



RECSILICON

SECOND QUARTER 2021

REPORT

SECOND QUARTER HIGHLIGHTS

- > Revenues of \$35.6M and EBITDA of \$7.9M

- > June 30, 2021 cash balance of \$123.6M
 - Cash decrease of \$7.8M
 - Cash outflows from operating activities of \$6.1M

- > Silicon gas sales
 - Sales volume of 819MT

- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 375MT
 - Total Semiconductor segment polysilicon sales of 466MT

- > C.A.R.E.S. Act loans forgiven
 - \$3.9M Solar Materials segment loan forgiven (loan repaid on June 28, 2021)
 - \$4.5M Semiconductor Materials segment loan forgiven (notification received on July 19, 2021)

- > Solar Materials Developments
 - Increasing interest in development of US based PV supply chain
 - Continued strong PV demand

- > Battery Materials Developments
 - Discussions with silicon anode companies ongoing

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020	Q1 2021
Revenues	35.6	31.0	63.7	55.7	122.1	28.1
EBITDA	7.9	2.9	11.9	4.0	23.8	4.0
EBITDA margin	22.2%	9.5%	18.7%	7.1%	19.5%	14.3%
EBIT excluding impairment charges	0.8	-9.1	-2.4	-20.0	-15.9	-3.2
Impairment charges	-0.3	-23.0	-0.3	-23.0	-23.0	0.0
EBIT	0.5	-32.1	-2.7	-43.0	-38.9	-3.2
EBIT margin	1.4%	-103.6%	-4.3%	-77.2%	-31.9%	-11.4%
Profit/loss before tax	-5.4	-40.2	-14.0	-50.8	-69.3	-8.6
Profit/loss	-5.4	-40.2	-14.0	-50.7	-46.7	-8.6
Earnings per share, basic and diluted (USD)	-0.01	-0.14	-0.04	-0.18	-0.16	-0.02
Polysilicon production in MT (Siemens and granular)	321	234	614	476	906	293
Polysilicon sales in MT (Siemens and granular)	485	385	759	474	1,212	274
Silicon gas sales in MT	819	831	1,600	1,562	3,189	781

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 Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon have resulted in the shutdown of the plant in Moses Lake, Washington (see Risks and Uncertainties below).

Revenues for the second quarter of 2021 were USD 35.6 million compared to USD 28.1 million for the first quarter of 2021 an increase of 26.6 percent. Revenues in the Semiconductor Materials segment increased by 27.0 percent to USD 35.5 million for the second quarter of 2021 compared to the first quarter.

Total polysilicon production volume for the second quarter of 2021 was 321MT. Because the production facility in Moses Lake, Washington has been shut down, all polysilicon produced was from the Semiconductor Materials facility in Butte, Montana.

EBITDA for the second quarter of 2021 was USD 7.9 million compared to EBITDA of USD 4.0 million for the first quarter of 2021. EBITDA during the second quarter included other income of USD 8.3 million related to the forgiveness of loans provided by the US government under the C.A.R.E.S. Act which have been recognized as grant income (see notes 8, 14, and 15). Excluding this item, underlying EBITDA during the second quarter declined by USD 4.5 million compared to USD 4.0 million in the first quarter. This decline can primarily be attributed to lower EBITDA contribution from the semiconductor materials segment due to higher electricity prices, lower production utilizations to avoid high electricity prices, higher manufacturing costs due to the acceleration of planned maintenance, and lower quality realizations due to the interruption of manufacturing caused by a lightning strike.

Summary of second quarter results by segment

(USD IN MILLION)	Q2 2021	
	REVENUES	EBITDA
Semiconductor Materials	35.5	11.5
Solar Materials	0.0	1.2
Other & Eliminations	0.1	-4.8
Total	35.6	7.9

MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon are dominated by long-term sales contracts and high polysilicon inventory levels. During the second quarter of 2021, REC Silicon's total shipments were consistent with anticipated shipment patterns, however, there were also one-time shipments of certain polysilicon materials. Demand for silicon wafers continues to grow; particularly for large diameter wafers intended for use in memory and advanced logic applications. However, demand for large diameter wafers is limited by wafer manufacturing capacity. Demand for smaller diameter wafers is recovering but continues to be limited by bottlenecks in the value chain as automotive applications recover and users rebuild depleted wafer inventories. Polysilicon inventories held by customers are declining, customer order patterns and market signals are indicating a transition to a more normal supply chain replenishment pattern with continued high wafer capacity utilization rates.

Overall demand for silicon gases remained high due to demand in semiconductor and flat panel display applications as production in these segments approaches full capacity utilization. Demand for silicon gases in high-end flat panel display applications remains strong and demand in semiconductor applications continued to grow due to improvements in technology and the commissioning of new capacity. However, delays in the global logistics supply chain continue to adversely impact silicon gas shipments despite mitigation actions. Current global shipping delays and port congestion is expected to result in the delay of shipments into later periods. In addition, demand for silicon gases in solar PV and older technology flat panel display applications in China continues to decline as they disengage from supply arrangements with the United States where feasible. However, REC Silicon is increasing shipments to locations representing recently expanded manufacturing capacity which is expected to result in increases in market share.

