

2021

ANNUAL REPORT



RECSiLICON

CONTENTS

Board of Directors	3
Letter from the CEO	4
Board of Directors' report	6
Sustainability report	16
Board of Directors' report on corporate governance	22
Financial statements index	29
Financial statements REC Silicon Group	30
Financial statements REC Silicon ASA	82
Auditor's report	100

BOARD OF DIRECTORS



KRISTIAN RØKKE

Chairman of the Board of Directors since December 2021. Mr. Røkke is currently Chief Executive Officer of Aker Horizons AS. Mr. Røkke has experience from investment management, offshore services and shipbuilding in several companies in the Aker group. Before his current position, he was Chief Investment Officer of Aker ASA, Chief Executive Officer of Akastor ASA, a publicly listed oil service investment company, and spent several years in various operational and executive roles at Philly Shipyard. Mr. Røkke is currently chairman of the board of Philly Shipyard, Inc., Akastor ASA and Plastic REvolution Foundation, and serves as a director on the boards of Aker Carbon Capture AS, Aker Offshore Wind AS, American Shipping Company ASA, Abelee AS and TRG Holding AS. He has an MBA from The Wharton School of the University of Pennsylvania.



AUDUN STENSVOLD

Member of the Board of Directors since May 2020. Mr. Stensvold is currently CEO of Vinestor AS. Prior to his current position he held various positions within the Aker group from 2006 to 2018, i.a. investment director at Aker ASA and CFO and Investment Director at Convento. Before joining Aker, Mr. Stensvold worked as a strategy and finance consultant for Selmer, and as a financial analyst for DnB NOR. He has served on several boards and is currently a board member i.a. of Havfonn AS. Mr. Stensvold has a master's degree in Business and Economics from the Norwegian School of Economics (NHH).



LENE LANDØY

Member of the Board of Directors since March 2021. Ms. Landøy joined Aker ASA in 2021 and is currently Investment Director and head of Industrial Holdings. Before joining Aker, she was part of the Aker BP executive team heading Strategy and Business Development. Ms. Landøy joined Aker BP in 2017 and before that she led Statoil ASA's business development unit on the Norwegian continental shelf. She held various positions in Statoil from 2003 to 2017, in Technology and innovation, Finance, Natural gas and infrastructure and Global business development. Ms. Landøy holds a master's degree in finance from the Norwegian School of Economics (NHH) and the University of California Los Angeles (UCLA). She also holds a master's degree in international finance from the Skema Business School in France.



ANNETTE MALM JUSTAD

Member of the Board of Directors since May 2020, Ms. Justad is currently a partner at Recore, a Norwegian management consultant company, and her experience includes a substantial number of positions as non-executive director and chair for public and private companies. She has a master's degree in Chemical Engineering from the Norwegian University of Science and Technology (NTNU) and a master's degree in Technology Management from NTNU and MIT Sloan School of Management.



SEUNG DEOK (ANDY) PARK

Member of the Board of Directors since January 2022. Seung Deok (Andy) Park joined Hanwha Group in 1994, has served as Chief Strategy Officer of Hanwha Solutions/Strategy Division since September 2021. Mr. Park held various senior managerial positions, including Chief Executive Officer of Hanwha General Chemical, Head of Corporate Strategy Office at Hanwha Chemical as well as Senior Vice President of Operation at Hanwha Q CELLS, gaining expertise in the solar and petrochemical business. Mr. Park graduated from POSTECH with Master of Science degree in Chemical Engineering.

Letter from the CEO

The past year has been very eventful for REC Silicon and will set the foundation for an exciting and successful 2022. First, I would like to acknowledge our long-term CEO Tore Torvund for his numerous contributions to the Company. He became CEO during the construction and commissioning of the FBR facility in Moses Lake and was instrumental in proving the commercial capabilities of the FBR technology. He then guided the Company through uncertainty as we lost access to markets and were forced to shut down our operations in Moses Lake. Tore was also instrumental in setting up the circumstances which I believe will allow us to restart the Moses Lake facility. He leaves a large void and will be greatly missed. I appreciate the opportunity to serve as CEO and have high expectations for the Company's performance in 2022.

REC Silicon's Board of Directors also changed during 2021. We appreciate the leadership of our previous Chairman Kjell Inge Røkke and we all look forward to continuing to work with our new Board of Directors. Hanwha Solutions' equity investment in REC Silicon resulted in additional liquidity of approximately NOK 964 million, which was received in January 2022. REC Silicon was also able to resolve the last remaining legacy matter with the settlement of the indemnification loans in October of 2021. The Company can now turn its focus completely to the future, rather than the past.

The necessary building blocks to support the restart of the Moses Lake facility are coming together. The proliferation of electric vehicles will drive large scale demand for highly efficient batteries and many companies are pursuing initiatives to develop silicon anode materials for use in Lithium-Ion batteries for the automotive industry. For most of these companies, Silane has become the raw material of choice to introduce silicon into battery anodes and substantially improves the efficiency and performance of batteries. While the exact timing continues to be uncertain, battery materials forecasts indicate that large scale manufacturing will be required by 2025 and that the current capacity of silane gas production will not be sufficient to meet projected demand. This will create an excellent opportunity for REC to capitalize on its current production capacity and expertise.

"The Company can now turn its focus completely to the future, rather than the past."

Moreover, the solar market experienced a significant turnaround in 2021. REC Silicon's FBR technology combines low cost, high quality solar grade polysilicon with an ultra-low carbon footprint that is well positioned for expected market growth. In addition to the potential opportunity for a solar value chain to be located within the United States, solar wafer manufacturing capacity is currently under construction outside of China which may create opportunities for REC Silicon to restart the FBR facility in Moses Lake.

REC Silicon's semiconductor business continues to provide the Company with stable cashflows and serves markets that are expected to grow substantially in the future. We are working to position our product portfolio to ensure that the Company reaps the benefits of this growth through capital expansion projects.



Over the past several years, we have been able to mitigate the impact of trade sanctions and adverse market conditions because of our talented, capable, and resilient workforce. Our employees have continually demonstrated the ability to take the necessary actions to preserve the Company's liquidity and to ensure that we maintained the capability to succeed when we restart Moses Lake. Now that market conditions have turned and we may have the opportunity to restart and expand operations, these employees will ensure that we are successful in resuming and maintaining operations.

I am confident in a bright and profitable future for REC Silicon!

A handwritten signature in black ink, appearing to read 'James A. May II'.

James A. May II
President and CEO

Board of Directors' report

2021 HIGHLIGHTS (COMPARED TO 2020)

- > Revenues of \$143.2M (\$122.1M in 2020) and EBITDA of \$7.7M (\$23.8M in 2020)
 - 2021 EBITDA includes income of \$8.3M due to the forgiveness of the C.A.R.E.S. Act loan in Q2
 - 2020 EBITDA included income of \$16.0M due to the settlement of the property tax dispute in Grant County Washington
- > Cash balance of \$110.5M at December 31, 2021
 - Cash decrease of \$24.4M in 2021
 - Cash outflows from operations of (\$14.6)M
 - Working capital decrease of \$9.3M
 - Interest payments of (\$22.3)M
- > Silicon gas sales volumes of 3,078MT
 - Compared to 2020 sales volumes of 3,189MT (3.5% decrease)
 - 8.2% Increase in average silicon gas prices
- > Total polysilicon sales volumes of 1,636MT vs. 1,212MT in 2020
 - Semiconductor grade polysilicon sales of 1,117MT compared to 711MT in 2020
 - Average semiconductor grade polysilicon price decrease of 10.7%
 - Polysilicon inventory decrease of 383MT
- > C.A.R.E.S. Act loans forgiven
 - \$3.9M Solar Materials segment loan forgiven
 - \$4.5M Semiconductor Materials segment loan forgiven
- > Settlement of indemnification loans
 - Agreement reached on October 18, 2021
 - Payment of settlement of \$10.8M in February 2022
 - Payment includes \$3.6M from restricted cash
- > Investment in REC Silicon by Hanwha Solutions
 - Private placement of equity completed January 19, 2022
 - 48.2 million shares issued (proceeds of NOK 964M)
 - Result: Hanwha Solutions holds 16.7% ownership in REC Silicon

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:

- Maintain financial flexibility
- Optimize efficiency of utilized assets
- Optimize semiconductor segment product offerings
- Control inventory by flexing production to match sales and business conditions
- Develop solid plan to restart Moses Lake
- Focus on cost control
- Focus on continued quality improvements
- Support Yulin JV operations

2021 SUMMARY

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	2021	2020
Revenues	143.2	122.1
EBITDA	7.7	23.8
EBITDA margin	5.4%	19.5%
EBIT excluding impairment charges	-20.5	-15.9
Impairment charges	-0.3	-23.0
EBIT	-20.8	-38.9
EBIT margin	-14.5%	-31.9%
Profit/loss from continuing operations before tax	-43.5	-69.3
Profit/loss from continuing operations	-43.5	-46.7
Profit/loss from discontinued operations, net of tax	13.4	0.0
Earnings per share, basic and diluted (USD)	-0.12	-0.16
Polysilicon production in MT (Siemens and granular)	1,225	906
Polysilicon sales in MT (Siemens and granular)	1,636	1,212
Silicon gas sales in MT	3,078	3,189

Revenues

Total revenues increased by 17.3 percent from USD 122.1 million in 2020 to USD 143.2 million during 2021. This increase is primarily due to increased sales volume of polysilicon and an increase in average silicon gas sales price. Nearly all revenues reported are in the Semiconductor Materials segment and increased by 17.7 percent from USD 121.4 million in 2020 to USD 142.8 million in 2021.

Operations

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 on May 15, 2019. After this date, all polysilicon produced by REC Silicon was manufactured in the Semiconductor Materials segment from its plant in Butte, Montana.

Total polysilicon production increased by 319MT (35.2 percent) to 1,225MT in 2021 compared to 906MT in 2020. All production in 2021 and 2020 was from the semiconductor materials segment.

Total polysilicon inventories declined by 383MT in 2021.

EARNINGS

Earnings Before Financial Items and Income taxes (EBIT) for 2021 was a loss of USD 20.8 million. This represents a decreased loss compared to an EBIT loss of USD 38.9 million in 2020 which included impairment charges of USD 23.0 million.

EBITDA for 2021 was USD 7.7 million compared to an EBITDA of USD 23.8 million in 2020. EBITDA in 2021 included other income of USD 8.3 million associated with the forgiveness of the C.A.R.E.S. Act loan. EBITDA in 2020 included a non-cash adjustment of USD 16.0 million due to the property tax settlement with Grant County, Washington which resulted in EBITDA of USD 6.9 million excluding items in other income. The decrease in EBITDA compared to 2020 is the result of the above-mentioned tax settlement in 2020 along with higher operating costs related to polysilicon in 2021. EBITDA contributed by the Semiconductor Materials segment declined by USD 2.9 million to USD 33.4 million in 2021 due primarily to increased operating costs. In Other and Eliminations, net operating costs increased by USD 0.7 million due to 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 2021, 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 1.3 million in 2021 compared to USD 0.9 million in 2020. Total expenditures including depreciation were USD 1.7 million in 2021 and USD 1.3 million in 2020.

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 4,500MT of silicon gas loading and 2,000MT polysilicon production.

Key financials - Semiconductor Materials

(USD IN MILLION)	2021	2020
Revenues	142.8	121.4
EBITDA contribution	33.4	36.3
Contribution margin	23.4%	29.9%
Polysilicon production in MT (Siemens)	1,225	906
Polysilicon sales in MT (Siemens)	1,570	1,149
Silicon gas sales in MT	3,078	3,189

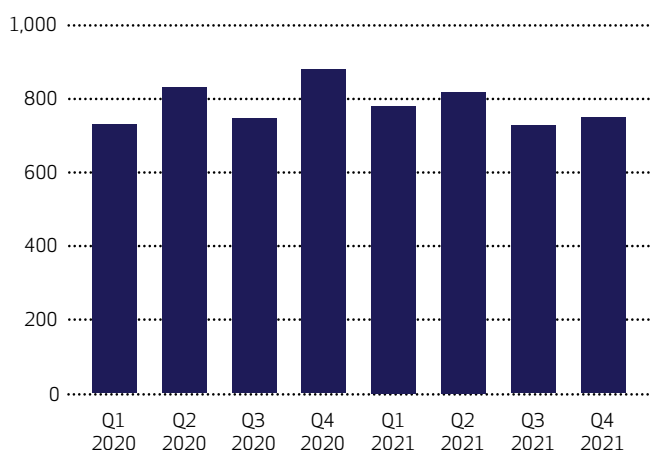
Markets

Markets for semiconductor grade polysilicon are dominated by long-term sales contracts. During the fourth quarter of 2021, REC Silicon's total shipments were consistent with anticipated shipment patterns. REC Silicon received an increase in requests for expedited shipments. However, some opportunities for additional shipments were adversely impacted by the ongoing global logistics logjam. Demand for silicon wafers continues to grow; particularly for large diameter wafers intended for use in memory and advanced logic applications. Although capacity expansions have been announced, demand for large diameter wafers is limited by wafer manufacturing capacity. Demand for smaller diameter wafers has recovered but continues to be limited by bottlenecks in the value chain as fabrication capacity is currently the potential limiter. Polysilicon inventories held by customers have reached levels that are more consistent with normal supply chain replenishment and flow.

Overall demand for silicon gases remained high due to demand in semiconductor applications as production is at full capacity utilization. Demand for silicon gases in high-end flat panel display applications was muted relative to previous quarters. REC Silicon's sales of silicon gases continued to be adversely affected during the fourth quarter by delays in returning containers due to global shipping delays, port congestion, and availability of container booking. Demand for silicon gases in solar PV and older technology flat panel display applications in China continues to decline as manufacturers disengage from supply arrangements with the United States where feasible. In addition, logistics bottlenecks are preventing the timely and cost-effective supply of materials required by customers in China. However, REC Silicon continued to increase shipments to locations outside of China. These shipments represent existing and recently expanded manufacturing capacity which is expected to result in increases in market share. However, these were also subject to previously mentioned logistics challenges depending on location.

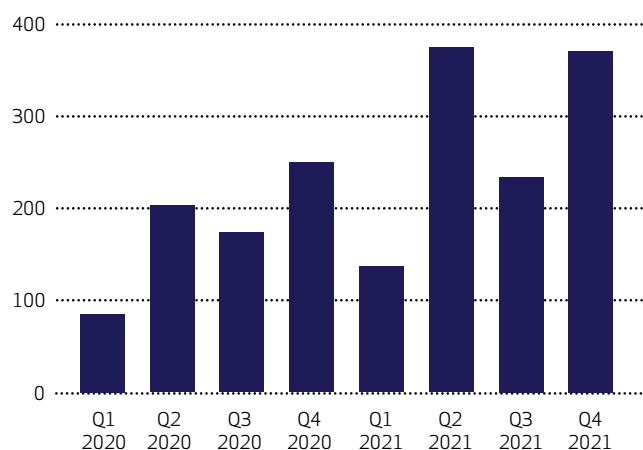
Silicon Gas Sales

Sales Volumes (MT)



Semiconductor Polysilicon Sales

Sales Volumes (MT)



Financial Performance

In 2021, revenues for the Semiconductor Materials segment were USD 142.8 million compared to USD 121.4 million in 2020; an increase of 17.7 percent.

Revenues from polysilicon sales increased by 50.8 percent in 2021 compared to 2020. Total polysilicon sales volumes increased by 36.7 percent from 1,149MT in 2020 to 1,570MT in 2021. The underlying sales volumes of semiconductor grade polysilicon were 988MT during 2021 compared to 711MT during 2020. Average prices realized for semiconductor grade polysilicon decreased by 10.7 percent primarily due to a one-time sale of a specific lower value grade of semiconductor polysilicon in 2021.

Revenues from silicon gas sales increased by 4.4% in 2021 compared to 2020. Silicon gas sales volumes were 3,078MT, a 3.5 percent decrease compared to 3,189MT in 2020. Average annual prices for silicon gas increased by 8.2 percent.

Total polysilicon production in the Semiconductor Materials segment increased by 319MT to 1,225MT in 2021 compared to 906MT in 2020. The underlying production volumes of semiconductor grade polysilicon increased by 181MT to 781MT for 2021. Inventories of polysilicon in the Semiconductor Materials decreased by 383MT in 2021 as the company took advantage of additional sales.

The Semiconductor Materials segment contributed USD 33.4 million of income to EBITDA during 2021 which included USD 4.5 million of other revenue associated with the forgiveness of the C.A.R.E.S. Act loan. This compares to an EBITDA of USD 36.3 million in 2020.

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)	2021	2020
Revenues	0.1	0.5
EBITDA contribution	-5.7	6.7
Contribution margin	NA	NA
Polysilicon production in MT (Siemens and granular)	0	0
Polysilicon sales in MT (Siemens and granular)	65	63

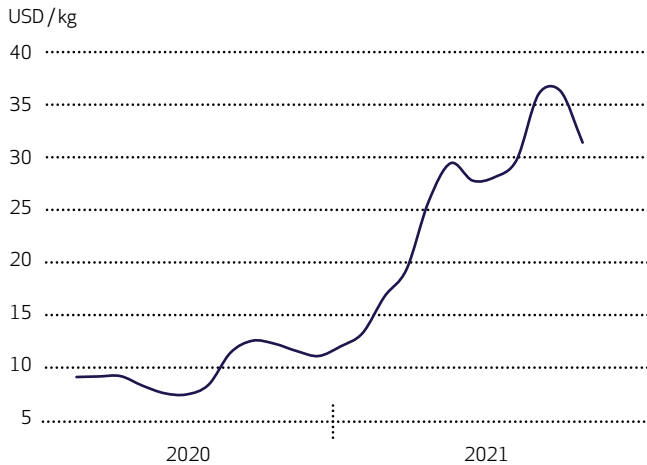
Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington during 2019.

