,414	15,102	55,694	58,569	0	30,681	0
President and CEO from September 28, 2022		50%					
James A. May II	243,255	0	0	34,093	27,450	162,460	514,695
President and CEO to September 28, 2022		50%					
Jeong Ryul Yun	49,234	23,540	0	0	0	61,024	0
CFO From October 3, 2022		110%					
Douglas Moore	124,336	4,116	0	0	12,529	52,983	0
CFO to October 2, 2022		25%					
Dongjin Jung	14,497	4,921	0	0	0	15,094	0
Chief Strategy Officer from November 1, 2022		50%					
Total 2022	562,735	47,678	55,694	92,662	39,979	322,241	514,695

Compensation of the Group Management for 2021

(AMOUNTS IN USD)							
NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED COMPENSATION EARNED	SHARE BASED COMPENSATION PAID	PENSION BENEFITS	OTHER TAXABLE BENEFITS	SEVERANCE
Tore Torvund	760,044	0	313,164	254,471	105,807	122,088	414,929
President and CEO to November 30, 2021		100%					
James A. May II	23,080	7,530	0	0	0	7,440	0
President and CEO from December 1, 2021		50%					
James A. May II	275,961	89,658	36,626	39,924	20,300	2,108	0
CFO to November 30, 2021		50%					
Douglas Moore	10,685	1,169	0	0	748	3,188	0
CFO from December 1, 2021		17.5%					
Total 2021	1,069,770	98,357	349,790	294,396	126,855	134,824	414,929

All amounts are exclusive of social security tax. There were no payments and benefits from the Group for services outside their functions as Group Management. Base salary represents the amount, including holiday pay that was paid in the year.

Bonus amounts represent bonuses earned during each year and are normally paid and reported as taxable income for the employee in the subsequent year.

Share-based compensation amounts represent synthetic share option programs further described in note 32. The estimated fair value of the options is expensed over the estimated vesting periods. The amounts shown above as earned are the amounts expensed in the relevant year. Amounts reported as share-based compensation

earned are derived using the Black Scholes option pricing model and may not match actual payments made depending upon the market value of the Company's stock on the exercise date. During 2022 there were USD 0.5 million in cash payments made with respect to share-based compensation, and USD 0.7 million in 2021.

Pension benefits include benefits earned with respect to defined benefit plans and contributions related to defined contribution plans.

Other taxable benefits include housing, company car, cash in lieu of paid time off, and certain other benefits. The benefits vary, and the amounts in the table are the amounts that are taxable based on rules and regulations in the relevant tax jurisdictions.

Compensation of the Board of Directors paid in 2022

(AMOUNTS IN USD)

NAME	MEMBER AT DECEMBER 31, 2022	BOARD COMPENSATION
Tae Won Jun	Yes	0
Dong Kwan Kim	Yes	0
Renate Oberhoffer-Fritz	Yes	48,054
Vivian Bertseka	Yes	0
Roberta Benedetti	Yes	0
Koo Yung Lee	No	0
Maeng Yoon Kim	No	0
Seung Deok Park	No	0
Annette Malm Justad	No	15,585
Auden Stensvold	No	12,988
Heike Heiligtag	No	24,225
Total 2022		100,852

Compensation of the Board of Directors paid in 2021

(AMOUNTS IN USD)

NAME	MEMBER AT DECEMBER 31, 2021	BOARD COMPENSATION
Annette Malm Justad	Yes	50,393
Auden Stensvold	Yes	39,006
Espen Klitzing	No	6,784
Inger Berg Orstavik	No	6,784
Total 2021		102,967

LOANS AND GUARANTEES FOR GROUP MANAGEMENT, BOARD OF DIRECTORS AND SHAREHOLDERS

December 31, 2022 there was a loan in the amount of USD 40 thousand to Dongjin Jung. In 2021 there were no outstanding loans or guarantees to members of Group Management, Board members or shareholders or their closely related parties.

SHAREHOLDINGS, OPTIONS AND BONDS

The number of shares and options owned by members of the Board of Directors and the Group Management, including closely related parties, are shown in the table below. The table includes board members and key management at December 31, 2022 and 2021. Refer to note 32 for details of the share option program.

The table includes those that were members at December 31, 2022

NAME		OPTIONS	SHARES
Kurt Levens	Group Management	388,600	440
Jeong Ryul Yun	Group Management	0	0
Dongjin Jung	Group Management	0	0
Tae Won Jun	Board of Directors	0	0
Dong Kwan Kim	Board of Directors	0	0
Dr. Renate Oberhoffer-Fritz	Board of Directors	0	0
Vivian Bertseka	Board of Directors	0	0
Roberta Benedetti	Board of Directors	0	0

The table includes those that were members at December 31, 2021

NAME		OPTIONS	SHARES
James A. May II	Group Management	293,818	274,204
Douglas Moore	Group Management	0	0
Kristian Røkke	Board of Directors	0	91,995,551
Annette Malm Justad	Board of Directors	0	30,000
Auden Stensvold	Board of Directors	0	0
Lene Landøy	Board of Directors	0	0
Seung Deok Park	Board of Directors	0	0

Details of options outstanding at December 31, 2022.

NAME	NUMBER OF OPTIONS				STRIKE PRICE NOK
	KURT LEVENS	JEONG RYUL YUN	DONGJIN JUNG		
2021 Program	133,277	0	0		17.5
2020 Program	121,602	0	0		3.5
2019 Program	82,532	0	0		8.1
2018 Program	51,189	0	0		15.2
Total	388,600	0	0		

17 BORROWINGS

Financial liabilities, interest bearing

(USD IN MILLION)	2022	2021
Non-current financial liabilities, interest bearing		
Senior Secured Bond	0.0	110.0
Capitalized Borrowing Cost ¹⁾	0.0	-0.1
Grant County WA tax settlement (USD)	4.2	5.3
Total non-current financial liabilities, interest bearing	4.2	115.2
Current financial liabilities, interest bearing		
Senior Secured Bond	110.0	0.0
Indemnification Loan (NOK)	0.0	10.8
Capitalized Borrowing Cost ¹⁾	-0.1	-0.5
Grant County WA tax settlement (USD)	1.1	1.0
Total current financial liabilities, interest bearing	111.0	11.3

¹⁾ Amortized as part of effective interest.

Movements in borrowing

(USD IN MILLION)	INDEMNIFICATION LOAN	USD SENIOR SECURED BOND	TAX SETTLEMENT NOTE	TOTAL
Balance at January 1, 2022	10.8	109.4	6.3	126.4
Payments of borrowings ¹⁾	-10.7	0.0	-1.0	-11.7
Change capitalized borrowing cost	0.0	0.5	0.0	0.5
Effect of changes in foreign exchange rates	-0.1	0.0	0.0	-0.1
Balance at December 31, 2022	0.0	109.9	5.3	115.2

¹⁾ Payment of the indemnification loan was USD 10.7 million and included USD 7.1 million from cash and USD 3.6 million from restricted cash. See note 14

On October 14, 2020, the Company entered into a settlement agreement with Grant County, Washington settling its property tax dispute for tax years 2012 through 2015. REC Silicon agreed to pay Grant County USD 3.0 million by December 15, 2020, and USD 1.75 million each year for the next six years. The settlement resulted in the recognition of a note payable using an interest rate of 11.5 percent used to impute the value of the liability. The note is effectively secured, as a matter of law, by the real property at the Moses Lake plant. At December 31, 2022, the remaining fair value of the property tax note was USD 5.3 million. Total remaining undiscounted payments on the property tax note are USD 7.0 million.

The Company and certain subsidiaries are jointly and severally liable for the USD Senior Secured Bond (REC04, ISIN NO0010820590). REC Silicon ASA, REC Silicon AS, REC Silicon, Inc., REC Solar Grade Silicon, LLC., REC Advance Silicon Materials, LLC., and REC Silicon Pte. Ltd. have provided a guarantee. In addition, the equity and substantially all of the tangible and intangible assets of REC Advanced Silicon Materials, LLC. have been pledged as security in

the bond agreement. The net book value of net assets pledged as security was approximately USD 118.0 million at December 31, 2022 and approximately USD 77.6 million at December 31, 2021. Covenants imposed by the bond include a requirement to maintain minimum liquidity of USD 15 million and include a change of control provision which grants the bondholders a put option entitling them to cancel the commitments and declare all outstanding amounts and accrued unpaid interest due and payable if a shareholder or a group of shareholders gains control of more than 50 percent of the share capital. In addition, the bond agreement provides limitations on borrowing, asset sales, and other transactions under certain conditions. The bond agreement includes a cross default clause should the Company default on any financial indebtedness above certain threshold amounts. Please see the registration document at www.recsilicon.com for additional details.

At December 31, 2022 and 2021, the Company had complied with all financial covenants and other restrictions in the loan agreements.

For further information regarding lease liabilities see note 7.

The following are the contractual maturities of financial instruments excluding provisions and retirement benefit obligations:

AT DECEMBER 31, 2022			MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE, INCLUDING INTEREST						
(USD IN MILLION)	CARRYING AMOUNT	TOTAL	0-6 MONTHS	7-12 MONTHS	2024	2025	2026	2026	AFTER 2026
USD Senior secured bond	109.9	110.0	110.0	0.0	0.0				
Grant County WA tax settlement	5.3	7.0	0.0	1.8	1.8	1.8	1.8		
Accrued Finance Costs	2.8	6.3	6.3						
Trade payables and other liabilities	44.8	44.8	43.5	1.3	0.0	0.0	0.0	0.0	
Lease Liabilities	68.6	113.6	5.6	5.6	14.5	14.5	14.5	14.5	44.4
Total	231.4	281.7	165.4	8.6	16.3	16.3	16.3	14.5	44.4

AT DECEMBER 31, 2021			MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE, INCLUDING INTEREST						
(USD IN MILLION)	CARRYING AMOUNT	TOTAL	0-6 MONTHS	7-12 MONTHS	2023	2024	2025	2026	AFTER 2026
USD Senior secured bond	109.4	129.0	0.0	0.0	110.0				
Grant County WA tax settlement	6.3	8.8	0.0	1.8	1.8	1.8	1.8	1.8	
Accrued Finance Costs	2.8	19.0	6.3	6.3	6.3				
Trade payables and other liabilities	28.0	28.0	26.4	0.0	0.9	0.7			
Lease Liabilities	70.5	123.3	5.6	5.6	11.0	14.4	14.4	14.4	58.0
Indemnification loan	10.8	10.8	10.8						
Total	227.8	318.8	17.1	8.1	118.1	1.8	1.8	1.8	0.0

For information regarding provisions see note 20. For information regarding retirement benefit obligations see note 19.

