RECSILICON

THIRD QUARTER 2019

REPORT

THIRD QUARTER HIGHLIGHTS
(Compared to second quarter 2019)

> Revenues of USD 36.4 million and EBITDA loss of USD 5.6 million
  - Total polysilicon sales volume of 1,155MT (44.7% Decrease)
  - 815MT Total polysilicon inventory decrease

> September 30, 2019 cash balance of $46.2M
  - Cash increase of $7.8M
  - Cash inflows from operations $9.0M
    - Working capital decrease of $17.4M

> Silicon gas sales
  - Sales volume of 860MT (vs. guidance of 900MT)
  - 0.5% Silane gas price decrease vs. Q2'19

> Semiconductor segment polysilicon sales
  - Sales volume of 194MT (decrease of 44.8% vs. Q2'19)
  - 10.7% Semiconductor grade polysilicon price decrease vs. Q2'19

> Shutdown of Moses Lake FBR facility
  - Curtailment of FBR production on May 15, 2019
  - Workforce reduction announced on July 15, 2019
  - Long-term shutdown until significant positive developments in solar grade polysilicon markets occur

> Plan initiated to investigate the sale of the Butte, Montana plant
  - Will be sold only if an acceptable bid is received
  - Proceeds will be used to:
    - Retire the company's debts
    - Provide a buffer for contingent liabilities (tax examination and indemnity loan)
    - Prepare to restart FBR production in Moses Lake, Washington

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018	Q2 2019
Revenues	**36.4**	43.7	128.4	172.3	221.2	47.0
EBITDA	**-5.6**	-6.1	-9.9	-1.1	-4.9	0.5
EBITDA margin	**-15.5%**	-14.0%	-7.7%	-0.6%	-2.2%	1.0%
EBIT excluding impairment charges	**-16.9**	-16.9	-48.2	-52.1	-66.5	-12.9
Impairment charges	**-0.2**	-0.1	-20.3	-340.5	-340.5	-20.0
EBIT	**-17.1**	-16.9	-68.5	-392.6	-407.1	-32.9
EBIT margin	**-47.1%**	-38.7%	-53.3%	-227.9%	-184.0%	-69.9%
Profit/loss before tax	**-20.2**	-20.3	-81.5	-334.7	-348.0	-37.8
Profit/loss	**-20.2**	-19.6	-81.5	-333.5	-341.6	-37.8
Earnings per share, basic and diluted (USD)	**-0.07**	-0.08	-0.30	-1.31	-1.34	-0.14
Polysilicon production in MT (Siemens and granular)	**340**	1,615	2,828	7,616	9,280	980
Polysilicon sales in MT (Siemens and granular)	**1,155**	1,113	5,249	6,094	7,784	2,090
Multicrystalline brick sales in MT	**0**	0	0	2	2	0
Silicon gas sales in MT	**860**	865	2,523	2,680	3,600	834

REC SILICON GROUP

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. Impacts of the ongoing solar trade dispute between China and 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 (see Risks and Uncertainties below).

Revenues during the third quarter of 2019 were USD 36.4 million, a decrease of 22.7 percent compared to USD 47.0 million during the second quarter of 2019. Revenues in the Solar Materials segment declined by USD 5.6 million due to the shutdown of the FBR facility in Moses Lake, Washington. In addition, revenues in the Semiconductor Materials segment declined by USD 5.1 million due primarily to lower semiconductor grade polysilicon sales volumes.

Third quarter 2019 total polysilicon production volume was equal to guidance of 340MT provided with the Company's second quarter 2019 financial report. However, a production upset caused by an equipment failure at the Butte, Montana plant resulted in quality downgrades from semiconductor grades to solar grade polysilicon. Because the FBR production facility is no longer in operation, all polysilicon production during the third quarter of 2019 was from the Semiconductor Materials facility in Butte, Montana. Polysilicon inventories decreased by 815MT during the quarter.

EBITDA for the third quarter was a loss of USD 5.6 million compared to EBITDA of USD 0.5 million during the second quarter of 2019. This decrease is a result of higher electricity prices, reorganization costs associated with the workforce reduction announced on July 15, 2019, lower production caused by an equipment failure at the Butte plant, and lower product prices.

Summary of third quarter results by segment

	Q3 2019	
(USD IN MILLION)	REVENUES	EBITDA
Semiconductor Materials	29.7	8.2
Solar Materials	6.6	-6.1
Other & Eliminations	0.0	-7.7
Total	36.4	-5.6

MARKET DEVELOPMENT

Semiconductor grade polysilicon markets continue to be dominated by long term fixed sales contracts and high polysilicon inventory levels. In addition, lower than expected growth in demand and excess inventories continue to limit sales opportunities for REC Silicon. Concern is growing due to high inventory levels intended to meet anticipated increases in demand which has been slow to develop, especially in memory devices. During the third quarter, demand for wafers weakened due in part to uncertainty caused by the trade war between China and the United States and the resulting impact on general economic conditions. REC Silicon's sales volumes of semiconductor grade polysilicon continue to be affected by customer inventory management and delays in the completion of some product qualifications in progress.

Third quarter demand for silicon gases was adversely impacted by the continued reduction in manufacturing utilization across the semiconductor supply chain. Demand for silicon gases for flat panel displays was also lower due to plant shutdowns as production of basic panels is shifting into China. In semiconductor applications, demand for silicon gases continues to grow due to improvements in technology, however, overall demand has been mildly depressed due to lower manufacturing capacity utilization. Average prices for silane gas realized by REC Silicon during the third quarter decreased by 0.5 percent compared to the prior quarter.

PV installations for the third quarter of 2019 are estimated at 27.1GW (PV Infolink – October 2019) compared to 27.3GW estimated for the second quarter. PV installations in China were flat compared to the second quarter and the anticipated increase in end use demand has not materialized. Spot prices for solar grade polysilicon inside China at the end of the third quarter were estimated at USD 7.7/kg, an increase of approximately USD 0.3/kg compared to the end of the prior quarter. Comparable spot prices outside of China were estimated at USD 7.6/kg, broadly unchanged from the prior quarter. Manufacturers continue to take maintenance outages to manage inventory levels due to excess polysilicon supply. Similarly, start-up of new manufacturing capacity is being delayed due to soft demand.

RESEARCH AND DEVELOPMENT

REC Silicon incurred R&D expenses of USD 0.3 million during the third quarter of 2019 compared to USD 0.6 million during the second quarter of 2019. The decrease compared to the prior quarter is associated with second quarter expenses for the impairment of project costs that were previously capitalized.

Research efforts continue to be focused on maintaining minimum research lab operations and support for the silicon gas business.

SEGMENT INFORMATION

SEMICONDUCTOR MATERIALS

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.

Semiconductor segment revenues were USD 29.7 million during the third quarter of 2019 compared to USD 34.8 million during the second quarter of 2019, a decrease of 14.6 percent.

Polysilicon sales volumes decreased by 44.8 percent to 194MT during the third quarter compared to 352MT during the second quarter of 2019. This decrease was partially the result of high solar grade polysilicon sales of 151MT during the second quarter compared to 52MT during the third quarter, a decrease of 99MT. In addition, semiconductor grade polysilicon sales volumes decreased by 29.0 percent to 142MT (58MT decrease) during the same period. Average prices realized for semiconductor grade polysilicon declined by 10.7 percent due partially to lower sales volumes of high value float zone (FZ) grade polysilicon. Average prices for solar grade polysilicon declined by 5.3 percent. However, average prices for total polysilicon sales increased by 3.2 percent due to the lower mix of solar grade polysilicon sold during the current quarter compared to the prior quarter.

