



RECSiLICON

THIRD QUARTER  
**2022**

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PRESENTATION

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# AGENDA

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- › Third Quarter Highlights
- › Financial Review
- › Semiconductor Materials
- › Solar Materials
- › Key Initiatives



# THIRD QUARTER HIGHLIGHTS

**Revenues: \$ 36.7M**

**EBITDA: (\$ 13.8M)**

**September 30, 2022 Cash Balance of \$ 146.8M**

- Cash Decrease During Q3 2022 of (\$ 26.2M)
  - (\$12.0M) Cash Outflows From Operating Activities
  - (\$13.5M) Cash Outflows From Investing Activities
  - (\$0.7M) Cash Outflows From Financing Activities

**Silicon Gas Sales**

- Sales Volume of 586MT (Decrease 31.2% vs. Q2 2022)
- Silicon Gases Price Increase 12.6% vs. Q2 2022

**Semiconductor Segment Polysilicon Sales**

- Semiconductor Grade Polysilicon Sales of 299MT
- Total Polysilicon Sales of 389MT (Decrease 17.4% vs. Q2 2022)
- Total Average Price (incl. byproduct) decrease 2.1% vs. Q2 2022

**Moses Lake Restart**

- Modification of FBR Rx's Underway
- First Production Target of Q4 2023 Unchanged

**Markets**

- Polysilicon MOU with Hanwha Solutions Executed
- Discussions Underway for Silane to LIB Anodes with Hanwha Corporation

# FINANCIAL REVIEW

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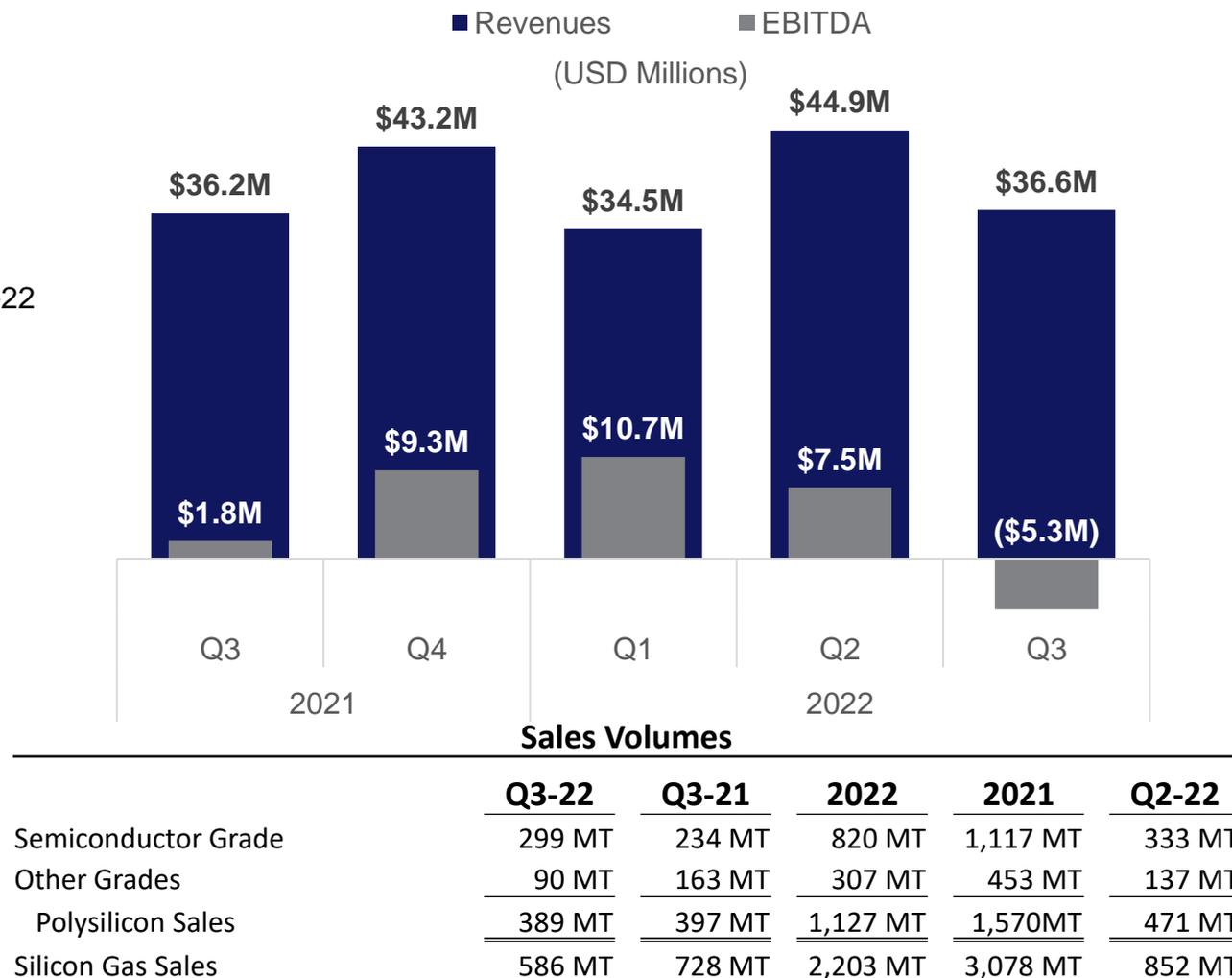
# SEMICONDUCTOR MATERIALS SEGMENT FINANCIAL PERFORMANCE