The differences between carrying amounts and total expected payments in the tables above are due primarily to the effect of discounting. Interest payments are estimated using the interest rates at December 31, 2022 and 2021. All cash flows are undiscounted. Amounts in other currencies than USD are translated at the exchange rates at December 31.

The nominal interest rates and currency distribution at December 31, 2022 were as follows

	INTEREST RATE (%)	CURRENCY	AMOUNTS IN MILLION	BORROWER
USD Senior Secured Bond	11.50 Fixed	USD	110.0	REC Silicon ASA
Grant County WA tax settlement	11.50 Fixed	USD	5.3	REC Solar Grade Silicon

The nominal interest rates and currency distribution at December 31, 2021 were as follows

	INTEREST RATE (%)	CURRENCY	AMOUNTS IN MILLION	BORROWER
USD Senior Secured Bond	11.50 Fixed	USD	110.0	REC Silicon ASA
Grant County WA tax settlement	11.50 Fixed	USD	6.3	REC Solar Grade Silicon

18 INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Recognized income tax expense

(USD IN MILLION)	2022	2021
Current income tax expense (-) / benefit (+)	0.0	0.0
Deferred tax expense (-) / benefit (+)	0.0	0.0
Total income tax expense (-) / benefit (+) in the statement of income	0.0	0.0

Relationship of income tax expense/benefit to profit/loss from continuing operations

(USD IN MILLION)	2022	2021
Profit/loss before tax	-87.0	-43.5
Tax calculated at domestic tax rates applicable to profits /losses in the respective countries	18.5	9.3
Effects of changes in tax rates and use of another tax rate for parts of profits /losses	-0.8	-0.9
Effects of not recognized deferred tax assets, including reversal of previous years	-17.7	-6.9
Change in estimates of prior years income taxes	0.0	0.0
Other permanent differences	0.0	-1.5
Total income tax expense (-) / benefit (+) in the statement of income	0.0	0.0
Effective tax rate	0%	0%

Other permanent differences in 2022 and 2021 are related to tax calculations in REC Silicon ASA where the tax balances are denominated in NOK and the Financial Statements are in USD. This gives rise to differences in profit/loss between the tax calculation and the Financial Statement.

The income tax calculation for the Group is primarily based on blended corporate income tax rates of 22 percent in Norway and approximately 24.0 percent in the USA.

Income tax for REC Silicon in the USA is based on nominal 21 percent federal tax rate plus estimated state taxes. The effective tax rate for REC Silicon in the USA was 0 percent in 2022 and 2021.

Income tax assets and liabilities in the statement of financial position

(USD IN MILLION)	2022	2021
Current tax assets	0.0	0.0
Current tax liabilities	0.0	0.0
Net current tax assets (+) / liabilities (-)	0.0	0.0
Deferred tax assets	0.0	0.0
Deferred tax liabilities	0.0	0.0
Net deferred tax assets (+) / liabilities (-)	0.0	0.0

Deferred tax assets and liabilities, based on classification as current and non-current are as follows

(USD IN MILLION)	2022	2021
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	61.4	57.9
Deferred tax asset to be recovered within 12 months	0.0	2.4
Offset deferred tax assets and liabilities	-61.4	-60.3
Total	0.0	0.0
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	61.4	60.3
Offset deferred tax assets and liabilities	-61.4	-60.3
Total	0.0	0.0
Net deferred tax liabilities	0.0	0.0

Tax losses and tax credit carryforwards are presented as deferred tax assets to be recovered after 12 months in the table above.

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2022

(USD IN MILLION)	BALANCE JAN 1	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31
Total non-current assets	-58.2	-7.7	0.0	6.3	-59.6
Total non-current liabilities	-0.1	0.1	0.0	0.0	0.0
Total current liabilities	2.4	-2.2	0.0	-0.2	0.0
Tax losses and tax credits carry-forward recognized	55.9	9.8	0.0	-6.1	59.6
Total	0.0	0.0	0.0	0.0	0.0

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2021

(USD IN MILLION)	BALANCE JAN 1	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31
Total non-current assets	-60.7	0.6	0.0	2.0	-58.2
Total non-current liabilities	-0.2	0.1	0.0	0.0	-0.1
Total current liabilities	5.5	-3.0	0.0	-0.1	2.4
Tax losses and tax credits carry-forward recognized	55.4	2.3	0.0	-1.9	55.9
Total	0.0	0.0	0.0	0.0	0.0

1) Tax losses and tax credit carry-forwards recognized at December 31, 2022 related to REC Silicon in the USA were USD 0.0 million and USD 97.1 million related to REC Silicon ASA. Tax losses and tax credit carry-forwards recognized at December 31, 2021 related to REC Silicon in the USA were USD 0.0 million and USD 55.9 million related to REC Silicon ASA.

Accumulated income taxes recognized to equity at December 31

(USD IN MILLION)	2022	2021
Effect of transition to IAS 39 at January 1, 2005	2.3	2.3
Effect of actuarial gains and losses	-4.8	-4.8
Effect of conversion of convertible bonds	-61.0	-61.0
Effect of costs for capital increase	12.9	12.9
Effect of translation differences on loans as part of net investment	12.6	12.6
Total deferred tax	-37.9	-37.9
Current tax - effect of costs for capital increase	13.1	13.1
Total	-24.8	-24.8

Amounts in table above exclude translation differences on deferred tax. Negative numbers are a reduction to equity.

The following main deferred tax assets have not been recognized at December 31

(USD IN MILLION)	2022	2021
Total non-current assets	79.1	78.0
Total current assets	1.2	2.1
Total non-current liabilities	19.2	14.7
Total current liabilities	8.6	9.1
Tax losses carry forward	360.5	397.3
Total	468.6	501.2

Distribution of the deferred tax assets that have not been recognized at December 31

(USD IN MILLION)	2022	2021
REC Silicon ASA (Norway)	40.2	67.8
REC Solar AS (Norway)	177.9	178.1
REC Silicon US operations	266.7	253.4
Other	-16.3	1.9
Total	468.6	501.2

The deferred tax asset in the United States was generated due to net operating losses on a tax basis, the accelerated reversal of book to tax differences for depreciation caused by the recognition of impairment (financial statement only), and other taxable temporary differences which are expected to reverse on a more definite schedule. The deferred tax asset in the United States associated with net operating losses was USD 159.2 million at December 31, 2022 includes USD 127.8 million associated with net operating losses generated in 2017 and prior years which expire between 2031 and 2037. Deferred tax assets of USD 31.4 million are due to net operating losses generated after 2017 which do not expire.

In the United States, in the event of a change in the ultimate company's ownership, utilization of net operating losses and tax credit carry forwards are subject to certain limitations under Section 382 of the Internal Revenue Code. The company initiated a study in 2022, however results are not final at this time. The above table presents as if no limitation has occurred. In the event that an ownership change according to Section 382 occurred, the company would be limited to how much net operating loss is available in future years. The result could be that net operating losses expire unused. A final conclusion to the study will be completed in 2023.

TAX AUDIT IN NORWAY

The Norwegian Tax office has notified REC Silicon ASA that they consider to change the company's income tax assessment for the years 2019-2021. The basis for this notification is an ongoing tax audit relating to whether interest should have been charged on loans provided from REC Silicon ASA to Rec Silicon Inc. and Rec Solar Grade Silicon LLC. As a temporary measure, due to the financial situation in these subsidiaries, the company has not charged interest on the loans in the period under tax audit. The company has responded to the tax office's notification and the company maintains its view that the subsidiaries have not had debt bearing capacity in this period. The company has not recognized any deferred tax asset relating to its tax losses carry forward.

Deferred tax assets have not been recognized due to requirements in IAS 12 for convincing evidence of available future taxable income to offset prior tax losses. In Norway, net operating losses do not expire.

19 RETIREMENT BENEFIT OBLIGATIONS AND EXPENSES

The cost of defined pension benefit plans is expensed in the period that the employee renders services and becomes eligible to receive benefits. The cost of defined contribution plans is expensed as contributions become payable.

REC Silicon has an employer-sponsored defined contribution retirement plan (401 (k)) for employees in the United States. The REC Silicon subsidiary REC Advanced Silicon Materials LLC (ASiMI) in the United States had defined benefit plans at the time it was acquired in 2005. At that time, these plans were frozen, and no future benefits are accruing to the members of the plans. Previous pension rights remain unchanged and are fully vested. The tables below for defined benefit plans are related to Advanced Silicon Materials LLC only.

