

RECSiLICON

UBS Energy Transition

March 28, 2024



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AGENDA

- › The Business Opportunity
- › Activity Update
- › Financials
- › Summary



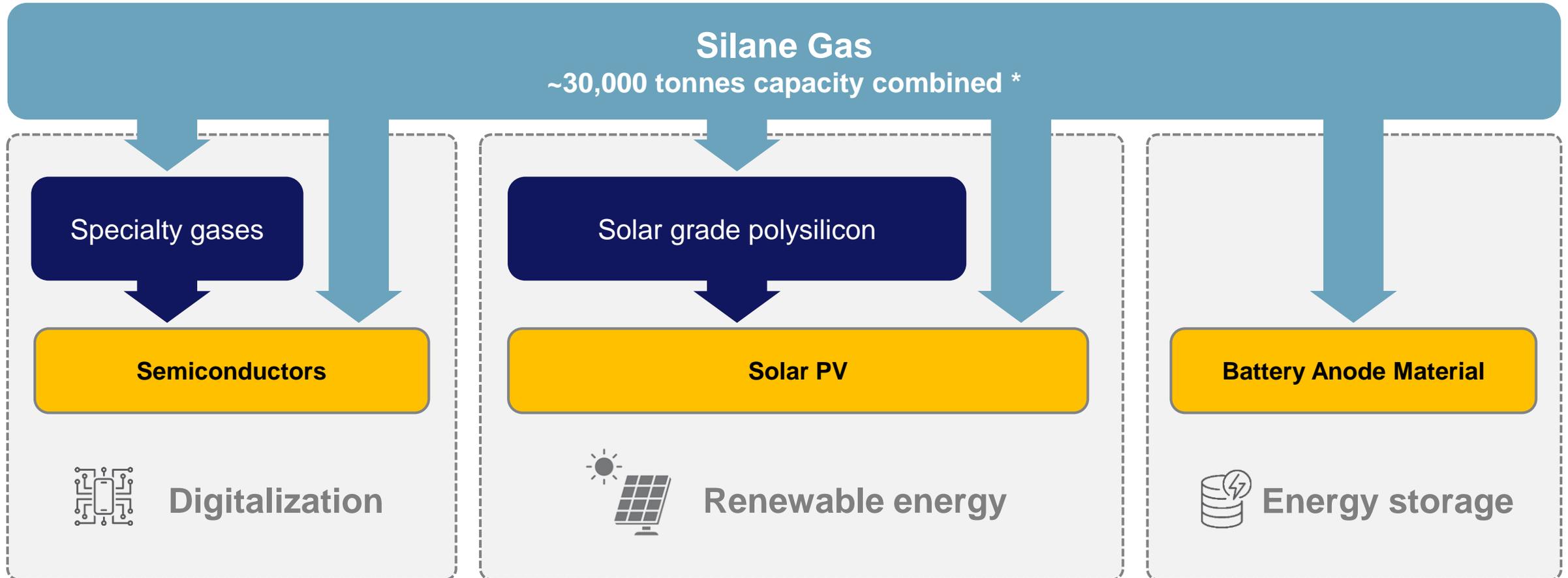
THE BUSINESS OPPORTUNITY



REC SILICON IS A SILICON MATERIAL
COMPANY PROVIDING ENABLING
MATERIALS FOR THE GREEN ENERGY
TRANSITION

RECSILICON

EXPOSURE TO ENERGY TRANSITION MEGATRENDS



* From 2025 and onwards

REC SILICON FEATURES

- › **Largest supplier of silane outside China**
- › **Low-cost, low-carbon PV-poly producer**
- › **Strong position with leading semi-players**
- › **Largest Silane Module container fleet**
- › **Immediate silane capacity available for anode material**



Moses Lake

- › **24,000 MT silane gas capacity**
 - Prime high-purity granular polysilicon capacity - 16,000 MT
 - ~ 2,400MT silane for merchant sales
- › **Risk mitigating offtake contract**
- › **Low energy – low cost and conflict-free**

Butte

- › **7,400 MT Silane gas capacity**
 - High purity Float Zone polysilicon phasing out
- › **Silicon gases**
 - Production expansion for DCS (3x)
 - Ongoing loading/container expansion for high value silicon gases

SILANE-BASED INDUSTRIES FACING DISRUPTIVE CHANGES

- › China dominance
- › High-emission energy
- › Political risks
- › ESG issues



- › Investments moving from Asia to the US
- › Support from US legislative initiatives



- › The CHIPS & Science Act 2022
- › Inflation Reduction Act 2022
- › Uygur Forced Labor Prevention Act 2021
- › Infrastructure Investment & Jobs Act 2021

- › Strong political and regulatory push
- › Low-emission energy
- › Supply chain geographical diversification
- › End-user proximity
- › Tech war



USD 2 TRILLION OF RELEVANT US LEGISLATIVE INITIATIVES

Key initiatives

Inflation Reduction Act 2022 (USD 500 bn)

- › USD 394bn to clean energy and climate change (tax credits, grants and loan guarantees)
- › Aims to boost investments in US manufacturing capacity

Bipartisan Infrastructure Law 2021 (USD 1.2trn)

- › USD 15bn to EV charging infrastructure, buses and transit

The CHIPS Act 2022 (USD 280bn)

- › Reduce reliance on overseas supply chains for semiconductors
- › USD 50bn to expand US production of mature and advanced semiconductors

The Uyur Forced Labor Prevention Act (2022)