Total silicon gas sales volumes were 860MT during the third quarter of 2019 or 40MT below market guidance provided on July 25, 2019. Silicon gas sales volumes increased by 3.1 percent compared to 834MT during the second quarter. Sales prices realized by REC Silicon for silane gas decreased by 0.5 percent during the third quarter.

Total polysilicon production for the third quarter of 2019 was 340MT compared to guidance of 340MT provided with the second quarter earnings release on July 25, 2019. However, semiconductor grade polysilicon production during the third quarter was 191MT compared to guidance of 220MT. This decrease was due to a production interruption caused by an equipment failure which forced the shutdown and restart of polysilicon production. The impact of this production upset will also affect quantities produced during the fourth quarter of 2019.

The Semiconductor Materials segment contributed USD 8.2 million of income to the Company's EBITDA during the third quarter of 2019. This represents a decrease of USD 7.0 million compared to USD 15.2 million contributed during the second quarter of 2019. Decreased earnings are a result of higher electricity prices which increased from USD 19/MW during the second quarter to USD 37/MW during the third quarter, the effects of the production upset, lower float zone grade polysilicon sales, and lower product prices.

SOLAR MATERIALS

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

Impacts of the ongoing solar trade dispute between China and 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. The facility will remain shut down until significant positive developments in solar grade polysilicon markets occur (see Risks and Uncertainties below).

Revenues for the Solar Materials segment were USD 6.6 million during the third quarter of 2019 a decrease of USD 5.6 million compared to second quarter 2019 revenues of USD 12.2 million.

Sales volumes of granular solar grade polysilicon were 964MT compared to 1,738T during the second quarter of 2019. Average prices realized by REC Silicon for prime solar grade granular polysilicon declined by 3.2 percent. Total average prices realized by REC for all granular grades declined by 8.7 percent due to higher sales volumes of lower grade polysilicon as remaining inventories are depleted.

Granular polysilicon inventories declined by 961MT during the quarter resulting in remaining inventories of 473MT at September 30, 2019 (excluding fines and powders) which is expected to be sold during the fourth quarter of 2019.

The Solar Materials segment contributed a loss of USD 6.1 million to the Company's EBITDA loss during the third quarter of 2019 compared to a loss of USD 9.1 million during the second quarter. The smaller loss is a result of declining expenditures resulting from the shutdown of the FBR facility as costs decline to match decreased activity levels to maintain the plant in a non-operating status.

OTHER AND ELIMINATIONS

The segment Other includes general administrative and sales activities in support of the manufacturing facilities in the United States and the Company's headquarters in Fornebu, Norway. It also includes costs associated with the Company's representative offices in Taiwan, Korea, Singapore, China, and the United States.

Operating costs in Other and Eliminations were USD 7.7 million during the third quarter of 2019 and include USD 2.2 million reorganization costs associated with the workforce reduction announced on July 15, 2019 due to the shutdown of the FBR facility in Moses Lake, Washington.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018	Q2 2019
Revenues	**29.7**	37.6	96.7	113.9	152.9	34.8
EBITDA contribution	**8.2**	9.3	32.5	41.2	52.2	15.2
Contribution margin	**27.5%**	24.7%	33.6%	36.2%	34.2%	43.6%
Polysilicon production in MT (Siemens)	**340**	446	1,058	1,241	1,696	301
Polysilicon sales in MT (Siemens)	**194**	455	808	1,132	1,552	352
Silicon gas sales in MT	**860**	865	2,522	2,679	3,599	834

Key Financials - Solar Materials

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018	Q2 2019
Revenues	**6.6**	6.2	31.7	59.3	69.2	12.2
EBITDA contribution	**-6.1**	-9.9	-22.8	-17.4	-26.6	-9.4
Contribution margin	**-91.8%**	-161.5%	-72.0%	-29.4%	-38.4%	-76.6%
Polysilicon production in MT (Siemens and granular)	**0**	1,170	1,770	6,375	7,584	679
Polysilicon sales in MT (Siemens and granular)	**961**	658	4,441	4,962	6,232	1,738
Multicrystalline brick sales in MT	**0**	0	0	2	2	0

Key Financials - Other and Eliminations

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018	Q2 2019
Revenues	**0.0**	0.0	0.0	-0.9	-0.9	0.0
EBITDA contribution	**-7.7**	-5.4	-19.5	-24.9	-30.5	-5.3
Polysilicon sales in MT (Siemens and granular)	**0**	0	0	0	0	0
Silicon gas sales in MT	**0**	0	1	1	1	0

INVESTMENT IN ASSOCIATES (YULIN JV)

The Yulin JV produced approximately 1,350MT of polysilicon during the third quarter of 2019. Maintenance on the second silane unit will be completed and it is expected to resume production in the fourth quarter of 2019.

The JV has begun to install liners in FBR reactors and has demonstrated the production of high purity granular polysilicon. Testing and refinement of operating procedures will continue as liners are delivered.

Both silane units and the FBR reactors have demonstrated design capacities and utilization rates are expected to increase through time.

FINANCIAL ITEMS

Net financial expenses are primarily associated with interest expense on borrowings and up-front fees for the Senior Secured Bonds which mature in 2023.

During the first quarter of 2019, the Company implemented IFRS 16 Leases. As a result, the Company recognized interest of USD 1.5 million during the quarter. See note 4 for additional information on leases.

Net currency gains and (losses) are primarily related to the impact of exchange rate fluctuations between transaction currencies and the USD which is the primary functional currency for the group. Currency gains and losses for the third quarter of 2019 consisted of gains of approximately USD 3.1 million associated with liabilities denominated in NOK which were offset by losses of approximately USD 1.1 million on cash deposits in NOK.

See note 8 for additional information on borrowings.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018	Q2 2019
Financial income	**0.2**	0.3	0.5	0.8	0.9	0.2
Interest expenses on borrowings	**-3.3**	-3.3	-9.8	-10.3	-13.6	-3.2
Interest expense on leases	**-1.5**	0.0	-3.5	0.0	0.0	-1.3
Expensing of up-front fees and costs	**-0.1**	-0.1	-0.2	-0.2	-0.2	-0.1
Other financial expenses	**-0.4**	-0.3	-1.2	-3.9	-4.2	-0.4
Net financial expenses	**-5.2**	-3.7	-14.6	-14.3	-18.0	-5.0
Net currency gains/losses	**2.0**	0.1	1.5	-1.7	3.1	0.0
Net financial items	**-3.0**	-3.3	-12.6	-15.2	-14.0	-4.8

INCOME TAX

The tax effects of the loss before tax of USD 20.2 million in the third quarter of 2019 resulted in no effective tax impact since they are offset by changes in unrecognized deferred tax assets. Primarily, this represents an increase in the Company's unrecognized deferred tax asset in the United States. The unrecognized deferred tax asset in the United States consists primarily of unused net operating losses that will continue to be available to offset taxable income during future periods.