For defined benefit plans, the plan assets and the projected benefit obligations were measured at December 31, 2022 and 2021. An independent actuary performed actuarial calculations. The present value of the projected defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Defined benefit plans

(USD IN MILLION)	2022	2021
Gross retirement benefit obligations at January 1	44.2	46.8
Interest cost on pension obligations	1.2	1.1
Remeasurements recognized through OCI	-10.3	-2.1
Benefits paid, paid-up policies and disability obligation	-1.6	-1.6
Gross retirement benefit obligations at December 31	33.5	44.2
Fair values of plan assets at January 1	30.8	27.9
Actuarial return on plan assets	-6.0	2.9
Pension premiums	1.6	1.6
Benefits paid, paid-up policies and disability reserve	-1.6	-1.6
Fair value of plan assets at December 31	24.8	30.8
Funded status at December 31	8.7	13.4
Net retirement benefit obligations at December 31	8.7	13.4

The plan assets relate to one of three ASiMI plans and are currently invested in a mix of 70% equity funds and 30% fixed income funds.

Retirement benefit obligations in the statement of financial position

(USD IN MILLION)	2022	2021
Net retirement benefit obligations at January 1	13.4	18.9
Net periodic benefit costs including net interest	0.4	0.5
Remeasurements recognized through OCI	-3.5	-4.4
Pension premiums and benefits paid	-1.6	-1.6
Net retirement benefit obligations at December 31	8.6	13.4

The amounts recognized in the statement of income are as follows

(USD IN MILLION)	2022	2021
Total benefit plans	0.0	0.0
Defined Contribution	2.4	1.7
Total contribution expenses (see note 24)	2.4	1.7
Net interest expense	0.4	0.5

Remeasurements of the net defined benefit liability recognized through Other Comprehensive Income (gains (-)/losses (+))

(USD IN MILLION)	2022	2021
Experience adjustments	0.2	-0.5
Effects of changes in assumptions	-10.4	-1.6
Total remeasurements (gains (-)/losses (+)) on gross retirement benefit obligations	-10.3	-2.1
Return on plan assets, excluding amounts included in interest	6.8	-2.3
Total remeasurements (gains (-)/losses (+)) recognized through Other Comprehensive Income	-3.5	-4.4

During 2022 the effects of changes in assumptions were due to an increase in discount rate and changes in financial and demographic assumptions for the ASiMI plans.

The cumulative re-measurement loss recognized to equity through other comprehensive income was USD 17.6 million before income taxes at December 31, 2022. Of this, a loss of USD 17.6 million was related to ASiMI (excluding translation difference).

At December 31, 2022, the mortality table was based on Pri-2012 total dataset base rate mortality table with projected generationally using MP-2021. The Society of Actuaries (SOA) is an actuarial organization that periodically reviews mortality data and publishes mortality tables and improvement scales. In October 2019, the SOA released the Pri-2012 Mortality Tables for private-sector retirement plans in the U.S. The Pri-2012 report contains different sets of mortality tables based on complete dataset or various subsets. The Total dataset base rate table was selected.

The principal actuarial assumptions used to determine retirement benefit obligations at December 31

	2022	2021
Discount rate	5.10	2.7
Future salary increases	NA	NA
Future pension increases	NA	NA
Future increase in social security base amount	NA	NA
Future turnover	NA	NA

The assumptions used to determine the benefit cost for the year are determined at the beginning of the year. The expected return for the ASiMI plans equals the discount rate.

The expected remaining service life until retirement for participants of the defined benefit obligation for the ASiMI plans are approximately 7.3 years at December 31, 2022 and 7.4 years at December 31, 2021. Pension premiums of USD 1.5 million are expected to be paid during 2023 to the ASiMI defined benefit plans.

The maturity profile includes the weighted average duration of the defined benefit obligations and includes items such as timing of the benefit payments. The weighted average duration of the defined benefit obligation is 11 years at December 31, 2022 and 14 years at December 31, 2021.

For the ASiMI benefit plans, a one percentage point increase (decrease) in discount rate is estimated to decrease (increase) the pension obligation by approximately USD 3.1/(3.7) million at December 31, 2022.

20 TRADE PAYABLES, PROVISIONS AND OTHER LIABILITIES

Non-financial liabilities, interest calculation

(USD IN MILLION)	2022	2021
Current portion of prepayments interest calculation	0.1	0.2
Total prepayments, interest calculation	0.1	0.2

Trade payables and other liabilities

(USD IN MILLION)	2022	2021
Trade and other payables	31.8	10.2
Accrued costs for capex	0.0	0.0
VAT and other public taxes and duties payables	2.9	2.9
Accrued operating costs	6.0	7.8
Accrued finance costs	2.8	2.8
Other non-interest bearing liabilities ¹⁾	3.0	5.8
Trade payables and other liabilities	46.5	29.4

¹⁾ In 2021 Includes payment penalty of USD 4.7 million in relation to outstanding capital contribution from REC Silicon to the Yulin JV (see note 9 and 29).

Provisions

(USD IN MILLION)	2022	2021
Provisions non-current - interest bearing	19.3	20.2
Total provision	19.3	20.2

Specification of provisions

(USD IN MILLION)	ASSET RETIREMENT OBLIGATION	TOTAL
At January 1, 2022	20.2	20.2
Change in estimate in asset retirement obligation	-1.8	-1.8
Net periodic asset retirement obligation costs including net interest	0.9	0.9
At December 31, 2022	19.3	19.3

Estimated fair values of the Group's guarantees, indemnification loans and option contract related to the REC Wafer bankruptcy are not reported as provisions but included in other line items in the statement of financial position.

NON-CURRENT PROVISIONS

During 2022 the Company recorded a decreased provision for asset retirement obligations (ARO) of USD 1.8 million. This was primarily due to a change in discount rates. Discount rates increased compared to the previous year due to higher market rates. The company determined it was appropriate to move to a more conservative rate for 2022. At December 31, 2022 the Company has recorded USD 19.3 million in AROs. These obligations consist of USD 2.8 million to restore leased wastewater containment ponds to conditions specified in the lease agreement and USD 16.5 million for the eventual cleanup of the Company's manufacturing operations in Moses Lake, Washington and Butte, Montana.

Estimates are sensitive to changes in discount rates used to calculate provisions for AROs. At December 31, 2022, a one percent increase to the discount rates would decrease the provision by USD 1.6 million, while a one percent decrease to the discount rates would increase the provision by USD 2.3 million.

At December 31, 2022, the AROs represent the present value of estimated future costs discounted at 5.4 percent for 6 years for the wastewater containment ponds. The restoration of the production sites is discounted at 5.7 percent for 37.5 years. Total undiscounted amounts were USD 3.8 million for the ponds, and 133.5 million for the production sites.

At December 31, 2021 the AROs were discounted at 3.5 percent for the ponds and 4.8 percent for the production sites. Total undiscounted amounts were USD 4.0 million for the ponds and USD 108.1 million for the production sites.

Climate related risk has been considered in the calculation of the ARO. There could be changes in environmental regulations impacting the company going forward, but no related legislation has been passed at the current time that is expected to impact the group.

The restoration of production sites is subject to significant uncertainty due to variability in restoration requirements imposed by regulatory authorities as well as the timing of restoration.

21 GOVERNMENT GRANTS

There were no government grants receivables recognized at December 31, 2022. Government grant income in 2021 of USD 8.3 million was the result of forgiveness of the C.A.R.E.S. Act loans held by REC Solar Grade Silicon LLC and REC Advanced Silicon Materials LLC (see note 17 and 23).

22 OTHER OPERATING EXPENSES

(USD IN MILLION)	2022	2021
Freight, postage and transportation	4.3	3.5
Energy and water	55.0	34.9
Lease and rental expenses	0.6	0.8
Total operating, service and maintenance costs	29.1	22.7
Consultancy and auditor fees	9.4	7.4
Own work capitalized on fixed assets	-0.3	-0.3
IT and telecommunications costs	2.5	1.8
Travel and entertainment costs	0.6	0.2
Insurance costs	4.6	4.1
Other operating costs ¹⁾	1.3	0.6
Other operating expenses	107.1	75.6

¹⁾ Other Operating Costs include the reimbursement of expenses incurred on behalf of the JV (see note 10).

Auditor's remuneration

(USD IN MILLION)	2022	2021
Statutory Audit (only relating to statutory auditor)	0.5	0.5
Other assurance services (only relating to statutory auditor)	0.1	0.0
Tax advisory services (only relating to statutory auditor)	0.0	0.0
Other non-audit services (only relating to statutory auditor)	0.0	0.0
Total auditors remuneration	0.6	0.6

23 OTHER INCOME AND EXPENSES

(USD IN MILLION)	2022	2021
Restructuring cost and employee termination benefits	-0.5	-0.4
C.A.R.E.S. Act Loan Forgiveness	0.0	8.3
Total other income and expenses	-0.5	7.9

In 2022 Other income and expense relates to employee termination benefits (see note 16).

24 EMPLOYEE BENEFITS

(USD IN MILLION)	2022	2021
Salaries	32.0	28.7
Bonus and sales commission - employees	0.8	2.7
Share option expense	0.4	0.4
Social security tax	2.2	2.1
Defined Contribution	2.4	1.7
Other employee related costs	6.2	6.0
Employee benefit expenses	44.1	41.7

The average number of permanent employees during 2022 was 311. The average number of permanent employees during 2021 was 289.

There were loans provided to employees in the amount of USD 0.1 million at December 31, 2022 (see note 16) and zero at December 31, 2021. There were no guarantees provided to employees at December 31, 2022 or 2021.

25 FINANCIAL INCOME AND EXPENSES

(USD IN MILLION)	2022	2021
Interest income from financial assets not at fair value through profit or loss	1.9	0.1
Total income from financial assets not at fair value through profit or loss	1.9	0.1
Interest expenses for USD Senior Secured Bond	-12.7	-12.7
Interest expenses for Property Tax dispute	-0.8	-0.9
Interest expenses for C.A.R.E.S. Act loan	0.0	0.0
Expensing of up-front fees and costs	-0.5	-0.4
Interest on lease liabilities	-8.6	-8.8
Calculated/imputed interest other - added to principal - external	-0.9	-0.8
Capitalization of borrowing costs	3.0	0.4
Other expenses from financial assets and liabilities	-0.4	-0.5
Net financial expenses	-20.9	-23.6
Net currency gains/losses	-9.7	0.8
Net financial items	-28.7	-22.7

Interest income in 2022 includes interest on cash deposits of USD 1.8 million

Calculated interest is interest calculated on prepayments (see note 20).