## Revenues \$36.6M

- 19% Decrease in Revenues vs. Q2-22
- Polysilicon Sales Volume – 17.4% Decrease vs. Q2-22
  - Semiconductor Grade Polysilicon - Decrease by 10.2%
- Polysilicon Sales Price (excl. byproduct) – 3.1% Increase vs. Q2-22
  - Semiconductor Grade Polysilicon (FZ & CZ) – Unchanged
- Silicon Gas Sales Volume – 31.2% Decrease vs. Q2-22
- Silane Gas Sales Price – 0.6% Increase vs. Q2-22

## EBITDA Contribution (\$5.3M)

- (\$12.8M) Decrease in EBITDA Contributed vs. Q2-22
- Decreased Production Volumes
  - 7% Decrease (28MT) in Polysilicon Production vs. Q2-22
  - 28% Decrease (151MT) in Silane Production vs. Q2-22



# CASH FLOWS

**September 30, 2022 Cash Balance \$146.8M**

**(\$26.2M) Decrease in Cash During Q3'22**

## Cash Flows From Operating Activities (\$7.4M)

- (\$13.8M) EBITDA
- \$9.7M Working Capital
  - \$2.7M Decrease in Inventories
  - \$5.2M Decrease in Receivables
  - \$1.7M Increase in Payables
- (\$2.1M) Interest Paid
- (\$0.4M) Pension Plan Contributions (US Plan)
- (\$0.8M) Changes in Other Assets & Liabilities