The Company expects to make a decision before year end 2022 to restart production at the Moses Lake facility and will depend on when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, silicon anode battery technology based on silane gas is commercialized, and/or other significant positive developments occur in solar grade polysilicon markets. (see Risk Factors below).

Markets

During 2021, demand for PV installations picked up and finished the year strong despite feelings that high prices and supply limitations would restrain the market. Several projects were delayed and moved into 2022 due to concerns over pricing and project returns, along with supply chain disruptions. Polysilicon prices increased throughout the year and ended the year near USD 31.0/kg. Polysilicon supply in China was stable as most producers focused on inventory control, with approaching seasonal declines in demand, near year end. Polysilicon

Polysilicon Spot Price Development



*PV Insights – Mono-crystalline polysilicon prices

prices remained significantly higher at the end of 2021 compared to prices near USD 11.1/kg at the beginning of the 2021.

Financial Performance

Revenues for the Solar Materials segment were USD 0.1 million during 2021 compared to USD 0.5 million in 2020. Sales during 2021 represented the sales of 65MT of the remaining granular polysilicon inventories.

Due to the shutdown of the FBR facility on May 15, 2019, there was no FBR production in 2021 or 2020. The FBR plant is being maintained in a non-operating status with maintenance expenditures to ensure safety and to preserve the ability to restart the plant when market conditions improve. REC is working towards having the ability to restart production in 2023. Capital projects for FBR upgrades were initiated in 2021 and include the ability to produce ultrahigh purity granular.

The Solar Materials segment contributed a loss of USD 5.7 million to the Company's EBITDA during 2021 and included income of USD 3.9 million from the forgiveness of the C.A.R.E.S. Act loan. This compares to an income of USD 6.7 million in 2020 which included a non-cash adjustment of USD 16.0 million due to the settlement of the property tax dispute with Grant County, Washington. Excluding items of other income, the Solar Materials segment incurred a net expense of USD 9.8 million during 2021 compared to net expense of USD 9.6 million in 2020. The Company anticipates that net expenditures will remain near these levels until activities are undertaken to restart the facility.

The loss contributed by the Solar Materials segment represents revenues less production costs for products sold and idle facility costs during the period 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)	2021	2020
Revenues	0.2	0.1
EBITDA contribution	-20.0	-19.3
Silicon gas sales in MT	0	0

Net operating costs in Other and Eliminations increased to USD 20.0 million during 2021 compared to USD 19.3 million in 2020.

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).

Due to the continuing impact of operating losses and delays in realizing designed production capacities the Yulin JV has accumulated long term debt to maintain the operations. As a result, estimated enterprise value less long-term debt results in a deficit equity value. Accordingly, 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 has not made the final equity settlement payment of USD 4.7 million which was payable during December 2020 due to delinquent invoices for services provided to the Yulin JV by REC Silicon and the completion of performance testing specified in the Technology Transfer Agreement (TTA). REC Silicon and the Yulin JV continue to seek a resolution to these issues.

FINANCIAL ITEMS

Financial items - REC Silicon Group

(USD IN MILLION)	2021	2020
Financial income	0.1	0.3
Interest expenses on borrowings	-13.6	-13.2
Interest expense on leases	-8.8	-7.6
Capitalized borrowing cost	0.4	0.3
Net change in fair value of financial equity investment through profit and loss	0.0	-18.0
Expensing of up-front fees and costs	-0.4	-0.4
Other financial expenses	-1.3	3.6
Net financial expenses	-23.6	-35.2
Net currency gains/losses	0.8	4.5
Net financial items	-22.7	-30.4

Net financial items were an expense of USD 22.7 million in 2021 compared to an expense of USD 30.4 million in 2020.

During the fourth quarter of 2020, the Company recognized a USD 18.0 million loss due to changes in the fair value of financial equity investment through profit and loss. This loss is associated with the Company's investment in the Yulin JV and has been described under investments (Yulin JV) above and note 9 to the consolidated financial statements.

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 primary currency for the group.

Interest expenses on borrowings were USD 13.6 million in 2021 compared to USD 13.2 million in 2020. 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 8.8 million in 2021 compared to USD 7.6 million in 2020. This increase can be attributed to the modification of existing leases related to contractual increases in lease payments tied to economic indices (See Note 7 to the consolidated financial statements).

Other financial expenses during 2020 includes the reversal of USD 4.7 million of interest on unpaid taxes reported for prior periods associated with the tax examination by the Norwegian Central Tax Office which was dropped during the third quarter of 2020. The remaining expense can be attributed to interest on prepayments from customers and interest on the pension obligation.

INCOME TAX

The losses before tax from continuing operations of USD 43.5 million in 2021 and USD 69.3 million in 2020 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.

The income tax benefit of USD 22.6 million for 2020 was a result of the Norwegian Tax Administration informing REC Silicon that it had dropped its examination regarding deductions taken by REC Silicon during tax years 2009 through 2011. In addition, the Norwegian Tax Administration informed REC Silicon that after a thorough examination, also considering the elapsed time, they did not find a reason to move forward with other issues raised in the draft decision including the classification of capital inflows as equity deposits.

See note 18 to the consolidated financial statements.

PROFIT AND LOSS

The loss from total operations was USD 30.1 million in 2021 compared to USD 46.7 million in 2020.

CASH FLOW

Net cash outflows from operating activities were USD 14.6 million in 2021 compared to USD 2.2 million in 2020. Operating cash flows during 2021 included EBITDA of USD 7.7 million, which included USD 8.3 million of other income from the forgiveness of the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act loan. The decrease in working capital of USD 9.3 million consisted of a decrease in inventories of USD 7.9 million and an increase in accounts payable and accruals of USD 3.1 million. These were offset by sales in excess of customer collections of USD 2.4 million. Cash outflows included USD 21.4 million of interest 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 6.8 million in 2021 compared to cash inflows of USD 0.1 million in 2020. Capital expenditures were USD 8.3 million in 2021 and were primarily associated with the Dichlorosilane (DCS) gas expansion project and FBR upgrades for ultrahigh purity granular. The DCS expansion project is expected to cost approximately USD 8.0 million, take approximately 18 months to complete, and will result in an increase in DCS production capacity of approximately 200MT per year. Costs associated with FBR upgrades represent long lead activities to support the potential restart of FBR production in Moses Lake (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 a decrease in restricted cash balances of USD 0.1 million and USD 1.4 million due to the maturity of municipal bonds held by the Company.

Cash outflows from financing activities in 2021 were USD 3.0 million and were payments of USD 0.9 million on the property tax note and USD 2.1 million payments of long-term lease liabilities.

In total, cash balances decreased by USD 24.4 million in 2021 to USD 110.5 million at December 31, 2021.

FINANCIAL POSITION

Shareholders' equity decreased to USD 33.3 million (11.3 percent equity ratio) at December 31, 2021 compared to USD 59.0 million (17.3 percent equity ratio) at December 31, 2020.

This decrease was primarily the result of a loss from total operations of USD 30.1 million. In 2021 the loss from operations included other income of USD 8.3 million from the forgiveness of the C.A.R.E.S Act loan. In addition, other comprehensive income in 2021 was a gain of USD 4.3 million due to the re-measurement of defined benefit pension plans.

Net debt increased by USD 1.7 million to USD 86.4 million at December 31, 2021 from USD 84.7 million at December 31, 2020. This increase was primarily the result of the decrease in cash balances of USD 24.4 million discussed above. This was offset by decreases in debt due to the C.A.R.E.S. Act loan of USD 8.3 million being forgiven as well as the settlement of the indemnification loans on October 18, 2021, which resulted in a decrease of USD 12.0 million in the outstanding liability. Also, a USD 0.9 million decrease in the Grant County WA property tax note. Lease liabilities decreased by USD 1.3 million. In addition, the indemnification loan, which is denominated in NOK, decreased by USD 0.2 million due to the effects of stronger USD relative to the NOK.

Net debt includes unamortized loan fees. Excluding unamortized capitalized borrowing costs, nominal net debt was USD 87.1 million at December 31, 2021 which represents an increase of USD 1.3 million from USD 85.7 million at December 31, 2020 (See note 17 to the consolidated financial statements).

GOING CONCERN

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.

The Board of Directors also refers to the risk factors discussed in this report. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon and the impacts of the COVID-19 pandemic which creates uncertainty for the Group, its customers, certain other competitors, and the industry as a whole.

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.

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 2021, REC Silicon ASA had a negative EBIT of USD 2.3 million compared to a negative EBIT of USD 1.4 million in 2020. The Company recorded a net loss of USD 32.0 million 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. Interest income from subsidiaries was suspended for 2020 and 2021 due to the financial position and outlook of the borrowing companies. In 2020 the net loss included net financial expenses of USD 74.8 million which included impairment of loans to subsidiaries of USD 58.0 million, impairment of shares in REC Silicon AS of USD 12.9 million, and interest expenses of USD 13.2 million. Other major remaining items of net financial items were net currency gains of USD 4.5 million and other financial expenses of USD 4.7 million. The net loss included USD 13.7 million due to the impairment of REC Silicon ASA's loans to its subsidiaries in the United States and USD 57.0 million due to the impairment of REC Silicon Pte. Ltd. (See note M to the financial statements for REC Silicon ASA).

Total equity for the parent Company was USD 168.4 million at December 31, 2021 compared to USD 200.4 million at December 31, 2020. This decrease is a result of the net loss of USD 32.0 million discussed above.

Allocation of the Net Loss for the Parent Company

The Board proposes that the net loss for the year of USD 32.0 million be distributed to other equity.

Change of Control

The USD Senior Secured Bond agreement and the Indemnification loan have change of control provisions. 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. Under the terms of the indemnification loan, if a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, the indemnified parties may declare the loan due and payable.

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

REC Silicon believes that there are significant uncertainties related to market developments going forward. This uncertainty relates primarily to uncertain market conditions and Chinese tariffs on polysilicon produced in the United States. These uncertain market conditions have forced REC Silicon to shut down the FBR plant in Moses Lake, Washington. The Company expects to restart the Moses Lake manufacturing facility when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, silicon anode battery technology based on silane gas is commercialized, and/or other significant positive developments occur in solar grade polysilicon markets. If these events do not materialize, REC Silicon may be unable to restart the FBR facility, which could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations.

Market disruptions caused by the COVID-19 pandemic are dissipating. However, current global shipping delays and port congestion is expected to result in the delay of shipments. REC Silicon has successfully mitigated the impact of the COVID-19 pandemic on its operations. However, increased infection rates in certain geographic regions and industries are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

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

Company management and the Board of Directors are monitoring the Russian invasion of 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.

REC Silicon's Moses Lake, Washington facility was shut down during the second quarter of 2019 due to difficult market conditions and Chinese

tariffs on polysilicon produced in the United States. Accordingly, operating costs and activities have been reduced to levels required to safely maintain the facility in a non-operating status and to retain the capability to restart the facility in 2023.

The Company's plans to reopen the Moses Lake facility are in part dependent upon the restoration of access to polysilicon markets in China, the creation of a non-Chinese solar value chain, or the development and commercialization of technology for the use of silane to manufacture silicon anode material for use in lithium-ion batteries. The realization of these initiatives is subject to substantial uncertainty and may depend upon the implementation of trade measures to incentivize investments and will require REC Silicon to make additional investments. Accordingly, plans to restart the facility in Moses Lake, Washington is subject to substantial uncertainty.

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

Liquidity risk

At December 31, 2021 the Group has sufficient available cash to meet debt service and other anticipated operating cash flow requirements. The settlement of the strategic equity investment by Hanwha Solutions was successfully completed on January 19, 2022. Gross proceeds were NOK 964 million. Debt payments in 2022 include the indemnification loan of USD 10.8 million, Grant County Washington property tax settlement of USD 1.8 million and interest of USD 12.7 million on the senior secured bond (see note 17).

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.

Currency risk

The Company's net cash flows from continuing operations are primarily in USD. Debt is denominated in USD and NOK. Accordingly, the Group's currency risk on a consolidated basis relates primarily to the sufficiency of net positive cash flows in USD to meet liabilities in NOK. 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 2021 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

Market disruptions caused by the COVID-19 pandemic are dissipating. However, current global shipping delays and port congestion is expected to result in the delay of shipments. In addition, increases in infection rates may adversely impact economic activities in certain geographic areas and industries. The outlook for markets provided below is focused on the long-term development of markets and assumes that economies recover from the COVID-19 pandemic.

The company is monitoring the Russian invasion of Ukraine and will take appropriate action as necessary to minimize risk.

Semiconductor supply chain participants and industry analysts continue to indicate that demand for semiconductor devices is expected to remain strong through the first quarter of 2022. While visibility of demand and order commitments are clear, order fulfillment and execution may be adversely affected by delays in the global logistics supply chain. However, REC Silicon will continue to take action to mitigate any disruption to our customers and revenue expectations.

Demand for REC Silicon's semiconductor grade polysilicon and silicon gases are expected to increase in 2022. 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.

Solar grade polysilicon prices increased to approximately USD 32.0/kg at the beginning of the first quarter of 2022. Polysilicon supply will increase through 2022 as new capacity comes online. While capacity expansions have been announced that may result in oversupply, opportunities to restart the Moses Lake FBR facility will be impacted by the potential passage of the Solar Energy Manufacturing for America (SEMA) act as well as current initiatives to develop PV supply chains outside of China. These initiatives are expected to result in opportunities for supply agreements for solar grade granular polysilicon and result in the restart of the Moses Lake facility. Increases in wafer capacity and increased demand for PV installations should result in strong demand for solar grade polysilicon. Polysilicon supply is expected to remain constrained in the first half of 2022 and become more balanced towards the end of the year. Industrial analysts estimate global demand for PV installations of approximately 230-250GW.

In addition, developments with respect to silicon anode battery materials appear to be taking shape. Developers continue to qualify their silicon-based anode material in commercial applications. Developer forecasts predict large scale silane demand by 2025.

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 "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 24, 2022
Board of Directors



Kristian Røkke
Chairman of the Board



Annette Malm Jústad
Member of the Board



Audun Stensvold
Member of the Board



Lene Landøy
Member of the Board



Seung Deok Park
Member of the Board



James A. May II
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, 2021.

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, 2021. 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, 2021. The report from the Board of Directors and CEO, including the report on corporate governance, 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, 2021.

We confirm that, to the best of our knowledge:

- The financial statements for the Group and the Company for the year ending December 31, 2021 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, 2021, and
- The report from the Board of Directors for the year ending December 31, 2021 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 24, 2022
Board of Directors



Kristian Røkke
Chairman of the Board



Annette Malm Justad
Member of the Board



Audun Stensvold
Member of the Board



Lene Landøy
Member of the Board



Seung Deok Park
Member of the Board



James A. May II
President and CEO

Sustainability report

INTRODUCTION

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. The Group's sales and marketing activities for solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan and in the United States. The Group also has a JV investment in Yulin, China.

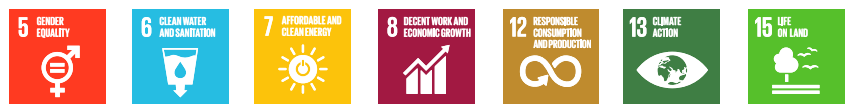
Through its products for the Solar PV industry, REC Silicon participates in the global value chain for renewable energy. Furthermore, our products for the semiconductor industry place the Group in the global value chain for digitalization, a key driver for more efficient resource use in the world. As such, REC Silicon is well integrated in the drive to make the world more environmentally sustainable. Nevertheless, we recognize our

responsibility to ensure that our own operations and value chain minimize its environmental footprint. REC Silicon strives to be recognized as a safe and fair employer with proper attention to all stakeholders and with a best-practice governance structure.

FOCUS AREAS

REC Silicon has conducted a materiality analysis to define focus areas that are strategically important to the Group and its stakeholders. This analysis is a combination of industry materiality analyses from the Sustainability Accounting Standards Board (SASB) that cover "Solar Technology & Project Developers" and "Chemicals", as well as a more granulated, internal analysis of key aspects where we believe attention and focus is needed to ensure that REC Silicon has the right platform to execute its strategy. The sustainability focus areas for REC Silicon going forward are:

FOCUS AREAS AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



SAFETY	ENERGY	WATER	ENVIRONMENT	EQUAL TREATMENT AND HUMAN RIGHTS	GOVERNANCE
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- Health and safety of personnel
- Safety in production
- Safety of products
- Safety in supply chain

- Energy use and mix
- Energy emissions
- Energy supply

- Water use
- Water discharge

- Waste production
- Waste treatment
- Waste recycling
- Raw materials sourcing
- Emissions to air
- Biodiversity

- Gender equality
- Human rights
- Community interaction

- Anti-corruption
- Whistleblower
- Accountability
- Transparency
- Stewardship

Target 8.8	Target 7.2 Target 7.3	Target 6.3 Target 6.4 Target 6.5	Target 12.4 Target 12.5 Target 12.6	Target 5.1 Target 5.2 Target 5.5	Target 12.6 Target 13.1
	Target 13.1	Target 13.1	Target 13.1 Target 15.1	Target 8.7	

Safety

Safety for everyone involved in the production and use of REC Silicon's products is of top priority.

Energy

The production of polysilicon and silicon gases consumes substantial volumes of energy, which has a direct impact on the environment, as well as on costs.

Water

The production of polysilicon and silicon gases consumes and discharges substantial volumes of water, which has a direct impact on water resources and water quality if not managed correctly.

Environment

Our production processes generate significant volumes of waste, where increased recycling will be important to reduce the environmental footprint. Emissions to air are also important, as is the protection of local biodiversity. REC Silicon needs access to raw materials with low environmental impact, which make its value chain more resilient to future, climate-related changes.

Equal treatment and human rights

The Group needs access to qualified personnel and strives to be seen as an attractive workplace that respects all aspects of human rights and gives everyone an equal opportunity to succeed.