- › Prohibits imports of goods produced in the Xinjian region or by certain Chinese entities

REC Silicon benefits

High purity granular polysilicon to the solar PV industry

- › USD 3/kg in manufacturing tax credits for REC Silicon (Moses Lake)
- › Full slate of incentives available for developers if 100% US supply chain
- › Manufacturing tax credits for wafer, cell and module producers
- › Low carbon focus
- › Significant increase in demand from the solar industry (> 3x 2023 – 2030)
- › Investment in ingot/wafer production capacity

Silicon Gas

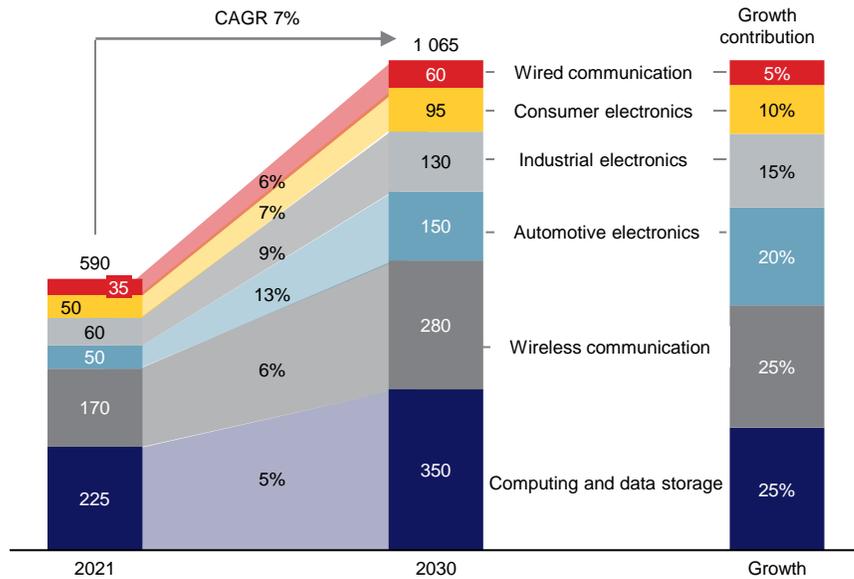
- › Investments in US semiconductor production
- › Investments in US Si-Anode material production
- › Investments in US PV Cell production

SEMICONDUCTOR MARKET

Trillion dollar industry by 2030

- › 7% annual growth towards 2030
- › 75% of growth from automotive electronics, wireless communication and computing/data storage
- › US market accounts for 34% of current demand

Semiconductor 2030 outlook

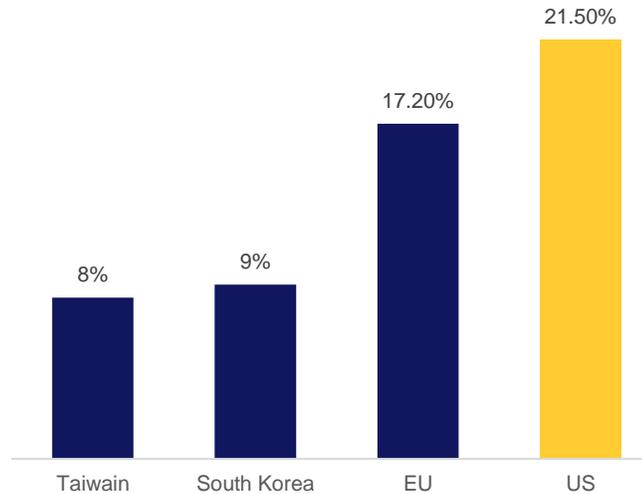


Source: McKinsey & Company

Manufacturers struggling to go green

- › Strong net zero pledges among all major players
- › Lack of realistic clean energy options for growth among Taiwanese and South Korean producers
- › US has some of the largest access to renewable energy, to be increased further by the IRA Act

Renewables share of energy mix in 2022

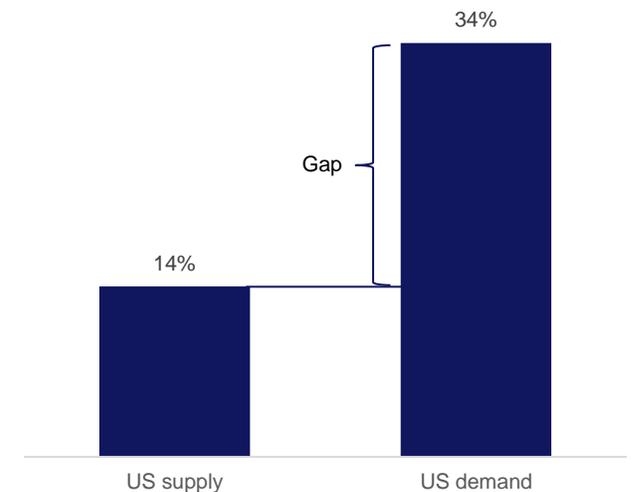


Source: FT, Korea Electric Power Corp, Taiwan Bureau of Energy, US EIA, Eurostat

Taking back supply chain control

- › Strong US reliance on semiconductor imports
- › CHIPS Act main motive to re-shore production and reduce supply/demand gap
- › USD 200bn of chip manufacturing investments already announced

Semiconductor market balance 2021



Source: McKinsey & Company

PV MARKET

Strong impact from IRA already

- › 35% increase in expected installations in 2022-27 from the introduction of the IRA
- › USD 100 bn of investments already announced from companies in the US, Asia and Europe
- › Full impact throughout the US value chain

