

RECSiLICON

FOURTH QUARTER

2021

REPORT



FOURTH QUARTER HIGHLIGHTS

- > Revenues of \$43.2M and EBITDA loss of (\$0.4M)

- > December 31, 2021 cash balance of \$110.5M
 - Cash decrease of \$15.9M
 - Cash outflows from operating activities of \$11.0M

- > Silicon gas sales
 - Sales volume of 750MT
 - Silane gas price increase of 2.4% vs. Q3 2021

- > Semiconductor segment polysilicon sales
 - Semiconductor grade polysilicon sales of 371MT
 - Total Semiconductor segment polysilicon sales of 481MT
 - Total average price increase of 16.3% vs. Q3 2021

- > Settlement of Indemnification Loans
 - Agreement Reached on October 18, 2021
 - Payment of Settlement of \$10.8M in February 2022
 - Payment Includes \$3.6M from Restricted Cash

- > Investment in REC Silicon by Hanwha Solutions
 - Private Placement of Equity Completed January 19, 2022
 - 48.2 Million Shares Issued (Proceeds of NOK 964 Million)
 - Result: Hanwha Solutions Holds 16.7% Ownership in REC Silicon

- > Status of Moses Lake Restart
 - High Interest in Developing a US based PV Supply Chain
 - Strong PV Grade Polysilicon Demand
 - Engagement with Silicon Anode Material Companies

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020	Q3 2021
Revenues	43.2	36.0	143.2	122.1	36.2
EBITDA	-0.4	1.9	7.7	23.8	-3.7
EBITDA margin	-1.0%	5.3%	5.4%	19.5%	-10.3%
EBIT excluding impairment charges	-7.4	-5.3	-20.5	-15.9	-10.7
Impairment charges	0.0	0.0	-0.3	-23.0	0.0
EBIT	-7.4	-5.3	-20.8	-38.9	-10.7
EBIT margin	-17.1%	-14.8%	-14.5%	-31.9%	-29.5%
Profit/loss from continuing operations before tax	-13.1	-26.6	-43.5	-69.3	-16.4
Profit/loss from continuing operations	-13.1	-26.6	-43.5	-46.7	-16.4
Profit/loss from discontinued operations, net of tax	0.0	0.0	13.4	0.0	13.4
Earnings per share from continuing operations, basic and diluted (USD)	-0.04	-0.08	-0.12	-0.16	-0.04
Polysilicon production in MT (Siemens and granular)	316	192	1,225	906	295
Polysilicon sales in MT (Siemens and granular)	481	338	1,636	1,212	397
Multicrystalline brick sales in MT	0	0	0	0	0
Silicon gas sales in MT	750	881	3,078	3,189	728

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 fourth quarter of 2021 were USD 43.2 million compared to USD 36.2 million for the third quarter of 2021.

Total polysilicon production volume for the fourth quarter of 2021 was 316MT compared to 295MT during the third quarter of 2021.

Because the production facility in Moses Lake, Washington has been shut down, all production and sales was from the Semiconductor Materials facility in Butte, Montana during the fourth quarter.

EBITDA for the fourth quarter of 2021 was a loss of USD 0.4 million compared to a loss of 3.7 million during the third quarter of 2021. The improvement can primarily be attributed to higher EBITDA contribution from the semiconductor materials segment due to lower electricity prices and increased production utilization when compared to the third quarter.

Summary of fourth quarter results by segment

(USD IN MILLION)	Q4 2021	
	REVENUES	EBITDA
Semiconductor Materials	43.2	9.3
Solar Materials	0.0	-2.6
Other & Eliminations	0.1	-7.1
Total	43.2	-0.4

MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon are dominated by long-term sales contracts. During the fourth quarter of 2021, REC Silicon's total shipments were consistent with anticipated shipment patterns. REC Silicon received an increase in requests for expedited shipments.

However, some opportunities for additional shipments were adversely impacted by the ongoing global logistics logjam. Demand for silicon wafers continues to grow; particularly for large diameter wafers intended for use in memory and advanced logic applications. Although capacity expansions have been announced, demand for large diameter wafers is limited by wafer manufacturing capacity. Demand for smaller diameter wafers has recovered but continues to be limited by bottlenecks in the value chain as fabrication capacity is currently the potential limiter. Polysilicon inventories held by customers have reached levels that are more consistent with normal supply chain replenishment and flow.