Governance

REC Silicon adheres to the strictest principles of fair business behavior and integrates the governance of sustainability matters along with the overall corporate governance, which places the ultimate accountability with the executive management and the Board of Directors.

FOCUS AREAS AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

REC Silicon supports the United Nations Sustainable Development Goals (SDGs) and has identified seven SDGs that are particularly relevant to our operations.

These are areas where we can contribute towards implementing the UN Agenda for Sustainable Development by 2030. Some of the above SDGs are relevant to more than one of REC Silicon's focus areas.

Each SDG has underlying targets, which we have aligned with our own focus areas as illustrated below.

Furthermore, we have attempted to tie the SDGs to the key operational and strategic parameters we use to set targets and measure performance. This means that we can have a clear view of which of the SDGs our efforts contribute to:

Based on this, we are developing a framework for our sustainability strategy going forward. Importantly, we have identified a range of KPIs grouped around each focus area, so that we can operationalize our improvement efforts and initiatives with the appropriate focus and link these to longer term goals.

FOCUS AREA	KPI
Safety	LTI rate, Total Recordable Injuries rate Safe job analyses Sick hours % Hazard recognition audits Serious incidents Supply chain audits
Energy	Energy use Emissions from energy use Energy mix Energy efficiency Reliability of energy sourcing
Water	Water consumption Waste-water discharge Water use efficiency
Environment	Waste production volumes, including hazardous waste Waste recycling Raw materials sourcing Emissions to air Initiatives to preserve biodiversity
Equal treatment and human rights	% women in workforce and management Salary gap male vs female Initiatives and programs to promote gender equality Human rights audits and violations in supply chain Donations and contributions to community
Governance	Anti-corruption audits and violations Number of whistleblower incidents Transparency of ESG governance structure Stewardship initiatives in value chain

It is the ambition of REC Silicon to develop a full suite of strategic targets relating to sustainability during the coming year with associated KPIs that are monitored on a regular basis and related to initiatives, plans and programs set to improve our performance.

PERFORMANCE IN 2021

This section outlines how REC Silicon performed during 2021 in relation to established KPIs. These are reported monthly or quarterly and are subject to audits on all levels in the organization.

Compared to previous years, we are now also expressing certain KPIs on a per-unit-produced basis to get a better understanding of the resource efficiency of our production. This will be an important part of our sustainability strategy going forward.

ENVIRONMENTAL DISCLOSURES	UNIT	2021	2020	% CHANGE
Polysilicon production	Mt	1,225	906	35%
Silane gas production and other production	Mt	5,142	4,545	13%
Total production	Mt	6,367	5,451	17%
Energy				
Heating Oil	L	28,185	22,105	28%
Diesel	L	21,703,326	21,272,146	2%
Natural gas	m ³	17,063	26,099	-35%
Gasoline	L	8,253	2,079	297%
Propane	L	0	0	n.m.
Hydrogen	m ³	0	0	n.m.
Other (Unleaded gasoline and propane)	L	0	0	n.m.
Direct Energy Consumption (Scope 1)	GWh	231	227	2%
Indirect Energy Consumption (Grid Electricity) (Scope 2)	GWh	562	497	13%
Total Energy Use	GWh	794	724	10%
	GJ	2,856,735	2,607,004	10%
Share from Grid Electricity	%	71%	69%	2%
Share from Renewable Energy	%	0%	0%	0%
Energy per produced unit	MWh/Mt	125	133	-6%
CO₂ emissions				
Direct emissions (Scope 1)	tCO ₂ e	61,168	59,982	2%
Indirect emissions from electricity (Scope 2)	tCO ₂ e	164,052	145,112	13%
Total CO₂ emissions	tCO₂e	225,220	205,094	10%
CO ₂ emissions per produced unit	tCO ₂ e/Mt	35	38	-6%
Water				
Municipal water consumption	Mill m ³	0.1	0.1	-2%
Surface water consumption	Mill m ³	2.2	2.4	-8%
Total water consumption	Mill m³	2.3	2.5	-8%
Waste water discharge	Mill m ³	1.5	1.4	3%
Share of water from regions with High Water Baseline Stress	%	0	0	0%
Share of water from regions with Extremely High Water Baseline Stress	%	0	0	0%
Waste water share of water consumption	%	64%	57%	7%
Water consumption per produced unit	'000 m ³ /Mt	0.4	0.5	-21%
Waste water discharge per produced unit	'000 m ³ /Mt	0.2	0.3	-11%
Waste				
Recycled waste	Mt	17	31	-45%
Non-hazardous waste	Mt	5,297	5,144	3%
Hazardous waste	Mt	1	0	276%
Total waste	Mt	5316	5176	3%
Recycled waste share of total waste	%	0%	1%	0%
Hazardous waste share of total waste	%	0%	0%	0%
Hazardous waste per produced unit	Mt	0.0	0.0	222%
Total waste per produced unit	Mt	0.8	0.9	-12%
Ecological Impacts				
Total number of permit breaches		3	3	0%
Number of serious incidents or environmental releases		0	0	n.m.

SOCIAL DISCLOSURES	UNIT	2021	2020	% CHANGE
Number of Employees	#	289	281	3%
Job Safety				
Safe Job Analyses		299	334	-10%
Hazard Recognition Audits		331	414	-20%
Lost time injuries rate	LTI/Mill hrs	7.4	3.8	97%
Total recordable injuries rate	TRI/Mill hrs	14.8	11.3	31%
Sick hours	#	2,027	1,786	
Sick hours share	%	0.4 %	0.3 %	
Workforce composition				
Male	%	83%	83%	
Female	%	17%	17%	
Management composition				
Male	%	86%	75%	
Female	%	14%	25%	
Human rights and corruption				
On-site audits of suppliers on human rights	#	3	0	
Self-directed audits of suppliers on human rights	#	0	0	
Human Rights Violations	#	0	0	
Corruption Violations	#	0	0	
Local community interaction				
Donations to Local Communities	USD	1,250	23,000	
- Contribution by employees	%	62%	33%	
Volunteer hours to programs and charitable organizations	#	611	900	-32%

Environmental performance

The performance of the Group in relation to environmental objectives are governed by a set of policies and plans. These include:

- Environmental and climate policy
- Pollution Prevention Plan
- Process Safety Management Plan

The production of polysilicon and silicon gases increased by 17 percent compared to the previous year. With the facility in Moses Lake still being idled, all production took place at the Butte facility, which employed 74 percent of the Group's employees.

Despite the production increase, REC Silicon saw only a moderate increase in resource use. Energy use per produced unit fell by 6 percent year-on-year, while water use and waste production per produced unit fell by 12-21 percent year-on-year. The CO₂ emissions per produced unit were down by 6 percent. This variation in intensities is related to some reactors being held idle for some periods during the year but is within a normal range.

The energy used in the production process is still nearly 100% diesel, which is something the Group would like to improve going forward. The electricity consumed by the Group is grid electricity. The Moses Lake facility uses electricity from hydropower, but until this is back in production, the Company has no access to renewable electricity for its production.

The number of environmental permit breaches was flat from last year at 3, which is above the company's target. Nevertheless, none of these breaches were serious or involved any spills. REC Silicon's discharged water needs to be above drinking water standard and the Company uses two test labs to ensure compliance. During 2021, a program was undertaken to pinpoint the reasons for test variability between the labs, which in some cases may result in a recordable permit breach.

Social performance

Health and safety have the highest priority and the Company 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.

The Company 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. Policies and codes also cover equal opportunities, ethics and human rights:

- Code of Conduct
- HSE Policy
- Job Safety Analysis
- Hazard recognition audits
- Compensation policy
- Supply chain standards and management

All employees have the right and the responsibility to stop unsafe activities as needed.

The safety performance took a turn for the worse during 2021. There were four lost time injuries during 2021, double that of the previous year. Total recordable injuries numbered eight during the year, an increase of two from 2020. None of the injuries resulted in serious injury to personnel. The number of Safe Job Analyses declined by 10 percent, while the number of Hazard Recognition Audits fell by 20 percent. This owes itself to the effects of the COVID-19 pandemic, which resulted in the company encouraging reduced interaction between employees, and in particular any exposure to the production employees.

REC Silicon's compensation policy provides a benefit for paid time off (PTO) for its employees. The policy accounts for different Sick PTO regulations in the states of Washington and Montana. Designating PTO as Sick PTO is voluntary rather than required in both states, but the total sick hours designated are nevertheless disclosed below. The Company maintains a health and wellness program which facilitates healthy lifestyle choices and activities.

Although REC Silicon was affected by the global pandemic in the same manner as the rest of the world, we were able to mitigate any production interruptions or losses with internal policies to ensure people maintained compliance with mandates and continued safe work practices. REC Silicon is considered essential due to the hazardous chemicals on site and therefore, there was no interruption in our production. Employees were provided with masks, cleaning materials, sanitizer, paid time away if sick, and social distancing was practiced throughout the organization.

REC Silicon is committed to provide equal opportunities for all employees in an inclusive work culture. All employees and applicants are treated without regard to age, gender, sexual orientation, nationality, race, religion, disability, marital situation, or any other protected status. The gender composition of the workforce was unchanged during 2021, while the female proportion at the management level was down year-on-year due to an employee leaving the company without being replaced.

REC Silicon does not accept any form of harassment or discrimination. In the United States, REC Silicon's employment policies and practices are in compliance with Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000) as amended.

The Group's standard terms through its supply chain require adherence to standards on human rights, freedom of association, child and forced labor, corruption, and occupational health and safety. All strategic suppliers had contractual clauses or are subject to regulations regarding respect for human rights. There were no human right violations reported in 2021.

REC Silicon and its employees focus on local community participation. Donations to local communities are made on a regular basis, and its employees also contribute directly. Volunteer hours to programs and charitable organizations continue at a reasonably high level but were impacted by the COVID-19 restrictions during the year as most businesses were shut down and fundraising in general was made more difficult.

Governance performance

REC Silicon 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. The Code of Conduct, the Anti-Corruption Policy and related procedures describe the behavior expected of our employees. Every employee is required to sign the Code of Conduct to acknowledge their commitment to adherence, and new employees receive training on the Code of Conduct, including information about REC Silicon's Anti-Corruption Policy and procedures.

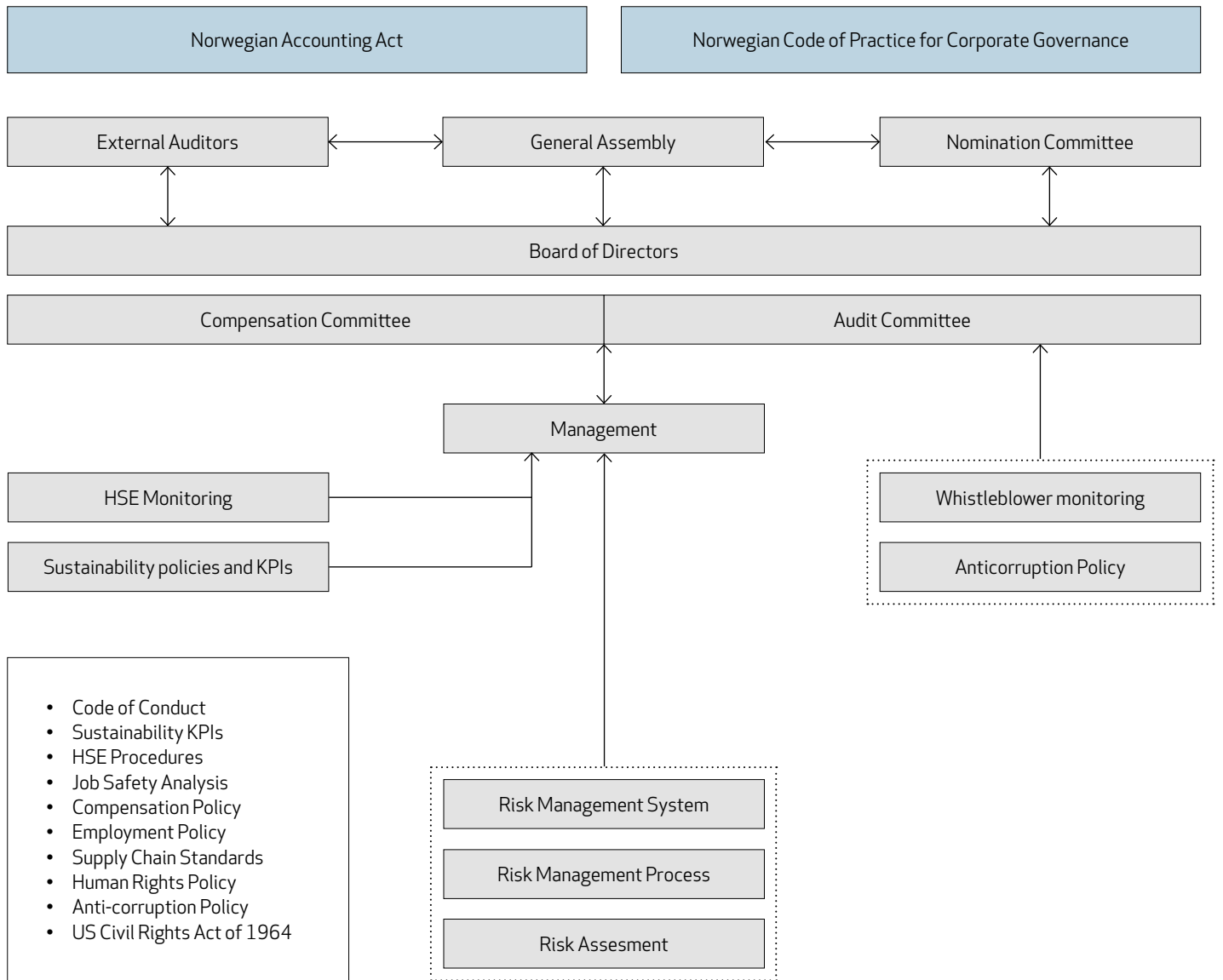
REC Silicon investigates all potential integrity concerns and cooperates fully with the authorities. The Company takes every accusation of corruption seriously, performs thorough investigations, reports to the Board of Directors, and takes necessary action. No adverse action will be taken against an employee due to complaints submitted in good faith. Complaints can be made anonymously.

No incidents of corruption were reported in 2021. REC Silicon has a whistleblower program in place, but there were no whistleblower complaints recorded during the year.

REC Silicon endorses the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board, most recently revised in 2021. For additional information on this, please refer to the Board of Directors Report on Corporate Governance, which is a separate section in this Annual Report.

The composition of the Board of Directors remained unchanged from 2020 at December 31, 2021. There were four directors at December 31, 2021 with the gender balance at 50 percent female and 50 percent male. At the completion of the Hanwha investment in January 2022, the number of directors increased to five with the gender balance changed to 40 percent female and 60 percent male.

The governance structure of REC Silicon is highlighted in the figure below. As part of the process to expand its focus on sustainability, the governance of sustainability matters will become more integrated into the overall governance structure.



Board of Directors' report on Corporate Governance

REC Silicon ASA (the "Company") 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 2021. These deviations pertained to separate proxy voting for candidates to the Board (Section 6) and separate regulations for takeover bids (Section 14).

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 of Directors 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 Board of Directors' 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 33.3 million at December 31, 2021, which represented 11.3 percent of total assets. The debt-to-equity ratio was 7.9. 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 of Directors.

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 2021.

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 May 11, 2021, the Board was granted the following authorities:

- Authority to increase the share capital with up to NOK 74,482,000 which equals approximately twenty percent of the existing share capital. The authorization covers both cash and non-cash considerations, including mergers. Under this authorisation, the company on November 18, 2021, announced the issuance of 48,213,001 new shares at NOK 20.00 per share and is a direct placement towards Hanwa Solutions. Completion of the transaction occurred on January 19, 2022.
- Authority to acquire treasury shares in the Company (up to a maximum of ten percent of the face value of the share capital) to increase return on investment for the Company's shareholders. As of December 31, 2021, 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 2022 or no later than 15 months from the date of the 2021 AGM.

For further information about the mandates given to the Board, reference is made to the minutes from REC Silicon's 2021 AGM and EGM, 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 2021.

5. FREELY NEGOTIABLE SHARES

REC Silicon ASA 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 General Meeting is the Company's highest authority, and open to all shareholders. The Company encourages shareholders to participate and exercise their rights. To attend and vote at the General Meeting, shares must be registered in the Central Securities Depository (VPS) by the fifth business day prior to the General Meeting.

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 as an electronic meeting. The 2021 Annual General Meeting was held on May 11, 2021 in Oslo, with 36.16 percent of the Company's shares represented.

The Board, auditor, or shareholders representing at least 5 percent of the shares can call for Extraordinary General Meetings when deemed necessary. In 2021, the Board called for EGMs on March 4 to name Kjell Inge Røkke as board chair and Annette Malm Justad as deputy chair of REC Silicon. A total of 41.43 percent of the company's shares were represented. Additionally in 2021, the board called for an EGM on December 22 to name Kristian Monsen Røkke as board chair and Seung Deok Park as board member. A total of 31.72 percent of the company's shares were represented.

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. Shareholders may request the documents by mail. Efforts are made to ensure that proposed resolutions and supporting information are sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The notice includes information about shareholders' rights. The notice period, right to attend and agenda proposals are regulated in the Articles of Association.

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.

Shareholders wishing to participate at the General Meeting shall notify the Company within a specific time limit, and a minimum 5 days prior to the General Meeting. Shareholders who have not given notice within the time limit may be denied participation at the meeting.

Shareholders who cannot attend the General Meeting may vote by proxy. They may elect a proxy of their choice, and the Company also nominates a person that shareholders may elect as a proxy. Information about the

procedure shareholders must observe to participate and vote is given together with the notice of the meeting. A proxy form is prepared in a way that allows separate voting instructions to be given for each matter considered. The Articles of Association allow the Board to accept written advance votes subject to the existence of a satisfactory method for verifying the identity of the shareholder.