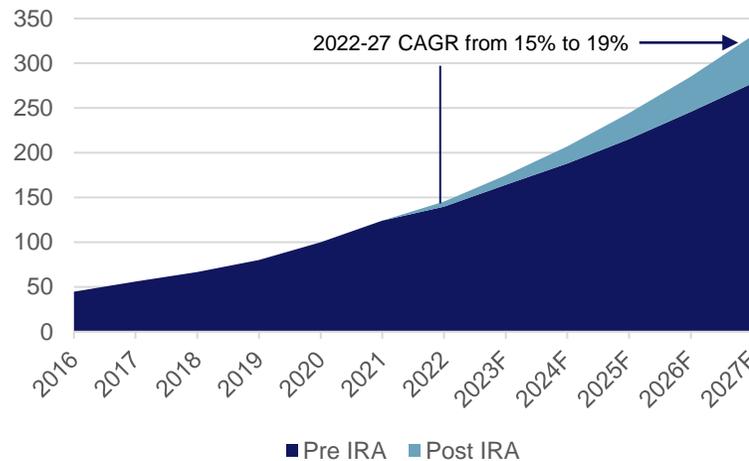
Value chain explosion

- › Limited existing value chain for PV in the US
- › Significant expansion is required, and announced for major value chain components
- › REC Silicon has the only announced expansion of the solar grade polysilicon capacity (Moses Lake)

The quest for low cost and low carbon

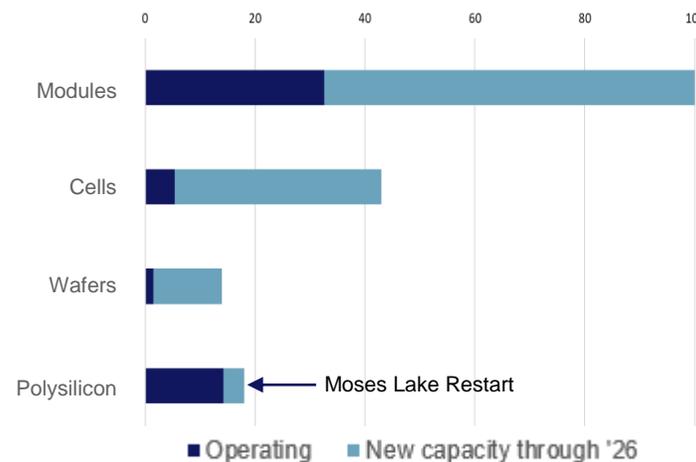
- › Strong demand from end users and module producers for low carbon PV supply chain
- › Moses Lake has ~ 70% lower carbon intensity than traditional polysilicon which is ~40% of total PV carbon footprint
- › With IRA incentives, Moses Lake is also competitive with Chinese producers on a cost per kg basis

US PV Deployment Forecast (GW)



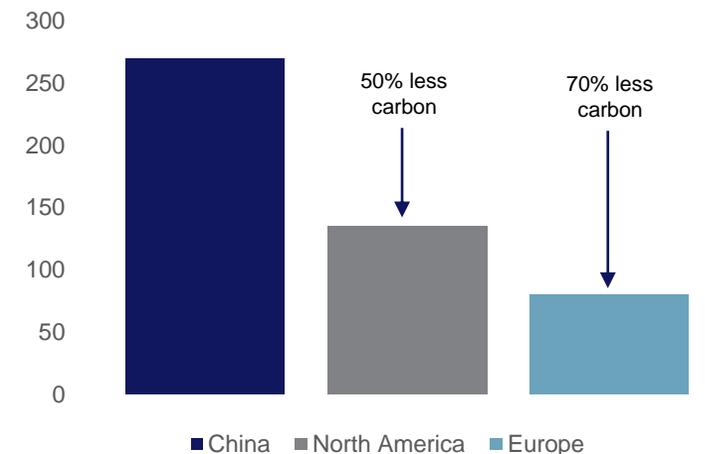
Source: SEIA, Wood Mackenzie

PV value chain capacity additions by 2026



Source: Rystad Energy research and analysis; Rystad Energy Solar Supply Chain Analysis dashboard

PV manufacturing carbon footprint (g/kWh)



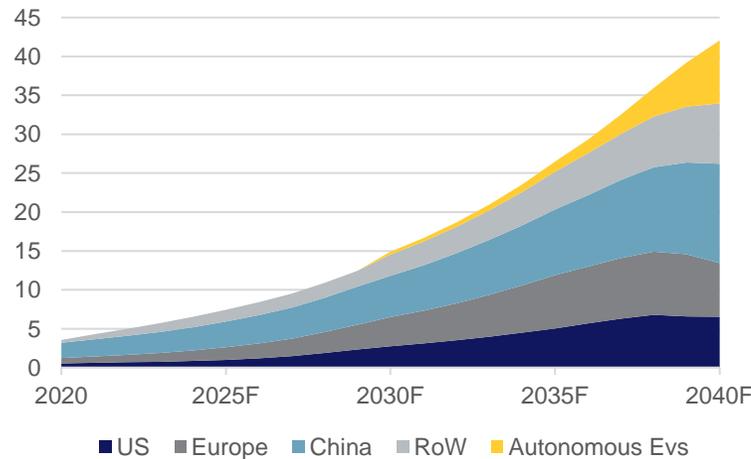
Source: The Ultra Low Carbon Solar Alliance