## Cash Outflows From Investing Activities (\$13.5M)

- (\$14.6M) Capital Expenditures
- \$1.1M TIFID Bond

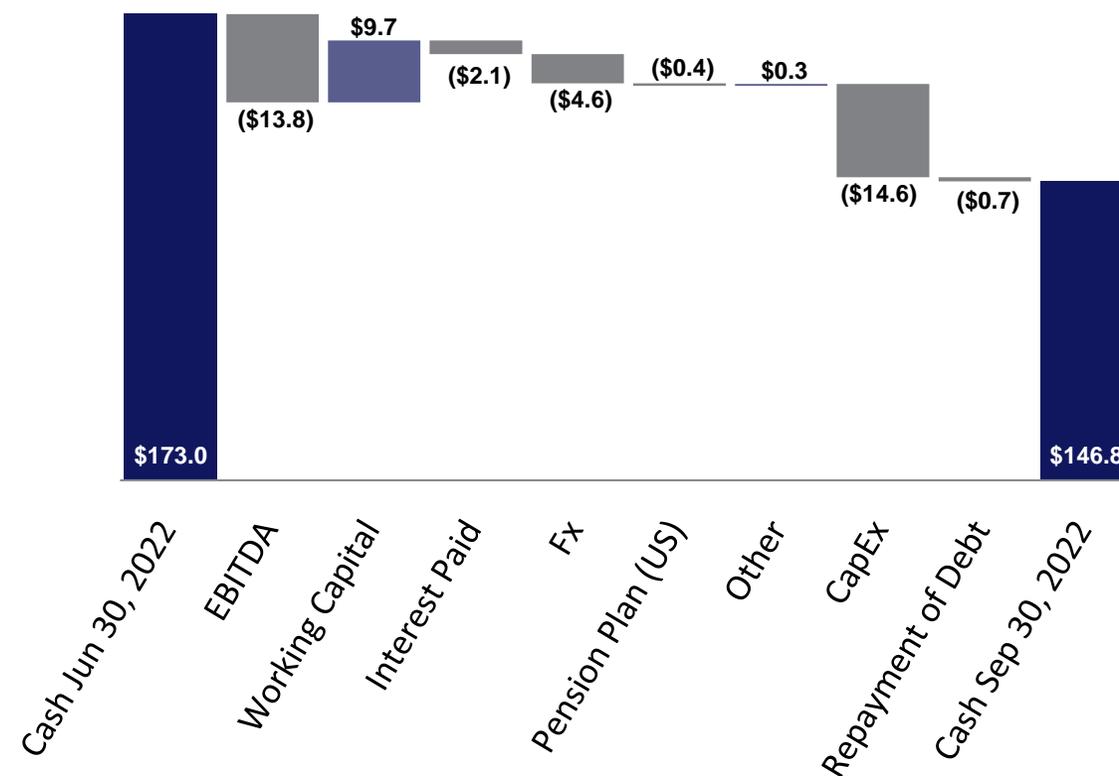
## Cash Outflows From Financing Activities (\$0.7M)

- (\$0.7M) Payment of Lease Liabilities

## Foreign Exchange Effect (\$4.6M)

## Cash Flows

(USD Million)



# DEBT

## Nominal Debt \$185.6M

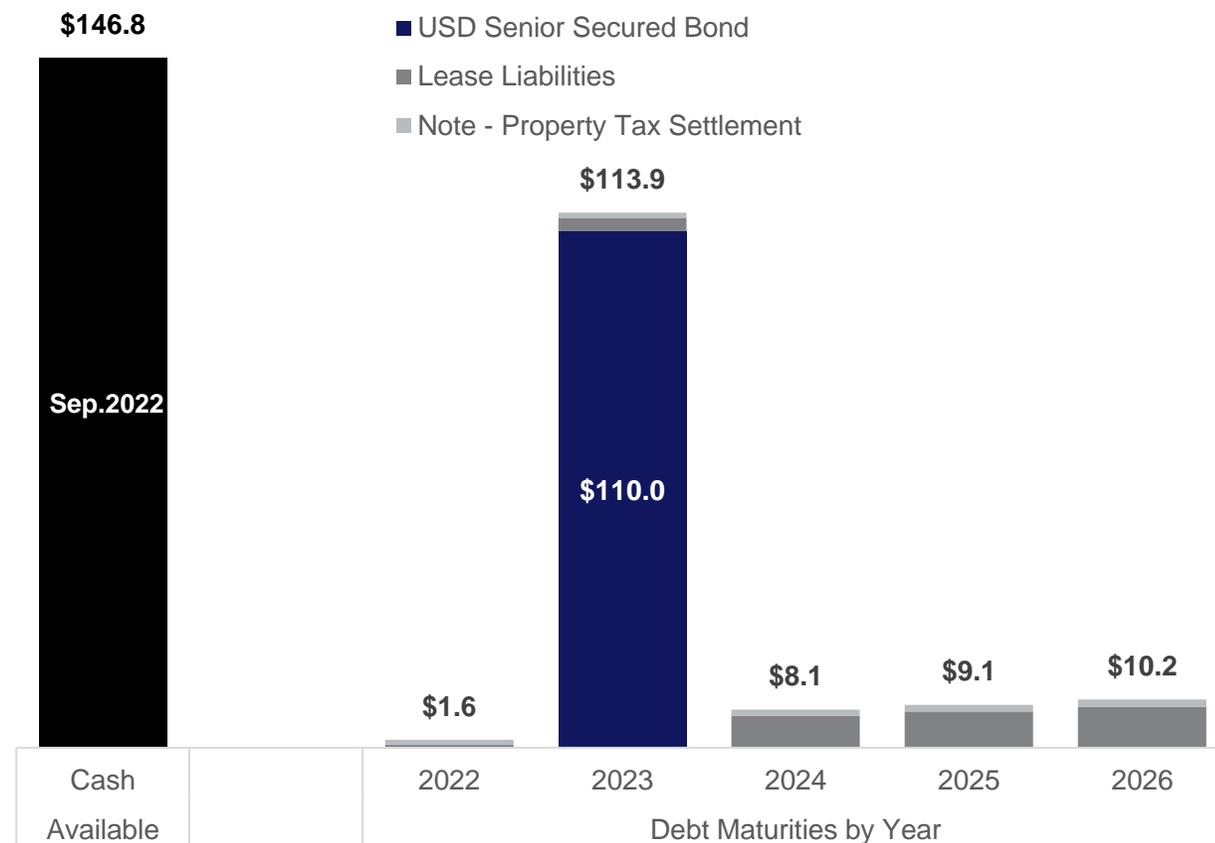
- (\$0.3M) Decrease During Q2-22
  - (\$0.3M) Changes in Lease Liabilities