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

During the fourth quarter of 2021, demand for PV installations picked up and finished the year strong despite feelings that high prices and supply limitations would restrain the market. Several projects were delayed and moved into 2022 due to concerns over pricing and project returns, along with supply chain disruptions. Polysilicon prices increased in the early part of the quarter by approximately 10% to approximately \$36.8/kg and ended the quarter near \$30.5/kg as yearend demand declined, and wafer producers decreased inventory. Polysilicon supply in China was stable as most producers focused on inventory control, with approaching seasonal declines in demand, near year end. Polysilicon prices remained significantly higher at the end of 2021 compared to prices near USD 11.1/kg at the beginning of the 2021.

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 43.2 million during the fourth quarter of 2021 compared to USD 36.2 million during the third quarter. Sales of silicon gases continues to be adversely impacted by delays in the global logistics supply chain. However, strong demand in semiconductor markets resulted in increased sales opportunities for semiconductor grades of polysilicon for REC Silicon during the fourth quarter.

Total polysilicon sales volumes increased by 84MT to 481MT in the fourth quarter of 2021 compared to 397MT during the third quarter. Semiconductor grade polysilicon sales volumes increased by 137MT to 371MT. Solar grade polysilicon sales volumes decreased by 53MT to 110MT.

Average polysilicon prices for the fourth quarter increased by 15.1 percent compared to the prior quarter due to the increase in semiconductor polysilicon sold during the fourth quarter. Average prices realized for individual semiconductor grades remained largely unchanged compared to the prior quarter. Average prices for solar grade polysilicon increased by 6.1 percent compared to the prior quarter.

Total silicon gas sales volumes increased by 22MT to 750MT during the fourth quarter of 2021. Sales prices realized by REC Silicon for silane gas increased by 2.4 percent during the fourth quarter primarily due to decreased sales volumes into markets with lower sales prices.

Total polysilicon production volume for the fourth quarter was 316MT compared to 295MT for the third quarter of 2021. Production utilization increased during the fourth quarter due to the completion of a planned maintenance outage in the third quarter.

The Semiconductor Materials segment contributed USD 9.3 million of income to the Company's EBITDA loss during the fourth quarter of 2021 compared to income of USD 1.8 million during the third quarter of 2021. Fourth quarter results rebounded after third quarter EBITDA was adversely impacted by high electricity prices and lower manufacturing utilization caused by planned maintenance and delayed restart to avoid high electricity 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 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.

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 has undertaken project execution activities which will maintain the ability to restart the Moses Lake facility during 2023. If the restart of the Moses Lake facility is not supported by estimates of demand for solar grade

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020	Q3 2021
Revenues	43.2	35.9	142.8	121.4	36.2
EBITDA contribution	9.3	11.7	33.4	36.3	1.8
Contribution margin	21.5%	32.6%	23.4%	29.9%	5.1%
Polysilicon production in MT (Siemens)	316	192	1,225	906	295
Polysilicon sales in MT (Siemens)	481	338	1,570	1,149	397
Silicon gas sales in MT	750	881	3,078	3,189	728

Key Financials - Solar Materials

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020	Q3 2021
Revenues	0.0	0.1	0.1	0.5	0.0
EBITDA contribution	-2.6	-2.8	-5.7	6.7	-2.3
Polysilicon production in MT (Siemens and granular)	0	0	0	0	0
Polysilicon sales in MT (Siemens and granular)	0	0	65	63	0

Key Financials - Other and Eliminations

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020	Q3 2021
Revenues	0.1	0.0	0.2	0.1	0.1
EBITDA contribution	-7.1	-7.0	-20.0	-19.3	-3.3
Silicon gas sales in MT	0	0	0	0	0

polysilicon and/or estimates of demand for silane gas by the battery industry, the Company will delay the restart of production in Moses Lake. Please see Risks and Uncertainties below.

Polysilicon sales during 2021 represent small sales volumes from remaining granular polysilicon inventories.

The Solar Materials segment contributed an EBITDA loss of USD 2.6 million during the fourth quarter compared to an EBITDA loss of USD 2.3 million during the third quarter of 2021.

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 7.1 million during the fourth quarter of 2021 compared to net operating costs of USD 3.3 million during the third quarter. The increase is a result of employee termination benefits and adjustments to accruals for employee incentive plans.