SILANE GAS

Electric mobility growth

- › Global EV sales expected to grow 13% p.a. 2020-40
- › Silane gas has strong potential as anode material in mobility battery storage
- › Mobility growth also positive for semiconductor and electronics industries

Global EV Sales Forecast (mill units)

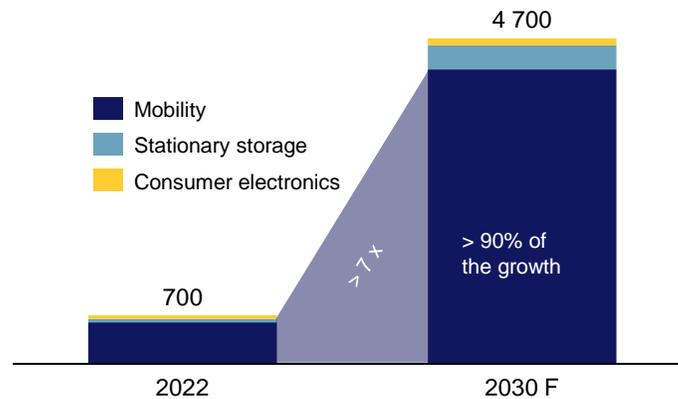


Source: IES

Driving battery storage growth

- › Global battery storage demand expected to grow nearly 7x from 2022 to 2030
- › Battery storage demand for mobility is set to account for more than 90% of the growth
- › Battery storage demand in the US set to outpace Chinese growth with 26% p.a.

Li-ion battery demand (GWh)

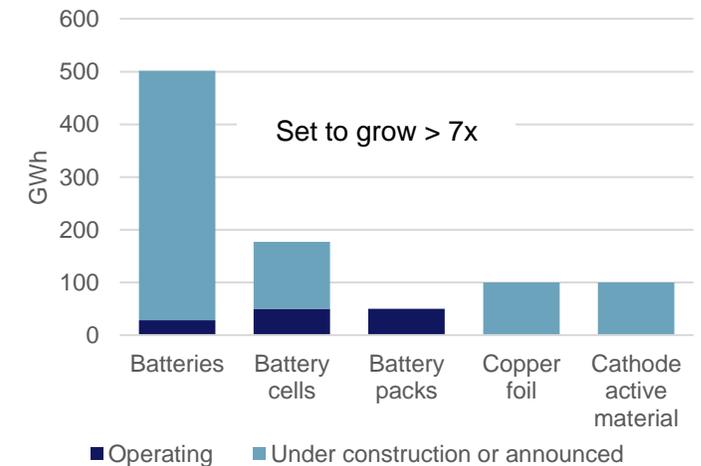


Source: McKinsey & Company

US supply chain response

- › China dominates the battery markets
- › Substantial initiatives in IRA has been met with rapid response
- › Battery storage supply chain in the US set to grow more than 7x, driven by mobility and utility scale storage demand