During the second quarter of 2021, PV installation demand did not increase as expected due to the impact of high polysilicon prices and their impact on project investment returns. While demand remained steady, it was below expectations. Project developers delayed purchases due to increased prices. Near the end of the second quarter, softer demand for wafers in turn resulted in decreases in capacity utilization to avoid increases in inventory. As a result, polysilicon prices peaked at approximately USD \$30.0/kg during the second quarter and then declined to approximately USD \$28.0/kg at the end of the second quarter compared to USD \$16.0/kg at the end of the prior quarter.

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 35.5 million during the second quarter of 2021 compared to USD 28.0 million during the first quarter. This increase is largely the result of a one-time sale of a specific grade of semiconductor polysilicon due to spot market opportunities and higher sales of silicon gases.

Total polysilicon sales volumes increased by 239MT to 466MT in the second quarter of 2021 compared to 227MT during the first quarter. Semiconductor grade polysilicon sales volumes increased by 238MT to 375MT while solar grade polysilicon sales volumes remained broadly unchanged at 91MT during the second quarter compared to 90MT for the first quarter of 2021.

Average polysilicon prices decreased by 2.9 percent compared to the prior quarter due to high sales volumes associated with the one-time sale of a specific lower value grade of semiconductor polysilicon. Accordingly, average prices realized for semiconductor grade polysilicon decreased by 25.1 percent while sales prices for individual grades remained largely unchanged compared to the prior quarter. Average prices for solar grade polysilicon increased by 46.2 percent.

Total silicon gas sales volumes increased by 4.8 percent to 819MT during the second quarter compared to 781MT during the first quarter

of 2021. Sales prices realized by REC Silicon for silane gas decreased by 2.8 percent during the second quarter.

Total polysilicon production volume for the second quarter was 321MT compared to 293MT for the first quarter of 2021. However, overall production utilization declined due to the idling of manufacturing processes to avoid high electricity prices and to initiate activities associated with maintenance planned for the third quarter of 2021. Polysilicon inventories decreased by 157MT during the second quarter.

The Semiconductor Materials segment contributed USD 11.5 million of income to the Company's EBITDA during the second quarter. Second quarter results included other income of USD 4.5 million related to the forgiveness of a loan provided by the US government under the C.A.R.E.S. Act which has been recognized as grant income. Excluding this item, EBITDA declined by USD 3.8 million compared to USD 10.8 million during the first quarter of 2021. This decrease in EBITDA is a result of USD 1.2 million in higher electricity prices; USD 2.0 million due to higher fixed costs associated with the acceleration of planned maintenance and the refurbishment of silane modules; and USD 2.1 million due to lower manufacturing utilization caused by the acceleration of planned maintenance activities and lower quality utilizations associated with a power interruption caused by a lightning strike. These were offset by approximately USD 1.5 million of income due to higher sales volumes of semiconductor grade polysilicon associated with spot market sales opportunities that are not expected to reoccur.

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 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 plant in Moses Lake, Washington during 2019.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020	Q1 2021
Revenues	35.5	30.7	63.5	55.2	121.4	28.0
EBITDA contribution	11.5	9.4	22.3	17.4	36.3	10.8
Contribution margin	32.4%	30.5%	35.1%	31.4%	29.9%	38.6%
Polysilicon production in MT (Siemens)	321	234	614	476	906	293
Polysilicon sales in MT (Siemens)	466	323	693	410	1,149	227
Silicon gas sales in MT	819	831	1,600	1,562	3,189	781

Key Financials - Solar Materials

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020	Q1 2021
Revenues	0.0	0.3	0.1	0.4	0.5	0.1
EBITDA contribution	1.2	-2.3	-0.7	-5.1	6.7	-1.9
Polysilicon production in MT (Siemens and granular)	0	0	0	0	0	0
Polysilicon sales in MT (Siemens and granular)	18	62	65	63	63	47

Key Financials - Other and Eliminations

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020	Q1 2021
Revenues	0.1	0.0	0.1	0.0	0.1	0.1
EBITDA contribution	-4.8	-4.1	-9.7	-8.3	-19.3	-4.9
Silicon gas sales in MT	0	0	0	0	0	0

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, and/or silicon anode battery technology based on silane gas is commercialized. REC Silicon intends to make the decision to restart production at the Moses Lake facility before year end 2021. Please see Risks and Uncertainties below.

Polysilicon sales during the second quarter of 2021 represented small sales volumes from remaining granular polysilicon inventories.

The Solar Materials segment contributed EBITDA of USD 1.2 million during the second quarter of 2021 compared to a loss of USD 1.9 million during the first quarter of 2021. Second quarter results include other income of USD 3.9 million related to the forgiveness of a loan provided by the US government under the C.A.R.E.S. Act which has been recognized as grant income. Excluding this item, underlying net expenditures were USD 2.7 million.

Expenditures in the Solar Materials segment include only those expenditures required 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 Norway. It also includes costs associated with the Company's representative offices in Japan, Taiwan, Korea, Singapore, China, and the United States.