CAPITAL EXPENDITURES AND INVESTMENTS

CAPITAL EXPENDITURES

Capital expenditures were USD 3.4 million during the fourth quarter of 2021 compared to USD 2.1 million during the third quarter of 2021. Capital spending during the fourth 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 FBR production in Moses Lake (see risks and uncertainties).

Capital expenditures also include cost savings and improvement initiatives, routine replacement of production equipment, and capital necessary to maintain safe and reliable operations.

INVESTMENTS (YULIN JV)

During the fourth quarter of 2021, the Yulin JV produced approximately 3367MT of FBR granular polysilicon and 29MT of Siemens polysilicon for a total production in 2021 of 13,729 MT of granular and 78MT of Siemens polysilicon. In addition, the Yulin JV loaded approximately 146MT of silane during the quarter with a total of 487 MT of silane loaded in 2021.

REC Silicon has not made the final equity settlement payment of USD 4.7 million which was payable during December 2020 due to delinquent invoices for services provided to the Yulin JV by REC Silicon and the completion of performance testing specified in the Technology Transfer Agreement (TTA). REC Silicon and the Yulin JV continue to seek a resolution to these issues.

FINANCIAL ITEMS

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 fourth quarter of 2021, the Company recognized interest expense on borrowings of USD 3.4 million, 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 fourth 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 loss during the fourth quarter of 2021 were the result of losses 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)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020	Q3 2021
Financial income	0.0	0.1	0.1	0.3	0.0
Interest expenses on borrowings	-3.4	-3.5	-13.6	-13.2	-3.4
Interest expense on leases	-2.2	-2.2	-8.8	-7.6	-2.2
Capitalized borrowing cost	0.2	0.1	0.4	0.3	0.0
Net change in fair value of financial equity investment through profit and loss	0.0	-18.0	0.0	-18.0	0.0
Expensing of up-front fees and costs	-0.1	-0.1	-0.4	-0.4	-0.1
Other financial expenses	-0.2	-0.2	-1.3	3.6	-0.3
Net financial expenses	-5.7	-24.0	-23.6	-35.2	-6.0
Net currency gains/losses	-0.0	2.6	0.8	4.5	0.3
Net financial items	-5.7	-21.3	-22.7	-30.4	-5.7

INCOME TAX

The loss from total operations of USD 13.1 million during the fourth 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 increases in the Company's unrecognized deferred tax asset. The losses will continue to be available to offset taxable income during future periods subject to certain limitations.

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 11.0 million during the fourth quarter of 2021. Fourth quarter EBITDA was a loss of USD 0.4 million. Cash outflows included interest payments of USD 9.4 million. Interest payments consisted of long-term debt of USD 7.1 million, and interest on leases of USD 2.2 million. Contributions to the defined benefit US pension plan were USD 0.6 million. A decrease in working capital invested resulted in a net cash inflow of USD 1.1 million and consisted of a decrease in inventories of USD 5.2 million, an increase in payables of USD 1.4 million offset by sales in excess of collections of USD 7.4 million. In addition, USD 2.1 million of customer prepayments, that were received in prior quarter, were recognized as revenue in the fourth quarter. This was offset by USD 0.2 million of customer prepayments, received in the fourth quarter, for products that are expected to be delivered during the first quarter of 2022. The remaining cash inflows USD 0.1 million can be attributed to changes in other assets and liabilities.

Cash outflows from investing activities were USD 3.4 million and were a result of capital expenditures.

Cash outflows from financing activities were USD 1.4 million and were the result of a payment of USD 0.9 million for the Grant County property tax note (See note 8). In addition, there was a net decrease in lease liabilities based upon the requirements of IFRS 16 Leases of USD 0.6 million (See note 4).

In total, cash balances decreased by USD 15.9 million to USD 110.5 million at December 31, 2021.

FINANCIAL POSITION

Shareholders' equity decreased to USD 33.3 million (11.3 percent equity ratio) on December 31, 2021, compared to USD 42.0 million (13.7 percent equity ratio) on September 30, 2021. This decrease was the result of a loss from total operations of USD 13.1 million during the fourth quarter of 2021.