Currency losses in 2022 were primarily the result of impacts of a stronger USD compared to NOK on cash balances the company has in NOK.

ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS ON INTEREST, UP-FRONT FEES, AND OTHER COSTS PAID

Interest paid is approximately USD 22.0 million in 2022 and USD 22.3 million in 2021.

26 EARNINGS PER SHARE

BASIC

Basic earnings per share (EPS) is calculated by dividing the profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the year, excluding treasury shares.

EARNINGS PER SHARE

	2022	2021
Profit/loss from continuing operations (USD IN MILLION)	-87.0	-43.5
Profit/loss from total operations (USD IN MILLION)	-86.8	-30.1
Weighted average number of ordinary shares in issue (IN MILLION)	418.1	372.4
Basic earnings per share from continuing operations (USD per share)	-0.21	-0.12
Basic earnings per share from total operations (USD per share)	-0.21	-0.08

DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding. If the effect increases EPS from continuing operations, it is anti-dilutive, and is then not included in diluted EPS.

Dilutive EPS equals basic EPS for both years.

27 DIVIDENDS PER SHARE

The Board of Directors did not propose any dividend payments for financial years 2022 or 2021.

28 RESEARCH AND DEVELOPMENT

(USD IN MILLIONS)	2022	2021
Research and development expense	1.9	1.7
Development capitalized	0.0	-0.1
Total research and development	1.9	1.6

Research and development activities consist of improvements to current production processes and equipment as well as activities designed to enhance quality, improve efficiency, and reduce production cost. Research and development expenses in the table above include depreciation of USD 0.4 million in 2022 and 2021.

29 COMMITMENTS, GUARANTEES, PLEDGES

Purchase obligations consist of significant items for which the Group is contractually obligated to purchase from third parties at December 31, 2022. Operating lease payments show contractual minimum future payments.

In cases where contracts can be terminated or reduced, the reduced amount has been included as estimated payments in the first period subsequent to the reporting period. Consequently, the amounts presented in the table represent the estimated unavoidable portion of the Group's expected future costs related to purchase obligations and lease payments. It does not reflect the Group's expected future cash outflows.

Purchase obligations and operating lease payments are undiscounted and exclude the payment of amounts recognized for other assets, liabilities, and investments.

Contractual purchase obligations and minimum operating lease payments at December 31, 2022

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	2023	2024	2025	2026	2027	AFTER 2027
Total purchase of goods, services	26.7	26.6	0.0	0.0	0.0	0.0	0.0
Total purchase of CAPEX	63.0	61.7	1.3	0.0	0.0	0.0	0.0
Total minimum operating lease payments	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum operating lease payments	89.8	88.4	1.3	0.0	0.0	0.0	0.0

Purchase obligations consist primarily of long-term contracts for the restart of granular production in Moses Lake as well as Metallurgical Grade Silicon. Operating leases are short-term or low-value leases that meet the exceptions in IFRS 16 Leases.

GUARANTEES AND PLEDGES

Bank guarantees at December 31, 2022 amounted to USD 1.1 million with USD 0.2 million of restricted cash as security.

Bank guarantees at December 31, 2021 amounted to USD 5.1 million, against which the Company has pledged USD 3.8 million of restricted cash. This includes bank guarantees for the benefit of REC Solar AS of USD 1.1 million with USD 0.2 million of restricted

cash as security. USD 3.6 million of restricted cash will be used as part of the Nordea settlement (see note 14).

The Group provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 54.9 million at December 31, 2022 and USD 54.7 million at December 31, 2021. The guarantees will decrease from 2023 to 2039 when they will expire in their entirety.

30 OTHER INFORMATION FINANCIAL INSTRUMENTS

FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Group's financial instruments are based on market prices and the valuation methods described below.

Determining the categorization of fair value measurements in accordance with IFRS 13 involves judgment.

Level 3

Option contract is part of the indemnification agreements in connection with the REC Wafer Norway AS bankruptcy, and the estimated fair value is subject to change. Changes in estimated fair value, when they occur, are reported as part of the net gain on disposal of discontinued operations. In October of 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement, Nordea released all claims against REC Silicon for NOK 95 million

(USD 10.7 million). The settlement consisted of approximately NOK 32 million (USD 3.6 million) settled through a restricted cash escrow account, and a payment of approximately NOK 63 million (USD 7.1 million) in February 2022. At December 31, 2022, the indemnification loan was zero. At December 31, 2021, the indemnification loan was NOK 95 million (USD 10.8 million) and the liability for the option contract related to the indemnification loan was USD 0.0 million.

Other financial liabilities and assets

The USD Senior Secured bonds (REC04) are traded on the Oslo Stock Exchange. Although trading is limited, market values of the bonds were estimated using trades near year-end (level 2 in the fair value hierarchy).

(USD IN MILLION)	2022			2021		
	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC04	110.0	109.9	110.6	110.0	109.4	114.3

For all remaining financial assets and liabilities, the carry amounts represent a reasonable approximation of fair value.

CREDIT RISK

The maximum credit risks related to financial assets are estimated in the table below.

(USD IN MILLION)	2022		2021	
	CARRYING AMOUNT	MAX. EXPOSURE	CARRYING AMOUNT	MAX. EXPOSURE
Cash and bank (incl. restricted bank accounts)	106.0	106.0	114.9	114.9
Trade receivables and accrued revenues	16.8	16.8	22.8	22.8
Other non-current and current receivables	0.1	0.1	0.2	0.2
Finance receivables and short-term loans	0.0	0.0	1.1	1.1
Total	123.0	123.0	139.1	139.1

The bank guarantees, parent company guarantees, expose the Group to credit risk. The fair values of bank and parent company guarantees are estimated at zero at December 31, 2022.

Shared characteristics that identify each concentration of trade receivables at December 31

GEOGRAPHICAL	2022	2021	SECTOR	2022	2021	INDUSTRY	2022	2021
China	54%	53%	Manufacturing	61%	68%	Electronic	68%	58%
North America	14%	15%	Wholesale	39%	25%	Solar	32%	36%
Taiwan	10%	12%	Other	0%	6%	Other	0%	6%
Europe	9%	9%						
Korea	9%	3%						
Singapore	2%	7%						
Japan	1%	1%						
Other Asia	1%	1%						
Total	100%	100%		100%	100%		100%	100%

The table above is calculated with respect to gross trade receivables. The provision for loss on trade receivables is exclusively concentrated on customers in the solar industry in China and Taiwan.

The Group is dependent on a small number of customers. In 2022, four customers represented approximately 57 percent of revenue for the Group. In 2021 four customers represented 63 percent. Since nearly all revenue is from the semiconductor segment, approximately 57 percent of the revenue in 2022 for the Semiconductor segment consisted of four customers in 2022 and 63 percent in 2021. The Solar Materials segment was represented by one customer in 2022 and two in 2021.

Three customers represented approximately 60 percent of total trade receivables for The Group at December 31, 2022 (four customers represented approximately 50 percent at December 31, 2021).

Approximately 60 percent of the trade receivables for the Semiconductor segment consisted of three customers in both 2022 and 2021, while approximately 100 percent of the trade receivables for the Solar Materials segment was represented by three customers in 2022 and four in 2021. See note 5 Segment Information above.

Amounts overdue but not impaired between 90 and 365 days were zero in 2022. Amounts overdue between 90 and 365 days but not impaired consisted of one customer for 2021. (see table below)

Analysis of aging of receivables at December 31, 2022

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES PAST DUE				
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS
Trade receivables	26.4	4.2	0.6	0.0	9.6	14.4
Provision for loss on trade receivables	-9.6	0.0	0.0	0.0	-9.6	-14.4
Other non-current and current receivables	0.1	0.0	0.0	0.0	0.0	0.0
Total receivables	16.9	4.2	0.6	0.0	0.0	0.0
Prepaid Costs	6.3					
Total trade and other receivables	23.2					

Analysis of aging of receivables at December 31, 2021

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES PAST DUE				
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS
Trade receivables	37.2	3.3	0.6	1.3	14.4	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	-14.4	-14.4
Other non-current and current receivables	1.3	0.0	0.0	0.0	0.0	0.0
Total receivables	24.2	3.3	0.6	1.3	0.0	0.0
Prepaid Costs	5.4					
Total trade and other receivables	29.6					

The provision for doubtful accounts includes the impact of adopting IFRS 9 which requires the Company to estimate expected credit losses (ECL) based upon historical experience. The Company has prepared analyses to calculate an ECL estimated at 0.22 percent of sales. However, because expected credit losses are low and accounts receivable consists of relatively large outstanding balances, use of the ECL to record credit losses at the time of sale would result in provisions for losses on trade receivables that are collected. Therefore, the Company uses the ECL rate as a guideline and evaluates the potential that balances will not be received based upon days outstanding, customer payment histories, and other information regarding past due balances. In general, provisions are recorded for accounts which are greater than 60 days past due unless there is a clear indication that payment will be received.

At December 31, 2022, approximately 33 percent of the not due receivables were secured by bank guarantees with no past due receivables secured by credit insurance. At December 31, 2021, approximately 45 percent of not due trade receivables were secured by bank guarantees.

SENSITIVITIES

Interest rate sensitivity

A change in interest rates will affect interest payments on variable interest rate liabilities, cash, and restricted cash. The net effect of a one percentage point increase (decrease) in interest rates is estimated to affect profit or loss for the year by USD 1.0 (-1.0) million calculated on outstanding amounts at December 31, 2022 and 2021.