See note 18 to the consolidated financial statements for 2018 for additional information on income taxes.

CASH FLOW

Net cash inflows from operating activities were USD 9.0 million during the third quarter of 2019. Cash inflows were primarily a result of a decrease in working capital of USD 17.4 million. The decreased investment in working capital was due to a decrease in inventories of USD 7.5 million, customer collection in excess of sales of USD 8.0 million, and an increase in accounts payable of USD 1.9 million. These were offset by and EBITDA loss of USD 5.6 million and a loss of USD 1.1 million due the impact of a stronger USD on cash balances denominated in NOK. The remaining USD 0.2 million cash outflow was due to changes in other assets and liabilities.

Cash inflows from investing activities were USD 0.4 million and were a result of a decrease of USD 0.5 million in restricted cash offset by capital expenditures of USD 0.1 million.

Cash outflows from financing activities were USD 1.6 million and were primarily the result of a USD 1.5 million reduction in lease liabilities which have been imputed based upon the requirements of IFRS 16 Leases. See note 4 for additional information on leases.

In total, cash balances increased by USD 7.8 million to USD 46.2 million at September 30, 2019.

FINANCIAL POSITION

Shareholders' equity decreased to USD 42.4 million (12 percent equity ratio) at September 30, 2019, compared to USD 65.1 million (18 percent equity ratio) at June 30, 2019. This decrease was a result of a loss from total operations of USD 20.2 million. In addition, other comprehensive income included a net currency loss of USD 2.5 million due to a stronger USD compared to the NOK and the corresponding impact on subsidiaries with a functional currency in NOK.

Net debt decreased by USD 10.4 million to USD 134.6 million at September 30, 2019, from USD 145.0 million at June 30, 2019. This decrease is a result of an increase in cash of USD 7.8 million, a decrease of USD 1.2 million in lease liabilities under IFRS 16 Leases, and a decrease of USD 1.4 million due to changes in the value of the NOK denominated indemnification loan caused by a stronger USD relative to NOK.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt decreased by USD 10.4 million to USD 136.1 million at September 30, 2019 compared to USD 146.5 million at June 30, 2019.

See note 17 to the consolidated financial statements for 2018 and note 8 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2018, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

CHINESE TARIFFS ON US POLYSILICON

REC Silicon's access to polysilicon markets in China continues to be restricted by tariffs imposed by the Chinese government on US polysilicon. The Company continues to work to re-gain access to the Chinese market for its solar grade polysilicon products produced in the United States. REC Silicon remains focused on identifying sales opportunities in markets outside of China.

The timing or outcome of any potential resolution remains uncertain.

The Company curtailed the operation of its FBR production facility in Moses Lake, Washington during the second quarter of 2019. The timing and length of the shutdown are dependent on whether significant positive developments in solar grade polysilicon markets occur. Additional impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the ongoing trade war between China and the United States is having an adverse impact on markets served by the semiconductor materials facility in Butte, Montana. In response, management and the board of directors has devised and will implement a plan to reduce spending and activity levels to further conserve cash.

INCOME TAXES

REC Silicon previously received notices of reassessment from the Norwegian Central Tax Office (CTO) regarding tax returns for tax years 2009 through 2011. The CTO questioned the deductibility of losses on loans and guarantees provided to subsidiaries and affiliates. The timing and amount of any potential outcome is subject to substantial uncertainty.

PROPERTY TAX

REC Silicon has contested Grant County Washington's valuations of taxable property. The appeal for year 2012 is currently before the Washington Court of Appeals. The Company has also appealed assessments for the years 2013 through 2015. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

INDEMNIFICATION LOAN

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At December 31, 2018, the indemnification loan is NOK 200.0 million (USD 23.0 million) and can only be called if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent. Although the indemnification loan was callable in February 2016, this loan has not been called and the timing of when it will be called is uncertain.

GOING CONCERN

Impacts of the ongoing solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon continue to contribute to the Company's high liquidity risk.

Current market conditions and the solar trade dispute have forced the curtailment of production at the FBR facility in Moses Lake, Washington. Management and the board of directors have placed the FBR plant in a long-term shutdown to reduce spending and to maintain the Company's liquidity. The timing and length of the shutdown are dependent on whether significant positive developments in solar grade polysilicon markets occur. Additional impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the ongoing trade war between China and the United States is having an adverse impact on markets served by the semiconductor materials facility in Butte, Montana. In response, management and the board of directors has devised and will implement a plan to reduce spending and activity levels to further conserve cash. As a consequence of this plan, the Company's current liquidity position and the estimated results of operations are considered sufficient to meet the operating cash flow requirements for remaining operations and to meet debt service obligations for the next twelve months assuming no payments on the indemnity loan or unfavorable outcome of the notices of reassessment from the Norwegian Central Tax Office (the tax examinations).

Please refer to the Company's annual report for 2018. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2018), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern. However, the events and conditions discussed above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

MARKET OUTLOOK

Forecasts continue to estimate that semiconductor device production will remain near current levels for the remainder of 2019. During the fourth quarter of 2019, REC Silicon's shipments of semiconductor grade polysilicon are expected to remain near current levels due to continued delays in the start-up of new wafer capacity and completion of product qualifications. For 2019, REC Silicon's shipments of semiconductor grade polysilicon are expected to grow in certain key segments, however, semiconductor grade polysilicon volumes in total will decrease compared to 2018 due to the timing of product qualifications and weakness in demand for smaller diameter wafers. Over the long run, macro demand 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.

Demand for silicon gases in certain semiconductor applications is expected to increase in 2019 compared to 2018. However, continued volatility in solar cell production and the shift of production of basic flat panel displays into China is expected to reduce REC Silicon sales volumes of silicon gases in 2019 compared to 2018. In addition, uncertainty caused by trade relations and high inventory levels has adversely impacted demand for silicon gases. Continued competitive pressure due to overcapacity will continue to limit sales opportunities and is expected to place downward pressure on prices for silicon gases. In the longer term, demand for silicon gases is expected to recover due to the continuing implementation of technology improvements in flat panel display and semiconductor applications and increases in demand for consumer goods with silicon content.

Fourth quarter 2019 end use PV demand is expected to increase by 3GW to approximately 30GW compared to the third quarter of 2019 (PV Infolink - October 2019). Fourth quarter PV demand in China is expected to reach 11.3GW compared to estimates of 6.5GW during the third quarter. Forecasts for the United States and India remain strong while Europe is expected to decrease marginally compared to the prior quarter.

GUIDANCE

The Company curtailed the operation of the FBR facility in Moses Lake as of May 15, 2019 and will not restart the FBR facility until significant positive developments in solar grade polysilicon markets occur.

The Company will continue to operate its manufacturing facility in Butte, Montana.

PRODUCTION TARGETS

REC Silicon targets polysilicon production of 250MT during the fourth quarter of 2019 and 3,078MT for the full year 2019. Semiconductor grade polysilicon production is targeted at 130MT and reflects lower production due to the failure of certain equipment during the third quarter which forced a restart of all polysilicon reactors and a delay in finished production.

Silicon gas sales volumes are targeted at 860MT for the fourth quarter of 2019 and 3,353MT for the full year 2019. This estimate reflects the estimated impacts of current developments in trade relations and their impact on the overall economy and uncertainty in the PV sector due to market uncertainty. The effects of any additional trade sanctions could impact demand for silicon gases.