The Articles of Association also allow the Board to accept votes cast through electronic communication.

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 General Meeting is opened by the Chairman of the Board who nominates an independent chair for election to lead the meeting.

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 May 11, 2021, elected the following three members for the Nomination Committee for the period until the AGM in 2022: Mr. Engebret G. Hisdahl (chair), Ms. Liv Nona Stubholdt, and Mr. Kjetil Kristiansen.

The nomination committee does not include any executive personnel or any member of the company's Board of Directors. Mr. Kjetil Kristiansen currently holds the positions as head of HR at Aker BP ASA, a subsidiary of Aker ASA and a related company to Aker Horizons AS, which is the main shareholder of REC Silicon. The remaining members of the

Nomination Committee are independent of the Board of Directors 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 of Directors, 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 of Directors, 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 of Directors shall consist of three to twelve members. On 31 December 2021, the Board of Directors consisted of four members (see table below), of which two were female. The directors are elected by the General Meeting for a term of one year and may be re-elected.

The EGM on March 4, 2021, elected Kjell Inge Røkke and Lene Landøy as new Board members, replacing Inger Berg Ørstavik and Espen Klitzing. Kjell Inge Røkke is the principal owner of Aker ASA, the parent company of REC Silicon's main shareholder Aker Horizons AS. Lene Landøy was at the time employed by Aker BP, and is currently employed by Aker ASA, both companies within the Aker group.

The AGM on May 11, 2021, elected Kjell Inge Røkke as Chair of the Board, Anette Malm Justad was elected Deputy Chair, while Lene Landøy and Audun Stensvold were elected members of the board, all for a term until the AGM in 2022.

The EGM on December 22, 2021, elected Seung Deok Park as a new member of the Board and Kristian Monsen Røkke as the Chair of the Board, replacing Kjell Inge Røkke who resigned. The election of Kristian Monsen Røkke was effective immediately, while the election of Seung Deok Park was effective from January 14, 2022, with the notification of the completion of Hanwha Solutions Corporation's subscription and acquisition of 70,104,276 shares in the Company.

Overview of the Board at December 31, 2021:

NAME	ROLE	CONSIDERED INDEPENDENT OF MAIN SHAREHOLDERS	INDEPENDENT OF GROUP MANAGEMENT AND MATERIAL BUSINESS CONTACTS	SERVED SINCE	TERM EXPIRES	PARTICIPATION BOARD MEETINGS 2021
Kristian Monsen Røkke	Chair (from 22 December 2021)	No	Yes	22 Dec 2021	AGM 2022	NA
Anette Malm Justad	Board Member (Chair until March 4, 2021)	Yes	Yes	12 May 2020	AGM 2022	11 of 11
Audun Stensvold	Board member	Yes	Yes	12 May 2020	AGM 2022	11 of 11
Lene Landøy	Board member	No	Yes	04 Mar 2021	AGM 2022	10 of 11

All members of the Board of Directors 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 of Directors. The Board of Directors 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 of Directors.

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 2021 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, 2021, the audit committee members were Mr. Audun Stensvold (chair) and Ms Lene Landøy, both considered independent of Group Management. The Audit Committee held 6 meetings in 2021.

The 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 Committee reviews complaints regarding accounting, internal controls, and auditing matters. In addition, under the whistle-blower procedure, complaints from employees and other concerned parties are received and followed up by the Committee.

The 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 Committee members are appointed by and among the Board of Directors. At December 31, 2021, the compensation committee members were Annette Malm Justad and Kristian Røkke, both independent of the Group Management. During 2021, the Committee met 2 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 of Directors. The Board performs 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) measures, 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.

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 of Directors 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 of Directors, but if they do, this shall be disclosed to the full Board. The remuneration for such additional duties will be approved by the Board of Directors. There were no such assignments in 2021.

12. REMUNERATION OF THE GROUP MANAGEMENT

The guidelines for salary and other compensation to Executive Management was presented at the AGM in May 2021. The policy was last updated in 2021 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 100 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. Further details on the incentive program is disclosed in note 32 of the consolidated financial statements.

The 2021 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 has 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 Investor Relations 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 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

REC SILICON GROUP

Consolidated statement of financial position	30
Consolidated statement of income	32
Consolidated statement of comprehensive income	33
Consolidated statement of changes in equity	34
Details of consolidated comprehensive income	35
Consolidated statement of cash flows	36
Index of the notes to the consolidated financial statements	37
Notes to the consolidated financial statements	38

REC SILICON ASA

Balance sheet (NGAAP)	82
Income statement (NGAAP)	84
Statement of cash flows (NGAAP)	85
Index of the notes to the financial statements	86
Notes to the financial statements	87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	2021	2020
ASSETS			
Non-current assets			
Intangible assets	6	0.9	1.0
Land and buildings	6	33.3	35.6
Machinery and production equipment	6	34.7	50.5
Other tangible assets	6	2.6	3.1
Assets under construction	6	12.5	6.1
Property, plant and equipment	6	83.1	95.4
Right of use assets	7	33.2	35.7
Other non-current receivables	12	0.0	1.1
Financial assets and prepayments		0.0	1.1
Total non-current assets		117.3	133.3
Current assets			
Inventories	13	33.1	41.3
Trade and other receivables	12	29.6	27.5
Restricted bank accounts	14	4.4	4.5
Cash and cash equivalents	14	110.5	134.9
Total current assets		177.6	208.2
Total assets		294.9	341.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	2021	2020
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital		2,918.2	2,918.2
Other equity and retained earnings		-2,884.9	-2,859.2
Total shareholders' equity		33.3	59.0
Non-current liabilities			
Retirement benefit obligations	19	13.4	18.9
Non-current provision, interest calculation	20	20.2	14.7
Non-current financial liabilities, interest bearing	17	115.2	118.0
Non-current lease liabilities	7	67.9	69.7
Other non-current liabilities, not interest bearing	32	1.6	1.6
Total non-current liabilities		218.2	222.9
Current liabilities			
Trade payables and other liabilities	20	29.4	26.1
Derivatives	11	0.0	1.5
Current financial liabilities, interest bearing	17	11.3	29.8
Current lease liabilities	7	2.6	2.1
Current prepayments, interest calculation	20	0.2	0.0
Total current liabilities		43.5	59.6
Total liabilities		261.6	282.5
Total equity and liabilities		294.9	341.4

Lysaker, March 24, 2022
Board of Directors



Kristian Røkke
Chairman of the Board



Annette Malm Justad
Member of the Board



Audun Stensvold
Member of the Board



Lene Landøy
Member of the Board



Seung Deok Park
Member of the Board



James A. May II
President and CEO

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	2021	2020
Revenues	5	143.2	122.1
Cost of materials		-17.1	-16.0
Changes in inventories		-8.9	-4.7
Employee benefit expenses	16, 24, 32	-41.7	-39.4
Other operating expenses	22	-75.6	-55.1
Other income and expenses	21, 23	7.9	16.9
EBITDA ¹⁾		7.7	23.8
Depreciation	6	-25.2	-36.7
Amortization	6	0.0	-0.1
Depreciation of right of use assets	7	-3.0	-2.9
Impairment	6, 7, 8	-0.3	-23.0
Total depreciation, amortization and impairment		-28.5	-62.7
EBIT ²⁾		-20.8	-38.9
Financial income	25	0.1	0.3
Net financial expenses	9, 25	-23.6	-35.2
Net currency gains/losses	25	0.8	4.5
Net financial items		-22.7	-30.4
Profit/loss before tax from continuing operations		-43.5	-69.3
Income tax expense/benefit from continuing operations	18	0.0	22.6
Profit/loss from continuing operations		-43.5	-46.7
Profit/loss from discontinued operations, net of tax ¹⁾	17, 30	13.4	0.0
Profit/loss from total operations		-30.1	-46.7
Attributable to:			
Owners of REC Silicon ASA		-30.1	-46.7
Earnings per share (In USD)			
From continuing operations			
-basic	26	-0.12	-0.16
-diluted		-0.12	-0.16
Earnings per share (In USD)			
From total operations			
-basic	26	-0.08	-0.16
-diluted	26	-0.08	-0.16

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)	2021	2020
Profit/loss	-30.1	-46.7
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	4.3	-1.1
Currency translation effects	0.0	0.0
Sum items that will not be reclassified to profit or loss	4.4	-1.1
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences		
- taken to equity	0.0	0.0
Sum items that may be reclassified subsequently to profit or loss	0.0	0.0
Total other comprehensive income	4.3	-1.1
Total comprehensive income	-25.7	-47.7
Total comprehensive income attributable to:		
Owners of REC Silicon ASA	-25.7	-47.7

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 2020								
At January 1, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,350.5	0.8
Share issue		10.2	95.7	0.0	105.9	0.0	0.0	105.9
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-47.7	-47.7
At December 31, 2020		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Year 2021								
At January 1, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Share issue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-25.7	-25.7
At December 31, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.3

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 2020				
Accumulated at January 1, 2020	27.9	20.9	-3,399.3	-3,350.5
Profit/loss	0.0	0.0	-46.7	-46.7
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-1.1	-1.1
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	-1.1	-1.1
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	-1.1	-1.1
Total comprehensive income for the period	0.0	0.0	-47.7	-47.7
Accumulated at December 31, 2020	27.9	20.9	-3,447.0	-3,398.2
Year 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss	0.0	0.0	-30.1	-30.1
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	4.3	4.3
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	4.4	4.4
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income for the period	0.0	0.0	4.4	4.3
Total comprehensive income for the period	0.0	0.0	-25.7	-25.7
Accumulated at December 31, 2021	27.9	20.9	-3,472.7	-3,423.9

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	2021	2020
Cash flows from operating activities			
Profit/loss before tax ¹⁾		-43.5	-69.3
Less: Government grant (forgiveness of C.A.R.E.S. Act Loan)		-8.3	0.0
Income taxes paid/received	18	0.0	2.8
Depreciation, amortization and impairment	6, 7, 8	28.5	62.7
Equity accounted investments, impairment financial assets, gains/losses on sale	9	0.0	18.0
Changes in receivables, prepayments from customers etc.	12	-2.4	-1.7
Changes in inventories	13	7.9	6.4
Changes in payables, accrued and prepaid expenses	20	4.6	-3.2
Changes in VAT and other public taxes and duties	20	-0.6	-16.6
Currency effects not cash flow or not related to operating activities	25	-0.7	-1.1
Other items	22	0.0	-0.3
Net cash flow from operating activities		-14.6	-2.2
Cash flows from investing activities			
Proceeds/Payments finance receivables and restricted cash	14	1.5	1.1
Proceeds from sale of property, plant and equipment and intangible assets	6	0.0	0.2
Payments for property, plant and equipment and intangible assets	6	-8.3	-1.3
Net cash flow from investing activities		-6.8	0.1
Cash flows from financing activities			
Increase in equity	15	0.0	105.9
Payments of lease liabilities	7	-2.1	-3.9
Payments of borrowings and up-front/waiver loan fees	17	-0.9	-2.8
Proceeds from borrowings	17	0.0	8.3
Net cash flow from financing activities		-3.0	107.5
Effect on cash and cash equivalents of changes in foreign exchange rates	25	0.0	0.0
Net increase/decrease in cash and cash equivalents		-24.4	105.5
Cash and cash equivalents at the beginning of the period		134.9	29.4
Cash and cash equivalents at the end of the period		110.5	134.9
¹⁾ PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS INCLUDES			
Interest Paid		-22.3	-20.5
Interest Received		0.1	0.3

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).

INDEX OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REC SILICON GROUP

NOTE	PAGE
1 General information	38
2 Summary of significant accounting policies	38
3 Financial risk management	43
4 Critical accounting judgments and key sources of estimation uncertainty	44
5 Segment information	45
6 Fixed assets	48
7 Leases	50
8 Impairments of cash-generating units	52
9 Investments	55
10 Related party transactions	56
11 Derivative financial instruments	57
12 Receivables	57
13 Inventories	58
14 Cash and cash equivalents and restricted bank accounts	58
15 Shareholder information	59
16 Management and Board of Directors' compensation, loans, shares, bonds	60
17 Borrowings	63
18 Income tax expense and deferred tax assets and liabilities	66
19 Retirement benefit obligations and expenses	69
20 Trade payables, provisions and other liabilities	71
21 Government grants	72
22 Other operating expenses	72
23 Other income and expenses	73
24 Employee benefits	73
25 Financial income and expenses	74
26 Earnings per share	74
27 Dividends per share	75
28 Research and development	75
29 Commitments, guarantees, pledges	76
30 Other information financial instruments	77
31 Claims, disputes, contingent liabilities and contingent assets	80
32 Share-based compensation	80
33 Events after the reporting period	81

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 24, 2022 and are subject to approval by the Annual General Meeting scheduled for May 11, 2022.

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, as modified by the impairment of certain assets.

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 excluding depreciation for products sold. Other includes general, administrative, and selling expenses which support both operating segments in addition to administrative costs for the Company's headquarters in Lysaker, Norway. Eliminations include the reversal of the impact of transactions between group members and affiliates. The results of the operating segments plus Other and Eliminations taken together reconcile to total EBITDA for the Group.

Group Management is headed by the Chief Executive Officer (CEO), and the CEO makes decisions regarding the allocation of resources and performance assessment for all segments. Accordingly, the CEO is regarded as the Chief Operating Decision Maker (CODM).

An operating segment is a distinguishable component of the Group that is engaged in providing products that are subject to similar risks and returns and corresponds to management reporting.

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, 2021 and 2020, an intercompany loan to REC Silicon, Inc. of USD 132 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, 2021 and 2020 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

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.

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes default or delinquency by a debtor; indications that a debtor or issuer will enter bankruptcy; and adverse changes in the payment status of borrowers or issuers.

The Group considers evidence of impairment for financial assets measured at amortized cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

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 are recognized initially at fair value 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, loss on financial guarantees, 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 determined by the fair value of the option at the date when the grant is made 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 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.

The consolidated statement of cash flows presents changes in cash balances with respect to total operations (continuing and discontinued) and therefore does not reflect the performance of continuing operations during prior periods or the performance that is likely to be achieved in future periods.

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 new standards were effective beginning January 1, 2021 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, 2021, the Group's working capital is almost exclusively in USD, equity is in NOK, and debt is in NOK and USD. Currency risk arises from transactions in currencies other than the Group's reporting currency and borrowings denominated in NOK. Currency risk relates primarily to the sufficiency of net positive cash flows in USD to meet liabilities 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, 2021 and 2020, 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).

The Company's liquidity has been adversely impacted by contingent liabilities, market conditions, and the shut-down the FBR facility in Moses Lake, Washington. During 2021, affected parties entered into an agreement to settle claims related contingent liabilities associated with the indemnification loan (see note 17). During 2020, contingent liabilities associated with an examination by the Norwegian Tax Administration (see note 18) and a dispute with Grant County, Washington regarding property taxes (see notes 17 and 23) were resolved.

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. Cash in bank accounts and liabilities have primarily carried variable interest rates. The Company has borrowings through bonds and indemnification loans.

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 2021 and 2020, no hedges were in place, except certain forward energy purchase contracts.

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 (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

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. In addition, estimates of provisions are sensitive to changes in discount rates used to calculate provisions for AROs reported by the Group.

(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.

5 SEGMENT INFORMATION

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

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
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%
Customer 4	0.1	0.1%			0.2	100%	0.3	0.2%
Customer 5			0.1	48%			0.1	0.0%
Customer 6			0.0	41%			0.0	0.0%

Revenues from customers constituting more than ten percent of total revenues for year ended December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
Customer 1	41.5	34.1%					41.5	34.0%
Customer 2	21.9	18.1%					21.9	18.0%
Customer 3			0.2	31.9%			0.2	0.1%
Customer 4			0.2	30.7%			0.2	0.1%
Customer 5			0.1	17.9%			0.1	0.1%

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

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
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%

Geographic distribution of revenues based on customer location for year ended December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
China	25.3	20.8%	0.2	40.5%	0.0	0.0%	25.5	20.9%
Korea	22.2	18.3%	0.0	0.0%	0.0	0.0%	22.2	18.2%
Singapore	21.7	17.8%	0.0	0.0%	0.0	0.0%	21.7	17.8%
USA	16.3	13.4%	0.0	2.8%	0.1	100.0%	16.4	13.4%
Taiwan	11.9	9.8%	0.2	30.7%	0.0	0.0%	12.1	9.9%
Japan	11.8	9.7%	0.0	0.0%	0.0	0.0%	11.8	9.7%
Denmark	7.7	6.4%	0.0	0.0%	0.0	0.0%	7.7	6.3%
Other	1.4	1.2%	0.1	24.6%	0.0	0.0%	1.5	1.3%
Czech Republic	1.0	0.9%	0.0	0.0%	0.0	0.0%	1.0	0.9%
France	0.8	0.7%	0.0	0.0%	0.0	0.0%	0.8	0.7%
Belgium	0.8	0.7%	0.0	0.0%	0.0	0.0%	0.8	0.7%
Canada	0.3	0.2%	0.0	1.3%	0.0	0.0%	0.3	0.2%
Hong Kong	0.2	0.2%	0.0	0.0%	0.0	0.0%	0.2	0.2%
Switzerland	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Germany	0.0	0.0%	0.0	0.1%	0.0	0.0%	0.0	0.0%
Total revenues	121.4	100.0%	0.5	100.0%	0.1	100.0%	122.1	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, 2021

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
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%

Revenues by category for year ended December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
		%		%		%		%
Silane gas	83.0	68.4%	0.0	0.0%	0.0	0.0%	83.0	68.0%
Polysilicon	38.3	31.6%	0.5	91.4%	0.0	0.0%	38.8	31.8%
Other	0.0	0.0%	0.0	8.6%	0.1	100.0%	0.2	0.2%
Total revenues	121.4	100.0%	0.5	100.0%	0.1	100.0%	122.1	100.0%

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

Segment information for the year ended December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER & ELIMINATIONS	TOTAL
Revenues	121.4	0.5	0.1	122.1
Cost of materials	-15.7	-0.3	0.0	-16.0
Change in inventories	-6.1	1.3	0.0	-4.7
Employee benefit expense	-20.8	-6.6	-12.0	-39.4
Other operating expenses	-43.3	-4.6	-7.1	-55.1
Other income and expenses	0.8	16.3	-0.2	16.9
Total current costs	-85.1	6.2	-19.4	-98.2
EBITDA contribution	36.3	6.7	-19.3	23.8
Depreciation of fixed assets	-20.7	-15.2	-0.8	-36.7
Amortization	0.0	-0.1	0.0	-0.1
Depreciation of leased assets	-2.4	-0.5	0.0	-2.9
Impairment	0.0	-23.0	0.0	-23.0
Total depreciation, amortization, and impairment	-23.2	-38.8	-0.8	-62.7
EBIT contribution	13.2	-32.0	-20.0	-38.9

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

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

(USD IN MILLION)	2021	2020
Non-Contract Revenue	92.7	73.4
Structured (Regional/Volume pricing)	45.1	44.7
Tiered (Volume pricing)	5.3	3.9
Contract Revenue	50.5	48.6
Total	143.2	122.1

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, 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
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
At December 31, 2020					
Carrying value at January 1, 2020	39.1	73.1	4.2	3.9	120.2
Net additions ¹⁾	0.0	9.5	0.1	2.3	11.9
Disposals	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	-2.5	-33.3	-0.9	0.0	-36.7
Impairment	-0.9	1.1	-0.1	0.0	0.1
Carrying value at December 31, 2020	35.6	50.5	3.1	6.1	95.4
At December 31, 2020					
Historical cost	140.9	2,150.3	79.1	62.7	2,432.9
Accumulated depreciation/amortization/impairment	-105.2	-2,099.7	-76.0	-56.6	-2,337.5
Carrying value at December 31, 2020	35.6	50.5	3.1	6.1	95.4

Specification of useful lives and depreciation

At year-end 2021, estimated useful lives by asset class were as follows:

- Land and Buildings 0-27.5 years (weighted average approximately 17.9 years)
- Machinery and equipment 0-26.5 years (weighted average approximately 3.8 years)
- Other tangible fixed assets (weighted average approximately 5.7 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 2021 and 2020 resulted in only minor changes.