Exchange rate sensitivity

The table below shows the estimated impact of a 10 percent increase in foreign currency rates compared to functional currencies for each entity. A decrease in the same percentage would create the opposite effect. The amounts calculated in the table below are for REC Silicon ASA at period end and do not reflect fluctuations during the year. The table below shows the effects of changes in exchange rates on positions denominated in NOK for 2022 and 2021.

Exchange rate sensitivity on financial instruments at December 31

(USD IN MILLION)	CHANGE + 10% COMPARED TO FUNCTIONAL CURRENCIES	
	2022	2021
Financial assets	5.7	1.3
Financial liabilities	0.0	-1.2
Total	5.7	0.1
Of which to equity		
USD receivables as part of net investment	0.0	0.0
Rest is to profit or loss	5.7	0.1

31 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS AND RISKS

The Group is involved in legal disputes in the ordinary course of business. Provisions are recognized for the expected outcomes in accordance with applicable accounting rules. Provisions are based on Group Management's estimate of likely outcomes based on prior experience, the source, and the facts and circumstances of a claim. The final outcomes of such disputes and litigation are subject to significant uncertainty and actual outcomes may vary from provisions recognized. Provisions are adjusted to reflect the most recent facts and circumstances.

RESTART OF PRODUCTION FACILITY IN MOSES LAKE

The Company is executing a plan to realize FBR production in Q4 of 2023. Current activities include execution of engineering, procurement, and construction for FBR upgrades. The company is targeting a ramp to 50 percent operation during Q2 2024 and a ramp to 100 percent operation during Q4 2024.

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

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

GLOBAL UNCERTAINTY

The Russian invasion of Ukraine has increased risks to global markets. The war has had significant impacts to energy costs. These increased energy costs have had 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. It is likely that pricing volatility will continue in the energy markets.

Volatility in the foreign currency market has had a negative impact on REC's cash position. REC Silicon holds a portion of its cash in NOK. The weakening of NOK compared to the USD has resulted in currency loss in 2022. REC Silicon will convert NOK to USD as needed.

Furthermore, rising interest rates, continued logistical challenges, and high inflation add to uncertainty. High inflation, specifically related to raw materials and energy negatively impact the company.

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.

32 SHARE-BASED COMPENSATION

The share-based incentive program is intended to award and incentivize outstanding performance by eligible employees and to attract and retain strong talent in business-critical functions.

The synthetic options under this Program entitle the holder to receive a cash payment equivalent to the difference between a specific number of options multiplied by the strike price for such options and the same number of REC shares multiplied by the weighted average market price of REC shares on the disbursement dates. The options entitlement does not need to be exercised by any action by the eligible employee and will be automatically disbursed by REC following the applicable disbursement date for such year.

The cash payment is limited to a maximum amount in each calendar year. The maximum amount is each employee's base salary effective January 1 in the year of the relevant disbursement date.

The value of unvested options is calculated using the Black Scholes option pricing model and may not match actual payments made depending upon the market value of the Company's stock on the exercise date. During 2022 zero share options were granted. In 2017, 2018, 2019, 2020 and 2021, 1,200,000 share options were granted to certain key employees. The first three years are a lock-up period. The vesting of the options for eligible employees will take place in equal parts after the third, fourth and fifth years of each program, on each June 30 of each year. The options were granted at a strike price of NOK 11.9 for 2017, NOK 15.2 for 2018, 8.1 in 2019, 3.5 in 2020, and 17.5 in 2021. Any unexercised options are forfeited upon termination of employment, unless the employee retires, in which case options are maintained.

OPTIONS OUTSTANDING AT DECEMBER 31, 2022

PROGRAM	EXERCISE PRICE (NOK)	NO. OPTIONS	TOTAL FAIR VALUE (USD MILLION)	REMAINING CONTRACTUAL LIFE (YEAR)	TOTAL EXPENSED (USD MILLION)
2018	15.2	342,371	0.1	0.5	0.1
2019	8.1	676,113	0.8	1.5	0.6
2020	3.5	1,015,787	1.5	2.5	1.0
2021	17.5	1,118,923	0.9	3.5	0.4
Total		3,153,194	3.4		2.1

OPTIONS OUTSTANDING AT DECEMBER 31, 2021

PROGRAM	EXERCISE PRICE (NOK)	NO. OPTIONS	TOTAL FAIR VALUE (USD MILLION)	REMAINING CONTRACTUAL LIFE (YEAR)	TOTAL EXPENSED (USD MILLION)
2017	11.9	310,726	0.2	0.5	0.2
2018	15.2	731,416	0.5	1.5	0.4
2019	8.1	1,089,423	1.3	2.5	0.9
2020	3.5	1,089,704	1.5	3.5	0.7
2021	17.5	1,200,000	1.0	4.5	0.2
Total		4,421,269	4.5		2.2

Differences between the number of options granted for each year and the number of outstanding options in the table above are due to options that have been forfeited upon termination of employment, and also by options exercised. Options forfeited for 2022 and 2021 were 228,500 and 370,275 respectively. During 2022 the total amount of shares exercised were 310,726 from program year 2017, 365,708 from program year 2018, and 363,141 from program year 2019.

The amount recognized in the statement of income for share-based compensation was USD 0.4 million in 2022 and USD 0.4 million in 2021. At December 31, 2022, USD 1.3 million has been reported in the line other non-current liabilities on the statement of financial position and USD 0.9 million in accrued operating costs (see note 20). The liabilities associated with share-based compensation are derived using the Black Scholes option pricing model and may not match actual payments made depending upon the market value of the Company's stock on the exercise date. During 2021 there was USD 0.5 million in cash payments made with respect to share-based compensation, and USD 0.7 million in 2021.

33 EVENTS AFTER THE REPORTING PERIOD

On January 31, 2023 REC Silicon ASA ("REC Silicon" or the "Company") announced the entering into of a binding term sheet between its subsidiary REC Solar Grade Silicon LLC and Hanwha Solutions for a 10 year take-or pay offtake for FBR polysilicon produced at REC Silicon's facility at Moses Lake, Washington (the "Offtake"). The Offtake provides for the sale to Hanwha Solutions of 100% of the prime FBR production from the facility.

The base price for the Offtake will be determined by market indices adjusted for a premium for US-sourced low carbon material. The base price is also subject to both a minimum and maximum that protects REC Silicon against potential future low market prices that could otherwise threaten the long-term prospects for the Company. To secure the offtake obligations and to provide security in support of the restart of the Moses Lake facility, Hanwha Solutions will, upon entering into the full form agreement, make a significant prepayment (the "Prepayment"). The parties expect that a full form agreement including all operational details will be entered into in the coming months and will be announced when finalized.

On March 21, 2023 the Company announced a corporate debt financing of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. The contemplated debt financing will be fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions, which will result in favorable terms compared to other financing alternatives. In addition to this USD 110 million debt financing, the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte, will require additional financing. REC Silicon is in the process of exploring all funding options, including debt financing and pre-payments from offtake contracts, and the company is confident that funds will be raised well in advance of such capital needs. REC Silicon will update the market as financing plans are concluded.

BALANCE SHEET (NGAAP)

REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2022	2021
ASSETS			
Non-current assets			
Equipment and intangible assets	B	30	30
Investments in subsidiaries	C	133	133
Non-current receivables from subsidiaries	D	210,000	193,700
Restricted bank accounts non-current	E	0	3,630
Total non-current assets		210,163	197,493
Current assets			
Other receivables from subsidiaries	D	0	0
Other receivables		362	277
Restricted bank accounts current	E	214	225
Total current receivables		576	502
Cash and cash equivalents	E	90,841	93,550
Total current assets		91,417	94,052
Total assets		301,580	291,545

BALANCE SHEET (NGAAP)

REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2022	2021
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	G	49,629	44,125
Share premium	G	199,677	95,670
Total paid-in capital	G	249,306	139,795
Other equity and retained earnings	G	-60,870	28,559
Total shareholders' equity	G	188,436	168,354
Non-current liabilities			
Interest-bearing liabilities	F	0	109,389
Total non-current liabilities		0	109,389
Current liabilities			
Trade payables		212	146
Social security tax, VAT and other taxes		30	23
Interest-bearing liabilities	F	109,857	10,772
Other current liabilities	L	3,045	2,862
Total current liabilities		113,144	13,802
Total liabilities		113,144	123,191
Total equity and liabilities		301,580	291,545

Lysaker, March 23, 2023
Board of Directors

This document is signed electronically.