US battery storage supply chain



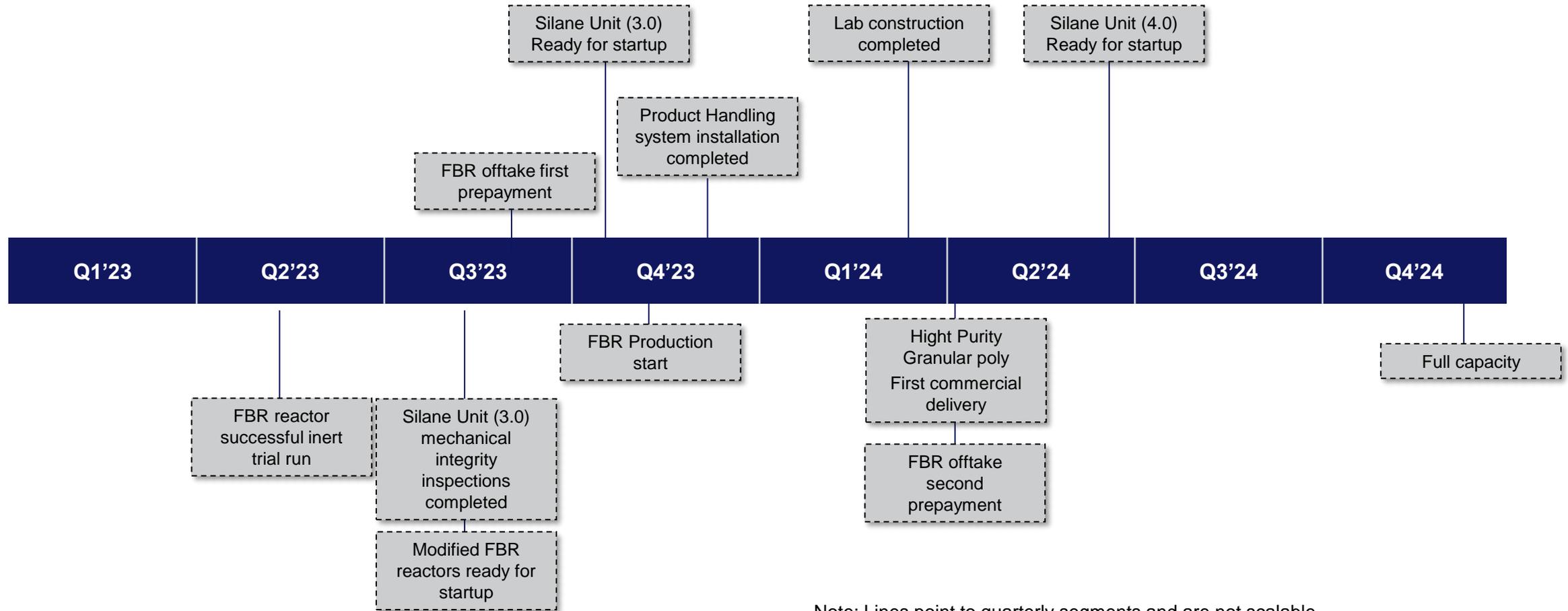
Source: SEIA

ACTIVITY UPDATE

ACCOMPLISHMENTS

What we've said	What we've done	Status
<ul style="list-style-type: none"> › Refinance \$110M bond › Financing of Moses Lake restart and Butte investments › Secure long-term corporate funding 	<ul style="list-style-type: none"> › Corporate debt financing \$110M, April 2023 › \$30M one-year bank loan facility, June 2023 › \$100M three-year term loan agreement, July 2023 › \$40M term loan, September 2023 › Received the first tranche of prepayments under offtake contract › Second tranche of prepayments and first commercial delivery 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ <p>Ongoing</p>
<ul style="list-style-type: none"> › Secure sustainable operation for Moses Lake 	<ul style="list-style-type: none"> › Signed 10-year offtake contract 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> › Moses Lake restart 	<ul style="list-style-type: none"> › Modifications › Installations › Testing and recommissioning › Production start › Production ramp-up 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ <p>Ongoing</p>
<ul style="list-style-type: none"> › Butte capacity expansions 	<ul style="list-style-type: none"> › DCS capacity expansion › Silane gas loading capacity expansion 	<ul style="list-style-type: none"> ✓ ✓
<ul style="list-style-type: none"> › Yulin JV 	<ul style="list-style-type: none"> › Sold 15% equity stake \$136M 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> › Address Butte energy situation 	<ul style="list-style-type: none"> › Entered short-term hedging contracts › Discontinue polysilicon production 	<ul style="list-style-type: none"> ✓ <p>Ongoing</p>

THE MOSES LAKE RESTART PROCESS



BUTTE RESTRUCTURING

Capacity expansion and optimization

- › DCS expansion
- › Increased silicon gas container fleet
- › Optimizing silane gas utilization
- › Hi-grading product portfolio, focusing on profitable specialty gases

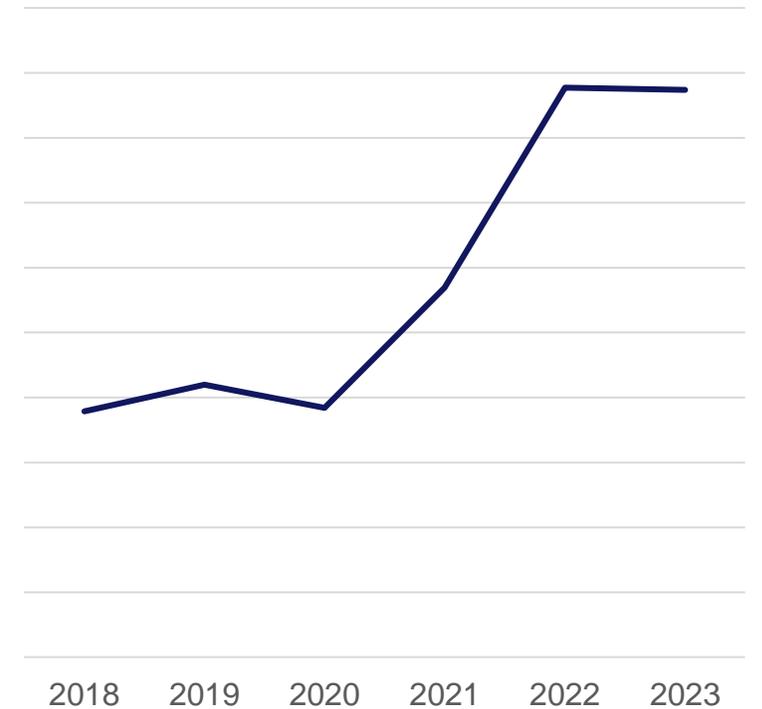
EG Poly shutdown

- › Addressing the regional imbalance in supply and demand for electricity
- › Lower energy consumption
- › Accretive to the bottom line
- › Reduce costs by USD 15-30M/year
- › Ensure profitable operations
- › Reduce GHG emissions



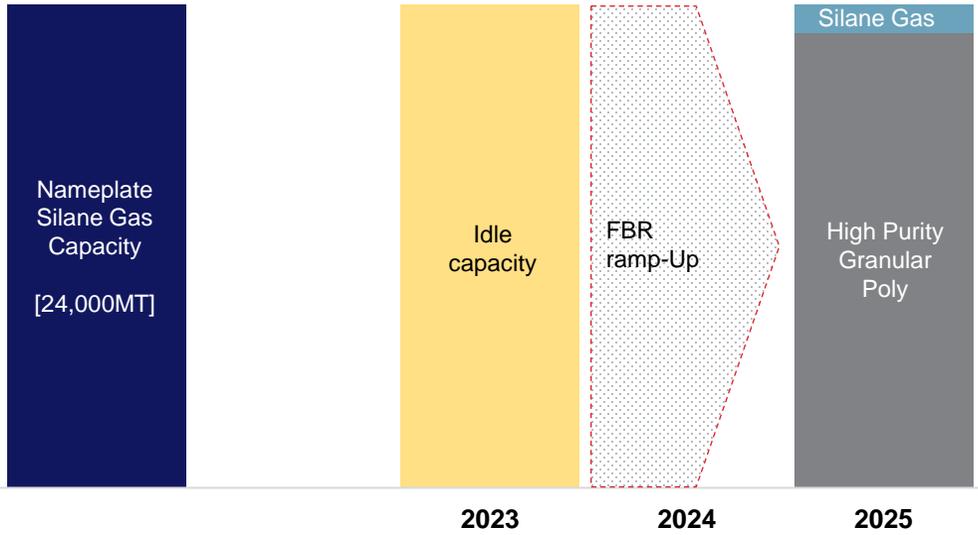
Unsustainable energy situation

Average Electricity Price (Yearly MW)