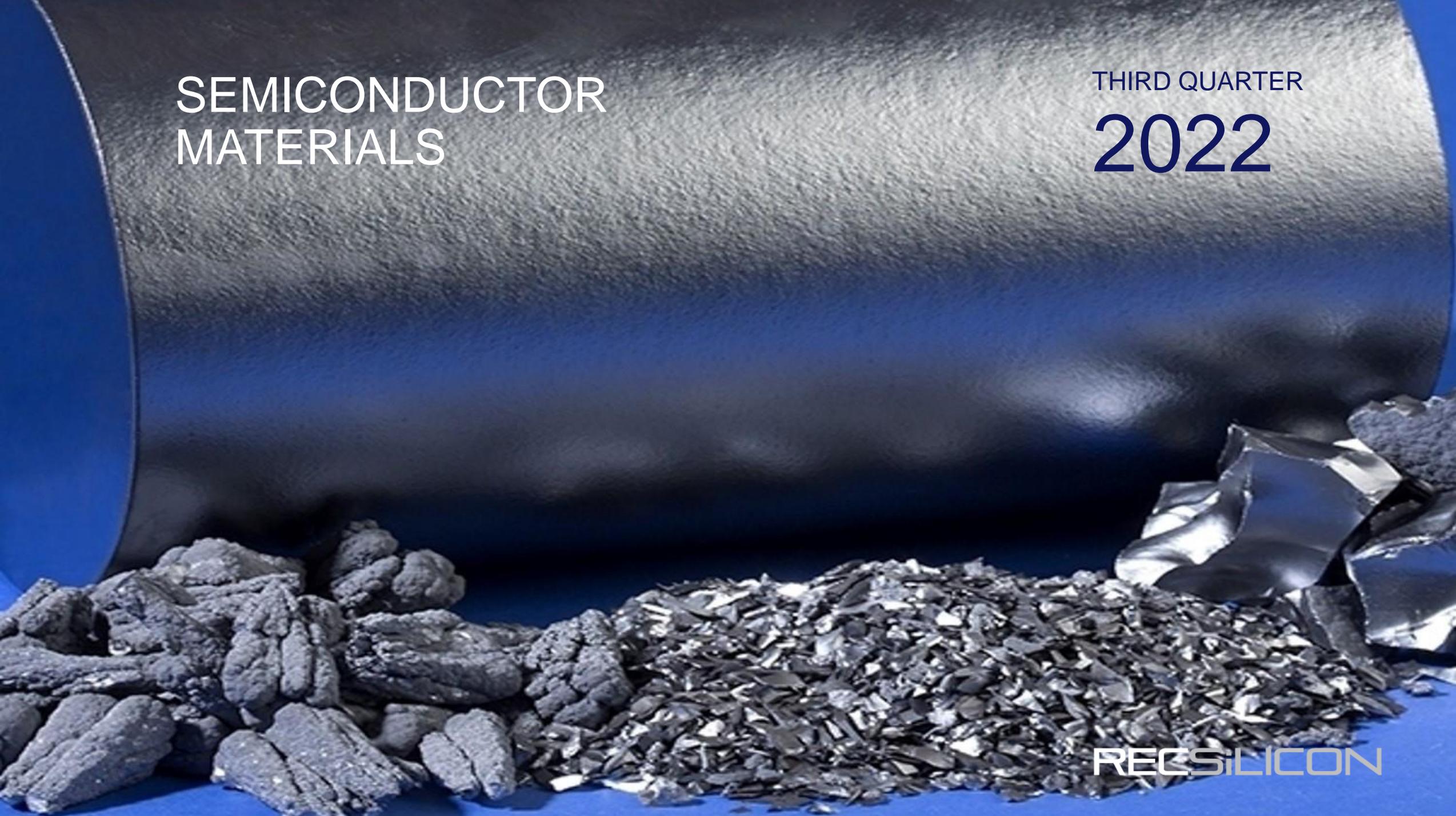
## Nominal Net Debt \$38.8M

- \$25.9M Increase During Q3-22
  - \$26.2M Decrease in Cash
  - (\$0.3M) Decrease in Nominal Debt

## Debt Maturity Profile

(USD Million)





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# SILICON GASES

## Silicon Gas Sales

- 586MT Shipped in Q3-22
  - 31% Volume Decrease vs. Q2-22
  - Supply Chain Constraints Improving But Still Affecting Shipments and Timing