Tae Won Jun
Chairman of the Board

Dong Kwan Kim
Deputy Chair

Vivian Bertseka
Member of the Board

Roberta Benedetti
Member of the Board

Dr. Renate Oberhoffer-Fritz
Member of the Board

William K. Levens
President and CEO

INCOME STATEMENT (NGAAP)

REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	NOTES	2022	2021
Revenues		0	0
Employee benefit expenses	H	-159	-307
Other operating expenses	J	-2,253	-1,973
EBIT		-2,412	-2,279
Interest income, internal	K	0	0
Interest income, external		1,813	22
Other financial income	K	0	13,407
Interest expense, external	K	-13,119	-13,066
Other financial expenses	K	-9	-27
Net currency gains/losses	K	-7,140	822
Impairment of financial assets	M	-68,709	-30,908
Net financial items		-87,164	-29,750
Profit/loss before income tax		-89,576	-32,030
Income tax expenses from continuing operations	I	0	0
Profit / loss from continuing operations		-89,576	-32,030
Profit / loss from discontinued operations, net of tax		147	0
Profit/loss for the total operations		-89,429	-32,030
Profit/loss for the year is distributed as follows			
Other equity (uncovered loss)	G	-89,429	-32,030
Total distributed		-89,429	-32,030

STATEMENT OF CASH FLOWS (NGAAP)

REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	2022	2021
Cash flows from operating activities		
Loss before tax	-89,576	-32,030
Impairment losses financial assets ¹⁾	68,709	30,908
Changes in receivables external	-85	-112
Changes in payables	73	216
Reversal of derivatives and indemnification loan	147	-13,407
Currency effects not cash flow or not related to operating activities ²⁾	-7,232	-741
Other items ³⁾	7,839	416
Net cash flow from operating activities	-20,125	-14,750
Cash flow from investing activities		
Proceeds from finance receivables and restricted cash	0	106
Payments of receivables internal ¹⁾	-85,009	0
Net cash flow from investing activities	-85,009	106
Cash flow from financing activities		
Increase in equity	109,511	0
Net payment of indemnity loan ⁴⁾	-7,086	0
Net cash flow from financing activities	102,425	0
Net increase/decrease in cash and cash equivalents	-2,709	-14,644
Cash and cash equivalents at the beginning of the period	93,550	108,194
Cash and cash equivalents at the end of the period	90,841	93,550

¹⁾ Impairment losses financial assets. See note M.

²⁾ The Currency gains and losses are primarily related to liabilities in NOK.

³⁾ Other items consist of the expensing of up-front loan fees and amortization of interests and other items.

⁴⁾ Net payment of indemnity loan is the cash amount paid to Nordea of NOK 63,020. In addition to this amount, the portion of restricted cash of NOK 31,980 was released to Nordea, equaling the total settlement amount of NOK 95,000.

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REC SILICON ASA

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NOTES TO THE FINANCIAL STATEMENTS

REC SILICON ASA

A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND GENERAL

REC Silicon ASA (the Company) is a holding company with corporate management and financial functions.

The financial statements have been prepared in compliance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP) in effect at December 31, 2022. The Company's reporting and functional currency is in US Dollar (USD).

The reporting currency used in the consolidated financial statements is US Dollar (USD). The consolidated financial statements of the Group have been prepared in accordance with IFRS. The Company's accounting principles are similar to the accounting principles for the Group unless otherwise noted. Financial statement disclosures for the Company that are substantially different from the disclosures for the Group are shown below. See notes to the consolidated financial statements.

Group contributions and dividends that are subject to approval by the Annual General Meeting are recognized according to IFRS in the consolidated financial statements at the time of approval. For the Company's financial statements according to NGAAP, these are recognized in the fiscal year they relate to. Group contributions to subsidiaries are recognized as investment in shares in subsidiaries, net of tax.

Subsidiaries, jointly controlled entities, and associates are carried at the lower of cost or estimated recoverable amount in the Company's financial statements. In the consolidated financial statements, these are consolidated or accounted for using the equity method.

In the Company's financial statements, payments expected to be made during the next 12 months on non-current financial assets or liabilities are reclassified to current financial assets or liabilities.

The financial statements are presented in USD, rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

The financial statements of the Company have been approved for issue by the Board of Directors on March 23, 2023 and are subject to approval by the Annual General Meeting scheduled for May 11, 2023.

B EQUIPMENT AND INTANGIBLE ASSETS

Equipment and intangible assets consist of office equipment and furniture.

There has been no addition and disposal during 2022 and 2021. The tangible assets were fully depreciated at December 31, 2020.

C SHARES IN SUBSIDIARIES

COMPANY	OWNERSHIP/VOTING RIGHT	BUSINESS OFFICE	CARRYING AMOUNT DECEMBER 31 (USD IN THOUSAND)	
			2022	2021
REC SILICON AS	100%	Bærum	11	11
REC SOLAR AS	100%	Bærum	122	122
Total			133	133

In 2020 the Company impaired the shares in REC Silicon AS with USD 12,927 thousand as a consequence of REC Silicon AS similar impairment of their shares in REC Silicon Pte Ltd. See note M.

SUB-SUBSIDIARIES	OWNERSHIP/VOITING RIGHT	BUSINESS OFFICE
REC Solar AS subsidiaries		
Gitzeli Solar Energy Production S.A.	100%	Greece
REC Greece S.A.	100%	Greece
REC Silicon AS subsidiaries		
REC Silicon Inc	100%	Moses Lake, USA
REC Solar Grade Silicon LLC	100%	Moses Lake, USA
REC Advanced Silicon Materials LLC	100%	Butte, USA
REC Silicon Pte. Ltd.	100%	Singapore

At December 31, 2022, REC Solar AS's subsidiaries were under liquidation.

D RECEIVABLES FROM SUBSIDIARIES

Non-current interest-bearing receivables from subsidiaries are USD loans to the subsidiaries with carrying value USD 193,700 thousand at December 31, 2022 and 2021. In 2021 the Company impaired these receivables by USD 25,700 thousand.

In 2022 the Company impaired these receivables by USD 68,709 thousand. These loans are not interest-bearing and is deemed as part of the long term financing of the US operation. See note M.

Other current receivables consist of receivable/ loan to REC Silicon Pte. Ltd. The Company has impaired the receivables/ loan to REC Silicon Pte. Ltd due to the subsidiary's financial situation and obligations. See note M.

The Company has impaired the receivables/ loan to Rec Silicon Pte Ltd due to the subsidiary's financial situation and obligations.

E CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents consist of bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

AT DECEMBER 31 (USD IN THOUSAND)	2022	2021
Non-current	0	3,630
Current	214	225
Total restricted bank accounts	214	3,855

The non-current restricted bank account of USD 3 630 is an escrow account which the Company holds with Nordea and has been used as a part of the settlement of the indemnification loan by the end of February 2022.

At December 31, 2022 current restricted bank accounts include USD 13 thousand to secure employees' tax deductions (board members) in REC Silicon ASA.

At December 31, 2021 current restricted bank accounts include USD 41 thousand to secure employees' tax deductions in REC Silicon ASA.

See note 14 to the consolidated financial statements for a description of restricted bank accounts.

F INTEREST BEARING LIABILITIES

AT DECEMBER 31 (USD IN THOUSAND)	2022	2021
Non-current		
USD senior secured bond	0	110,000
Unamortized fees	0	-611
USD senior secured bond	0	109,389
Total non-current interest bearing liabilities	0	109,389
Current		
USD senior secured bond	110,000	0
Unamortized fees	-143	0
USD senior secured bond	109,857	0
Indemnification loan	0	10,772
Total non-current interest bearing liabilities	109,857	10,772
Total interest bearing liabilities	109,857	120,160

On October 18, 2021 the Company and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement Nordea releases all claims against the Company for NOK 95 million (USD 10.8 million). Consequently, NOK 105 million of total NOK 200 million of the indemnification loans have been taken to profit and loss. The settlement consists of approximately NOK 32 million (USD 3.6 million) settled through an existing escrow account which the Company held with Nordea with the balance settled in one payment of approximately NOK 63 million (USD 7.2 million) by the end of February 2022.

See note 17 to the consolidated financial statements for details of the Company's interest-bearing liabilities.

G EQUITY

(USD IN THOUSAND)	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY AND RETAINED EARNINGS (UNCOVERED LOSSES)	TOTAL
Equity at January 1, 2021	44,125	95,670	60,589	200,384
Loss for the year	0	0	-32,030	-32,030
Equity at December 31, 2021	44,125	95,670	28,559	168,354
Share issue	5,504	104,007	0	109,511
Loss for the year	0	0	-89,429	-89,429
Equity at December 31, 2022	49,629	199,677	-60,870	188,436

At December 31, 2022, REC Silicon ASA had 37,280 shareholders (39,420 at December 31, 2021). The total number of outstanding shares was 420,625,659 at December 31, 2022 and 372,412,658 at December 31, 2021, each with a par value of NOK 1.

CAPITAL INCREASE/PRIVATE PLACEMENT

On January 19, 2022 the Company successfully completed a private placement of Equity with a gross proceeds of NOK 964 million with issuing 48,213,001 new shares at NOK 20.

H EMPLOYEE BENEFITS

Employee benefit expenses

(USD IN THOUSAND)	2022	2021
Payroll	-152	-232
Social security tax	-7	-16
Pension expense including social security tax	0	0
Other employee related costs	0	-59
Employee benefit expenses	-159	-307

The average number of employees measured in man-years was 0.0 during 2022 and for 2021. There were no loans or guarantees to employees at December 31, 2022 and 2021.

Payroll includes compensation to Board of Directors. For compensation and shareholdings for Group management and Board of Directors see note 16 to the consolidated financial statements.

PENSION PLANS

At December 31, 2022 and 2021 the Company had no employees and had thereby stopped to maintain a defined contribution pension plan for employees. As long as the company had employees, the company maintained a contribution plan that fulfilled the requirements of Norwegian law: "Lov om obligatorisk tjenestepensjon".

I INCOME TAXES

Recognized income tax expense

(USD IN THOUSAND)	2022	2021
Current income tax benefit (+) / expense (-) for the year	0	0
Total deferred tax benefit (+) / expense (-) for the year	0	0
Changes in estimates related to prior years ¹⁾	0	0
Total income tax benefit (+) / expense (-) for the year in the income statement	0	0

¹⁾ See note Q Contingent Liabilities in relation to the reversal of the estimated tax expense of USD 22,525 thousands in 2020.

Relationships between income tax expense/benefit to profit/loss before taxes

(USD IN THOUSAND)	2022	2021
Profit/Loss for before taxes	-89,429	-32,030
Tax calculated at domestic tax rate of 22 %	19,674	7,047
Expenses not deductible for tax (-) / reversal (+) (permanent differences) ¹⁾	0	0
Impairment loss (permanent differences) ¹⁾	-15,116	-6,800
Other permanent differences ²⁾	16,444	4,266
Effects of not recognized deferred tax assets, including reversal of previous years	-21,002	-4,513
Current income tax benefit (+) / expense (-) for the year	0	0
Changes in estimates related to prior years	0	0
Total income tax benefit (+) / expense (-) for the year in the income statement	0	0
Effective tax rate	0%	0%

¹⁾ Impairment of financial assets.