PRODUCT MIX TRANSFORMATION - OPTIMIZING SILANE GAS CAPACITY

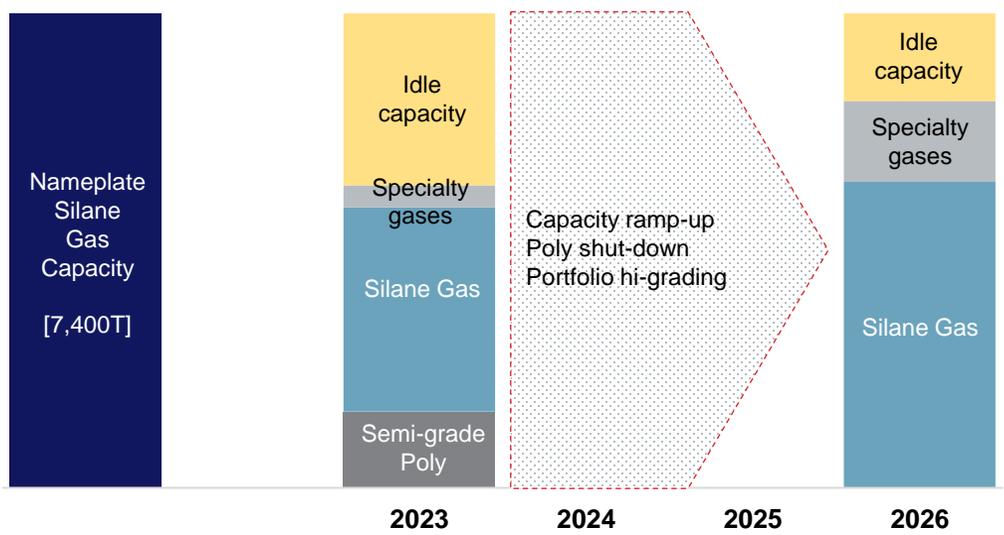
Moses Lake



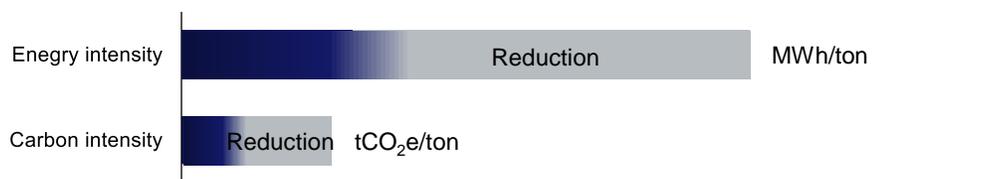
Energy and carbon metrics 2023



Butte



Energy and carbon metrics 2026 and onwards



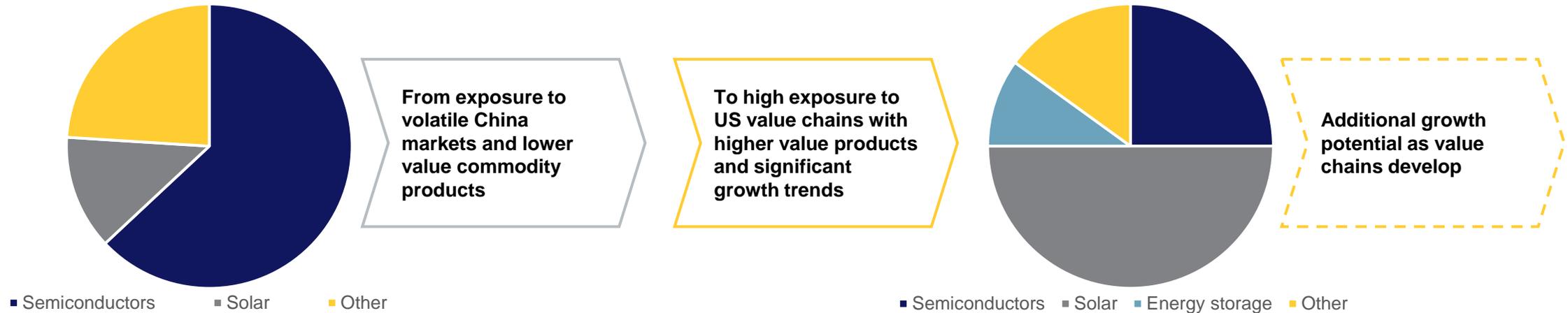
THE ROAD TO SUSTAINABLE PROFITABILITY

2023 Exposure

- › ~ 5,200 MT silane gas production
- › 2/3 of revenues in Asia

Exposure 2025 ->

- › ~ 30,000 MT silane gas production
- › 2/3 of revenues in the US



- Change in product mix to higher value products**
- Strong competitive position due to location and available capacity**
- Substantial reduction of energy costs and GHG emissions**