INVESTMENT AND EXPANSION ACTIVITIES

Capital expenditures for 2019 are expected to be approximately USD 2.0 million. Capital spending includes only the capital necessary to maintain safe and reliable operations. The Company will continue to defer and delay capital spending when possible, while maintaining safe operating conditions to maintain liquidity.

FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Market Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in the section "Risks and Uncertainties" above and in REC Silicon's Annual Report for 2018, including the section Risk Factors in the Board of Directors' Report.

Production targets

	ACTUAL RESULTS			TARGETS	
POLYSILICON PRODUCTION VOLUME (MT)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Granular	1,091	679	0	0	1,770
Semiconductor Grade	285	216	191	130	821
Siemens Solar Grade	133	85	149	120	487
Total	1,508	980	340	250	3,078
Silicon Gas Sales Volume (MT)	829	834	860	830	3,353

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2019	SEP 30, 2018	DEC 31, 2018
ASSETS				
Non-current assets				
Intangible assets	3	**1.2**	11.8	11.8
Land and buildings	3	**39.9**	41.7	41.1
Machinery and production equipment	3	**72.8**	97.2	90.9
Other tangible assets	3	**3.9**	5.3	4.8
Assets under construction	3	**3.6**	9.0	9.4
Property, plant and equipment	3	**120.2**	153.3	146.2
Right of use assets	4	**34.5**	0.0	0.0
Investments in Associates	5	**31.9**	34.3	34.2
Other non-current receivables		**5.1**	3.8	6.4
Financial assets and prepayments		**37.0**	38.1	40.6
Total non-current assets		**192.9**	203.2	198.6
Current assets				
Inventories	7	**64.9**	86.5	79.1
Trade and other receivables	12	**30.6**	34.4	40.8
Current tax assets		**1.3**	0.0	2.7
Restricted bank accounts		**4.2**	4.6	4.4
Cash and cash equivalents		**46.2**	41.0	31.8
Total current assets		**147.3**	166.5	158.7
Total assets		**340.2**	369.7	357.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2019	SEP 30, 2018	DEC 31, 2018
EQUITY AND LIABILITIES				
Shareholders' equity	**14**			
Paid-in capital		**2,812.3**	3,158.0	3,158.0
Other equity and retained earnings		**-2,769.9**	-3,046.8	-3,051.3
Total shareholders' equity		**42.4**	111.2	106.7
Non-current liabilities				
Retirement benefit obligations		**15.0**	19.4	15.5
Non-current provision, interest calculation	10	**3.2**	0.0	3.0
Non-current financial liabilities, interest bearing	8	**108.8**	108.3	108.6
Non-current lease liabilities	4	**43.5**	0.0	0.0
Non-current prepayments, interest calculation		**1.1**	3.8	4.2
Other non-current liabilities, not interest bearing		**0.1**	5.3	5.3
Total non-current liabilities		**171.8**	136.8	136.6
Current liabilities				
Trade payables and other liabilities		**68.0**	65.9	62.1
Current tax liabilities	11	**23.5**	26.1	24.5
Derivatives	6	**1.4**	1.6	1.5
Current financial liabilities, interest bearing	8	**21.7**	24.5	22.7
Current lease liabilities	4	**6.8**	0.0	0.0
Current prepayments, interest calculation		**4.7**	3.6	3.2
Total current liabilities		**126.0**	121.6	114.0
Total liabilities		**297.9**	258.5	250.6
Total equity and liabilities		**340.2**	369.7	357.3

CONSOLIDATED STATEMENT OF INCOME REC SILICON GROUP

(USD IN MILLION)	NOTES	**Q3 2019**	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Revenues		**36.4**	43.7	128.4	172.3	221.2
Cost of materials	7	**-5.0**	-12.5	-21.4	-44.9	-57.3
Changes in inventories	7	**-5.6**	4.1	-16.6	1.7	1.5
Employee benefit expenses		**-10.4**	-13.8	-35.6	-47.0	-59.7
Other operating expenses		**-18.4**	-27.1	-62.1	-82.7	-110.1
Other income and expense		**-2.6**	-0.6	-2.6	-0.5	-0.5
EBITDA		**-5.6**	-6.1	-9.9	-1.1	-4.9
Depreciation	3	**-10.6**	-10.8	-31.7	-50.5	-61.1
Amortization	3	**0.0**	0.0	-0.3	-0.5	-0.5
Depreciation of right of use assets	4	**-0.7**	0.0	-6.4	0.0	0.0
Impairment	3, 4	**-0.2**	-0.1	-20.3	-340.5	-340.5
Total depreciation, amortization and impairment		**-11.5**	-10.8	-58.6	-391.5	-402.2
EBIT		**-17.1**	-16.9	-68.5	-392.6	-407.1
Share of profit/loss of investments in associates	5	**-0.1**	-0.1	-0.4	73.1	73.0
Financial income		**0.2**	0.3	0.5	0.8	0.9
Net financial expenses		**-5.2**	-3.7	-14.6	-14.3	-18.0
Net currency gains/losses		**2.0**	0.1	1.5	-1.7	3.1
Net financial items		**-3.0**	-3.3	-12.6	-15.2	-14.0
Profit/loss before tax		**-20.2**	-20.3	-81.5	-334.7	-348.0
Income tax expense/benefit		**0.0**	0.7	0.0	1.1	6.5
Profit/loss		**-20.2**	-19.6	-81.5	-333.5	-341.6
Attributable to:						
Owners of REC Silicon ASA		**-20.2**	-19.6	-81.5	-333.5	-341.6
Earnings per share (In USD)	14					
-basic		**-0.07**	-0.08	-0.30	-1.31	-1.34
-diluted		**-0.07**	-0.08	-0.30	-1.31	-1.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	**Q3 2019**	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Profit/loss	**-20.2**	-19.6	-81.5	-333.5	-341.6
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Fair value adjustment on own credit risk [1]	**0.0**	0.0	0.0	-1.9	-1.9
Remeasurement of defined benefit plans	**0.0**	0.0	0.0	0.0	3.5
Currency translation effects	**0.0**	0.0	0.0	1.6	1.5
Sum items that will not be reclassified to profit or loss	**0.0**	0.0	0.0	-0.4	3.1
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	**-2.5**	-2.6	-1.9	-3.7	-3.7
Sum items that may be reclassified subsequently to profit or loss	**-2.5**	-2.6	-1.9	-3.7	-3.7
Total other comprehensive income	**-2.5**	-2.6	-1.9	-4.1	-0.6
Total comprehensive income	**-22.7**	-22.2	-83.4	-337.6	-342.2
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	**-22.7**	-22.2	-83.4	-337.6	-342.2