Net operating costs in Other and Eliminations were USD 4.8 million during the second quarter and were broadly in-line with first quarter net operating costs of USD 4.9 million.

CAPITAL EXPENDITURES AND INVESTMENTS

CAPITAL EXPENDITURES

Capital expenditures were USD 1.2 million during the second quarter compared to USD 1.7 million during the first quarter of 2021. Capital spending during the quarter was 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 the Moses FBR production (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.

INVESTMENTS (YULIN JV)

The Yulin JV continues to increase production, quality, and financial performance. Both silane units and the FBR reactors have demonstrated design capacities.

During the second quarter of 2021, the Yulin JV produced approximately 3,840MT of FBR granular polysilicon and 17MT of Siemens polysilicon. In addition, the Yulin JV loaded approximately 119MT of silane during the quarter.

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 disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon continues to seek a resolution to these issues.

FINANCIAL ITEMS

Net financial expenses are primarily associated with interest expense on borrowings, interest expense on lease liabilities, the amortization of up-front fees for the Senior Secured Bonds which mature in 2023, and changes in the fair value of investments.

During the second quarter of 2021, the Company recognized interest expense on borrowings including USD 3.2 million associated with the Senior Secured Bonds and USD 0.2M associated with a note with Grant County, Washington to settle disputed property taxes.

The Company recognized interest of USD 2.2 million on imputed liabilities for leased assets during first 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. Net currency gains during the second quarter of 2021 were the result of changes in liabilities denominated in NOK offset by losses cash on cash deposits in NOK due to the impact of a marginally stronger USD.

See note 8 for additional information on borrowings.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020	Q1 2021
Financial income	0.0	0.0	0.1	0.2	0.3	0.0
Interest expenses on borrowings	-3.4	-3.6	-6.8	-6.9	-13.2	-3.4
Interest expense on leases	-2.2	-1.7	-4.4	-3.1	-7.6	-2.2
Capitalized borrowing cost	0.0	0.1	0.2	0.1	0.3	0.1
Net change in fair value of financial equity investment through profit and loss	0.0	0.0	0.0	0.0	-18.0	0.0
Expensing of up-front fees and costs	-0.1	-0.1	-0.2	-0.2	-0.4	-0.1
Other financial expenses	-0.3	-0.3	-0.7	-0.6	3.6	-0.3
Net financial expenses	-6.0	-5.6	-11.9	-10.7	-35.2	-5.9
Net currency gains/losses	0.0	-2.5	0.6	2.7	4.5	0.5
Net financial items	-5.9	-8.1	-11.3	-7.9	-30.4	-5.4

INCOME TAX

The loss before tax of USD 5.4 million during the second quarter of 2021 resulted in no effective tax impact because it is offset by changes in unrecognized deferred tax assets and can primarily be attributed to the Company's operations in the United States. 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.

See note 18 to the consolidated financial statements for 2020 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 6.1 million during the second quarter of 2021. Second quarter EBITDA of USD 7.9 million included the non-cash forgiveness of loans of USD 8.3 million provided under the C.A.R.E.S. Act resulting in a net cash outflow of USD 0.5 million. Cash outflows also included contributions to the defined benefit US pension plan of USD 0.7 million and interest payments of USD 8.5 million. Interest payments consisted primarily of USD 6.3 million on the senior secured bond and USD 2.2 million associated with imputed interest on long term leases (see notes 4 and 8). A decrease in working capital resulted in a net cash inflow of USD 3.2 million and consisted of a decrease in inventories of USD 3.5 million and customer collections in excess of sales of USD 1.8 million which were offset by a decrease in payables and accruals of USD 2.1 million. The remaining cash inflow of USD 0.4 million can be attributed to changes in other assets and liabilities.

Cash outflows from investing activities were USD 1.2 million and were a result of capital expenditures.

Cash outflows from financing activities were USD 0.5 million and were the result of a net decrease in lease liabilities based upon the requirements of IFRS 16 Leases (See note 4).

In total, cash balances decreased by USD 7.8 million to USD 123.6 million at June 30, 2021.

FINANCIAL POSITION

Shareholders' equity decreased to USD 45.0 million (14.0 percent equity ratio) on June 30, 2021 compared to USD 50.4 million (14.8 percent equity ratio) on March 31, 2021. This decrease was the result of a loss of USD 5.4 million during the second quarter of 2021.

Net debt decreased by USD 0.9 million to USD 86.9 million on June 30, 2021, from USD 87.9 million on March 31, 2021. The decrease in net debt was due to the forgiveness of a USD 8.3 million loan provided under the C.A.R.E.S. act, a reduction in lease liabilities under IFRS 16 of USD 0.5 million, and a decrease in the indemnification loan of USD 0.1 million due to a stronger USD relative to the NOK. These were partially offset by the decrease in cash of USD 7.8 million.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt decreased by USD 1.1 million to USD 87.8 million on June 30, 2021, compared to USD 88.8 million on March 31, 2021.