Net debt increased by USD 14.9 million to USD 86.4 million on December 31, 2021, from USD 71.5 million on September 30, 2021. The increase in net debt was due primarily to a decrease in cash balances of USD 15.9 million during the fourth quarter of 2021. This was offset by a debt payment of 0.9 million associated with the Grant County Property tax note and a reduction in lease liabilities of USD 0.6 million.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt increased by USD 15.5 million to USD 87.1 million on December 31, 2021, compared to USD 72.3 million on September 30, 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. REC Silicon has successfully mitigated the impact of the COVID-19 pandemic on its operations. However, increased infection rates in certain geographic regions and industries are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

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

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

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

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

MARKET OUTLOOK

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

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

In the first quarter of 2022 demand for REC Silicon's semiconductor grade polysilicon and silicon gases are expected to be lower due to normal seasonal fluctuations. 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. The increasing trend towards electrification and the adoption of new technologies is also expected to increase demand for REC Silicon's advanced silicon products.

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

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

FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies, and objectives. In particular, the section "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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	DEC 31, 2021	SEP 30, 2021	DEC 31, 2020
ASSETS				
Non-current assets				
Intangible assets	3	0.9	0.9	1.0
Land and buildings	3	33.3	33.9	35.6
Machinery and production equipment	3	34.7	33.8	50.5
Other tangible assets	3	2.6	2.7	3.1
Assets under construction	3	12.5	9.7	6.1
Property, plant and equipment	3	83.1	80.1	95.4
Right of use assets	4	33.2	33.9	35.7
Other non-current receivables		0.0	0.0	1.1
Financial assets and prepayments		0.0	0.0	1.1
Total non-current assets		117.3	115.0	133.3
Current assets				
Inventories	7	33.1	38.2	41.3
Trade and other receivables	12	29.6	23.0	27.5
Restricted bank accounts		4.4	4.4	4.5
Cash and cash equivalents		110.5	126.3	134.9
Total current assets		177.6	192.0	208.2
Total assets		294.9	307.0	341.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

REC SILICON GROUP

(USD IN MILLION)	NOTES	DEC 31, 2021	SEP 30, 2021	DEC 31, 2020
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		2,918.2	2,918.2	2,918.2
Other equity and retained earnings		-2,884.9	-2,876.1	-2,859.2
Total shareholders' equity		33.3	42.0	59.0
Non-current liabilities				
Retirement benefit obligations		13.4	18.3	18.9
Non-current provision, interest calculation	10	20.2	15.3	14.7
Non-current financial liabilities, interest bearing	8	115.2	116.0	118.0
Non-current lease liabilities	4	67.9	68.3	69.7
Other non-current liabilities, not interest bearing		1.6	0.9	1.6
Total non-current liabilities		218.2	218.9	222.9
Current liabilities				
Trade payables and other liabilities		29.4	30.5	26.1
Derivatives	6	0.0	0.0	1.5
Current financial liabilities, interest bearing	8	11.3	11.2	29.8
Current lease liabilities	4	2.6	2.3	2.1
Current prepayments, interest calculation		0.2	2.1	0.0
Total current liabilities		43.5	46.1	59.6
Total liabilities		261.6	264.9	282.5
Total equity and liabilities		294.9	307.0	341.4

CONSOLIDATED STATEMENT OF INCOME

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Revenues		43.2	36.0	143.2	122.1
Cost of materials	7	-4.3	-4.0	-17.1	-16.0
Changes in inventories	7	-5.1	-4.4	-8.9	-4.7
Employee benefit expenses		-12.2	-12.7	-41.7	-39.4
Other operating expenses		-21.6	-13.6	-75.6	-55.1
Other income and expense ¹⁾		-0.4	0.6	7.9	16.9
EBITDA		-0.4	1.9	7.7	23.8
Depreciation	3	-6.2	-6.5	-25.2	-36.7
Amortization	3	0.0	0.0	0.0	-0.1
Depreciation of right of use assets	4	-0.8	-0.7	-3.0	-2.9
Impairment ²⁾	3, 4, 7	0.0	0.0	-0.3	-23.0
Total depreciation, amortization and impairment		-6.9	-7.3	-28.5	-62.7
EBIT		-7.4	-5.3	-20.8	-38.9
Financial income		0.0	0.1	0.1	0.3
Net financial expenses		-5.7	-24.0	-23.6	-35.2
Net currency gains/losses		0.0	2.6	0.8	4.5
Net financial items ³⁾		-5.7	-21.3	-22.7	-30.4
Profit/loss before tax from continuing operations		-13.1	-26.6	-43.5	-69.3
Income tax expense/benefit from continuing operations		0.0	0.0	0.0	22.6
Profit/loss from continuing operations		-13.1	-26.6	-43.5	-46.7
Profit/loss from discontinued operations, net of tax ⁴⁾	8	0.0	0.0	13.4	0.0
Profit/loss from total operations		-13.1	-26.6	-30.1	-46.7
Attributable to:					
Owners of REC Silicon ASA		-13.1	-26.6	-30.1	-46.7
Earnings per share (In USD)					
From continuing operations					
-basic		-0.04	-0.08	-0.12	-0.16
-diluted		-0.04	-0.08	-0.12	-0.16
Earnings per share (In USD)					
From total operations					
-basic		-0.04	-0.08	-0.08	-0.16
-diluted		-0.04	-0.08	-0.08	-0.16