POSITIONING FOR NEW SILANE GAS OPPORTUNITIES

- › Tracking 7 different anode material producers potentially in USA
 - All utilizing Silane as silicon source
- › REC Silicon taking a direct market approach, targeting
 - Battery anode material producers
 - Selected distributors
- › Moses Lake - A battery hub ?
 - Several initiatives ongoing
 - Silane-based anode material a common denominator



FINANCIALS

SEMICONDUCTOR MATERIALS SEGMENT

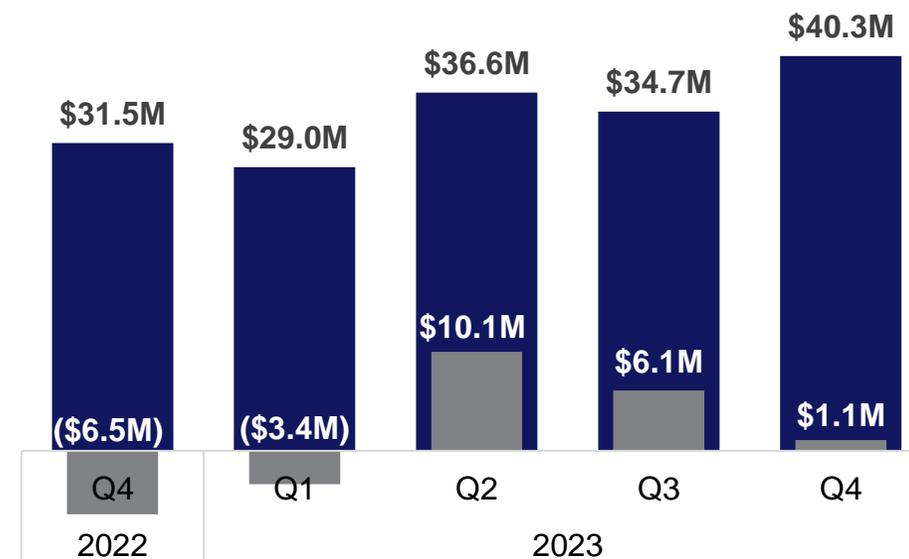
Revenues \$40.3M

- 16.3% increase in revenues vs. Q3-23
- Polysilicon Sales Volume – 8.9% decrease vs. Q3-23
 - Semiconductor Grade Polysilicon - increase by 3.5%
- Polysilicon Sales Price – 35.6% increase vs. Q3-23
 - Semiconductor Grade Polysilicon – 20.9% increase vs Q3-23
- Silicon Gas Sales Volume – 10.4% increase vs. Q3-23
- Silicon Gas Sales Price – 2.0% increase vs. Q3-23

EBITDA Contribution \$1.1M

- \$5.0M decrease in EBITDA contributed vs. Q3-23
- Decreased production volumes
 - 2.0% decrease in Polysilicon Production vs. Q3-23 5 MT

Quarterly Revenue and EBITDA (USD Million)



	Sales Volumes			
	Q4-23	Q4-22	2023	Q3-23
Semiconductor Grade	145 MT	226 MT	524 MT	140 MT
Other Grades	37 MT	76 MT	225 MT	59 MT
Polysilicon Sales	182 MT	302 MT	749 MT	199 MT
Silicon Gas Sales	832 MT	515 MT	3,075 MT	754 MT

CASH FLOWS

December 31, 2023 Cash Balance \$170.9M

\$49.2M Increase in Cash During Q4-23

Cash Flows From Operating Activities (\$44.8M)

- (\$31.2M) EBITDA
- (\$7.9M) Working Capital
 - (\$9.1M) Increase in inventories
 - (\$6.7M) Increase in receivables
 - \$7.9M Increase in payables
- \$1.2M Interest received
- (\$8.0M) Interest paid
- \$0.7M Other items

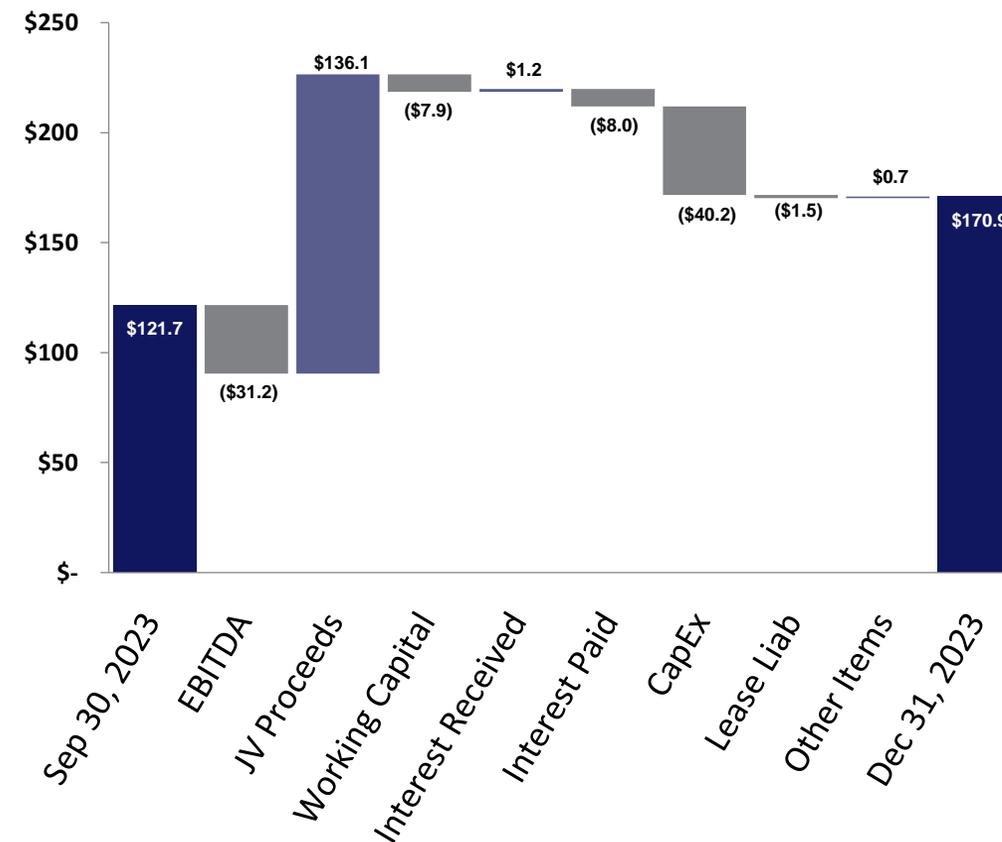
Cash Inflows From Investing Activities \$96.0M