²⁾ Other permanent differences consist of income and cost registered in USD financial statement, but not applicable for tax calculation, and income and cost registered in NOK Tax financial statement, but not applicable for the USD financial statement.

Current income tax

(USD IN THOUSAND)	2022	2021
Profit/Loss for before taxes	-89,429	-32,030
Impairment and losses on shares and loans - permanent differences	68,709	30,908
Expenses not deductible for tax (+) / reversal (-) (permanent differences)	0	0
Other permanent differences ¹⁾	-64,273	-19,171
Changes in temporary differences	95,332	31,682
Basis for income tax before utilization (-) / increase (+) of tax losses carried forward	-10,339	-11,389
Utilization (-) / increase (+) of tax losses carried forward	10,339	11,389
Basis for current tax in the income statement	0	0
Estimated 22 percent current income tax	0	0
Current income tax benefit (+) expense (-) for the year	0	0
Basis for current tax in the income statement	0	0
Cost for capital increase	0	0
Tax loss carried forward	0	0
Basis for current tax in balance sheet	0	0
Current tax asset (+) / liability (-)	0	0

¹⁾ Other permanent differences consist of income and cost registered in USD financial statement, but not applicable for tax calculation, and income and cost registered in NOK Tax financial statement, but not applicable for the USD financial statement.

Specification of temporary differences and tax losses, deferred tax assets and liabilities

(USD IN THOUSAND)	2022	2021
Fixed assets	-25	-42
Up-front fee and Capitalized borrowing cost	115	550
Interest bearing liabilities	0	-10,772
Derivatives	0	0
Net unrealized gains on non-current foreign exchange receivables and liabilities	364,173	302,065
Other	-8,116	-9,071
Tax losses carried forward	-538,821	-590,949
Total temporary differences and tax loss carried forward	-182,674	-308,218
Tax percentage	22%	22%
Deferred tax assets (-)/ liabilities (+)	-40,188	-67,808
Deferred tax assets not recognized	40,188	67,808
Deferred tax assets (-)/ liabilities (+) in the balance sheet	0	0
Change in deferred tax assets (-)/ liabilities (+) in the balance sheet	0	0
Total deferred tax benefit (-)/ expense (+) for the year	0	0

The following are the deferred tax liabilities (+) and assets (-) recognized by the Company and movement during 2022 and 2021

(USD IN THOUSAND)	BALANCE JAN 1, 2022	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	TRANSLATION DIFFERENCES	BALANCE DEC 31, 2022
Fixed assets	-42	14	0	4	-25
Up-front fee and capitalized borrowing cost	550	-386	0	-49	115
Interest bearing liabilities	-10,772	9,871	0	901	0
Net unrealized gains on non-current foreign exchange receivables and liabilities	302,065	96,185	0	-34,077	364,173
Other	-9,071	-11	0	966	-8,116
Tax losses carried forward	-590,949	-10,339	0	62,467	-538,821
Total	308,219	95,332	0	30,212	-182,674

(USD IN THOUSAND)	BALANCE JAN 1, 2021	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	TRANSLATION DIFFERENCES	BALANCE DEC 31, 2021
Fixed assets	-63	19	0	2	-42
Up-front fee and capitalized borrowing cost	956	-384	0	-21	550
Interest bearing liabilities	-23,440	12,211	0	457	-10,772
Derivatives	-1,488	1,477	0	12	0
Net unrealized gains on non-current foreign exchange receivables and liabilities	285,448	-29,748	0	-13,131	302,065
Other	-9,376	0	0	305	-9,071
Tax losses carried forward	-599,331	-11,389	0	19,771	-590,949
Total	-347,294	31,682	0	7,394	-308,219

TAX AUDIT IN NORWAY

The Norwegian Tax office has notified REC Silicon ASA that they consider to change the company's income tax assessment for the years 2019-2021. The basis for this notification is an ongoing tax audit relating to whether interest should have been charged on loans provided from REC Silicon ASA to Rec Silicon Inc. and Rec Solar Grade Silicon LLC. As a temporary measure, due to the financial situation in these subsidiaries, the company has not charged interest on the loans in the period under tax audit. The company has responded to the tax office's notification and the company maintains its view that the subsidiaries have not had debt bearing capacity in this period. The company has not recognized any deferred tax asset relating to its tax losses carry forward.

J OTHER OPERATING EXPENSES

Specification of other operating expenses

(USD IN THOUSAND)	2022	2021
Operating lease expenses	-17	-18
Audit remuneration	-268	-147
Consultancy fee	-771	-865
Insurance	-252	-229
Other operating expenses	-945	-713
Total Other operating expenses	-2,253	-1,973

Audit remuneration

(USD IN THOUSAND)	2022	2021
Statutory audit	-134	-122
Other non-audit services	-134	-25
Total auditor's remuneration expensed	-268	-147

Future payment obligations

The future aggregate minimum payment obligation are as follows

(USD IN THOUSAND)	2022			2021		
	OPERATING LEASE	OTHER	TOTAL	OPERATING LEASE	OTHER	TOTAL
No later than 1 year	0	71	71	0	67	67
Later than 1 year but not later than 5 years	0	0	0	0	0	0
Later than 5 years	0	0	0	0	0	0
Total	0	71	71	0	67	67

K INTEREST AND CURRENCY

INTEREST INCOME, INTERNAL

The Company conducts financing for the Group. The Company has loans to the US operation and minor receivables on REC Silicon Pte Ltd. See note D and M. In 2019 the Company and the US borrowers agreed to make addendums to the loan agreements. Due to the borrowers' financial position and outlook for the next two years (2019 and 2020) no interest should be calculated and paid. In 2021 the Company and the borrowers agreed to make new addendums to the loan agreements. Due to the borrowers' financial position and outlook for the next two years (2021 and 2022) no interest should be calculated and paid. If the circumstances change during the period, the interest shall be changed back to the interest described in the loan agreements. No interest has been recognized in 2019, 2020, 2021 and 2022..

OTHER FINANCIAL INCOME

Other financial income in 2021 consists of reversal of derivatives and partly reversal of the indemnification loan.

On October 18, 2021 the Company and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement Nordea releases all claims against the Company for NOK 95 million (USD 10.8 million). Consequently, NOK 105 million of total NOK 200 million of the indemnification loans have been taken to profit and loss. The settlement consisted of approximately NOK 32 million (USD 3.6 million) to be settled through an existing escrow account which the Company held with Nordea with the balance settled in one payment of approximately NOK 63 million (USD 7.2 million) by the end of February 2022.

INTEREST EXPENSES, EXTERNAL

Specification of interest expenses, external

(USD IN THOUSAND)	2022	2021
Interest USD Senior Secured bond	-13,119	-13,066
Total Interest expenses, external	-13,119	-13,066

Interest expenses on USD Senior Secured bond include expensing of upfront fees, see note 25 to the consolidated financial statements.

CURRENCY GAINS AND LOSSES

Specification of net currency gains and losses

(USD IN THOUSAND)	2022	2021
Net currency gains on liabilities denominated in NOK	0	749
Net currency gains / losses on other - mainly bank deposit	-7,140	73
Total Net currency gains and losses	-7,140	822

L DERIVATIVES, OTHER CURRENT LIABILITIES

DERIVATIVES

Derivatives consisted in 2021 of an option contract as part of the indemnification agreement associated with the REC Wafer bankruptcy. On October 18, 2021 the Company and Nordea entered into an agreement to settle claims associated with the indemnification loans. Consequently, the derivative has been taken to profit and loss, NOK 12,7 million. The liability for the option contract related to the indemnification loans is zero at December 31, 2021 and 2022.

Specification of other current liabilities

AT DECEMBER 31 (USD IN THOUSAND)	2022	2021
Accrued interest on interest-bearing liabilities	2,741	2,741
Accrued operating costs	304	121
Total Other current liabilities	3,045	2,862

M IMPAIRMENT OF FINANCIAL ASSETS

2022

(USD IN THOUSAND)	SHARES IN REC SILICON AS	RECEIVABLES RELATED TO US OPERATIONS	RECEIVABLES RELATED TO REC SILICON PTE LTD
Par value / cost at January 1	108,104	1,001,928	5,208
Accumulated impairment at January 1	-108,093	-808,228	-5,208
Carrying value at January 1	11	193,700	0
Addition	0	85,009	0
Impairment	0	-68,709	0
Carrying value at December 31	11	210,000	0
Par value / cost at December 31	108,104	1,086,937	5,208
Accumulated impairment at December 31	-108,093	-876,937	-5,208

2021

(USD IN THOUSAND)	SHARES IN REC SILICON AS	RECEIVABLES RELATED TO US OPERATIONS	RECEIVABLES RELATED TO REC SILICON PTE LTD
Par value / cost at January 1	108,104	1,001,928	5,208
Accumulated impairment at January 1	-108,093	-782,528	0
Carrying value at January 1	11	219,400	5,208
Addition	0	0	0
Impairment	0	-25,700	-5,208
Carrying value at December 31	11	193,700	0
Par value / cost at December 31	108,104	1,001,928	5,208
Accumulated impairment at December 31	-108,093	-808,228	-5,208

Receivables related to US operations consists of loans to REC Silicon Inc, REC Solar Grade Silicon LLC and REC Silicon AS.

REC Silicon ASA owns all the shares in REC Silicon AS which owns REC Silicon Inc. that is the holding company of the USA operations. In addition, REC Silicon AS owns all the shares in REC Silicon Pte Ltd.