See note 17 to the consolidated financial statements for 2020 and note 8 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2020, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

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 into later periods. In addition, if infection rates increase, economic activities in certain geographic areas and industries may be adversely impacted.

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

ANTICIPATED RESTART OF 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 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.

The Company's plans to reopen the Moses Lake facility are in part dependent upon the restoration of access to polysilicon 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.

MARKET OUTLOOK

Market disruptions caused by the COVID-19 pandemic are dissipating. However, 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.

Industry analysts and manufacturers within the semiconductor supply chain continue to indicate that demand for semiconductor devices and flat panel displays are expected to remain strong through the third quarter of 2021. Because of REC Silicon's position near the beginning of the supply chain, positive impacts on demand for polysilicon and silicon gases is expected to lag relative to end use demand. Accordingly, customer underlying demand for REC Silicon's semiconductor grade polysilicon and silicon gases continued to recover from Q1 seasonal lows during the second quarter of 2021 and are expected to continue to strengthen over subsequent quarters. Current customer forecasts, order volumes, and market trends support expectations of increases in demand for REC Silicon's offering of semiconductor materials. 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. In addition, the adoption of new process technology is expected to increase demand for REC Silicon's advanced silicon gas products.

Polysilicon prices declined at the beginning of the third quarter 2021 after reaching new highs as demand softened due to the price elasticity demand. Accordingly, PV market analysts are now adjusting forecasts for estimated global PV demand downward for 2021. Demand is expected to recover during the third quarter as polysilicon prices stabilize at lower levels. In turn, factory utilization will increase as inventories are consumed. The PV market will reach a balance based on pricing that allows for a reasonable return for PV project investors. COVID restrictions will continue to be rescinded, however, some areas may be subject to restrictions if infection rates increase. Government support for economic recovery is expected to push demand for PV installations higher. Polysilicon prices are expected to decline until wafer factory utilization recovers and new capacity is commissioned later in the year.

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 2020, including the section Risk Factors in the Board of Directors' Report.

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

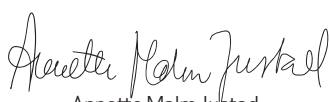
The Board of Directors and the Chief Executive Officer have today considered and approved the condensed financial statements for the first half year 2021 and the financial information in this report that is relevant for the first half year 2021 (together "the first half year 2021 report").

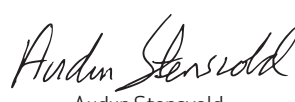
The first half year 2021 report has been prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements for the first half year report as stated in the Norwegian Securities Trading Act (Verdipapirhandelloven).

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year 2021 gives a true and fair view of the Group's consolidated assets, liabilities, financial position, and results of operations. To the best of our knowledge, the first half year 2021 report includes a fair review of important events during the period and their effects on the condensed set of financial statements for the first half year 2021, together with a description of the principal risks and uncertainties for the remaining months of the financial year as well as transactions with related parties that have a material effect on financial position or the results for the period.

Lysaker, July 21, 2021
Board of Directors


Kjell Inge Røkke
Chairman of the Board


Annette Malm Justad
Member of the Board


Audun Stensvold
Member of the Board


Lene Landøy
Member of the Board


Tore Torvund
President and CEO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2021	JUN 30, 2020	DEC 31, 2020
ASSETS				
Non-current assets				
Intangible assets	3	1.0	1.1	1.0
Land and buildings	3	34.4	37.8	35.6
Machinery and production equipment	3	39.3	55.1	50.5
Other tangible assets	3	2.9	3.6	3.1
Assets under construction	3	7.7	4.5	6.1
Property, plant and equipment	3	84.3	100.9	95.4
Right of use assets	4	34.4	36.1	35.7
Other investments	5	0.0	18.0	0.0
Other non-current receivables		1.1	2.5	1.1
Financial assets and prepayments		1.1	20.5	1.1
Total non-current assets		120.8	158.7	133.3
Current assets				
Inventories	7	45.0	50.7	41.3
Trade and other receivables	12	26.5	23.9	27.5
Restricted bank accounts		4.5	4.1	4.5
Cash and cash equivalents		123.6	31.6	134.9
Total current assets		199.7	110.2	208.2
Total assets		320.5	268.9	341.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	JUN 30, 2021	JUN 30, 2020	DEC 31, 2020
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		2,918.2	2,812.3	2,918.2
Other equity and retained earnings		-2,873.2	-2,862.2	-2,859.2
Total shareholders' equity		45.0	-49.9	59.0
Non-current liabilities				
Retirement benefit obligations		18.5	19.1	18.9
Non-current provision, interest calculation	10	15.1	6.9	14.7
Non-current financial liabilities, interest bearing	8, 14	115.9	116.4	118.0
Non-current lease liabilities	4	68.7	70.5	69.7
Other non-current liabilities, not interest bearing		2.0	0.1	1.6
Total non-current liabilities		220.2	212.9	222.9
Current liabilities				
Trade payables and other liabilities		27.8	59.9	26.1
Current tax liabilities	11	0.0	21.9	0.0
Derivatives	6	1.5	1.3	1.5
Current financial liabilities, interest bearing	8, 14	23.8	21.2	29.8
Current lease liabilities	4	2.2	1.0	2.1
Current prepayments, interest calculation		0.0	0.5	0.0
Total current liabilities		55.3	105.8	59.6
Total liabilities		275.5	318.8	282.5
Total equity and liabilities		320.5	268.9	341.4