  - Flat Panel Display Production Utilization Forced Demand Deferrals
- Silane Price 0.6% Increase vs. Q2-22

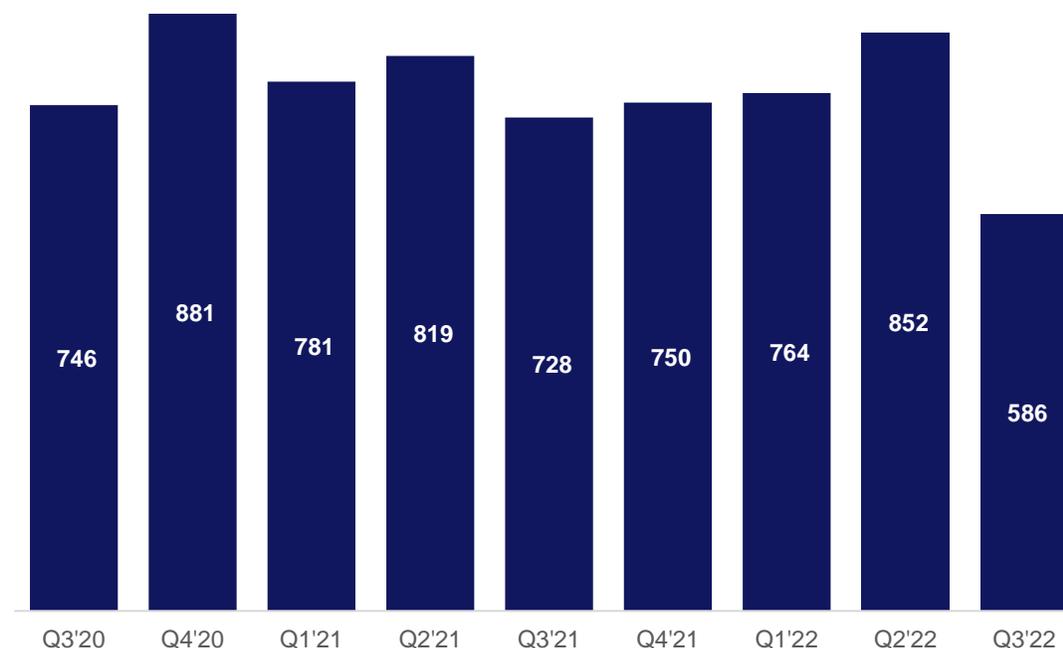
## Shift in Demand Most Likely to Persist for Near Term

- Flat Panel Production Segment Forecasting Lower Utilization
- Supply Chain Inventories Will Be Given a Chance to Balance Out
- Advanced Semiconductor Demand for Some Gases Still Strong and Limited by Logistics, Containers and Production
- Price Increases in Place for 2023