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) Amounts reported for 2021 include USD 0.3M related to writedown of spare parts

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

4) Amounts reported for 2021 are related to the settlement of the indemnification loans.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Profit/loss from total operations	-13.1	-26.6	-30.1	-46.7
Other comprehensive income, net of tax:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	4.3	-1.1	4.3	-1.1
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	4.3	-1.1	4.4	-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
Sum items that may be reclassified subsequently to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income	4.3	-1.1	4.3	-1.1
Total comprehensive income	-8.7	-27.7	-25.7	-47.7
Total comprehensive income attributable to:				
Owners of REC Silicon ASA	-8.7	-27.7	-25.7	-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
Year 2020								
At January 1, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,350.5	0.8
Share issue		10.2	95.7	0.0	105.9	0.0	0.0	105.9
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-47.7	-47.7
At December 31, 2020		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Year 2021								
At January 1, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Share issue		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-25.7	-25.7
At December 31, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,423.9	33.3

This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
Year 2020				
Accumulated at January 1, 2020	27.9	20.9	-3,399.3	-3,350.5
Profit/loss from total operations	0.0	0.0	-46.7	-46.7
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-1.1	-1.1
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	-1.1	-1.1
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income for the period	0.0	0.0	-1.1	-1.1
Total comprehensive income for the period	0.0	0.0	-47.7	-47.7
Accumulated at December 31, 2020	27.9	20.9	-3,447.0	-3,398.2
Year 2021				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss from total operations	0.0	0.0	-30.1	-30.1
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	4.3	4.3
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	4.4	4.4
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income for the period	0.0	0.0	4.4	4.3
Total comprehensive income for the period	0.0	0.0	-25.7	-25.7
Accumulated at December 31, 2021	27.9	20.9	-3,472.7	-3,423.9

CONSOLIDATED STATEMENT OF CASH FLOWS

REC SILICON GROUP

(USD IN MILLION)	NOTES	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Cash flows from operating activities					
Profit/loss before tax from total operations ¹⁾		-13.1	-26.6	-30.1	-69.3
Government grant ³⁾		0.0	0.0	-8.3	0.0
Income taxes paid/received		0.0	0.0	0.0	2.8
Depreciation, amortization and impairment	3, 4	6.9	7.3	28.5	62.7
Other Investments, impairment financial assets, gains/losses on sale	5	0.0	18.0	0.0	18.0
Profit/loss from discontinued operations	8	0.0	0.0	-13.4	0.0
Changes in receivables, prepayments from customers etc.	12	-7.4	-4.9	-2.4	-1.7
Changes in inventories	7	5.2	5.5	7.9	6.4
Changes in payables, accrued and prepaid expenses		0.2	-5.8	4.6	-3.2
Changes in VAT and other public taxes and duties		-2.6	2.2	-0.6	-16.6
Currency effects not cash flow or not related to operating activities		-0.1	2.5	-0.7	-1.1
Other items		-0.3	-0.9	0.0	-0.3
Net cash flow from operating activities		-11.0	-2.8	-14.6	-2.2
Cash flows from investing activities					
Proceeds/Payments finance receivables and restricted cash		0.0	-0.4	1.5	1.1
Proceeds from sale of property, plant and equipment and intangible assets		0.0	0.0	0.0	0.2
Payments for property, plant and equipment and intangible assets	3	-3.4	-0.4	-8.3	-1.3
Net cash flow from investing activities		-3.4	-0.8	-6.8	0.1
Cash flows from financing activities					
Increase in equity		0.0	105.9	0.0	105.9
Payments of lease liabilities	4	-0.6	-0.5	-2.1	-3.9
Payments of borrowings ²⁾		-0.9	-2.8	-0.9	-2.8
Proceeds from borrowings		0.0	0.0	0.0	8.3
Net cash flow from financing activities		-1.4	102.6	-3.0	107.5
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		-15.9	99.0	-24.4	105.5
Cash and cash equivalents at the beginning of the period		126.3	35.9	134.9	29.4
Cash and cash equivalents at the end of the period		110.5	134.9	110.5	134.9
¹⁾ PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF					
Profit/loss before tax from continuing operations		-13.1	-26.6	-43.5	-69.3
Profit/loss before tax from discontinued operations		0.0	0.0	13.4	0.0
Profit/loss before tax from total operations		-13.1	-26.6	-30.1	-69.3