1) Impact of adopting IFRS 9

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**
September 30, 2018								
At January 1, 2018		405.3	2,710.9	41.8	**3,158.0**	174.3	-2,883.4	**448.9**
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	-337.6	**-337.6**
At September 30, 2018		405.3	2,710.9	41.8	**3,158.0**	174.3	-3,221.1	**111.2**
Year 2018								
At January 1, 2018		405.3	2,710.9	41.8	**3,158.0**	174.3	-2,883.4	**448.9**
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	-342.1	**-342.1**
At December 31, 2018		405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
September 30, 2019								
At January 1, 2019		405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
Share issue		2.9	16.1	0.0	**19.0**	0.0	0.0	**19.0**
Share Capital Reduction	14	-364.8	0.0	0.0	**-364.8**	364.8	0.0	**0.0**
Total comprehensive income		0.0	0.0	0.0	**0.0**	0.0	-83.4	**-83.4**
At September 30, 2019		43.4	2,727.0	41.8	**2,812.3**	539.0	-3,309.0	**42.3**

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	**TOTAL**
September 30, 2018				
Accumulated at January 1, 2018	23.7	20.9	-2,927.9	**-2,883.4**
Profit/loss	0.0	0.0	-333.5	**-333.5**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-1.9	**-1.9**
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	1.6	**1.6**
Sum items that will not be reclassified to profit or loss	0.0	0.0	-0.4	**-0.4**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-3.7	0.0	0.0	**-3.7**
Sum items that may be reclassified to profit or loss	-3.7	0.0	0.0	**-3.7**
Total other comprehensive income for the period	-3.7	0.0	-0.4	**-4.1**
Total comprehensive income for the period	-3.7	0.0	-333.9	**-337.6**
Accumulated at September 30, 2018	19.9	20.9	-3,261.8	**-3,221.1**
Year 2018				
Accumulated at January 1, 2018	23.7	20.9	-2,927.9	**-2,883.4**
Profit/loss	0.0	0.0	-341.6	**-341.6**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	-1.9	**-1.9**
Remeasurement of defined benefit plans	0.0	0.0	3.5	**3.5**
Currency translation effects	0.0	0.0	1.5	**1.5**
Sum items that will not be reclassified to profit or loss	0.0	0.0	3.1	**3.1**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-3.7	0.0	0.0	**-3.7**
Sum items that may be reclassified to profit or loss	-3.7	0.0	0.0	**-3.7**
Total other comprehensive income for the period	-3.7	0.0	3.1	**-0.6**
Total comprehensive income for the period	-3.7	0.0	-338.5	**-342.2**
Accumulated at December 31, 2018	20.0	20.9	-3,266.4	**-3,225.6**
September 30, 2019				
Accumulated at January 1, 2019	20.0	20.9	-3,266.4	**-3,225.6**
Profit/loss	0.0	0.0	-81.5	**-81.5**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	**0.0**
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
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	0.0	**0.0**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-1.9	0.0	0.0	**-1.9**
Sum items that may be reclassified to profit or loss	-1.9	0.0	0.0	**-1.9**
Total other comprehensive income for the period	-1.9	0.0	0.0	**-1.9**
Total comprehensive income for the period	-1.9	0.0	-81.5	**-83.4**
Accumulated at September 30, 2019	18.1	20.9	-3,347.9	**-3,309.0**

CONSOLIDATED STATEMENT OF CASH FLOWS TOTAL OPERATIONS REC SILICON GROUP

(USD IN MILLION)	NOTES	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Cash flows from operating activities						
Profit/loss before tax		**-20.2**	-20.3	-81.5	-334.7	-348.0
Income taxes paid/received		**0.0**	0.7	2.7	0.7	0.7
Depreciation, amortization and impairment	3, 4	**11.5**	10.8	58.6	391.5	402.2
Equity accounted investments, impairment financial assets, gains/losses on sale	5	**0.0**	0.1	0.0	-72.6	-72.5
Changes in receivables, prepayments from customers etc.	12	**8.0**	5.5	8.5	14.3	9.7
Changes in inventories	7	**7.5**	-5.6	14.2	-3.6	3.8
Changes in payables, accrued and prepaid expenses		**5.5**	4.7	0.7	-2.9	-5.7
Changes in provisions	10	**0.0**	0.0	0.0	-0.3	-0.3
Changes in VAT and other public taxes and duties		**-0.1**	2.9	0.0	2.9	0.0
Changes in derivatives		**0.0**	0.0	0.0	0.0	-0.1
Currency effects not cash flow or not related to operating activities		**-3.2**	-0.1	-1.8	1.3	-1.7
Other items		**0.0**	-0.3	0.0	2.1	1.9
Net cash flow from operating activities		**9.0**	-1.7	1.5	-1.4	-10.1
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		**0.5**	2.4	0.1	-0.2	0.0
Proceeds from sale of property, plant and equipment and intangible assets		**0.0**	0.0	1.2	0.6	0.6
Payments for property, plant and equipment and intangible assets	3	**-0.1**	-0.4	-1.2	-1.3	-1.7
Net cash flow from investing activities		**0.4**	2.0	0.1	-0.9	-1.2
Cash flows from financing activities						
Increase in equity	14	**0.0**	0.0	19.0	0.0	0.0
Payments of lease liabilities	4	**-1.5**	0.0	-6.2	0.0	0.0
Payments of borrowings and up-front/waiver loan fees [1]		**0.0**	-1.7	0.0	-171.2	-171.4
Proceeds from borrowings		**0.0**	0.0	0.0	110.0	110.0
Net cash flow from financing activities		**-1.6**	-1.7	12.8	-61.2	-61.4
Effect on cash and cash equivalents of changes in foreign exchange rates		**0.0**	0.0	0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		**7.8**	-1.4	14.4	-63.6	-72.7
Cash and cash equivalents at the beginning of the period		**38.4**	42.4	31.8	104.5	104.5
Cash and cash equivalents at the end of the period		**46.2**	41.0	46.2	41.0	31.8

1) Payment of borrowings include fees and costs for issue and repurchase of interest bearing debt.

NOTES

1 GENERAL

THE GROUP

REC Silicon ASA (the Company) and its subsidiaries (together REC Silicon Group, REC Silicon, or the Group) are a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries worldwide.

REC Silicon ASA is headquartered in Fornebu, Norway and 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 US. REC Silicon's marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and the United States. The Group's joint venture operations are held in REC Silicon Pte Ltd in Singapore.

BASIS OF PREPARATION

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.

FINANCIAL STATEMENTS

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2018. The consolidated financial statements for 2018 are available upon request from the Company's registered office in Fornebu, Norway or at www.recsilicon.com.

The Board of Directors has prepared these interim financial statements under the assumption that the Company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts. Please refer to the section Risks and Uncertainties in this report for additional information.

ACCOUNTING POLICIES

The consolidated financial statements for 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous fiscal year. See note 2.24 to the consolidated financial statements for 2018.

IFRS 16 was issued in January 2016, and outlines the principles for the recognition, measurement, presentation and disclosure of leases requiring lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under IAS 17 and established a balance sheet lease accounting model that increases transparency and comparability.

The new standard which supersedes existing lease guidance, including IAS 17, IFRIC 4, and SIC-27 applies to periods beginning January 1, 2019. The group adopted IFRS 16 on the required effective date using the modified retrospective approach. As a result, prior year amounts have not been restated (See note 4).

IFRS 16 includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less) which will be recognized as expense in profit or loss when incurred.

At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

SEGMENT INFORMATION
REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also has the capability to produce polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. Due to market conditions and the ongoing solar trade dispute between China and the United States, the manufacturing facility in Moses Lake, Washington has been temporarily shut down (see note 11 below). Accordingly, management has determined that there are two operating segments; Solar Materials and Semiconductor Materials. The operating segments include revenues less cost of manufacturing excluding depreciation for products sold while Other include general, administrative, and selling expenses which support both operating segments in addition to administrative costs for the Company's headquarters in Fornebu, 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.