## Mid to Long Term Drivers Still in Place

- Data, AI, IoT, Mobility, Automotive Content
- Re-Shoring of Advanced Semiconductor Production
- Silicon Inclusion in Li Batteries is Advancing

### Silicon Gas Sales Volumes (MT)



# SEMICONDUCTOR GRADE POLYSILICON

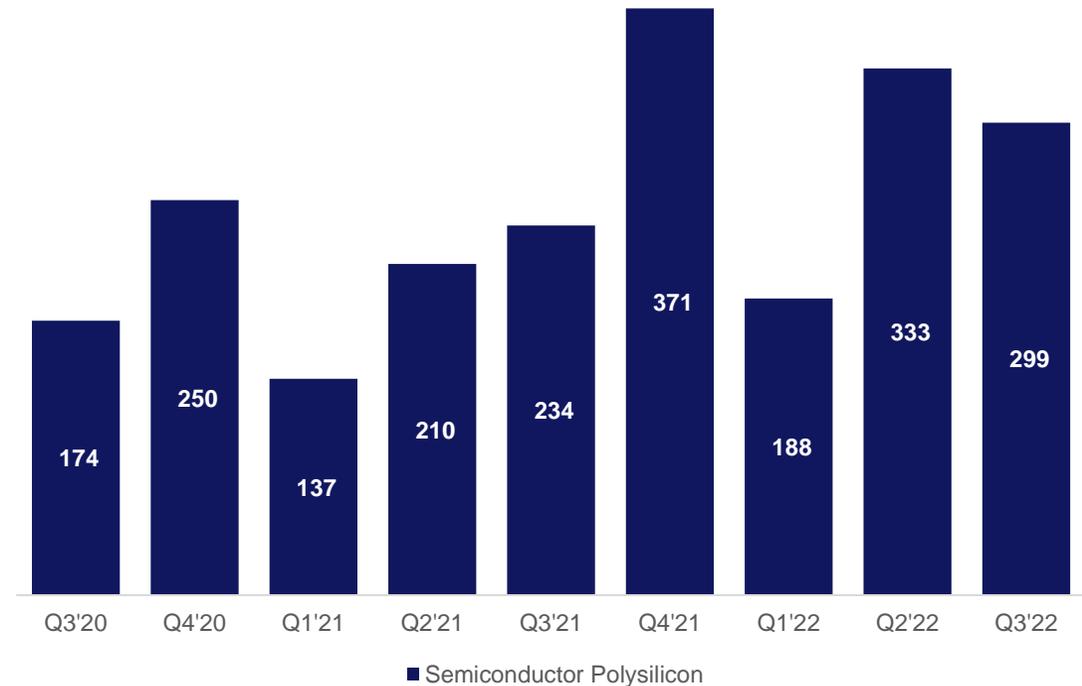
## Semiconductor Grade Polysilicon Sales Volumes (MT)

### Semiconductor Grade Polysilicon Sales

- 299MT Shipped in Q3-22
  - Decrease of 17% Compared to Q2-22
  - Lower Production Rate in Q3 Due to Large Planned Maintenance Outage
- Semiconductor Price Remained Flat vs. Q2-22

### Demand Visibility Remains Strong

- Finishing Commitments for 2023
- Sales Will Be Limited by Production Capability and Utilization
- Energy Cost and Operational Mitigations in Place to Minimize 2023 Impacts
- Price Increases in Place for 2023



Note: Excludes 165MT of Non-Recurring Teardrop Sales in Q2'21

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# MOSES LAKE RESTART UPDATE

## Restart Activities Continue

- Target:
  - 1<sup>st</sup> Production in Q4-2023
  - 50% Capacity Utilization During Q2-24
  - 100% Capacity Utilization During Q4-24
- Current Activities:
  - Procurement of Equipment and Materials Underway
  - Modification of FBR Reactors Underway
  - Initial Hires for Positions Critical to Restart Activities
  - Working to Complete Detailed Engineering and Construction



# KEY INITIATIVES

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# GOVERNMENT INITIATIVES

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## **Inflation Reduction Act**

- US Treasury Department Working on Structure
- IMPACT – Re-Shoring PV Value Chain to USA

## **CHIPS & Science Act of 2022**

- Department of Commerce Working on Protocol and Criteria
- Expect Information Rollout in February
- IMPACT – Re-Shoring Advanced Semiconductor Fabrication to USA