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Revenues		35.6	31.0	63.7	55.7	122.1
Cost of materials	7	-4.2	-3.9	-8.4	-8.4	-16.0
Changes in inventories	7	-2.2	-0.9	4.1	4.1	-4.7
Employee benefit expenses		-11.3	-9.1	-20.8	-17.9	-39.4
Other operating expenses		-18.3	-14.5	-35.0	-29.7	-55.1
Other income and expense ¹⁾	14	8.3	0.2	8.3	0.1	16.9
EBITDA		7.9	2.9	11.9	4.0	23.8
Depreciation	3	-6.3	-11.2	-12.8	-22.5	-36.7
Amortization	3	0.0	0.0	0.0	0.0	-0.1
Depreciation of right of use assets	4	-0.7	-0.9	-1.5	-1.5	-2.9
Impairment ²⁾	3, 4, 7	-0.3	-23.0	-0.3	-23.0	-23.0
Total depreciation, amortization and impairment		-7.4	-35.1	-14.6	-47.0	-62.7
EBIT		0.5	-32.1	-2.7	-43.0	-38.9
Financial income		0.0	0.0	0.1	0.2	0.3
Net financial expenses		-6.0	-5.6	-11.9	-10.7	-35.2
Net currency gains/losses		0.0	-2.5	0.6	2.7	4.5
Net financial items ³⁾		-5.9	-8.1	-11.3	-7.9	-30.4
Profit/loss before tax		-5.4	-40.2	-14.0	-50.8	-69.3
Income tax expense/benefit		0.0	0.0	0.0	0.1	22.6
Profit/loss		-5.4	-40.2	-14.0	-50.7	-46.7
Attributable to:						
Owners of REC Silicon ASA		-5.4	-40.2	-14.0	-50.7	-46.7
Earnings per share (In USD)						
-basic		-0.01	-0.1	0.0	-0.2	-0.2
-diluted		-0.01	-0.1	0.0	-0.2	-0.2

1) Amounts reported for 2021 are related to the forgiveness of the C.A.R.E.S Act loan in Q2. Amounts reported for 2020 include USD 16.0M for property tax settlement, USD 0.7M for energy transmission refund from prior period, USD 0.2M for sales tax refund from prior period, and USD 0.2 related to an employment claim

2) Includes USD 0.3M related to writedown of spare parts.

3) See financial items table in part 1 of this report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Profit/loss	-5.4	-40.2	-14.0	-50.7	-46.7
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0	-1.1
Currency translation effects	0.0	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.1	0.0	0.0	-1.1
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	0.0	0.0	0.0	0.0	0.0
Sum items that may be reclassified subsequently to profit or loss	0.0	0.0	0.0	0.0	0.0
Total other comprehensive income	0.0	0.1	0.0	0.0	-1.1
Total comprehensive income	-5.4	-40.2	-14.0	-50.8	-47.7
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	-5.4	-40.2	-14.0	-50.8	-47.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

(USD IN MILLION)	NOTES	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
		SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
June 30, 2020								
At January 1, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,350.5	0.8
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	-50.8	-50.8
At June 30, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,401.2	-49.9
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
June 30, 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	-14.0	-14.0
At June 30, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,412.2	45.0

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
June 30, 2020				
Accumulated at January 1, 2020	27.9	20.9	-3,399.3	-3,350.5
Profit/loss	0.0	0.0	-50.7	-50.7
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
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	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	0.0	0.0
Total comprehensive income for the period	0.0	0.0	-50.8	-50.8
Accumulated at June 30, 2020	27.9	20.9	-3,450.0	-3,401.2
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
June 30, 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss	0.0	0.0	-14.0	-14.0
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
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	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	0.0	0.0
Total comprehensive income for the period	0.0	0.0	-14.0	-14.0
Accumulated at June 30, 2021	27.9	20.9	-3,461.0	-3,412.2