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

3) Amounts reported for 2021 are related to the forgiveness of the C.A.R.E.S Act loan in Q2.

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.

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)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
REVENUES				
Semiconductor Materials	43.2	35.9	142.8	121.4
Solar Materials	0.0	0.1	0.1	0.5
Other	0.1	0.0	0.2	0.1
Total	43.2	36.0	143.2	122.1
EBITDA				
Semiconductor Materials	9.3	11.7	33.4	36.3
Solar Materials	-2.6	-2.8	-5.7	6.7
Other	-7.1	-7.0	-20.0	-19.3
Total	-0.4	1.9	7.7	23.8
EBIT				
Semiconductor Materials	5.7	7.8	18.9	13.2
Solar Materials	-5.9	-5.9	-19.0	-32.0
Other	-7.2	-7.2	-20.6	-20.0
Total	-7.4	-5.3	-20.8	-38.9

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Revenues	43.2	35.9	142.8	121.4
Cost of materials	-4.3	-3.9	-16.9	-15.7
Change in inventories	-5.5	-4.9	-10.8	-6.1
Employee benefit expense	-6.6	-5.7	-24.2	-20.8
Other operating expenses	-17.5	-10.3	-62.1	-43.3
Other income and expenses	0.0	0.5	4.5	0.8
Total current costs	-33.9	-24.2	-109.4	-85.1
EBITDA contribution	9.3	11.7	33.4	36.3
Depreciation of fixed Assets	-3.0	-3.3	-12.1	-20.7
Depreciation of leased Assets	-0.6	-0.6	-2.4	-2.4
Impairment	0.0	0.0	0.0	0.0
Total depreciation, amortization, and impairment	-3.6	-3.9	-14.6	-23.2
EBIT contribution	5.7	7.8	18.9	13.2

Solar Materials - Segment

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Revenues	0.0	0.1	0.1	0.5
Cost of materials	-0.1	-0.1	-0.2	-0.3
Change in inventories	0.5	0.5	1.9	1.3
Employee benefit expense	-1.8	-2.0	-6.8	-6.6
Other operating expenses	-1.2	-1.3	-4.6	-4.6
Other income and expenses	0.0	0.0	3.9	16.3
Total current costs	-2.6	-2.9	-5.8	6.2
EBITDA contribution	-2.6	-2.8	-5.7	6.7
Depreciation of fixed Assets	-3.1	-3.0	-12.4	-15.2
Amortization	0.0	0.0	0.0	-0.1
Depreciation of leased Assets	-0.1	-0.1	-0.6	-0.5
Impairment	0.0	0.0	-0.3	-23.0
Total depreciation, amortization, and impairment	-3.2	-3.2	-13.3	-38.8
EBIT contribution	-5.9	-5.9	-19.0	-32.0

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

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Non-Contract Revenue	29.0	22.9	92.7	73.4
Structured (Regional/Volume pricing)	12.6	11.7	45.1	44.7
Tiered (Volume pricing)	1.6	1.4	5.3	3.9
Contract Revenue	14.2	13.1	50.5	48.6
Total	43.2	36.0	143.2	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	6.5	0.0	6.3	12.8	0.0	12.8
Depreciation and amortization	-2.3	-22.4	-0.5	0.0	-25.2	0.0	-25.2
Carrying value at December 31, 2021	33.3	34.7	2.6	12.5	83.1	0.9	84.0
At December 31, 2021							
Historical cost	140.9	2 156.6	76.5	69.0	2 443.0	68.7	2 511.7
Accumulated depreciation/amortization/impairment	-107.5	-2 121.9	-73.8	-56.6	-2 359.9	-67.8	-2 427.6
Carrying value at December 31, 2021	33.3	34.7	2.6	12.5	83.1	0.9	84.0

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2020.