## **Infrastructure Investment and Jobs Act**

- DOE Awarded \$2.8 Billion in Battery Grants
  - \$250 Million to Silane-Based Silicon Anode Material Companies
  - IMPACT – Silane-Based Silicon Anode Material Production in USA

# RESTART FUNDING PERSPECTIVES

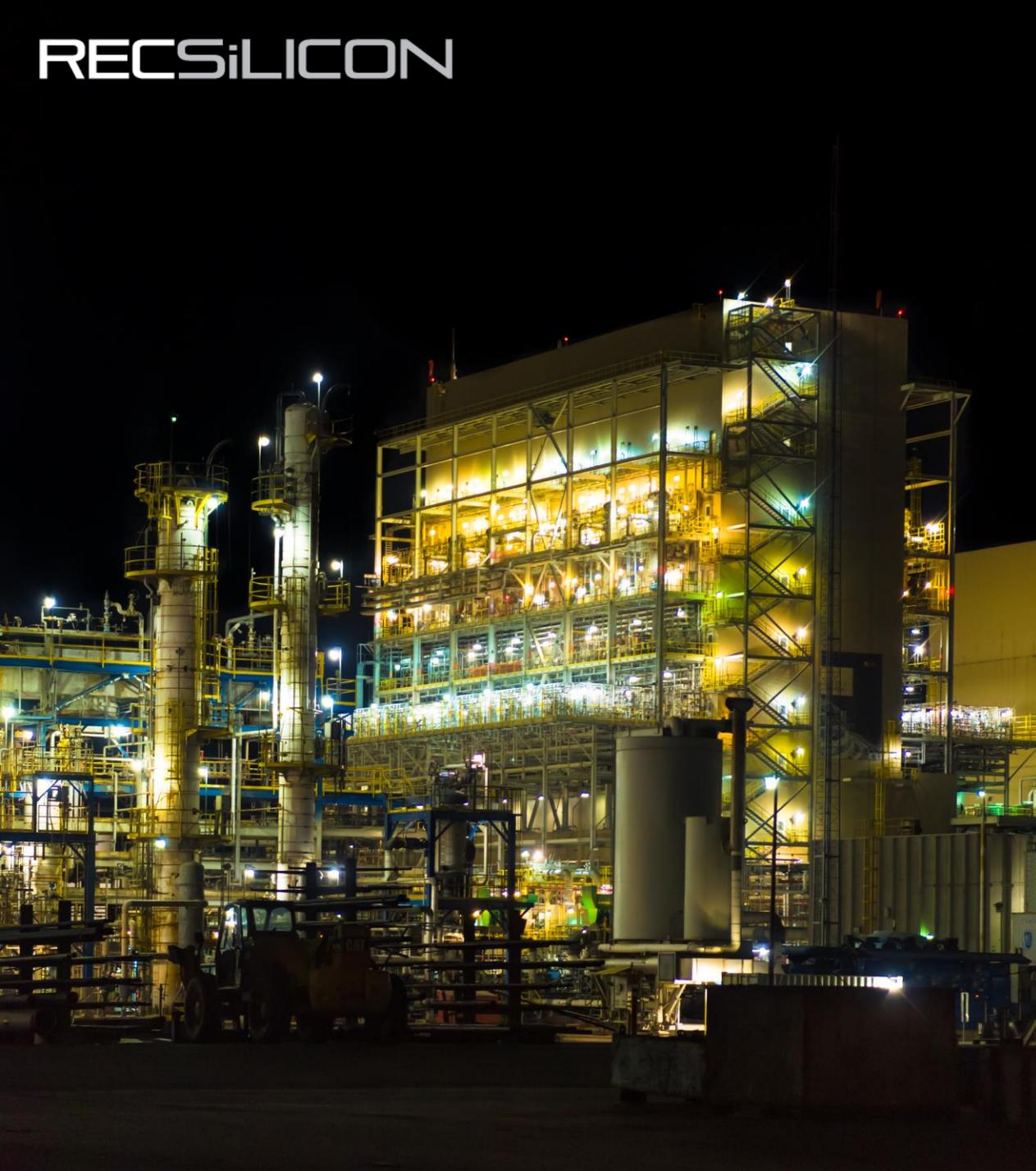
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## Finalizing Capital Requirement