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Cash flows from operating activities						
Profit/loss before tax		-5.4	-40.2	-14.0	-50.8	-69.3
Government grant (forgiveness of C.A.R.E.S. Act Loan)	14	-8.3	0.0	-8.3	0.0	0.0
Income taxes paid/received		0.0	2.7	0.0	2.8	2.8
Depreciation, amortization and impairment	3, 4	7.4	35.1	14.6	47.0	62.7
Other Investments, impairment financial assets, gains/losses on sale	5	0.0	0.0	0.0	0.0	18.0
Changes in receivables, prepayments from customers etc.	12	1.8	-2.4	1.1	4.6	-1.7
Changes in inventories	7	3.5	2.2	-4.0	-3.0	6.4
Changes in payables, accrued and prepaid expenses		-2.6	-3.4	1.1	4.3	-3.2
Changes in VAT and other public taxes and duties		-2.4	-1.9	2.1	-2.7	-16.6
Currency effects not cash flow or not related to operating activities		-0.1	3.2	-0.1	-4.8	-1.1
Other items		0.1	-0.2	0.2	-0.2	-0.3
Net cash flow from operating activities		-6.1	-5.1	-7.4	-2.9	-2.2
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		0.0	-0.3	0.0	0.3	1.1
Proceeds from sale of property, plant and equipment and intangible assets		0.0	0.2	0.0	0.2	0.2
Payments for property, plant and equipment and intangible assets	3	-1.2	-0.3	-2.9	-0.6	-1.3
Net cash flow from investing activities		-1.2	-0.4	-2.9	-0.1	0.1
Cash flows from financing activities						
Increase in equity		0.0	0.0	0.0	0.0	105.9
Payments of lease liabilities	4	-0.5	-1.4	-1.0	-3.1	-3.9
Payments of borrowings ¹⁾		0.0	0.0	0.0	0.0	-2.8
Proceeds from borrowings		0.0	8.3	0.0	8.3	8.3
Net cash flow from financing activities		-0.5	6.8	-1.0	5.2	107.5
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	1.3	-11.3	2.1	105.5
Cash and cash equivalents at the beginning of the period		131.5	30.2	134.9	29.4	29.4
Cash and cash equivalents at the end of the period		123.6	31.6	123.6	31.6	134.9

1) Payment of borrowings is the annual payment related to the Grant County Washington Property tax settlement

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 Lysaker, 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 Japan, Taiwan, Korea, Singapore, China, and the United States. . The Group's investment in the Yulin JV is 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 2020. The consolidated financial statements for 2020 are available upon request from the Company's registered office in Lysaker, 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 2020 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 2020.

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 uncertain market conditions and impacts of Chinese tariffs on polysilicon manufactured in the United States, the manufacturing facility in Moses Lake, Washington is not currently operating (see note 11 below). Accordingly, there are two operating segments: Solar Materials and Semiconductor Materials. 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.

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 2020.

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 2020.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2020 and note 1 to these financial statements for further information on segments.

The following table summarizes key financial results by segment:

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
REVENUES					
Semiconductor Materials	35.5	30.7	63.5	55.2	121.4
Solar Materials	0.0	0.3	0.1	0.4	0.5
Other	0.1	0.0	0.1	0.0	0.1
Total	35.6	31.0	63.7	55.7	122.1
EBITDA					
Semiconductor Materials	11.5	9.4	22.3	17.4	36.3
Solar Materials	1.2	-2.3	-0.7	-5.1	6.7
Other	-4.8	-4.1	-9.7	-8.3	-19.3
Total	7.9	2.9	11.9	4.0	23.8
EBIT					
Semiconductor Materials	7.9	2.3	14.9	3.1	13.2
Solar Materials	-2.4	-30.1	-7.6	-37.4	-32.0
Other	-5.0	-4.3	-10.0	-8.7	-20.0
Total	0.5	-32.1	-2.7	-43.0	-38.9

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Revenues	35.5	30.7	63.5	55.2	121.4
Cost of materials	-4.1	-3.8	-8.3	-8.3	-15.7
Change in inventories	-2.7	-1.2	3.1	3.4	-6.1
Employee benefit expense	-6.7	-5.0	-11.9	-9.9	-20.8
Other operating expenses	-14.9	-11.6	-28.6	-23.3	-43.3
Other income and expenses	4.5	0.2	4.5	0.2	0.8
Total current costs	-24.0	-21.4	-41.2	-37.9	-85.1
EBITDA contribution	11.5	9.4	22.3	17.4	36.3
Depreciation of fixed Assets	-3.1	-6.5	-6.2	-13.0	-20.7
Depreciation of leased Assets	-0.6	-0.6	-1.2	-1.2	-2.4
Impairment	0.0	0.0	0.0	0.0	0.0
Total depreciation, amortization, and impairment	-3.7	-7.1	-7.4	-14.2	-23.2
EBIT contribution	7.9	2.3	14.9	3.1	13.2

Solar Materials - Segment

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Revenues	0.0	0.3	0.1	0.4	0.5
Cost of materials	-0.1	-0.1	-0.1	-0.1	-0.3
Change in inventories	0.4	0.3	1.0	0.8	1.3
Employee benefit expense	-1.9	-1.6	-3.5	-3.1	-6.6
Other operating expenses	-1.2	-1.2	-2.2	-3.1	-4.6
Other income and expenses	3.9	0.0	3.9	-0.1	16.3
Total current costs	1.2	-2.5	-0.9	-5.5	6.2
EBITDA contribution	1.2	-2.3	-0.7	-5.1	6.7
Depreciation of fixed Assets	-3.1	-4.5	-6.3	-9.0	-15.2
Amortization	0.0	0.0	0.0	0.0	-0.1
Depreciation of leased Assets	-0.1	-0.3	-0.3	-0.3	-0.5
Impairment	-0.3	-23.0	-0.3	-23.0	-23.0
Total depreciation, amortization, and impairment	-3.6	-27.8	-6.9	-32.3	-38.8
EBIT contribution	-2.4	-30.1	-7.6	-37.4	-32.0

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

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Non-Contract Revenue	21.9	18.0	36.1	31.1	73.4
Structured (Regional/Volume pricing)	10.5	12.2	22.1	23.0	44.7
Tiered (Volume pricing)	3.1	0.8	5.5	1.6	3.9
Contract Revenue	13.7	13.0	27.6	24.6	48.6
Total	35.6	31.0	63.7	55.7	122.1

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2020.