In 2020 REC Silicon AS impaired the value of the shares in REC Silicon Pte Ltd with USD 12.9 million. As a consequence of the impairment loss in REC Silicon AS, REC Silicon ASA impaired their shares in REC Silicon AS.

REC Silicon AS shares in REC Silicon Inc, were impaired to zero in 2016.

The impairment loss in 2022 and 2021 represents the book value in excess of the fair value of loans to REC Silicon ASA's subsidiaries.

Estimates of the value of US operations were calculated using the fair values of financial assets and liabilities held by the US entities and the net present value of cash flows of operations in the United States.

N RESEARCH AND DEVELOPMENT

REC Silicon ASA did not conduct any activities associated with research and development during 2022 and 2021.

O GUARANTEES AND INDEMNIFICATION AGREEMENTS

Bank guarantees at December 31, 2022 amounted to USD 1.1 million with USD 0.2 million of restricted cash as security. Bank guarantees at December 31, 2021 amounted to USD 5.1 million, against which the Company has pledged USD 3.8 million of restricted cash. This includes bank guarantees for the benefit of REC Solar AS of USD 1.1 million with USD 0.2 million of restricted cash as security. USD 3.6 million of restricted cash will be used as part of the Nordea settlement (see note 14 in the Group statement).

The Company provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 54.9 million at December 31, 2022 and USD 54.7 million at December 31, 2021. The guarantees will decrease from 2023 to 2039 when they will expire in their entirety.

The Company and some of its subsidiaries are jointly and severally liable for certain loans established by the Company.

- Relevant loan agreement at December 31, 2022 was as follows:
 - REC04: USD Senior Secured Callable bond, USD 110 million. The tenor is from April 13, 2018 to April 13, 2023
- The Company and the following subsidiaries of the Company are jointly and several liable for the above-mentioned loan at December 31, 2022: REC Silicon AS, REC Silicon Inc., REC Advanced Silicon Materials LLC, REC Solar Grade Silicon LLC and REC Silicon Pte. Ltd.

P RELATED PARTIES

Related parties' transactions for the Company are primarily interest income (see the income statement and note K) and loans to its subsidiaries (see note D and M)). These loans are included in non-current receivables from subsidiaries (see the balance sheet). Group Management and Board of Directors' compensation, ownership of shares and options, loan agreements and guarantees are shown in note 16 to the consolidated financial statements.

Q CONTINGENT LIABILITIES

REC had no contingent liabilities at December 31, 2022 and 2021.

R EVENTS AFTER THE REPORTING PERIOD

On January 31, 2023 REC Silicon ASA ("REC Silicon" or the "Company") announced the entering into of a binding term sheet between its subsidiary REC Solar Grade Silicon LLC and Hanwha Solutions for a 10 year take-or pay offtake for FBR polysilicon produced at REC Silicon's facility at Moses Lake, Washington (the "Offtake"). The Offtake provides for the sale to Hanwha Solutions of 100% of the prime FBR production from the facility.

The base price for the Offtake will be determined by market indices adjusted for a premium for US-sourced low carbon material. The base price is also subject to both a minimum and maximum that protects REC Silicon against potential future low market prices that could otherwise threaten the long-term prospects for the Company. To secure the offtake obligations and to provide security in support of the restart of the Moses Lake facility, Hanwha Solutions will, upon entering into the full form agreement, make a significant prepayment (the "Prepayment"). The parties expect that a full form agreement including all operational details will be entered into in the coming months and will be announced when finalized.

On March 21, 2023 the Company announced a corporate debt financing of USD 110 million from KEB Hana Bank in Korea for the purpose of retiring the senior secured bond that matures on April 13, 2023. The contemplated debt financing will be fully guaranteed by REC Silicon's largest shareholder Hanwha Solutions, which will result in favorable terms compared to other financing alternatives. In addition to this USD 110 million debt financing, the ongoing restart activities of the company's polysilicon factory in Moses Lake and capacity investments in Butte, will require additional financing. REC Silicon is in the process of exploring all funding options, including debt financing and pre-payments from offtake contracts, and the company is confident that funds will be raised well in advance of such capital needs. REC Silicon will update the market as financing plans are concluded.

AUDITOR'S REPORT



KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of REC Silicon ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of REC Silicon ASA, which comprise:

- The financial statements of the parent company REC Silicon ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of REC Silicon ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Tromsø
Ålesund	Finnsnes	Molde	Trondheim
Bergen	Hamar	Sandefjord	Tynset
Bodø	Haugesund	Stavanger	Ulsteinvik
Drammen	Kjevik	Stord	Ålesund
	Kristiansund	Straume	



Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 22 years from the election by the general meeting of the shareholders on 14 May 2001 for the accounting year 2001.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Asset Impairment

Refer to the section "Risk Factors" in the Board of Director's report, the accounting policies in note 2.8, the critical accounting judgments and key sources of estimation uncertainty described in Note 4, and Note 8 in the consolidated financial statements and parent company financial statements note M.

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The impairment assessment of the Solar Materials CGU with a total carrying value of USD 49.5 million is considered a risk area due to recurring net operating losses, increased raw material prices, changes in markets for solar grade polysilicon, changes to the discount rate and uncertainties related to the anticipated restart of FBR production at the Moses Lake production facility.</p> <p>The recoverable amount is determined based on value in use calculations which rely on external factors, managements' assumptions, and estimated future performance. Key assumptions applied in management's assumptions are future revenues (sales prices and sales volume), cost of major inputs, conversion costs and yield ratio (production volume), government grants expected to be received from the US Inflation Reduction Act, and maintenance capital expenditures, in addition to the timing of restart of the Moses Lake production facility.</p> <p>Significant professional judgement is required when evaluating whether management's assessment are reasonable and supportable.</p> <p>In the parent company financial statements, the abovementioned impairment assessment resulted in an impairment of loans to subsidiaries of USD 68.7 million.</p> <p>In the consolidated financial statements, no additional impairment or reversal of impairment was recognized.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> - We evaluated the historical accuracy of management's budgets and forecasts and challenged management on the current year cash flow forecasts as well as the timing of future cash flows; - We evaluated the growth assumptions and management's future business plan assumptions; - We engaged our own valuation specialists to assess the mathematical and methodological integrity of management's impairment models and the discount rates applied with reference to market data; - We evaluated management's sensitivity analysis to determine the impact of reasonably possible changes and by comparing to our own sensitivity analysis; - We considered the impairment disclosures in light of the requirements and if information regarding key assumptions and sensitivities adequately reflected the underlying assets impairment assessments; and - We compared the carrying value of loans to the subsidiaries with the calculated value of the assets, to assess if valuation of loans is consistent with the value of the assets.



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the reports on Corporate Governance and Sustainability Report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of REC Silicon ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300VPZURYDFG0AB60-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.



Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 March 2023
KPMG AS

A handwritten signature in blue ink, reading 'Øyvind Skorgevik'.

Øyvind Skorgevik
State Authorised Public Accountant

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	<p>EBIT is an acronym for Earnings Before Tax and represents profit/loss excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.</p> <p>EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 58.3 million for the year ended December 31, 2022 and a loss of USD 20.8 million for the year ended December 31, 2021.</p>
EBIT Margin	<p>EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 5 Segment Information, and in the financial highlight tables in this report in lines titled similarly.</p> <p>EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.</p>
EBITDA	<p>EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization and impairment.</p> <p>EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. EBITDA has been reported as a loss of USD 34.9 million for the year ended December 31, 2022 and a gain of USD 7.7 million for the year ended December 31, 2021.</p>
EBITDA Margin	<p>EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 5 Segment Information, and in the financial highlight tables in this report in lines similarly titled.</p> <p>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.</p>
EBITDA Contribution	<p>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.</p> <p>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 5 Segment Information.</p>
EBIT Contribution	<p>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.</p> <p>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 5 Segment Information.</p>

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 December 31, 2022, the equity ratio is 18.9 percent and is calculated by dividing USD 60.4 million total shareholders' equity by USD 319.9 million in total assets.

At December 31, 2021, the equity ratio is 11.3 percent and is calculated by dividing USD 33.3 million total shareholders' equity by USD 294.9 million in total assets.

Net Debt

Net debt is the carrying value of interest-bearing debt instruments less cash and cash equivalents.

The carrying value of debt can be found in note 17 Borrowings in the table under the caption carrying amount and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At December 31, 2022, net debt was USD 78.5 million or USD 115.2 million total carrying value of the Company's debt (from note 17 Borrowings) plus 68.6 million current and non-current lease liabilities (from the statement of financial position) less USD 105.3 million in cash in cash equivalents.

At December 31, 2021, net debt was USD 86.4 million or USD 126.4 million total carrying value of the Company's debt (from note 17 Borrowings) plus 70.5 million current and non-current lease liabilities (from the statement of financial position) less USD 110.5 million in cash in cash equivalents.

Nominal Net Debt

Nominal Net debt is the contractual repayment values of interest-bearing debt instruments (excluding interest) less cash and cash equivalents.

The contractual repayment values of debt can be found in note 17 Borrowings in the table under the caption contractual repayments including interest and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At December 31, 2022, nominal net debt was USD 78.6 million or USD 115.3 million contractual repayment values of the Company's debt plus 68.6 million current and non-current lease liabilities (from the statement of financial position) less USD 105.3 million in cash in cash equivalents.

At December 31, 2021, nominal net debt was USD 87.1 million or USD 127.1 million contractual repayment values of the Company's debt plus 70.5 million current and non-current lease liabilities (from the statement of financial position) less USD 110.5 million in cash in cash equivalents.



REC Silicon ASA
Lysaker Torg 5, 3 etg.
PO Box 63
1324 Lysaker
Norway
Phone +47 407 24 086

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