Intangible assets

(USD IN MILLION)	ASSETS UNDER DEVELOPMENT	OTHER	TOTAL INTANGIBLE ASSETS
Carrying value at January 1, 2021	0.5	0.4	1.0
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
At December 31, 2020			
Carrying value at January 1, 2020	0.5	0.6	1.1
Disposals	0.0	-0.1	-0.1
Amortization	0.0	-0.1	-0.1
Carrying value at December 31, 2020	0.5	0.4	1.0
At December 31, 2020			
Historical cost	0.8	67.9	68.7
Accumulated amortization/impairment	-0.3	-67.4	-67.7
Carrying value at December 31, 2020	0.5	0.4	1.0

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 (4-11 years).

Reviews of estimated useful lives of intangible assets for 2021 and 2020 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, 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
Adjustments	0.0	-0.3	0.7	0.0	0.0	0.0	0.4
Balance at December 31, 2021	0.1	1.2	31.9	0.0	0.0	0.0	33.2
Balance at January 1, 2020	0.0	0.1	33.7	0.0	0.0	0.0	33.8
Depreciation	0.0	-0.1	-2.8	0.0	0.0	0.0	-2.9
Additions	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Impairment ¹⁾	0.0	0.0	-23.0	0.0	0.0	0.0	-23.0
Adjustments	0.0	1.6	26.0	0.0	0.0	0.0	27.7
Balance at December 31, 2020	0.0	1.7	33.9	0.0	0.1	0.1	35.7

¹⁾ See note 8 for details of impairment.

Adjustments during 2021 consist of USD 0.7 million related to contractual increases in lease payments tied to economic indices and USD 0.3 million related to decreases in leased asset retirement obligation (ARO) estimates.

During 2020, adjustments include USD 25.5 million associated with an 8-year extension of a long-term lease on the existing plant gas facility in Moses Lake, WA, USD 1.6 million associated with the remeasurement of asset retirement obligations associated with leases, and USD 0.8 million related to contractual increases in lease payments tied to economic indices.

Lease Liabilities

(USD IN MILLIONS)	2021	2020
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	11.1	10.8
1 - 2 years	11.0	10.8
2 - 3 year	14.4	10.7
3 - 4 years	14.4	14.3
4 - 5 years	14.4	14.3
More than 5 years	58.0	71.9
Total undiscounted lease liabilities at December 31	123.3	132.9
Lease liabilities included in the statement of financial position at December 31	70.5	71.8
Current	2.6	2.1
Non-current	67.9	69.7

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, 2021 and December 31, 2020.

Leases recognized in profit or loss

(USD IN MILLIONS)	2021	2020
Interest on lease liabilities	8.8	7.6
Depreciation of right-of-use assets	3.0	2.9
Gain(-)/loss(+) due to terminations, purchases, impairments, and other changes	0.3	23.0
Expenses relating to short-term leases	0.2	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 available upon implementation of IFRS 16.

In 2021, the Group made lease payments totaling USD 10.9 million, comprised of USD 2.1 million of lease liability payments and USD 8.8 million imputed interest. See note 25 below.

In addition, payments of USD 0.2 million related to leases for low-value-assets and short-term durations which are exempt under IFRS 16 have been expensed in 2021. 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, 2021 and 2020.

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 2021, decreases in the market capitalization of the Company, recurring net operating losses, and changes in the timing of the anticipated restart of FBR production at the Moses Lake facility were determined to be indicators of potential changes in impairment for the Solar Materials Segment. Impairment testing was performed at December 31, 2021 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 2021.

Impairment review conducted at December 31, 2021 included evaluating the estimated impacts of developing a non-Chinese Solar PV value chain and to partner with G14 to develop a silicon anode battery materials production facility. An increase in the Solar CGU's fair value due to these agreements is difficult to estimate because the development of a functional non-Chinese Solar PV value chain and/or the realization of demand for the Group's products for use in lithium-silicon batteries are subject to substantial uncertainty. Enhancement of the FBR plants current capabilities would be required to enable the production of polysilicon for a supply chain outside of China or to deliver gases for use in lithium-silicon batteries. REC is working towards maintaining the ability to restart production of FBR in 2023. Forecasts used to arrive at estimated future cash flows include the assumption that market conditions will support the restart of production in the Moses Lake FBR facility at the beginning of 2024.

During 2020, increases in the market capitalization of the Company, recurring net operating losses, and changes in the timing of the anticipated restart of FBR production at the Moses Lake facility were determined to be indicators of potential changes in impairment for the Solar Materials Segment. Accordingly, impairment testing was performed at March 31, 2020, June 30, 2020, and December 31, 2020 on the Solar Materials CGU. The net carrying value of the Solar Materials CGU exceeded the resulting value in use calculated at June 30, 2020. Therefore, additional impairments of USD 23.0 million were recognized in the statement of income at June 30, 2020. Because the increase in the carrying value of the Solar Materials CGU is a result of the modification of a long-term lease, impairments have been recorded against right of use assets (see note 7 leases above). Impairment testing performed at March 31, 2020 and December 31, 2020 on the Solar Materials CGU 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 at March 31, 2020 or December 31, 2020.

Impairments charges are included in the line item "impairment" in the statement of income.

BASIS FOR THE IMPAIRMENT TESTS

Recoverable amounts for each cash-generating unit subject to impairment testing are based on value in use. Value in use has been estimated using discounted cash flows over a 5-year period with the last year used as a basis for estimating terminal value.

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 zero 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, 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, 2021 and 2020 are reflected in the table below:

Discount rates (%)

	2021		2020	
	POST-TAX	PRE-TAX	POST-TAX	PRE-TAX
Solar Materials CGU	11.8	14.9	13.1	15.8

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. Estimates of long-term average solar grade polysilicon prices used in this analysis are at levels which management believes are sufficient to attract the capital necessary for new cost-effective polysilicon capacity to support supply chain expansion consistent with analysts' estimates of growth in end use demand for PV installations.

REC is working towards maintaining the ability to restart production of FBR in 2023, however estimates of future cash flows include the assumption that market conditions will support a restart of the Moses Lake FBR facility at the beginning of 2024. 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. If market conditions do not improve or if REC Silicon does not regain access to polysilicon markets in China, additional impairment would be required. This sensitivity is reflected in the table of sensitivities below in the line volume (production and sales).

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

Capital expenditures have been estimated using past experience and an evaluation of anticipated replacement requirements of specific items of equipment (useful lives of fixed assets).

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 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, 2021 impairment analysis.

KEY ASSUMPTIONS FOR 2021 (USD IN MILLION)	CHANGE	ESTIMATED CHANGE IN IMPAIRMENT
Post-tax discount rate	+/-1% point	-13.5/+16.4
Sales prices	+/-2%	+/-21.8
Volume (production and sales)	+/-2%	+/-14.5
Spending	+/-2%	+/-11.3

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, 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

At December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	TOTAL
Trade and other receivables	21.9	0.9	3.2	26.1
Inventories	34.9	6.4	0.0	41.3
Current assets	56.8	7.3	3.2	67.3
Long term assets	100.6	23.2	8.4	132.2
Trade payables and other current liabilities	-11.6	-5.0	-6.7	-23.3
Long term liabilities	-18.9	0.0	0.0	-18.9
Allocation of other	4.1	0.8	-4.9	0.0
Carrying values	131.0	26.3	0.0	157.3

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 USD 4.7 million at December 31, 2021 and December 31, 2020.

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 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).

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.

2020

At year-end 2020, 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 continuing losses, 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 13.1 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 14.3 percent. As a result, estimated enterprise value less long-term debt results in a negative value of approximately USD 0.2 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 adjusted the investment in the Yulin JV to a value of zero and recognized a loss of USD 18.0 million to income during the fourth quarter of 2020.

KEY ASSUMPTIONS FOR 2021 (USD IN MILLION)

	CHANGE	ESTIMATED CHANGE IN REC'S EQUITY VALUE
Post-tax discount rate	+/-1% point	-11.3/+13.4
Sales prices	+/-2%	+/-9.0
Volume (production and sales)	+/-2%	+/-5.2
Spending	+/-2%	+/-2.3

REC Silicon has not made the final payment of USD 4.7 million under the supplemental agreement to settle REC Silicon's obligation to contribute equity to the Yulin JV which was payable during December 2020 due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues.

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 as they are delivered.

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 0.8 million in 2021 and USD 1.8 million in 2020 for engineering and project services. In addition, REC Silicon purchased small quantities of finished granular polysilicon from the JV for analytical purposes in 2020.

Cognite, an Aker company, invoiced REC Silicon Inc. for consulting and software in the amount of USD 0.2 million.

REC Silicon has not made the final payment of USD 4.7 million which was payable during December 2020 due to disagreements with respect to performance testing and interpretation specified in the Technology Transfer Agreement (TTA) as well as delinquent receivables of USD 2.3 million for services provided to the Yulin JV by REC Silicon. REC Silicon and the Yulin JV continue to seek a resolution to these issues (See note 9 above).

11 DERIVATIVE FINANCIAL INSTRUMENTS

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

Fair values and carrying amounts

(USD IN MILLION)	2021		2020	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Option contract	0.0	0.0	0.0	1.5
Total	0.0	0.0	0.0	1.5

In 2020, derivatives consisted of an option contract which was a part of the indemnification agreement associated with the REC Wafer bankruptcy and are denominated in NOK.

On October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. The liability for the option contract related to the indemnification loan was reduced to zero (see note 31).

Distribution of derivatives

(USD IN MILLION)	2021		2020	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Total non-current derivatives	0.0	0.0	0.0	0.0
Total current derivatives	0.0	0.0	0.0	1.5
Total derivatives	0.0	0.0	0.0	1.5

12 RECEIVABLES

Trade and other receivables

(USD IN MILLION)	2021	2020
Trade receivables and accrued revenues	37.2	34.6
Provision for loss on trade receivables	-14.4	-14.4
Trade receivables - net	22.8	20.2
Prepaid costs	5.4	5.6
VAT and other public taxes and duties receivables	0.0	0.0
Other non-current and current receivables	1.3	1.6
Total Trade and other receivables	29.6	27.5

Specification of provision for loss on trade receivables

(USD IN MILLION)	2021	2020
At January 1	-14.4	-14.4
Change in provisions	0.0	0.0
At December 31	-14.4	-14.4

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.

At December 31, 2021 Other non-current and current receivables are primarily related to municipal bonds of USD 1.1 million issued by a local taxing district in the United States which are secured by future property tax payments made by the Company.

13 INVENTORIES

Inventories in the statement of financial position

(USD IN MILLION)	2021			2020		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of materials, merchandise, production supplies	3.3	0.0	3.3	2.2	0.0	2.2
Spare parts	42.6	-33.7	8.9	42.4	-33.1	9.3
Work in progress	11.9	-2.0	9.9	11.4	-1.0	10.4
Finished goods	15.4	-4.4	11.0	35.8	-16.4	19.4
Total	73.1	-40.1	33.1	91.8	-50.5	41.3

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)	2021	2020
Restricted bank accounts non-current	0.0	0.0
Restricted bank accounts current	4.4	4.5
Total prepayments, interest calculation	4.4	4.5

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. At December 31, 2020, restricted bank accounts consisted of USD 3.8 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		2021		2020	
		NO. OF SHARES	OWNERSHIP	NO. OF SHARES	OWNERSHIP
AKER HORIZONS HOLDING AS	Ordinary	91,995,551	24.70%	91,995,551	24.70%
MORGAN STANLEY & Co. LLC	Nominee	10,579,700	2.84%	0	0.00%
BNP PARIBAS	Nominee	5,949,185	1.60%	0	0.00%
NORDNET LIVSFORSIKRING AS	Ordinary	4,954,248	1.33%	3,884,100	1.04%
FAZAJU AS	Ordinary	4,540,000	1.22%	2,870,000	0.77%
SKANDINAVISKA ENSKILDA BANKEN AB	Nominee	2,920,000	0.78%	5,208,148	1.40%
VERDIPAPIRFONDET DNB MILJØINVEST	Ordinary	2,844,892	0.76%	4,503,633	1.21%
CACEIS BANK	Nominee	1,720,778	0.46%	9,608,413	2.58%
VERDIPAPIRFONDET DNB TEKNOLOGI	Ordinary	0	0.00%	15,537,491	4.17%
J.P. MORGAN SECURITIES PLC	Ordinary	0	0.00%	4,853,378	1.30%
TOTAL SHARES OUTSTANDING		372,412,658		372,412,658	

The list of shareholdings above is based on the VPS shareholder register at December 31, 2021 and 2020. Actual shareholding may deviate due to the use of nominee accounts, share lending, forward contracts or other contractual arrangements.

At December 31, 2021, REC Silicon ASA had 39,420 shareholders (30,677 at December 31, 2020). The total number of outstanding shares was 372,412,658 at December 31, 2021 and December 31, 2020, 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. At completion of the Share Issue and Share Purchase, Aker Horizons and Hanwha Solutions will each own approximately 16.67 percent of the shares in REC Silicon. 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.

On October 14, 2020, the Company raised approximately NOK 1,000 million in gross proceeds through the Private Placement of 92,592,592 new shares, at a price per share of NOK 10.80. The Private Placement consisted of two separate tranches: one tranche with 27,982,000 new shares in the Company and a second tranche with 64,610,592 new shares. The settlement of Tranche 1 occurred on October 27, 2020, and the settlement for Tranche 2 occurred on November 19, 2020, following approval by an Extraordinary

General Meeting in the Company of the issuance of the New Shares under Tranche 2. The completion of Tranche 1 was subject to approval by the Company's Board of Directors pursuant to the authorization granted by the Company's Annual General Meeting held on May 12, 2020. The registration of the new shares issued in Tranche 1 was completed on October 26, 2020, and the Company received proceeds of NOK 290.2 million (approximately USD 31.4 million) net of the brokers fee on October 27, 2020. Subsequent to this registration, the new share capital of the Company was NOK 307,802,066, divided into 307,802,066 shares of NOK 1 par value. The registration of the new shares issued in Tranche 2 was completed on November 18, 2020, and the Company received proceeds of NOK 673.4 million (approximately USD 74.7 million) net of the brokers fee on November 19, 2020. Subsequent to this registration, the new share capital was NOK 372,412,658 divided into 372,412,658 shares of NOK 1 par value.

At the Annual General Meeting on May 11, 2021, the Board was authorized to increase the share capital with up to NOK 74,482,000, 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). The authorization to acquire treasury shares has not been used and remained available at December 31, 2021. Both authorizations were valid until the 2022 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. The deadline for adoption of the new guidelines for the company was October 1, 2021, while the deadline for the first presentation of the report is the Annual General Meeting in 2022.

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 new 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 first time for the Annual General Meeting in 2022 and will have effect for the financial year 2021.

The guidelines for determination of salary and other compensation for leading employees, as outlined in the annual general meeting in 2021, have been complied with in 2021. See www.recsilicon.com/investors/agsm for the Statement of Remuneration.

The Board of Directors has implemented incentive programs during previous periods whereby employee entitlements are linked to the share price development of the Company's shares. See note 32 for details of share-based compensation programs.

Salary and other compensation to the Group's Board of Directors and Management for 2021 and 2020 are described below.

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

Compensation of the Group Management for 2020

(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	807,649	323,060	590,028	0	102,975	132,127	NA
President and CEO		100%					
James A. May II	290,851	58,630	151,953	0	12,385	2,083	NA
CFO		50%					
Total 2020	1,098,500	381,690	741,981	0	115,360	134,210	NA

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 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 2021 there were USD 0.7 million in cash payments made with respect to share-based compensation, and zero in 2020.