FOREIGN CURRENCY TRANSLATION
Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). REC Silicon AS and REC Solar AS have a functional currency of NOK. The Company and its remaining subsidiaries have a functional currency of USD. The Group's reporting currency is USD. See note 2.4 to the consolidated financial statements for 2018.

ESTIMATES AND JUDGMENTS
Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2018.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2018 and note 1 to these financial statements for further information on segments.

The following table summarizes key financial results by segment:

(USD IN MILLION)	**Q3 2019**	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Revenues					
Semiconductor Materials	**29.7**	37.6	96.7	113.9	152.9
Solar Materials	**6.6**	6.2	31.7	59.3	69.2
Other	**0.0**	0.0	0.0	0.0	0.0
Eliminations	**0.0**	0.0	0.0	-0.9	-0.9
Total	**36.4**	43.7	128.4	172.3	221.2
EBITDA					
Semiconductor Materials	**8.2**	9.3	32.5	41.2	52.2
Solar Materials	**-6.1**	-9.9	-22.8	-17.4	-26.6
Other	**-7.7**	-5.4	-19.6	-24.4	-30.0
Eliminations	**0.0**	0.0	0.0	-0.5	-0.5
Total	**-5.6**	-6.1	-9.9	-1.1	-4.9
EBIT					
Semiconductor Materials	**1.0**	2.5	9.5	82.3	86.6
Solar Materials	**-10.2**	-13.7	-57.6	-453.8	-466.7
Other	**-7.9**	-5.7	-20.3	-20.6	-26.4
Eliminations	**0.0**	0.0	0.0	-0.5	-0.5
Total	**-17.1**	-16.9	-68.5	-392.6	-407.1

The following tables reflect the financial results of each operating segment:

Semiconductor Materials - Segment

(USD IN MILLION)	**Q3 2019**	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Revenues	**29.7**	37.6	96.7	113.9	152.9
Cost of materials	**-4.9**	-6.7	-14.0	-16.6	-22.9
Change in inventories	**1.2**	1.3	4.7	-0.6	0.5
Employee benefit expense	**-5.3**	-5.4	-15.9	-16.2	-21.4
Other operating expenses	**-12.5**	-17.5	-39.0	-39.2	-56.7
Other income and expenses	**0.0**	-0.1	0.0	-0.1	-0.1
Total current costs	**-21.5**	-28.3	-64.2	-72.7	-100.2
EBITDA contribution	**8.2**	9.3	32.5	41.2	52.2
Depreciation of fixed Assets	**-6.6**	-6.8	-20.0	-14.5	-21.2
Amortization	**0.0**	0.0	0.0	0.0	0.0
Depreciation of leased Assets	**-0.6**	0.0	-3.1	0.0	0.0
Impairment	**0.0**	0.0	0.0	55.5	55.5
Total depreciation, amortization, and impairment	**-7.2**	-6.8	-23.0	41.0	34.4
EBIT contribution	**1.0**	2.5	9.5	82.3	86.6

Solar Materials - Segment

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Revenues	**6.6**	6.2	31.7	59.3	69.2
Cost of materials	**-0.1**	-5.8	-7.4	-28.6	-34.7
Change in inventories	**-6.7**	2.8	-21.4	2.2	1.1
Employee benefit expense	**-2.4**	-4.7	-10.9	-16.4	-20.6
Other operating expenses	**-3.1**	-8.2	-14.5	-33.7	-41.4
Other income and expenses	**-0.3**	-0.2	-0.3	-0.2	-0.1
Total current costs	**-12.7**	-16.1	-54.5	-76.7	-94.7
EBITDA contribution	**-6.1**	-9.9	-22.8	-17.4	-26.6
Depreciation of fixed Assets	**-3.8**	-3.8	-11.1	-35.5	-39.2
Amortization	**0.0**	0.0	-0.3	-0.2	-0.2
Depreciation of leased Assets	**-0.1**	0.0	-3.3	0.0	0.0
Impairment	**-0.2**	0.0	-20.1	-400.7	-400.7
Total depreciation, amortization, and impairment	**-4.1**	-3.8	-34.8	-436.4	-440.1
EBIT contribution	**-10.2**	-13.7	-57.6	-453.8	-466.7

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

(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Non-Contract Revenue	**22.1**	29.8	85.2	120.3	153.8
Structured (Regional/Volume pricing)	**13.1**	12.7	39.2	45.6	59.6
Tiered (Volume pricing)	**1.1**	1.2	4.0	6.4	7.8
Contract Revenue	**14.2**	14.0	43.2	51.9	67.4
Total	**36.4**	43.7	128.4	172.3	221.2

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2018.

Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND PRODUCTION EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	**TOTAL PROPERTY, PLANT AND EQUIPMENT**	TOTAL INTANGIBLE ASSETS	**TOTAL**
Carrying value at January 1, 2019	41.1	90.9	4.8	9.4	**146.2**	11.8	**158.0**
Net additions 1)	0.9	-1.1	0.1	-0.1	**-0.2**	0.0	**-0.2**
Disposals	-0.9	-0.1	-0.1	0.0	**-1.2**	0.0	**-1.2**
Depreciation and amortization	-2.0	-28.6	-1.1	0.0	**-31.7**	-0.3	**-32.0**
Impairment 2)	0.9	11.7	0.2	-5.7	**7.1**	-10.4	**-3.3**
Carrying value at September 30, 2019	39.9	72.8	3.9	3.6	**120.2**	1.2	**121.4**
At September 30, 2019							
Historical cost	147.4	2,130.5	79.9	65.7	**2,423.5**	80.0	**2,503.5**
Accumulated depreciation/amortization/impairment	-107.5	-2,057.6	-76.0	-62.1	**-2,303.2**	-78.8	**-2,382.1**
Carrying value at September 30, 2019	39.9	72.8	3.9	3.6	**120.2**	1.2	**121.4**

1) Net additions include transfers from assets under construction
2) Includes reallocation of previous impairment (see note 4 for additional impairment)

IMPAIRMENT REVIEWS
See note 7 to the consolidated financial statements for 2018.

Management has determined that the Group continues to consist of two cash generating units (CGUs). The Company's CGUs are derived from the reported segments for Solar Materials and Semiconductor Materials. Financial attributes associated with Other and Eliminations have been allocated to the individual CGUs based upon estimated activity, volume, and revenue factors.

The Group conducted a review of impairment indicators and impairment testing was performed at September 30, 2019. For the Solar CGU, impairment indicators were identified that could give rise to a change in impairment included decreases in the Company's market capitalization and recurring net operating losses (see note 11 below).

Value in use for the Solar CGU has been estimated using discounted cash flows over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 14.5 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 17.4 percent.

Long term impacts on polysilicon market conditions caused by the solar trade dispute between the US and China are difficult to determine. 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 in 2022. The timing and length of the shutdown of the FBR facility are dependent on whether significant positive developments in solar grade polysilicon markets occur. Additional impairment of the Solar Materials CGU would be required if the FBR facility is not restarted.