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 Company conducted a review of impairment indicators at December 31, 2021. For the Solar CGU, impairment indicators were identified that could give rise to a change in impairment as a result of increases in the market capitalization of the Company, recurring net operating losses, and changes in the timing of the anticipated restart of FBR production at the Moses Lake facility.

This review included the estimated impacts to develop a non-Chinese Solar PV value chain and to partner with companies to develop a silicon anode battery materials production facility. An increase in the Solar CGU's fair value due to these agreements is difficult to estimate because the development of a functional non-Chinese Solar PV value chain and/or the realization of demand for the Group's products for use in lithium-ion batteries are subject to substantial uncertainty. In addition, the enhancement of the FBR plants current capabilities would be required to enable the production of polysilicon for a supply chain outside of China or to deliver gases for use in lithium-ion batteries. Therefore, management has determined that until REC Silicon undertakes specific activities to bring about the desired effects intended by these agreements, they should not be used in evaluating the impairment of the Company's non-financial assets.

REC Silicon has undertaken project execution activities which will maintain the ability to restart the Moses Lake facility during 2023. However, forecasts used to arrive at estimated future cash flows include the assumption that market conditions will support the restart of production in the Moses Lake FBR facility at the beginning of 2024.

The resulting value in use of the Solar Materials CGU is estimated to approximate the carrying value at December 31, 2021. Therefore, no additional impairment or reversal of impairment has been recognized.

Additional impairment of the Solar Materials CGU would be required if the FBR facility is not restarted. Conversely, if the facility is restarted to supply silane for battery materials and polysilicon for a solar supply chain outside of China, a reversal would be required.

See note 11, claims, disputes, contingent liabilities, and contingent assets below.

4 LEASES

See note 7 to the consolidated financial statements for 2020.

Right-of-Use assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2021	0.0	1.7	33.9	0.0	0.1	0.1	35.7
Depreciation	0.0	-0.2	-2.7	0.0	0.0	0.0	-3.0
Additions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Modification of existing leases	0.0	-0.3	0.7	0.0	0.0	0.0	0.4
Balance at December 31, 2021	0.1	1.2	31.9	0.0	0.0	0.0	33.2

Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2022	2023	2024	2025	2026	AFTER 2026
Lease liabilities at December 31, 2021 ¹⁾	123.3	11.1	11.0	14.4	14.4	14.4	58.0

1) Amounts listed are undiscounted

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

Amounts recognized in profit or loss

(USD IN MILLION)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Interest on lease liabilities	2.2	2.2	8.8	7.6
Depreciation of right-of-use assets	0.8	0.7	3.0	2.9
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.3	-0.8	0.3	23.0
Expenses relating to short-term leases	0.0	0.0	0.2	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

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)	Q4 2021	Q4 2020	YEAR 2021	YEAR 2020
Total cash outflow for leases	2.7	2.7	10.9	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).

Due to the continuing impact of operating losses and delays in realizing designed production capacities the Yulin JV has accumulated long term debt to maintain the operations. As a result, estimated enterprise value less long-term debt results in a deficit equity value. Accordingly, REC Silicon's investment in the Yulin JV has been reported in the statement of financial position at a value of zero which is unchanged from the prior period.

During the Group's review of impairment indicators, no impairment indicators were identified that might give rise to a change in the valuation of the Company's investment in the Yulin JV.

REC Silicon has not made the final equity settlement payment of USD 4.7 million which was payable during December 2020 due to delinquent invoices for services provided to the Yulin JV by REC Silicon and the completion of performance testing specified in the Technology Transfer Agreement (TTA). REC Silicon and the Yulin JV continue to seek a resolution to these issues.

6 DERIVATIVES

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

Derivatives consisted of an option contract as part of the indemnification agreement associated with the REC Wafer bankruptcy. On October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. The liability for the option contract related to the indemnification loans is zero at December 31, 2021.