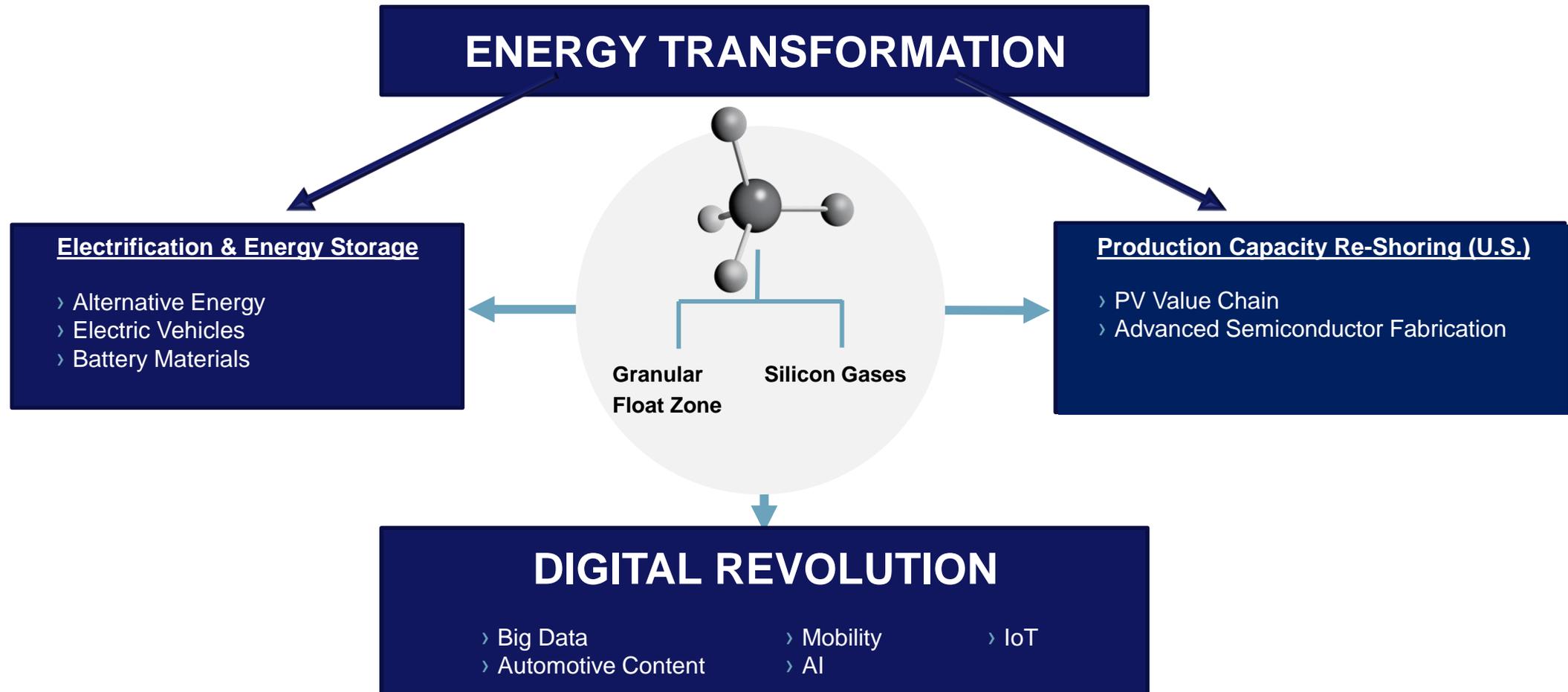
- Moses Lake Modification of 12 FBR Reactors (100% Capacity)
- Moses Lake Packaging and Handling & Polysilicon Analytical Lab
- Butte Operational and High Value Growth Investments
- Bond Repayment of \$ 110M in April 2023

## Financing Plan

- Reviewing Timeline
- Engaging Outside Resources
- Solidifying Options



# CORRECT ASSETS, TIMING AND CAPACITIES



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**Thank You**

**Q4 2022 Reporting**

Feb 23, 2023

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