The resulting value in use of the Solar Materials CGU is estimated to approximate the carrying value at September 30, 2019. Therefore, no additional impairment or reversal of impairment has been recognized.

4 LEASES

Right-of-Use assets

(USD IN MILLION)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	TOTAL
Balance at January 1, 2019	0.0	28.8	0.1	0.0	**28.9**
Depreciations	-0.2	-6.2	0.0	0.0	**-6.4**
Additions	3.2	0.2	0.0	0.0	**3.4**
Impairments	-2.9	-14.0	0.0	0.0	**-17.0**
Adjustments	0.0	25.6	0.0	0.0	**25.6**
Termination	0.0	0.0	0.0	0.0	**0.0**
Balance at September 30, 2019	0.1	34.4	0.0	0.0	**34.5**

Lease Liabilities

		MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	2019	2020	2021	2022	2023	AFTER 2023
Lease liabilities at September 30 [1)]	96.4	3.1	12.6	8.6	7.8	7.8	56.5

1) Amounts listed are undiscounted.

Adjustments include USD 25.3 million associated with a 15-year extension of a long-term lease on the existing plant gas facility in Butte, Montana in addition to USD 0.3 million for semi-annual and annual CPI index adjustments related to plant gas facility leases.

The weighted average incremental borrowing rate applied to lease liabilities at September 30, 2019 is 13.0 percent.

Leases expensed in the period

(USD IN MILLION)	**Q3 2019**	SEP 30, 2019
Interest on lease liabilities	**1.5**	3.5
Expenses relating to short-term leases	**0.1**	1.3
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 which expire in 2019 are expensed in accordance with the short-term exemption available upon implementation of IFRS 16.

In the third quarter, the Group made lease payments totaling USD 3.1 million which included USD 3.1 million (including imputed interest) on lease contracts and USD 0.1 million in current period expense for leases exempted from IFRS 16 as low value and short-term leases.

5 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

The Group is a party to a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). 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. REC Silicon's ownership is 15 percent of the Yulin JV. See note 8 to the consolidated financial statements for 2018.

The Group's share of net equity does not reflect its 15 percent ownership interest in the Yulin JV, due to the differences in timing of equity contributions by the JV partners.

The following table presents a reconciliation of the Group's investment in the Yulin Joint Venture in China:

(USD IN MILLION)	SEP 30, 2019	DEC 31, 2018
Carrying value at January 1	34.2	-34.7
Share of joint venture profit/loss	-0.3	-0.5
Deferred income/expense	0.0	0.8
Change in Deferred Gain of Tech Transfer due to change in ownership	0.0	67.2
Change in Retained earnings due to change in ownership	0.0	5.0
Effects of changes in currency exchange rates	-1.9	-3.7
Carrying value at end of period	31.9	34.2

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at September 30, 2019:

(USD IN MILLION)	SEP 30, 2019	DEC 31, 2018
Non-current assets	1,214.9	1,201.6
Other Current assets	85.2	42.5
Cash and cash equivalents	5.3	3.4
Non-current liabilities	-752.7	-599.0
Current liabilities	-127.4	-207.5
Net Assets (100%)	425.3	441.0
REC Silicon's share of net equity	62.1	64.4
Deferred income/expense	-0.4	-0.4
Adjusted for technology transfer	-29.8	-29.8
Carrying amount of REC's interest	31.9	34.2

See note 8 to the consolidated financial statements for 2018.

6 DERIVATIVES

See notes 3, 11, and 30 to the consolidated financial statements for 2018.

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy.

At September 30, 2019, the option contract was a liability valued at USD 1.4 million (USD 1.5 million at December 31, 2018).

7 INVENTORIES

See note 13 to the consolidated financial statements for 2018.

Inventories at end of period

	SEP 30, 2019			DEC 31, 2018		
(USD IN MILLION)	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	**7.4**	**0.0**	**7.4**	4.9	0.0	4.9
Spare parts	**42.3**	**-22.0**	**20.3**	42.5	-19.0	23.5
Work in progress	**10.5**	**-1.0**	**9.5**	12.5	-1.7	10.8
Finished goods	**47.5**	**-19.8**	**27.7**	90.9	-51.0	39.9
Total	**107.6**	**-42.7**	**64.9**	150.8	-71.7	79.1

8 BORROWINGS AND GUARANTEES

See notes 4, 17, and 30 to the consolidated financial statements for 2018.

Carrying amounts of interest-bearing liabilities at September 30, 2019 and contractual repayments (excluding interest payments) are specified in the table below.

	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST		
(USD IN MILLION)	CURRENCY	USD	TOTAL	2019	2023
Capitalized Borrowing Cost, non-current (USD) 1)	-1.2	-1.2			
Captialized Borrowing Cost, current (USD) 1)	-0.3	-0.3			
Senior secured bond (USD)	110.0	110.0	110.0	0.0	110.0
Indemnification loan (NOK)	200.0	22.0	22.0		
Total		130.5	132.0	0.0	110.0

1) Amortized as part of effective interest.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At September 30, 2019, the indemnification loan is NOK 200 million (USD 22.0 million) and can only be called if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent. Although the indemnification loan was callable in February 2016, this loan has not been called (see note 11 below and note 17 to the consolidated financial statements for 2018).

Guarantees

See note 29 to the consolidated financial statements for 2018.

At September 30, 2019, the Company had provided USD 4.6 million in bank guarantees against which the Company has pledged USD 3.7 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 Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million at September 30, 2019 and December 31, 2018.

The Company has been provided with offsetting guarantees by REC Solar Holdings AS as part of the sale of REC Solar in 2013.

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2018.

The option contract in the indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option was USD 1.4 million at September 30, 2019 and USD 1.5 million at December 31, 2018.

The fair value of the USD senior secured bond at September 30, 2019 is estimated at 105.25 percent of nominal value. The USD senior secured bond is subject to level 2 of the fair value hierarchy of IFRS 13.

USD Senior Secured Bond

(USD IN MILLION)	**SEP 30, 2019**	JUN 30, 2019	MAR 31, 2019	DEC 31, 2018
Nominal value	**110.0**	110.0	110.0	110.0
Capitalized Borrowing Cost, non-current [1)]	**-1.2**	-1.2	-1.3	-1.4
Net carrying amount, non-current	**108.8**	108.8	108.7	108.6
Captialized Borrowing Cost, current [1)]	**-0.3**	-0.3	-0.3	-0.3
Net carrying amount	**108.5**	108.4	108.4	108.3

1) Amortized as part of effective interest.

The following table represents change due to IFRS 9 related to the USD convertible bond.

	CHANGES DUE TO IFRS 9				
(USD IN MILLION)	Q3 2019	Q3 2018	SEP 30, 2019	SEP 30, 2018	YEAR 2018
Profit/Loss	0.0	0.0	0.0	0.0	0.0
Other Comprehensive Income	0.0	0.0	0.0	1.9	1.9
Total	0.0	0.0	0.0	1.9	1.9

9 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at September 30, 2019

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2019	2020	2021	2022	2023	2024	AFTER 2024
Purchase of goods and services	1.8	1.2	0.6	0.0	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	2.0	1.3	0.6	0.0	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	2019
Carrying value at January 1	3.0
Net periodic asset retirement obligation costs including net interest	0.2
Provision for Restructuring	0.0
Carrying value at September 30	3.2

See note 20 to the consolidated financial statements for 2018.