- \$136.1 Proceeds from Yulin JV sale
- (\$40.8M) Capital Expenditures
- \$0.2M Other items

Cash Flows From Financing Activities (\$2.0M)

- (\$1.1) Principal payment of property tax note
- (\$0.9M) Payment of Lease Liabilities

Cash Flows (USD Million)



FINANCIAL POSITION

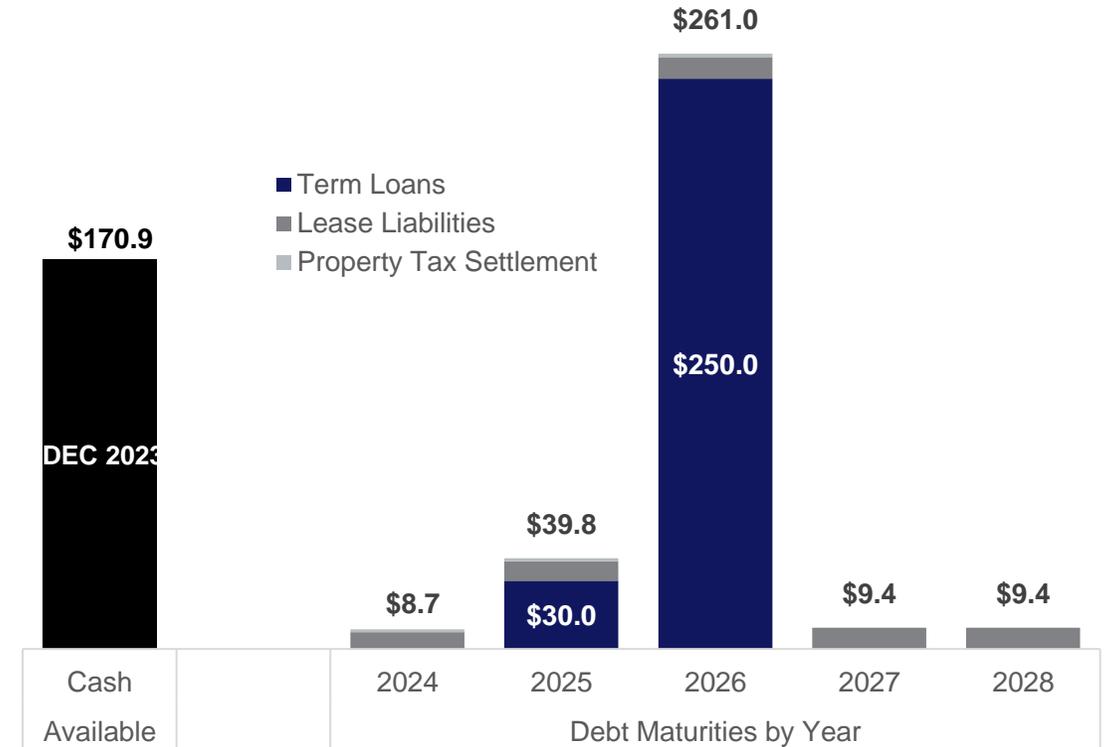
Nominal Debt \$354.1M

- \$1.4M Increase during Q4-23
 - (\$1.1M) Repayment of Debt
 - \$2.5M Changes in Lease Liabilities
- Completion of Yulin JV share sale, Gross proceeds of USD 136.1M

Nominal Net Debt \$183.2M

- \$47.8M Decrease during Q4-23
 - \$49.2M Increase in Cash
 - (\$1.4M) Increase in Nominal Debt

Debt Maturity Profile (USD Million)



SUMMARY

› Timing opportunity

- Products driven by digitalization, renewable energy, and energy storage
- US policies and incentives in place to drive demand and re-shoring of capacity to address these macro trends

› Product opportunity

- Silicon is at the heart of the identified macro trends, REC Silicon products essential to realize the transition
- Significant capacity investments made to meet immediate demand

› Location opportunity

- The largest global producer of silane and high-purity granular polysilicon outside of China and the only one located in the US
- The largest producer in the US of other key specialty silicon gases

› Foundation in place

- Growth capex and operating needs are fully funded through attractive financing and prepayments
- Offtake with a high-quality counterparty has been executed
- High-value specialty silicon gas investments in place in Butte
- Moses Lake to ramp to 100% reactor capacity by end of 2024



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Thank You

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May 10, 2024

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