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, 2021	35.6	50.5	3.1	6.1	95.4	1.0	96.4
Net additions ¹⁾	0.0	0.1	0.0	1.5	1.6	0.0	1.6
Depreciation and amortization	-1.2	-11.3	-0.3	0.0	-12.8	0.0	-12.8
Carrying value at June 30, 2021	34.4	39.3	2.9	7.7	84.3	1.0	85.3
At June 30, 2021							
Historical cost	140.9	2,150.4	79.1	64.2	2,434.6	68.7	2,503.3
Accumulated depreciation/amortization/impairment	-106.4	-2,111.1	-76.2	-56.6	-2,350.3	-67.7	-2,418.0
Carrying value at June 30, 2021	34.4	39.3	2.9	7.7	84.3	1.0	85.3

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2020.

The Company conducted a review of impairment indicators at June 30, 2021 and did not identify any indicators which might give rise to a change in impairment compared to March 31, 2021.

4 LEASES

See note 7 to the consolidated financial statements for 2020.

Right-of-Use assets

(USD IN MILLION)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2021	1.7	33.9	0.0	0.1	0.1	35.7
Depreciation	-0.1	-1.4	0.0	0.0	0.0	-1.5
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Modification of existing leases	0.0	0.1	0.0	0.0	0.0	0.1
Balance at June 30, 2021	1.6	32.7	0.0	0.1	0.1	34.4

Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2021	2022	2023	2024	2025	AFTER 2025
Lease liabilities at June 30, 2021 ¹⁾	127.7	5.4	10.8	10.7	14.4	14.4	72.1

1) Amounts listed are undiscounted

The weighted average incremental borrowing rate applied to lease liabilities at June 30, 2021 and December 31, 2020 is 13.2 percent.

Amounts recognized in profit or loss

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Interest on lease liabilities	2.2	1.7	4.4	3.1	7.6
Depreciation of right-of-use assets	0.7	0.9	1.5	1.5	2.9
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	22.1	0.0	22.1	23.0
Expenses relating to short-term leases	0.0	0.1	0.1	0.1	0.2
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0	0.0	0.0	0.0

Net losses due to changes in leases recognized in profit or loss in 2020 are the result of impairments of USD 23.0 million.

Right-of-use assets associated with contracts which expire in 2021 are expensed in accordance with the low-value assets and short-term lease exemptions available upon implementation of IFRS 16.

Amounts recognized in the statement of cash flow

(USD IN MILLION)	Q2 2021	Q2 2020	JUN 30, 2021	JUN 30, 2020	YEAR 2020
Total cash outflow for leases	2.7	3.1	5.4	6.2	10.6

5 INVESTMENTS

OTHER INVESTMENTS

See note 9 to the consolidated financial statements for 2020.

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).

During the Group's review of impairment indicators, impairment indicators were identified that might give rise to a change in the valuation of the Company's investment in the Yulin JV. Specifically, increases in market demand and prices for solar grade polysilicon could result in increases in the estimated fair value of the investment in the Yulin JV.

The market value of the investment was estimated using 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.

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.

REC Silicon has not made the final payment of USD 4.7 million under a supplemental agreement to settle REC Silicon's obligation to contribute equity to the Yulin JV which was payable during December 2020 due to delinquent 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.

6 DERIVATIVES

See notes 3, 11, 17 and 30 to the consolidated financial statements for 2020.

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy (see note 11 below).

At June 30, 2021, the option contract was a liability valued at USD 1.5 million (USD 1.5 million at December 31, 2020).

7 INVENTORIES

See note 13 to the consolidated financial statements for 2020.

Inventories at end of period

(USD IN MILLION)	JUN 30, 2021			DEC 31, 2020		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	2.2	0.0	2.2	2.2	0.0	2.2
Spare parts	42.4	-33.6	8.8	42.4	-33.1	9.3
Work in progress	14.9	-3.2	11.6	11.4	-1.0	10.4
Finished goods	31.5	-9.2	22.3	35.8	-16.4	19.4
Total	91.0	-46.1	45.0	91.8	-50.5	41.3

8 BORROWINGS AND GUARANTEES

See notes 17, 29, and 30 to the consolidated financial statements for 2020.