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 / coverage of automobile expenses / vehicle allowance, telephone and internet service, newspapers, health club memberships, reimbursement of home-office related expenses, 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.

At December 31, 2021 and 2020, members of the Group Management have contracts that entitle them to severance benefits beyond the normal notice period if employment is terminated by the Group. These severance payments are equal to three months of salary for Mr. May and Mr. Moore.

Compensation of the Board of Directors paid in 2021

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Annette Malm Justad	50,393	0
Auden Stensvold	39,006	0
Espen Klitzing	6,784	0
Inger Berg Ørstavik	6,784	0
Total 2021	102,967	0

Compensation of the Board of Directors accrued in 2021 (to be paid in 2022)

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Kjell Inge Røkke	62,507	0
Lene Landøy	35,857	0
Total 2021	98,363	0

Compensation of the Board of Directors paid in 2020

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Jens Ulltveit-Moe	51,579	4,912
Espen Klitzing	34,386	4,912
Ragnhild Wiborg	30,948	4,912
Inger Berg Ørstavik	30,948	4,912
Total period May 10, 2019 - May 12, 2020	147,861	19,649
Annette Malm Justad	45,005	0
Espen Klitzing	25,203	0
Inger Berg Ørstavik	25,203	0
Audun Stensvold	25,203	0
Total period May 12, 2020 - December 31, 2020	120,614	0

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

At December 31, 2021 and 2020 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, 2021 and 2020. Refer to note 32 for details of the share option program.

NAME		OPTIONS		SHARES	
		2021	2020	2021	2020
Tore Torvund	Group Management	1,400,000	1,644,699	163,149	163,149
James A. May II	Group Management	293,818	351,357	274,204	274,204
Douglas Moore	Group Management	0	0	0	0
Kjell Inge Røkke	Related Party	NA	0	NA	91,995,551
Kristian Røkke	Related Party	0	0	91,995,551	NA
Annette Malm Justad	Board of Directors	0	0	30,000	30,000
Auden Stensvold	Board of Directors	0	0	0	0
Lene Landøy	Board of Directors	0	NA	0	NA
Espen Klitzing	Board of Directors	NA	0	NA	60,000
Inger Berg Orstavik	Board of Directors	NA	0	NA	5,000

Details of options outstanding at December 31, 2021.

NAME	NUMBER OF OPTIONS				STRIKE PRICE NOK
	TORE TORVUND	JAMES A. MAY II	DOUGLAS MOORE		
2021 Program	350,000	81,077	0	17.5	
2020 Program	350,000	73,917	0	3.5	
2019 Program	350,000	75,253	0	8.1	
2018 Program	233,334	46,674	0	15.2	
2017 Program	116,666	16,897	0	11.9	
Total	1,400,000	293,818	0		

November 30, 2021, Mr. Torvund retired from REC Silicon maintaining all awarded options. January 2022 Mr. Torvund passed away wherein the options were bestowed to his estate. See note 32 for additional information.

17 BORROWINGS

Financial liabilities, interest bearing

(USD IN MILLION)	2021	2020
Non-current financial liabilities, interest bearing		
Senior Secured Bond	110.0	110.0
Capitalized Borrowing Cost ¹⁾	-0.1	-0.6
C.A.R.E.S. Act loan (USD)	0.0	2.3
Grant County WA tax settlement (USD)	5.3	6.3
Total non-current financial liabilities, interest bearing	115.2	118.0
Current financial liabilities, interest bearing		
Indemnification Loan (NOK)	10.8	23.4
Capitalized Borrowing Cost ¹⁾	-0.5	-0.4
C.A.R.E.S. Act loan (USD)	0.0	5.9
Grant County WA tax settlement (USD)	1.0	0.9
Total current financial liabilities, interest bearing	11.3	29.8

¹⁾ Amortized as part of effective interest.

Movements in borrowing

(USD IN MILLION)	INDEMNIFICATION LOAN	USD SENIOR SECURED BOND	C.A.R.E.S ACT LOAN	TAX SETTLEMENT NOTE	TOTAL
Balance at January 1, 2021	23.4	109.0	8.3	7.2	147.8
Payments of borrowings	0.0	0.0	0.0	-0.9	-0.9
Change capitalized borrowing cost	0.0	0.4	0.0	0.0	0.4
Effect of changes in foreign exchange rates	0.0	0.0	0.0	0.0	0.0
Forgiveness of borrowings	0.0	0.0	-8.3	0.0	-8.3
Settlement	-12.6	0.0	0.0	0.0	-12.6
Balance at December 31, 2021	10.8	109.4	0.0	6.3	126.4

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, 2021, the remaining fair value of the property tax note was USD 6.3 million. Total remaining undiscounted payments on the property tax note are USD 8.8 million.

On May 4, 2020, REC Silicon executed promissory notes guaranteed by the Government of the United States as part of the Coronavirus Aid, Relief, and Economic Security Act (C.A.R.E.S. Act) of USD 4.4 million for REC Solar Grade Silicon LLC and USD 3.8 million for REC Advanced Silicon Materials LLC. On June 28, 2021, the Company received notification that the C.A.R.E.S. Act loan held by REC Solar Grade Silicon LLC of USD 3.8 million plus accrued interest of USD 0.1 million had been repaid by the US Government. On July 19, 2021, the Company was notified that its application for forgiveness of the C.A.R.E.S. Act loan of USD 4.4 million plus accrued interest of USD 0.1 million held by REC Advanced Silicon Materials LLC had been approved by the US Government. Accordingly, grant income of USD 8.3 million was reported on the other income and expense line of the consolidated statement of income (see note 21 and 23).

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. On October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement, Nordea releases all claims against REC Silicon for NOK 95 million (USD 10.8 million) resulting in income from discontinued operations, net of tax, of NOK

117.7 million (USD 13.4 million). The settlement will consist of approximately NOK 32 million (USD 3.6 million) to be settled through an existing escrow account, which REC Silicon currently holds with Nordea, with the balance settled in one payment of approximately NOK 63 million (USD 7.2 million) made on February 25, 2022. At December 31, 2021, the indemnification loan is NOK 95 million (USD 10.8 million)

The Company and certain subsidiaries are jointly and severally liable for the USD Senior Secured Bond (RECO4, 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 77.6 million at December 31, 2021 and approximately USD 92.6 million at December 31, 2020. 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, 2021 and 2020, the Company had complied with all financial covenants and other restrictions in the loan.

The following are the contractual maturities of financial liabilities at December 31, 2021

(USD IN MILLION)	CARRYING AMOUNT	MATURITY ANALYSIS				
		0-6 MONTHS	6-12 MONTHS	2023	2024	AFTER 2024
Retirement benefit obligations	13.4	0.6	0.7	1.4	1.5	9.2
USD Senior Secured Bond	110.0	0.0	0.0	110.0	0.0	0.0
Grant County WA tax settlement	6.3	0.0	1.0	1.1	1.2	3.0
Trade payables and other liabilities	47.9	26.4	-0.1	0.9	0.7	20.2
Accrued finance cost	2.8	2.8	0.0	0.0	0.0	0.0
Indemnification loan	10.8	10.8	0.0	0.0	0.0	0.0
Lease Liabilities	70.5	1.3	1.3	2.8	6.8	58.3
Total	261.6	41.8	2.9	116.1	10.2	90.6

The following are the contractual maturities of financial liabilities at December 31, 2020

(USD IN MILLION)	CARRYING AMOUNT	TOTAL	MATURITY ANALYSIS					
			UNDETERM- INED	0-6 MONTHS	7-12 MONTHS	2022	2023	AFTER 2023
Retirement benefit obligations	18.9	18.9	0.0	0.6	0.7	1.4	1.5	14.7
USD Senior Secured Bond	110.0	110.0	0.0	0.0	0.0	0.0	110.0	0.0
C.A.R.E.S Act loans	8.3	8.3	0.0	3.2	2.8	2.3	0.0	0.0
Grant County WA tax settlement	7.2	7.2	0.0	0.0	0.9	1.0	1.1	4.2
Trade payables and other liabilities	38.6	38.6	0.0	22.5	0.9	0.2	0.3	14.7
Accrued finance cost	2.8	2.8	0.0	2.8	0.0	0.0	0.0	0.0
Derivatives	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0
Indemnification loan	23.4	23.4	23.4	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	71.8	71.8	0.0	1.0	1.1	2.3	2.6	64.7
Total	282.5	282.5	24.9	30.2	6.4	7.2	115.5	98.3

For further information regarding lease liabilities see note 7.

The following are the contractual maturities of borrowing:

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
Capitalized Borrowing Cost	-0.6								
Senior secured bond	110.0	129.0	6.3	6.3	116.3				
Grant County WA tax settlement	6.3	8.8		1.8	1.8	1.8	1.8	1.8	
Indemnification loan	10.8	10.8	10.8						
Total	126.4	148.5	17.1	8.1	118.1	1.8	1.8	1.8	0.0

AT DECEMBER 31, 2020		MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE, INCLUDING INTEREST							
(USD IN MILLION)	CARRYING AMOUNT	TOTAL	0-6 MONTHS	7-12 MONTHS	2022	2023	2024	2025	AFTER 2025
Capitalized Borrowing Cost	-1.0								
Senior secured bond	110.0	141.6	6.3	6.3	12.7	116.3			
C.A.R.E.S Act loans	8.2	8.4	3.3	2.8	2.3				
Grant County WA tax settlement	7.2	10.6		1.8	1.8	1.8	1.8	1.8	1.8
Indemnification loan	23.4	23.4	23.4						
Total	147.8	184.0	9.6	10.9	16.7	118.1	1.8	1.8	1.8

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, 2021 and 2020. All cash flows are undiscounted. Amounts in other currencies than USD are translated at the exchange rates at December 31, 2021 and 2020, respectively.

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
Indemnification loans	0.00 Variable	NOK	95.0	REC Silicon ASA

The nominal interest rates and currency distribution at December 31, 2020 were as follows

	INTEREST RATE (%)	CURRENCY	AMOUNTS IN MILLION	BORROWER
USD Senior Secured Bond	11.50 Fixed	USD	110.0	REC Silicon ASA
C.A.R.E.S. Act loan	1.00 Fixed	USD	4.4	REC Advanced Silicon Materials
C.A.R.E.S. Act loan	1.00 Fixed	USD	3.8	REC Solar Grade Silicon
Grant County WA tax settlement	11.50 Fixed	USD	7.2	REC Solar Grade Silicon
Indemnification loans	2.00 Variable	NOK	200.0	REC Silicon ASA

18 INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Recognized income tax expense

(USD IN MILLION)	2021	2020
Current income tax expense (-) / benefit (+)	0.0	22.6
Deferred tax expense (-) / benefit (+)	0.0	0.0
Total income tax expense (-) / benefit (+) in the statement of income	0.0	22.6

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

(USD IN MILLION)	2021	2020
Profit/loss before tax	-43.5	-69.3
Tax calculated at domestic tax rates applicable to profits /losses in the respective countries	9.3	14.6
Effects of changes in tax rates and use of another tax rate for parts of profits /losses	-0.9	0.4
Expenses not deductible for tax purposes	0.0	-2.0
Effects of not recognized deferred tax assets, including reversal of previous years	-1.7	-35.2
Tax losses, tax credits + temp diff for which no def tax has been rec. this year	-5.2	19.7
Change in estimates of prior years income taxes	0.0	22.6
Other permanent differences	-1.5	2.5
Total income tax expense (-) / benefit (+) in the statement of income	-0.0	22.6
Effective tax rate	0%	33%

During the third quarter of 2020, REC Silicon was informed by the Norwegian Tax Administration through legal counsel that issues raised to deny deductions taken by REC Silicon during tax years 2009 through 2011 had been dropped. As a result, the Company recognized an income tax benefit of USD 22.5 million which represents the reversal of estimated tax expense previously reported by the Company due to this examination. The remaining tax benefit of USD 0.1 million is related to changes in the United States related to an adjustment of refunds previously received. Other permanent differences in 2021 and 2020 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 2021 and 2020.

Income tax assets and liabilities in the statement of financial position

(USD IN MILLION)	2021	2020
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)	2021	2020
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	57.9	57.5
Deferred tax asset to be recovered within 12 months	2.4	5.5
Offset deferred tax assets and liabilities	-60.3	-63.0
Total	0.0	0.0
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	60.3	63.0
Offset deferred tax assets and liabilities	-60.3	-63.0
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 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

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2020

(USD IN MILLION)	BALANCE JAN 1	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31
Total non-current assets	-63.9	4.5	0.0	-1.4	-60.7
Total current assets	0.0	0.0	0.0	0.0	0.0
Total non-current liabilities	-0.3	0.1	0.0	-0.0	-0.2
Total current liabilities	5.3	0.0	0.0	0.2	5.5
Tax losses and tax credits carry-forward recognized ¹⁾	58.8	-4.6	0.0	1.2	55.4
Total	0.0	0.0	0.0	0.0	0.0

¹⁾ 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. Tax losses and tax credit carry-forwards recognized at December 31, 2020 related to REC Silicon in the USA were USD 0.0 million and USD 55.4 million related to REC Silicon ASA.

Accumulated income taxes recognized to equity at December 31

(USD IN MILLION)	2021	2020
Effect of transition to IAS 39 at January 1, 2005	2.3	2.3
Effect of actuarial gains and losses	-4.8	-4.1
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	-37.3
Current tax - effect of costs for capital increase	13.1	13.1
Total	-24.8	-24.2

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)	2021	2020
Total non-current assets	78.0	73.3
Total current assets	2.1	1.6
Total non-current liabilities	14.7	22.7
Total current liabilities	9.1	8.7
Tax losses carry forward	397.3	402.9
Total	501.2	509.2

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

(USD IN MILLION)	2021	2020
REC Silicon ASA (Norway)	67.8	76.4
REC Solar AS (Norway)	178.1	183.4
REC Silicon US operations	253.4	247.5
Other	1.9	1.9
Total	501.2	509.2

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 143.8 million at December 31, 2021 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 16.0 million are due to net operating losses generated after 2017 which do not expire.

The deferred tax asset in Norway was generated due to net operating losses on a tax basis and other taxable temporary differences which are expected to reverse on a more definite schedule. In Norway, net operating losses do not expire.

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.

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, 2021 and 2020. 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)	2021	2020
Gross retirement benefit obligations at January 1	46.8	43.8
Interest cost on pension obligations	1.1	1.3
Remeasurements recognized through OCI	-2.1	3.3
Benefits paid, paid-up policies and disability obligation	-1.6	-1.6
Gross retirement benefit obligations at December 31	44.2	46.8
Fair values of plan assets at January 1	27.9	24.3
Actuarial return on plan assets	2.9	3.0
Pension premiums	1.6	2.2
Benefits paid, paid-up policies and disability reserve	-1.6	-1.6
Fair value of plan assets at December 31	30.8	27.9
Funded status at December 31	13.4	18.9
Net retirement benefit obligations at December 31	13.4	18.9

The plan assets relate to one of three ASiMI plans and are currently invested in a mix of 66% equity funds and 34% fixed income funds.

Retirement benefit obligations in the statement of financial position

(USD IN MILLION)	2021	2020
Net retirement benefit obligations at January 1	18.9	19.5
Net periodic benefit costs including net interest	0.5	0.6
Remeasurements recognized through OCI	-4.4	1.1
Pension premiums and benefits paid	-1.6	-2.2
Net retirement benefit obligations at December 31	13.4	18.9

The amounts recognized in the statement of income are as follows

(USD IN MILLION)	2021	2020
Total benefit plans	0.0	0.0
Defined Contribution	1.7	1.6
Total contribution expenses (see note 24)	1.7	1.6
Net interest expense	0.5	0.6

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

(USD IN MILLION)	2021	2020
Experience adjustments	-0.5	0.0
Effects of changes in assumptions	-1.6	3.2
Total remeasurements (gains (-)/losses (+)) on gross retirement benefit obligations	-2.1	3.3
Return on plan assets, excluding amounts included in interest	-2.3	-2.2
Total remeasurements (gains (-)/losses (+)) recognized through Other Comprehensive Income	-4.4	1.1

During 2021 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 21.1 million before income taxes at December 31, 2021. Of this, a loss of USD 21.1 million was related to ASiMI (excluding translation difference).

At December 31, 2021, the mortality table was updated from the Pri-2012 total dataset mortality table with projection scale MP-2020 to the MP-2021 report. The Society of Actuaries (SOA) is an actuarial organization that periodically reviews mortality data and publishes mortality tables and improvement scales. MP-2021 is the most recent improvement scale published by the SOA in 2021.

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

	2021	2020
Discount rate	2.70	2.4
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 (average, in years) of the defined benefit obligation for the ASiMI plans are approximately 14 at December 31, 2021 and 7.9 at December 31, 2020. Pension premiums of USD 1.3 million are expected to be paid during 2022 to the ASiMI defined benefit plans.

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 - 5.1 (6.3) million at December 31, 2021.

20 TRADE PAYABLES, PROVISIONS AND OTHER LIABILITIES

Non-financial liabilities, interest calculation

(USD IN MILLION)	2021	2020
Current portion of prepayments interest calculation	0.2	0.0
Total prepayments, interest calculation	0.2	0.0

Trade payables and other liabilities

(USD IN MILLION)	2021	2020
Trade and other payables	10.2	8.0
Accrued costs for capex - external	0.0	0.0
VAT and other public taxes and duties payables	2.9	3.5
Accrued operating costs - external	7.8	6.3
Accrued finance costs - external	2.8	2.8
Other non-interest bearing liabilities ¹⁾	5.8	5.5
Trade payables and other liabilities	29.4	26.1

¹⁾ 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)	2021	2020
Provisions non-current - interest bearing	20.2	14.7
Total provision	20.2	14.7

Specification of provisions

(USD IN MILLION)	ASSET RETIREMENT OBLIGATION	TOTAL
At January 1, 2021	14.7	14.7
Change in estimate in asset retirement obligation	4.7	4.7
Net periodic asset retirement obligation costs including net interest	0.8	0.8
At December 31, 2021	20.2	20.2

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 2021 the Company recorded additional provision for asset retirement obligations (ARO) of USD 5.5 million.

