To: The shareholders in
REC Silicon ASA

Jacksonville, 23 May, 2025

Dear fellow shareholders,

REC SILICON ASA – VOLUNTARY BID FROM ANCHOR AS (Hanwha)

Water Street Capital, Inc. ("**Water Street**") is the manager of four separate investment funds (the "**Water Street Shareholders**") which, in aggregate, owns 34,751,349 shares in REC Silicon ASA ("**REC Silicon**").

This position represents 8.26% of all of the shares in issue in REC Silicon. The Water Street Shareholders are, collectively, the second largest shareholder in REC Silicon after the combined holding of Hanwha Solutions Corporation and Hanwha Corporation (hereinafter referred to as "**Hanwha**").

The Water Street Shareholders acquired their first shares in REC Silicon in Q4/2021 and have, since then, gradually built their combined stake to the level held today.

Our rationale for the investment is a firm belief in the long term potential of Rec Silicon's business and thus the inherent value of its equity capital.

We were disappointed in Hanwha's decision to terminate its long-term purchase contract with REC Silicon in December, 2024. As owners of more than 5% of the outstanding shares in REC Silicon we are asking for an Extraordinary General Meeting to be called. At that Extraordinary General Meeting we will ask for a formal investigation to be made into the circumstances around the testing of REC Silicon material, the failure of that material to meet contract specifications, and Hahwha's termination of the 10-year purchase agreement with REC Silicon.

We believe Hanwha's subsequent announcement that it intended to purchase all the shares it, or one of its affiliates, owns in REC Silicon at a price of NOK 2.20 significantly undervalues the REC Silicon's assets and intellectual property. It is our opinion that too little value is being offered for:

- **The fluid-bed reactors at Moses Lake** which can be restarted at any time, to: 1) Eliminate the issues leading to impurities in the polysilicon leading to the failure of the qualification test; OR 2) Restarting the Moses Lake fluid-bed reactors and ***blending*** the granular polysilicon produced in the Moses Lake reactors with purchased polysilicon produced from the higher-purity Siemens process. The failure of one qualification test is not an indication that the greater than $1 billion value of the Moses Lake facility is suddenly worthless.
- **The silane gas opportunity** in the emerging market for lithium-ion batteries in the electric vehicle ("EV) market. The fact that multiple lithium-ion battery producers have built plants adjacent to REC Silicon's plant speaks loudly of the long-term potential of silane gas in the fast-growing EV market.

- **The value of REC Silicon's intellectual property** greatly exceeds Hanwha's indicated offer price for the entire company. The fluid-bed reactor technology has a substantially lower electricity cost (with electricity being the highest cost component in the production of polysilicon) than the widely-used Siemens process (for producing polysilicon). Multiple companies have successfully utilized fluid-bed reactors for the production of polysilicon; one of those companies (MEMC Electronic Materials) successfully utilized fluid-bed reactor technology for the production of even higher-grade polysilicon for use in the semiconductor industry,

The recently announced voluntary offer to buy all of the shares in REC Silicon by Anchor AS (a Hanwha entity) at a historically low price is, in our view, an unacceptable act by a responsible, controlling shareholder in a listed, public company, including threats that any remaining minority will be faced with a delisting of REC Silicon's share and a compulsory acquisition thereof further contributes to our conclusion.

If these suspicions have merit, it is obvious that REC Silicon will have a considerable claim for compensation from Hanwha and/or Hanwha's directors and managers. This is clearly not reflected in the price offered by Anchor AS in its voluntary offer.

Presenting the voluntary offer at this point in time and at the price presented appears as a logical conclusion of a strategy aimed at gaining full control of the "state of the art" production facility in Moses Lake at a very low price.

For the reasons outlined in this letter, the Water Street Shareholders will <u>not</u> accept the voluntary offer.

We remain firm believers in the underlying value of REC Silicon's business and the quality of its assets and will, if given the opportunity, support this going forward.

For this purpose we also intend to present a proposal for new directors in REC Silicon at the upcoming AGM.

We will invite you to support such a proposal in order to ensure that REC Silicon can continue to operate as an independent company in an exciting and promising industry for the benefit of all of its shareholders.

Yours sincerely,
WATER STREET CAPITAL, INC.

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