The AROs represent the present value of estimated future costs discounted between 8 to 12.5 percent and between 10 to 40 years.

11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Please refer to the annual report for 2018, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

CHINESE TARIFFS ON US POLYSILICON
REC Silicon's access to polysilicon markets in China continues to be restricted by tariffs imposed by the Chinese government on US polysilicon. The Company continues to work to re-gain access to the Chinese market for its solar grade polysilicon products produced in the United States. REC Silicon remains focused on identifying sales opportunities in markets outside of China.

The timing or outcome of any potential resolution remains uncertain.

The Company curtailed the operation of its FBR production facility in Moses Lake, Washington during the second quarter of 2019. The timing and length of the shutdown are dependent on whether significant positive developments in solar grade polysilicon markets occur. Additional impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the ongoing trade war between China and the United States is having an adverse impact on markets served by the semiconductor materials facility in Butte, Montana. In response, management and the board of directors has devised and will implement a plan to reduce spending and activity levels to further conserve cash.

INCOME TAXES
REC Silicon previously received notices of reassessment from the Norwegian Central Tax Office (CTO) regarding tax returns for tax years 2009 through 2011. The CTO questioned the deductibility of losses on loans and guarantees provided to subsidiaries and affiliates. The timing and amount of any potential outcome is subject to substantial uncertainty.

PROPERTY TAX
REC Silicon has contested Grant County Washington's valuations of taxable property. The appeal for year 2012 is currently before the Washington Court of Appeals. The Company has also appealed assessments for the years 2013 through 2015. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

INDEMNIFICATION LOAN
The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At December 31, 2018, the indemnification loan is NOK 200.0 million (USD 23.0 million) and can only be called if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent. Although the indemnification loan was callable in February 2016, this loan has not been called and the timing of when it will be called is uncertain.

GOING CONCERN

Impacts of the ongoing solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon continue to contribute to the Company's high liquidity risk.

Current market conditions and the solar trade dispute have forced the curtailment of production at the FBR facility in Moses Lake, Washington. Management and the board of directors have placed the FBR plant in a long-term shutdown to reduce spending and to maintain the Company's liquidity. The timing and length of the shutdown are dependent on whether significant positive developments in solar grade polysilicon markets occur. Additional impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the ongoing trade war between China and the United States is having an adverse impact on markets served by the semiconductor materials facility in Butte, Montana. In response, management and the board of directors has devised and will implement a plan to reduce spending and activity levels to further conserve cash. As a consequence of this plan, the Company's current liquidity position and the estimated results of operations are considered sufficient to meet the operating cash flow requirements for remaining operations and to meet debt service obligations for the next twelve months assuming no payments on the indemnity loan or unfavorable outcome of the notices of reassessment from the Norwegian Central Tax Office (the tax examinations).

Please refer to the Company's annual report for 2018. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2018), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern. However, the events and conditions discussed above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

12 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2018.

Aging of receivables at September 30, 2019

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	34.1	14.2	2.9	2.7	0.0	0.0	14.4
Provision for loss on trade recivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.8	1.8	0.0	0.0	0.0	0.0	0.0
Total receivables	21.6	16.0	2.9	2.7	0.0	0.0	0.0
Prepaid Costs	9.1						
Total trade and other receivables	30.6						

There was no bad debt expense recorded for the third quarter of 2019.

13 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2018.

In the third quarter of 2019, REC Silicon invoiced the Yulin JV USD 0.5 million for engineering and project services (see note 5 above).

REC Silicon ASA's office is owned by shareholder UMOE AS and leased to the Company.

14 SHAREHOLDER MATTERS

PRIVATE PLACEMENT OF EQUITY
On May 14, 2019 new share capital reflecting the issue of the 25,438,187 new A-shares approved at the Company's annual general meeting (AGM) was registered in the Norwegian Register of Business Enterprises. As of that date, the Company's share capital is NOK 2,569,256,972, consisting of 2,543,818,785 ordinary shares and 25,438,187 class A-shares, all of NOK 1 par value.

SHARE CAPITAL REDUCTION
On July 3, 2019 the share capital reduction and the conversion of the Class A Shares (see shareholder matters above) was completed and registered with the Norwegian Register of Business Enterprises. Consequently, the new share capital of the Company is NOK 279,820,065.50 divided on 2,798,200,655 ordinary shares, each with a par value of NOK 0.10.

REVERSE SHARE SPLIT
On July 9, 2019 the Company's shares were combined in a ratio of 10:1, whereby 10 old shares were combined to give 1 new share. Subsequent to the share consolidation, the Company has 279,820,066 shares in issue, each with a nominal value of NOK 1.

15 EVENTS AFTER THE REPORTING PERIOD

On October 3, 2019 the Company announced a decision to consider the divestment of the Butte facility. Production from this facility primarily serves semiconductor markets with silicon gases and semiconductor polysilicon. If an acceptable bid is received, the proceeds will be used to retire the company's debts, to provide a buffer for contingent liabilities (tax examination and indemnity loan), and to prepare to restart FBR production in Moses Lake, Washington when the trade dispute with China is resolved and REC Silicon regains access to polysilicon markets in China.

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 - EBIT is an acronym for Earnings Before Tax and represents profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.
EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 17.1 million for the third quarter of 2019.

EBIT Margin - EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines titled similarly.
EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.

EBITDA - EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization and impairment.
EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. EBITDA has been reported as a loss of USD 5.6 million for the third quarter of 2019.

EBITDA Margin - EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines similarly titled.
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, and in note 2 segments.

EBITDA Contribution - 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.
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 2 segments.

EBIT Contribution - 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.
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 2 segments.

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 September 30, 2019, the equity ratio is 12 percent and is calculated by dividing USD 42.4 million total shareholders' equity by USD 340.2 million in total assets.

Net Debt - Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.
The carrying value of debt can be found in note 8 borrowing in the table under the caption carrying amount, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.
At September 30, 2019, net debt was USD 134.6 million or USD 130.5 million total carrying value of the Company's debt (from note 8) plus USD 50.3 million current and non-current lease liabilities (from the balance sheet) less USD 46.2 million in cash and cash equivalents.

Nominal Net Debt – Nominal Net debt is the contractual repayment values of interest-bearing debt instruments (including financing leases) less cash and cash equivalents.

The contractual repayment values of debt can be found in note 8 borrowing in the table under the caption contractual repayments excluding interest, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At September 30, 2019, nominal net debt was USD 136.1 million or USD 132.0 million contractual repayment values of the Company's debt (from note 8) plus USD 50.3 million current and non-current lease liabilities (from the balance sheet) less USD 46.2 million in cash and cash equivalents.

FOR MORE INFORMATION, PLEASE CONTACT

James A. May II
Chief Financial Officer
REC Silicon ASA
Phone: +1 509 989 1023
Email: james.may@recsilicon.com

Nils Ove Kjerstad
IR Contact Europe
Phone: +47 9135 6659
Email: nils.kjerstad@crux.no

Artbox.no

REC Silicon ASA
Fornebuveien 84
PO Box 63
1324 Lysaker
Norway
Phone +47 407 24 086

About REC Silicon

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

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