At December 31, 2021 the Company has recorded USD 20.2 million in AROs. These obligations consist of USD 3.2 million to restore leased wastewater containment ponds to conditions specified in the lease agreement and USD 17.0 million for the eventual cleanup of the Company's manufacturing operations in Moses Lake, Washington and Butte, Montana.

The AROs represent the present value of estimated future costs discounted at 3.5 percent for 7 years for the wastewater containment ponds. The restoration of the production sites is discounted at 4.8 percent for 39.5 years. 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

On June 28, 2021, the Company received notification that the C.A.R.E.S. Act loan held by REC Solar Grade Silicon LLC of USD 3.8 million plus accrued interest of USD 0.1 million had been repaid by the US Government. Accordingly, grant income of USD 3.9 million was reported on the other income and expense line of the consolidated statement of income (see note 17 and 23).

On July 19, 2021, the Company received notification that the C.A.R.E.S. Act loan held by REC Advanced Silicon Materials LLC of USD 4.4 million plus accrued interest of USD 0.1 million had been repaid by the US Government. Accordingly, grant income of USD 4.5 million was reported on the other income and expense line in the consolidated statement of income (see note 17 and 23).

At December 31, 2020 the C.A.R.E.S Act loans were reflected in total non-current and current financial liabilities in the amount of USD 2.3 million and USD 5.9 million respectively.

22 OTHER OPERATING EXPENSES

(USD IN MILLION)	2021	2020
Freight, postage and transportation	3.5	3.0
Energy and water	34.9	21.1
Lease and rental expenses	0.8	1.0
Total operating, service and maintenance costs	22.7	19.2
Consultancy and auditor fees	7.4	7.2
Own work capitalized on fixed assets	-0.3	-0.1
IT and telecommunications costs	1.8	1.5
Travel and entertainment costs	0.2	0.3
Insurance costs	4.1	3.1
Other operating costs ¹⁾	0.6	-1.2
Other operating expenses	75.6	55.1

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

Auditor's remuneration

(USD IN MILLION)	2021	2020
Statutory Audit (only relating to statutory auditor)	0.5	0.5
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	0.5	0.6

23 OTHER INCOME AND EXPENSES

(USD IN MILLION)	2021	2020
Restructuring cost and employee termination benefits	-0.4	0.0
Grant County WA tax settlement	0.0	16.0
FERC ruling refund	0.0	0.7
State of WA excise tax settlements	0.0	0.2
Employment matter legal settlement	0.0	-0.2
C.A.R.E.S. Act Loan Forgiveness	8.3	0.0
Gain/loss on disposal of non-current assets	0.0	0.2
Total other income and expenses	7.9	16.9

On June 28, 2021, the Company received notification that the C.A.R.E.S. Act loan held by REC Solar Grade Silicon LLC of USD 3.8 million plus accrued interest of USD 0.1 million had been repaid by the US Government. Accordingly, grant income of USD 3.9 million was reported on the other income and expense line of the consolidated statement of income (see note 17 and 21).

On July 19, 2021, the Company received notification that the C.A.R.E.S. Act loan held by REC Advanced Silicon Materials LLC of USD 4.4 million plus accrued interest of USD 0.1 million had been repaid by the US Government. Accordingly, grant income of USD 4.5 million was reported on the other income and expense line in the consolidated statement of income (see note 17 and 21).

24 EMPLOYEE BENEFITS

(USD IN MILLION)	2021	2020
Salaries	28.7	26.9
Bonus and sales commission - employees	2.7	1.7
Share option expense	0.4	2.4
Social security tax	2.1	2.0
Defined Contribution	1.7	1.6
Other employee related costs	6.0	4.6
Employee benefit expenses	41.7	39.4

The average number of permanent employees during 2021 was 289. The average number of permanent employees during 2020 was 280.

There were no loans or guarantees provided to employees at December 31, 2021 or 2020.

25 FINANCIAL INCOME AND EXPENSES

(USD IN MILLION)	2021	2020
Interest income from financial assets not at fair value through profit or loss	0.1	0.3
Total income from financial assets not at fair value through profit or loss	0.1	0.3
Interest expenses for CTO tax dispute	0.0	-0.2
Interest expenses for USD Senior Secured Bond	-12.7	-12.7
Interest expenses for Property Tax dispute	-0.9	-0.3
Interest expenses for PPP loan	0.0	-0.1
Interest expenses for financial liabilities not at fair value through profit or loss	0.0	0.0
Expensing of up-front fees and costs	-0.4	-0.4
Interest on lease liabilities	-8.8	-7.6
Other calculated interest expenses	0.0	-0.1
Calculated/imputed interest other - added to principal - external	-0.8	-0.4
Capitalization of borrowing costs	0.4	0.3
Net change in fair value of financial equity investment through profit and loss	0.0	-18.0
Other expenses from financial assets and liabilities	-0.5	4.2
Net financial expenses	-23.6	-35.2
Net currency gains/losses	0.8	4.5
Net financial items	-22.7	-30.4

Interest income in 2021 includes interest on municipal bonds of USD 0.1 million.

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

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

Interest paid is approximately USD 21.4 million in 2021 and USD 20.5 million in 2020.

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

	2021	2020
Profit/loss from continuing operations (USD IN MILLION)	-43.5	-46.7
Profit/loss from total operations (USD IN MILLION)	-30.1	-46.7
Weighted average number of ordinary shares in issue (IN MILLION)	372.4	292.7
Basic earnings per share from continuing operations (USD per share)	-0.12	-0.16
Basic earnings per share from total operations (USD per share)	-0.08	-0.16

DILUTED

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

The calculation shows that the share options are anti-dilutive for 2021 and 2020. Consequently, 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 2021 or 2020.

28 RESEARCH AND DEVELOPMENT

(USD IN MILLIONS)	2021	2020
Research and development expense	1.7	1.4
Development capitalized	-0.1	0.0
Total research and development	1.6	1.3

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 2021 and 2020.

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, 2021. 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, 2021

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	2022	2023	2024	2025	2026	AFTER 2026
Total purchase of goods and services	19.8	19.8	0.0	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	19.9	19.9	0.0	0.0	0.0	0.0	0.0

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

In 2018, REC Silicon entered into a supplemental agreement in relation to investment in the Yulin JV in China. The final equity settlement payment of USD 4.7 million, which was payable during December 2020, has not been made due to delinquent invoices for services provided to the Yulin JV by REC Silicon and the completion of performance testing specified in the Technology Transfer Agreement (TTA). REC Silicon and the Yulin JV continue to seek a resolution to these issues (See note 9 above).

GUARANTEES AND PLEDGES

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 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).

Bank guarantees at December 31, 2020 amounted to USD 5.1 million, against which the Company has pledged USD 4.0 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.1 million with USD 0.2 million of restricted cash as security.

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 54.7 million at December 31, 2021 and 2020. The guarantees will decrease from 2022 to 2039 when they will expire in their entirety.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of a former subsidiary (see notes 11, 17 and 30).

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.

Financial instruments recognized at fair values (partially or in whole)

(USD IN MILLION)	2021		2020	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Derivatives option related to REC Wafer bankruptcy	0.0	0.0	0.0	1.5

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. On October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement, Nordea releases all claims against REC Silicon for NOK 95 million (USD 10.8 million). The settlement will consist of approximately

NOK 32 million (USD 3.6 million) to be settled through an existing escrow account, which REC Silicon currently holds with Nordea, with the balance settled in one payment of approximately NOK 63 million (USD 7.2 million) by the end of February 2022. At December 31, 2021, the indemnification loan is 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)	NOMINAL VALUE	2021		ESTIMATED FAIR VALUE	NOMINAL VALUE	2020		ESTIMATED FAIR VALUE
		CARRYING VALUE				CARRYING VALUE		
REC04	110.0	109.4	114.3	110.0	109.4	119.6		

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)	2021		2020	
	CARRYING AMOUNT	MAX. EXPOSURE	CARRYING AMOUNT	MAX. EXPOSURE
Cash and bank (incl. restricted bank accounts)	114.9	114.9	139.4	139.4
Trade receivables and accrued revenues	22.8	22.8	20.2	20.2
Other non-current and current receivables	0.2	0.2	0.3	0.3
Finance receivables and short-term loans	1.1	1.1	2.5	2.5
Total	139.1	139.1	162.4	162.4

The bank guarantees, parent company guarantees, and indemnification agreements (see note 29) expose the Group to credit risk. The fair values of bank and parent company guarantees are estimated at zero. The maximum amount of the indemnification agreements is NOK 95 million and has been recognized in liabilities for NOK 95 million (USD 10.8 million) at December 31, 2021.

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

GEOGRAPHICAL	2021	2020	SECTOR	2021	2020	INDUSTRY	2021	2020
China	53%	57%	Manufacturing	68%	62%	Electronic	58%	54%
North America	15%	10%	Wholesale	25%	30%	Solar	36%	38%
Taiwan	12%	8%	Other	6%	8%	Other	6%	8%
Europe	9%	4%						
Singapore	7%	6%						
Korea	3%	11%						
Japan	1%	3%						
Other Asia	1%	1%						
Total	100%	100%		100%	100%		100%	100%

The table above is calculated with respect to gross trade receivables only. 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 2021, three customers represented approximately 57 percent of revenue for the Group. In 2020 three customers represented 61 percent.

Approximately 57 percent of the revenue in 2021 for the Semiconductor segment consisted of three customers in both 2021 and 61 percent in 2020. The Solar Materials segment was represented by two customers in both 2021 and 2020.

Four customers represented approximately 50 percent of total trade receivables for The Group at December 31, 2021 (three customers represented approximately 50 percent at December 31, 2020).

Approximately 60 percent of the trade receivables for the Semiconductor segment consisted of three customers in both 2021 and 50 percent in 2020, while approximately 100 percent of the trade receivables for the Solar Materials segment was represented by four customers in both 2021 and 2020. See note 5 Segment Information above.

Generally, a more challenging and competitive market environment increases credit risk due to financially weaker customers and extended payment terms. Amounts overdue but not impaired between 90 and 365 days were associated with one customer for 2021 and 2020. (see table below)

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	17.0	3.3	0.6	1.3	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	-14.4
Other non-current and current receivables	1.3	1.3	0.0	0.0	0.0	0.0
Total receivables	24.2	18.4	3.3	0.6	1.3	0.0
Prepaid Costs	5.4					
Total trade and other receivables	29.6					

Analysis of aging of receivables at December 31, 2020

(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	34.6	18.7	0.6	0.8	0.1	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	-14.4
Other non-current and current receivables	1.6	1.6	0.0	0.0	0.0	0.0
Total receivables	21.9	20.3	0.6	0.8	0.1	0.0
Prepaid Costs	5.6					
Total trade and other receivables	27.5					

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 0.31 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 for future sales. 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, 2021, approximately 45 percent of the not due receivables were secured by bank guarantees with no past due receivables secured by credit insurance. At December 31, 2020, approximately 63 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 (-0.1) million calculated on outstanding amounts at December 31, 2021 and USD -0.6 (0.6) million calculated on outstanding amounts at December 31, 2020.

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 2021 and 2020.

Exchange rate sensitivity on financial instruments at December 31

(USD IN MILLION)	CHANGE + 10% COMPARED TO FUNCTIONAL CURRENCIES	
	2021	2020
Financial assets	1.3	7.3
Financial liabilities	-1.2	-2.5
Total	0.1	4.8
Of which to equity		
USD receivables as part of net investment	0.0	0.0
Rest is to profit or loss	0.1	4.8

31 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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.

IMPACT OF COVID-19 GLOBAL PANDEMIC

Market disruptions caused by the COVID-19 pandemic are dissipating. However, current global shipping delays and port congestion is expected to result in the delay of shipments. REC Silicon has successfully mitigated the impact of the COVID-19 pandemic on its operations. However, increased infection rates in certain geographic regions and industries are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

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

ANTICIPATED RESTART OF FBR PRODUCTION FACILITY IN MOSES LAKE

REC Silicon's Moses Lake, Washington facility was shut down during the second quarter of 2019 due to difficult market conditions and Chinese tariffs on polysilicon produced in the United States. Accordingly, operating costs and activities have been reduced to levels required to safely maintain the facility in a non-operating status and to retain the capability to restart the facility in the future.

The Company's plans to reopen the Moses Lake facility are in part dependent upon the restoration of access to polysilicon markets in China, the creation of a non-Chinese solar value chain, or the development and commercialization of technology for the use of silane to manufacture silicon anode material for use in lithium-ion batteries. The realization of these initiatives is subject to substantial uncertainty and may depend upon the implementation of trade measures to incentivize investments and will require REC Silicon to make additional investments. Accordingly, plans to restart the facility in Moses Lake, Washington is subject to substantial uncertainty.

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

If production at the Moses Lake facility is restarted, the reversal of impairments might be required.

INDEMNIFICATION LOAN

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. On October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement, Nordea releases all claims against REC Silicon for NOK 95 million (USD 10.8 million). At December 31, 2021, the indemnification loan is NOK 95.0 million (USD 10.8 million). For additional information regarding the indemnification loan refer to note 17.

32 SHARE-BASED COMPENSATION

In 2017, 2018, 2019, 2020 and 2021 1,200,000 share options were granted to certain key employees. These programs are for five years. 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. These option programs are synthetic programs; the options will be settled in cash. Cash payments due to an eligible employee following any disbursement date is limited to a maximum amount in each calendar year equal to the employee's base annual salary

effective January 1st in the year of the disbursement. Any unexercised options are forfeited upon termination of employment, unless the employee retires, in which case options are maintained.

Fair values were estimated using the Black-Scholes option price model. Expected volatility was based on historical volatility and no dividends were expected in the periods. Expected lifetime and vesting periods were set at the time of allocation based on expectations that employees would exercise options early due to the structure of the programs, including the annual profit cap, and the volatility of the Company's share price.

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)	REMAINING TO BE EXPENSED (USD MILLION)
2017	11.9	310,726	0.2	0.5	0.2	0.0
2018	15.2	731,416	0.5	1.5	0.4	0.1
2019	8.1	1,089,423	1.3	2.5	0.9	0.4
2020	3.5	1,089,704	1.5	3.5	0.7	0.9
2021	17.5	1,200,000	1.0	4.5	0.2	0.8
Total		4,421,269	4.5		2.2	2.3

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 2021 and 2020 were 370,275 and 89,147 respectively. During 2021 the total amount of shares exercised were 597,022 from program year 2016, 621,451 from program year 2017, and 365,708 from program year 2018.

The amount recognized in the statement of income for share-based compensation was USD 0.4 million in 2021 and USD 2.4 million in

2020. At December 31, 2021, USD 1.6 million has been reported in the line other non-current liabilities on the statement of financial position and USD 0.7 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 0.7 million in cash payments made with respect to share-based compensation, and zero in 2020.

33 EVENTS AFTER THE REPORTING PERIOD

The settlement of the previously announced strategic equity investment by Hanwha Solutions was successfully completed on January 19, 2022. Gross proceeds of the settlement were NOK 964 million (48,213,001 shares at NOK 20). 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.

On March 23, 2022 Aker Horizons ASA's wholly owned subsidiary Aker Horizons Holding AS ("Aker Horizons") entered into an agreement with Hanwha Solutions Corporation and Hanwha Corporation (together, "Hanwha") to sell all of Aker Horizons' shares in REC Silicon ASA ("REC Silicon"). Aker Horizons will sell 70,104,276 shares in REC Silicon at a purchase price of NOK 20 per share, resulting in total proceeds to Aker Horizons of approximately NOK 1,402 million. Following completion of the transaction, Aker Horizons will no longer own any shares or hold any voting rights in REC Silicon. After completion Hanwha will own 140,208,552 shares, 33.33 percent, of REC Silicon.

Completion of the transactions is expected to occur before the annual general meeting in REC Silicon scheduled in May 2022, subject to a customary anti-trust filing in the U.S. Kristian Røkke will step down as chairman of the board of REC Silicon in connection with completion of the transaction. An extraordinary general meeting in REC Silicon will be called for to appoint new board members.