Carrying amounts of interest-bearing liabilities at June 30, 2021 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST					
	CURRENCY	USD	TOTAL	2021	2022	2023	2024	AFTER 2024
Capitalized Borrowing Cost, non-current (USD) ¹⁾	-0.4	-0.4						
Capitalized Borrowing Cost, current (USD) ¹⁾	-0.4	-0.4						
Senior secured bond (USD)	110.0	110.0	110.0			110.0		
Grant County WA tax settlement (USD)	7.2	7.2	7.2	0.9	1.0	1.1	1.2	3.0
Indemnification loan (NOK)	200.0	23.4	23.4					
Total		139.7	140.5	0.9	1.0	111.1	1.2	3.0

1) Amortized as part of effective interest

During 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 3.8 million for REC Solar Grade Silicon LLC and USD 4.4 million for REC Advanced Silicon Materials LLC (total of USD 8.3 million).

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, the loan of USD 3.8 million was extinguished on June 28, 2021.

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. The Company determined that this notification represented an adjusting event after the reporting period that met the requirements for recognition at June 30, 2021 (see note 15 below). Accordingly, the loan of USD 4.4 million was extinguished on June 30, 2021.

Guarantees

See note 29 to the consolidated financial statements for 2020.

At June 30, 2021, the Company had provided USD 5.1 million in bank guarantees 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 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 on June 30, 2021, and December 31, 2020.

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2020.

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 1.5 million at June 30, 2021 and December 31, 2020.

The fair value of the USD senior secured bond at June 30, 2021 is estimated at 105.8 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)	JUN 30, 2021	MAR 31, 2021	DEC 31, 2020
Nominal value	110.0	110.0	110.0
Capitalized Borrowing Cost, non-current ¹⁾	-0.4	-0.5	-0.6
Net carrying amount, non-current	109.6	109.5	109.4
Capitalized Borrowing Cost, current ¹⁾	-0.4	-0.4	-0.4
Net carrying amount	109.2	109.1	109.0

1) Amortized as part of effective interest

9 COMMITMENTS**Contractual purchase obligations and minimum operating lease payments at June 30, 2021**

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2021	2022	2023	2024	2025	2026	AFTER 2026
Purchase of goods and services	8.4	8.3	0.1	0.0	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	8.4	8.3	0.1	0.0	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	2021
Carrying value at Beginning of Period	14.7
Net periodic interest on asset retirement obligation	0.4
Carrying value at End of Period	15.1

See note 20 to the consolidated financial statements for 2020.

11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS

Please refer to the annual report for 2020, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

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 into later periods. In addition, if infection rates increase, economic activities in certain geographic areas and industries may be adversely impacted.

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 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.

The Company's plans to reopen the Moses Lake facility are in part dependent upon the restoration of access to polysilicon 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.

12 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2020.

Aging of receivables at June 30, 2021

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE					IMPAIRED
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	33.5	16.8	0.9	0.7	0.7	0.0	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.6	1.6	0.0	0.0	0.0	0.0	0.0
Total receivables	20.7	18.4	0.9	0.7	0.7	0.0	0.0
Prepaid Costs	5.8						
Total trade and other receivables	26.5						

There was no bad debt expense recorded for the second quarter of 2021.

13 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2020.

In the second quarter of 2021, REC Silicon invoiced USD 0.3 million in engineering and project services to the Yulin JV.

14 GOVERNMENT GRANTS

See note 2.22 Government Grants to the consolidated financial statements for 2020 regarding the Company's accounting policy with respect to 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 has been reported on the other income and expense line of the consolidated statement of income for the second quarter of 2021.

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. The Company determined that this notification represented an adjusting event after the reporting period that met the requirements for recognition at June 30, 2021 (see note 15 below). Accordingly, grant income of USD 4.5 million has been reported on the other income and expense line in the consolidated statement of income for the second quarter of 2021.

15 EVENTS AFTER THE REPORTING PERIOD

FORGIVENESS OF C.A.R.E.S. ACT LOAN

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. In accordance with IAS 10 Events after the Reporting Period, the Company determined that this event provided evidence of conditions that existed at June 30, 2021 regarding the recognition of a government grant in the form loan forgiveness. Specifically, this notification demonstrated the existence of reasonable assurance that the grant will be received in accordance with IAS 20 Accounting for Government Grants and the Company's accounting policy regarding government grants.

Accordingly, the Company has included USD 4.5 million in the line other income and expense on the consolidated statement of income for the second quarter of 2021 and reported the extinguishment of debt on the consolidated statement of financial position at June 30, 2021 associated with the receipt of this government grant. See notes 8 and 14 above.

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 USD 0.5 million for the second quarter of 2021.

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 of USD 7.9 million has been reported for the second quarter of 2021.

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 June 30, 2021, the equity ratio is 14.0 percent and is calculated by dividing USD 45.0 million total shareholders' equity by USD 320.5 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 June 30, 2021, net debt was USD 86.9 million or USD 139.7 million total carrying value of the Company's debt (from note 8) plus USD 70.9 million current and non-current lease liabilities (from the balance sheet) less USD 123.6 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 June 30, 2021, nominal net debt was USD 87.8 million or USD 140.5 million contractual repayment values of the Company's debt (from note 8) plus USD 70.9 million current and non-current lease liabilities (from the balance sheet) less USD 123.6 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

RECSILICON

REC Silicon ASA
Lysaker Torg 5, 3 etg.
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 Lysaker, Norway and listed on the Oslo stock exchange under the ticker: RECSI.

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