BALANCE SHEET (NGAAP)

REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2021	2020
ASSETS			
Non-current assets			
Equipment and intangible assets	B	30	30
Investments in subsidiaries	C	133	133
Non-current receivables from subsidiaries	D	193,700	219,400
Restricted bank accounts non-current	E	3,630	3,747
Total non-current assets		197,493	223,310
Current assets			
Other receivables from subsidiaries	D	0	5,208
Other receivables		277	165
Restricted bank accounts current	E	225	214
Total current receivables		502	5,587
Cash and cash equivalents	E	93,550	108,194
Total current assets		94,052	113,781
Total assets		291,545	337,091


BALANCE SHEET (NGAAP)

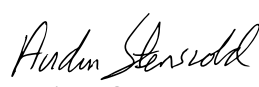
REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2021	2020
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	G	44,125	44,125
Share premium	G	95,670	95,670
Total paid-in capital	G	139,795	139,795
Other equity and retained earnings	G	28,559	60,589
Total shareholders' equity	G	168,354	200,384
Non-current liabilities			
Interest-bearing liabilities	F	109,389	108,972
Total non-current liabilities		109,389	108,972
Current liabilities			
Trade payables		146	48
Social security tax, VAT and other taxes		23	16
Interest-bearing liabilities	F	10,772	23,440
Derivatives	L	0	1,488
Other current liabilities	L	2,862	2,744
Total current liabilities		13,802	27,735
Total liabilities		123,191	136,708
Total equity and liabilities		291,545	337,091

Lysaker, March 24, 2022
Board of Directors



Kristian Røkke
Chairman of the Board


Annette Malm Justad
Member of the Board


Audun Stensvold
Member of the Board


Lene Landøy
Member of the Board


Seung Deok Park
Member of the Board


James A. May II
President and CEO

INCOME STATEMENT (NGAAP)

REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	NOTES	2021	2020
Revenues		0	0
Employee benefit expenses	H	-307	-216
Other operating expenses	J	-1,973	-1,190
EBIT		-2,279	-1,407
Interest income, internal	K	0	0
Interest income, external		22	89
Other financial income	K	13,407	0
Interest expense, external	K	-13,066	-13,175
Other financial expenses	K	-27	4,718
Net currency gains/losses	K	822	4,507
Impairment of financial assets	M	-30,908	-70,975
Net financial items		-29,750	-74,836
Profit/loss before income tax		-32,030	-76,243
Income tax expenses	I	0	22,525
Profit/loss for the year		-32,030	-53,718
Profit/loss for the year is distributed as follows			
Other equity (uncovered loss)	G	-32,030	-53,718
Total distributed		-32,030	-53,718

STATEMENT OF CASH FLOWS (NGAAP)

REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	2021	2020
Cash flows from operating activities		
Profit/loss before tax	-32,030	-76,243
Impairment losses financial assets ¹⁾	30,908	70,975
Changes in receivables external	-112	-51
Changes in receivables internal ¹⁾	0	-5,208
Changes in payables	216	-5,149
Reversal of derivatives and indemnification loan	-13,407	0
Currency effects not cash flow or not related to operating activities ²⁾	-741	-1,095
Other items ³⁾	416	367
Net cash flow from operating activities	-14,750	-16,404
Cash flow from investing activities		
Proceeds from finance receivables and restricted cash	106	-141
Net cash flow from investing activities	106	-141
Cash flow from financing activities		
Increase in equity	0	105,877
Net cash flow from financing activities	0	105,877
Net increase/decrease in cash and cash equivalents	-14,644	89,331
Cash and cash equivalents at the beginning of the period	108,194	18,862
Cash and cash equivalents at the end of the period	93,550	108,194

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.

INDEX OF THE NOTES TO THE FINANCIAL STATEMENTS

REC SILICON ASA

NOTE	PAGE
A Summary of significant accounting principles and general	87
B Equipment and intangible assets	88
C Shares in subsidiaries	88
D Receivables from subsidiaries	89
E Cash and cash equivalents and restricted bank accounts	89
F Interest bearing liabilities	90
G Equity	90
H Employee benefits	91
I Income taxes	92
J Other operating expenses	94
K Interest and currency	95
L Derivatives, other current liabilities	96
M Impairment of financial assets	96
N Research and development	97
O Guarantees and indemnification agreements	98
P Related parties	98
Q Contingent liabilities	98
R Events after the reporting period	98

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, 2021. 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 not reclassified to current financial assets or liabilities. In the consolidated financial statements, these are reclassified.

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 24, 2022 and are subject to approval by the Annual General Meeting scheduled for May 11, 2022.

B EQUIPMENT AND INTANGIBLE ASSETS

Equipment and intangible assets consist of office equipment and furniture.

There has been no addition and disposal during 2021 and 2020. The tangible assets were fully depreciated at December 31, 2019.

C SHARES IN SUBSIDIARIES

COMPANY	OWNERSHIP/VOTING RIGHT	BUSINESS OFFICE	CARRYING AMOUNT DECEMBER 31 (USD IN THOUSAND)	
			2021	2020
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, 2021, 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 in USA (REC Silicon Inc. and REC Solar Grade Silicon LLC) with carrying value USD 193,700 thousand at December 31, 2021 and USD 219,400 thousand at December 31, 2020. In 2021 the Company impaired these receivables by USD 25,700 thousand and by USD 58,048 thousand in 2020. 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.

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)	2021	2020
Non-current	3,630	3,747
Current	225	214
Total restricted bank accounts	3,855	3,961

The non-current restricted bank account of USD 3,630 thousand 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. See note F.

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

At December 31, 2020 current restricted bank accounts include USD 24 thousand to secure employees' tax deductions in REC Silicon ASA.

F INTEREST BEARING LIABILITIES

AT DECEMBER 31 (USD IN THOUSAND)	2021	2020
Non-current		
USD senior secured bond	110,000	110,000
Unamortized fees	-611	-1,028
USD senior secured bond	109,389	108,972
Total non-current interest bearing liabilities	109,389	108,972
Current		
Indemnification loan	10,772	23,440
Total interest bearing liabilities	120,160	132,412

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 (USD 11.9 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) to be settled through an existing escrow account which the Company holds 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, 2020	33,918	0	114,307	148,225
Share issue	10,207	95,670	0	105,877
Profit for the year	0	0	-53,718	-53,718
Equity at December 31, 2020	44,125	95,670	60,589	200,384
Profit for the year	0	0	-32,030	-32,030
Equity at December 31, 2021	44,125	95,670	28,559	168,354

At December 31, 2021, REC Silicon ASA had 39,420 shareholders (30,677 at December 31, 2020). The total number of outstanding shares was 372,412,658 at December 31, 2021 and at December 31, 2020, each with a par value of NOK 1.

CAPITAL INCREASE/PRIVATE PLACEMENT

No capital increase has taken place in 2021. However, see note R Event after reporting period, regarding private placement in January 2022.

On October 14, 2020, the Company raised approximately NOK 1,000 million in gross proceeds through the Private Placement of 92,592,592 new shares, at a price per share of NOK 10.80.

The Private Placement consisted of two separate tranches: one tranche with 27,982,000 new shares in the Company and a second tranche with 64,610,592 new shares. The settlement of Tranche 1 occurred on October 27, 2020 and the settlement for Tranche 2 occurred on November 19, 2020 following approval by an Extraordinary General Meeting in the Company of the issuance of the New Shares under Tranche 2. The completion of Tranche 1 was subject to approval by the Company's Board of Directors pursuant to an authorization granted by the Company's Annual General Meeting held on May 12, 2020. The Board of Directors of REC resolved to issue 27,982,000 new shares in the Company, referred to as the "Tranche 1" shares.

The registration of the new shares issued in Tranche 1 with the Norwegian Register of Business Enterprises was completed on October 26, 2020 and the Company received proceeds of NOK 290.2 million (approximately USD 31.4 million) net of the brokers fee on October 27, 2020. Subsequent to this registration, the new share capital of the Company was NOK 307,802,066, divided into 307,802,066 shares of NOK 1 par value.

The registration of the new shares issued in Tranche 2 with the Norwegian register of Business Enterprises was completed on November 18, 2020 and the Company received proceeds of NOK 673.4 million (approximately USD 74.7 million) net of the brokers fee on November 19, 2020. Subsequent to this registration, the new share capital was NOK 372,412,658 divided into 372,412,658 shares of NOK 1 par value.

H EMPLOYEE BENEFITS

Employee benefit expenses

(USD IN THOUSAND)	2021	2020
Payroll	-232	-168
Social security tax	-16	-46
Pension expense including social security tax	0	-2
Other employee related costs	-59	-2
Employee benefit expenses	-307	-217

The average number of employees measured in man-years was 0.0 during 2021 and 0.25 for 2020. There were no loans or guarantees to employees at December 31, 2021 and 2020.

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, 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" during 2020.

I INCOME TAXES

Recognized income tax expense

(USD IN THOUSAND)	2021	2020
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	22,525
Total income tax benefit (+)/ expense (-) for the year in the income statement	0	22,525

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

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

(USD IN THOUSAND)	2021	2020
Profit/Loss for before taxes	-32,030	-76,243
Tax calculated at domestic tax rate of 22 %	7,047	16,773
Expenses not deductible for tax (-)/reversal (+)(permanent differences) ¹⁾	0	1,015
Impairment loss (permanent differences) ²⁾	-6,800	-15,614
Other permanent differences ³⁾	4,266	2,513
Effects of not recognized deferred tax assets, including reversal of previous years	-4,514	-4,687
Current income tax benefit (+)/ expense (-) for the year	0	0
Changes in estimates related to prior years	0	22,525
Total income tax benefit (+)/ expense (-) for the year in the income statement	0	22,525
Effective tax rate	0%	0%

¹⁾ Reversal of prior years' calculated interest on tax liability

²⁾ Impairment of financial assets.

³⁾ 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)	2021	2020
Profit/Loss for before taxes	-32,030	-76,243
Impairment and losses on shares and loans - permanent differences	30,908	70,975
Expenses not deductible for tax (+)/ reversal (-) (permanent differences)	0	-4,613
Other permanent differences ¹⁾	-19,171	-11,423
Changes in temporary differences	31,682	9,363
Basis for income tax before utilization (-)/ increase (+) of tax losses carried forward	-11,389	-11,940
Utilization (-)/ increase (+) of tax losses carried forward	11,389	11,940
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	-4,336
Tax loss carried forward	0	4,336
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)	2021	2020
Fixed assets	-42	-63
Up-front fee and Capitalized borrowing cost	550	956
Interest bearing liabilities	-10,772	-23,440
Derivatives	0	-1,488
Net unrealized gains on non-current foreign exchange receivables and liabilities	302,065	285,448
Other	-9,071	-9,376
Tax losses carried forward ¹⁾	-590,949	-599,331
Total temporary differences and tax loss carried forward	-308,219	-347,294
Tax percentage	22%	22%
Deferred tax assets (-)/ liabilities (+)	-67,808	-76,405
Deferred tax assets not recognized	67,808	76,405
Deferred tax assets (-)/ liabilities (+) in the balance sheet	0	0
Change in deffered tax assets (-)/ liabilities (+) in the balance sheet	0	0
Total deferred tax benefit (-)/ expense (+) for the year	0	0

¹⁾ Tax losses carried forward expressed in NOK have increased in 2021, however due to translation differences, the tax losses carried forward have decreased when expressed in USD. See following table

The following are the deferred tax liabilities (+) and assets (-) recognized by the Company and movement during 2021 and 2020

(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	-22	550
Interest bearing liabilities	-23,440	12,211	0	457	-10,772
Derivatives	-1,488	1,477	0	11	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	7,393	-308,219

(USD IN THOUSAND)	BALANCE JAN 1, 2020	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	TRANSLATION DIFFERENCES	BALANCE DEC 31, 2020
Fixed assets	-86	23	0	0	-63
Up-front fee and capitalized borrowing cost	1,264	-312	0	5	956
Interest bearing liabilities	-22,778	0	0	-661	-23,440
Derivatives	-1,446	0	0	-42	-1,488
Net unrealized gains on non-current foreign exchange receivables and liabilities	299,438	-20,589	0	6,599	285,448
Other	-9,111	0	0	-264	-9,376
Interest limitation	-12,328	11,515	0	813	0
Tax losses carried forward	-571,405	-11,940	-4,336	-11,650	-599,331
Total	-316,454	-21,304	-4,336	-5,201	-347,294

J OTHER OPERATING EXPENSES

Specification of other operating expenses

(USD IN THOUSAND)	2021	2020
Operating lease expenses	-18	-17
Audit remuneration	-147	-132
Consultancy fee	-865	-606
Insurance	-229	-170
Other operating expenses	-713	-265
Total Other operating expenses	-1,973	-1,190

Audit remuneration

(USD IN THOUSAND)	2021	2020
Statutory audit	-122	-132
Other non-audit services	-25	0
Total auditor's remuneration expensed	-147	-132

Future payment obligations

The future aggregate minimum payment obligation are as follows

(USD IN THOUSAND)	2021			2020		
	OPERATING LEASE	OTHER	TOTAL	OPERATING LEASE	OTHER	TOTAL
No later than 1 year	0	67	67	7	40	47
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	67	67	7	40	47

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 and 2021.

OTHER FINANCIAL INCOME

Other financial income 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 (USD 11.9 million) of total NOK 200 million of the indemnification loans have been taken to profit and loss. The settlement will consist of approximately NOK 32 million (USD 3.6 million) to be settled through an existing escrow account which the Company holds 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)	2021	2020
Calculated interest on tax liability	0	-158
Interest USD Senior Secured bond	-13,066	-13,017
Total Interest expenses, external	-13,066	-13,175

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

OTHER FINANCIAL EXPENSES

Other financial expenses of USD 4,507 thousand in 2020, refers to reversal of accrued interest on tax liabilities solved in 2020.

CURRENCY GAINS AND LOSSES

Specification of net currency gains and losses

(USD IN THOUSAND)	2021	2020
Net currency gains on liabilities denominated in NOK	749	1,450
Net currency gains / losses on other - mainly bank deposit	73	3,057
Total Net currency gains and losses	822	4,507

L DERIVATIVES, OTHER CURRENT LIABILITIES

DERIVATIVES

Derivatives consisted 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 1.2.7 million (USD 1.4 million). The liability for the option contract related to the indemnification loans is zero at December 31, 2021.

Specification of other current liabilities

AT DECEMBER 31 (USD IN THOUSAND)	2021	2020
Accrued interest on interest-bearing liabilities	2,741	2,741
Accrued operating costs	121	0
Total Other current liabilities	2,862	2,741

M IMPAIRMENT OF FINANCIAL ASSETS

Impairment of shares in REC Silicon AS

(USD IN THOUSAND)	2021	2020
At cost January 1	108,104	108,104
New Shares	0	0
At cost December 31	108,104	108,104
Accumulated impairment at January 1	-108,093	-95,167
Impairment	0	-12,926
Accumulated impairment at December 31	-108,093	-108,093
Carrying value at December 31	11	11

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.

Impairment of loan to US operations

(USD IN THOUSAND)	2021	2020
Par value at January 1	1,001,928	1,001,928
Accumulated impairment at January 1	-782,528	-724,480
Carrying value at January 1	219,400	277,448
Addition	0	0
Impairment	-25,700	-58,048
Carrying value at December 31	193,700	219,400
Par value at December 31	1,001,928	1,001,928
Accumulated impairment at December 31	-808,228	-782,528

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

Impairment of receivables/loan to REC Silicon Pte Ltd (Singapore)

(USD IN THOUSAND)	2021	2020
Par value at January 1	5,208	0
Accumulated impairment at January 1	0	0
Carrying value at January 1	5,208	0
Addition	0	5,208
Impairment	-5,208	0
Carrying value at December 31	0	5,208
Par value at December 31	5,208	5,208
Accumulated impairment at December 31	-5,208	0

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

N RESEARCH AND DEVELOPMENT

REC Silicon ASA did not conduct any activities associated with research and development during 2021 and 2020.

O GUARANTEES AND INDEMNIFICATION AGREEMENTS

At December 31, 2021 bank guarantees amounted to USD 1,137 thousand (USD 1,137 thousand at December 31, 2020). These guarantees were cosigned by REC Solar.

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, 2021 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, 2021: REC Silicon AS, REC Silicon Inc., REC Advanced Silicon Materials LLC, REC Solar Grade Silicon LLC 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

On September 30, 2020, REC Silicon was informed by the Norwegian Tax Administration through legal counsel that issues raised to deny deductions taken by REC Silicon during tax years 2009 through 2011 had been dropped. In addition, the Norwegian Tax Administration informed that after a thorough examination, also considering the elapsed time, they did not find a reason to move forward with other issues raised in the draft decision including the classification of capital inflows as equity deposits. As a result, the tax benefit of USD 22.5 million for 2020 represents the reversal of estimated tax expense previously reported by the Company as a result of this examination. In addition, accrued interest of USD 4.7 million was reversed in 2020.

R EVENTS AFTER THE REPORTING PERIOD

CAPITAL INCREASE

On January 19, 2022 the Company successfully completed a private placement of Equity with a gross proceeds of NOK 964 million (48,213,001 shares at NOK 20). The new share capital of the Company is NOK 420,625,659, divided into 420,625,659 shares, each with a par value of NOK 1.

AUDITOR'S REPORT



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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 2021, 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 2021, 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 2021, 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.
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations and the International Ethics Standards 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 21 years from the election by the general meeting of the shareholders on 14 May 2001 for the accounting year 2001.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautorisererte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Independent Auditor's Report - REC Silicon ASA

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 19,2 million is considered a risk area due to decreases in the market capitalization of the Company, recurring net operating losses, and changes in the timing of 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 efficiency (production volume), 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 25,7 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



Independent Auditor's Report - REC Silicon ASA

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 accompanying information otherwise appears 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 legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Sustainability.

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 and using 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 or 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 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

**Independent Auditor's Report - REC Silicon ASA**

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 Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "549300VPZURYDFG0AB60-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance 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 that the financial statements have been prepared in accordance with the European Single Electronic Format.

**Independent Auditor's Report - REC Silicon ASA**

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format 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, 24 March 2022
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 20.8 million for the year ended December 31, 2021 and a loss of USD 38.9 million for the year ended December 31, 2020.</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> <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 gain of USD 7.7 million for the year ended December 31, 2021 and a gain of USD 23.8 million for the year ended December 31, 2020.</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, 2020, 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.

At December 31, 2020, the equity ratio is 17.3 percent and is calculated by dividing USD 59.0 million total shareholders' equity by USD 341.4 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, 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.

At December 31, 2020, net debt was USD 84.7 million or USD 147.8 million total carrying value of the Company's debt (from note 17 Borrowings) plus 71.8 million current and non-current lease liabilities (from the statement of financial position) less USD 134.9 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, 2020, 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.

At December 31, 2020, nominal net debt was USD 85.7 million or USD 148.9 million contractual repayment values of the Company's debt plus 71.8 million current and non-current lease liabilities (from the statement of financial position) less USD 134.9 million in cash in cash equivalents.

RECSiLICON

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About REC Silicon

REC Silicon ASA is a leading producer of advanced silicon materials, supplying high-purity polysilicon and silicon gases to the solar and electronics industries worldwide. We combine over 30 years experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a capacity of more than 20,000 MT high-purity polysilicon. REC Silicon is headquartered in Lysaker, Norway and listed on the Oslo stock exchange under the ticker: RECSI.

For more information, go to: www.recsilicon.com