7 INVENTORIES

See note 13 to the consolidated financial statements for 2020.

Inventories at end of period

(USD IN MILLION)	DEC 31, 2021			DEC 31, 2020		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	3.3	0.0	3.3	2.2	0.0	2.2
Spare parts	42.6	-33.7	8.9	42.4	-33.1	9.3
Work in progress	11.9	-2.0	9.9	11.4	-1.0	10.4
Finished goods	15.4	-4.4	11.0	35.8	-16.4	19.4
Total	73.1	-40.1	33.1	91.8	-50.5	41.3

8 BORROWINGS AND GUARANTEES

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

Carrying amounts of interest-bearing liabilities at December 31, 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	2022	2023	2024	2025	AFTER 2025
Capitalized Borrowing Cost, non-current (USD) ¹⁾	-0.1	-0.1						
Capitalized Borrowing Cost, current (USD) ¹⁾	-0.5	-0.5						
Senior secured bond (USD)	110.0	110.0	110.0		110.0			
Grant County WA tax settlement (USD)	6.3	6.3	6.3	1.0	1.1	1.2	1.4	1.6
Indemnification loan (NOK)	10.8	10.8	10.8	10.8				
Total		126.4	127.1	11.8	111.1	1.2	1.4	1.6

1) Amortized as part of effective interest

As previously reported, on October 18, 2021, REC Silicon and Nordea entered into an agreement to settle claims associated with the indemnification loans. Under the agreement, Nordea releases all claims against REC Silicon for NOK 95 million (USD 10.8 million). The settlement will consist of approximately NOK 32 million (USD 3.6 million) to be settled through an existing escrow account which REC Silicon currently holds with Nordea with the balance settled in one payment of approximately NOK 63 million (USD 7.2 million) by the end of February 2022.

Guarantees

See note 29 to the consolidated financial statements for 2020.

At December 31, 2021, the Company had provided USD 5.1 million in bank guarantees against which the Company has pledged USD 3.8 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. USD 3.6 million of restricted cash will be used as part of the Nordea settlement.

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 December 31, 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 was subject to level 3 of the fair value hierarchy of IFRS 13. The option contract was settled on October 18, 2021 (see note 15) resulting in a zero value at December 31, 2021 compared to USD 1.5 million December 31, 2020.

The fair value of the USD senior secured bond at December 31, 2021 is estimated at 103.9 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)	DEC 31, 2021	SEP 30, 2021	JUN 30, 2021	MAR 31, 2021	DEC 31, 2020
Nominal value	110.0	110.0	110.0	110.0	110.0
Capitalized Borrowing Cost, non-current ¹⁾	-0.1	-0.3	-0.4	-0.5	-0.6
Net carrying amount, non-current	109.9	109.7	109.6	109.5	109.4
Capitalized Borrowing Cost, current ¹⁾	-0.5	-0.5	-0.4	-0.4	-0.4
Net carrying amount	109.4	109.3	109.2	109.1	109.0

1) Amortized as part of effective interest

9 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at December 31, 2021

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

10 PROVISIONS

(USD IN MILLION)	Q4 2021	2021	2020
Carrying value at beginning of period	15.3	14.7	3.3
Change in estimate to asset retirement obligation	4.7	4.7	11.0
Net periodic interest on asset retirement obligation	0.2	0.8	0.4
Carrying value at end of period	20.2	20.2	14.7

See note 20 to the consolidated financial statements for 2020.

Increases in the asset retirement obligation (ARO) of USD 4.7 million in the fourth quarter are the result of the recalculation of the retirement obligation and are primarily due to an increased estimate of inflation. In addition, the ARO increased during the fourth quarter due to a change in the interest rates used to impute the estimated provision from a range between 4.0 percent and 5.4 percent to a range between 3.5 percent and 4.8 percent.

The AROs represent the present value of estimated future costs discounted between 3.5 to 4.8 percent and between 7 and 39.5 years.

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. REC Silicon has successfully mitigated the impact of the COVID-19 pandemic on its operations. However, increased infection rates in certain geographic regions and industries are having an adverse impact on economic activity and have affected markets serviced by REC Silicon.

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

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

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

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

12 RECEIVABLES

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

Aging of receivables at December 31, 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	37.2	17.0	3.3	0.6	1.3	0.6	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	1.3	1.3	0.0	0.0	0.0	0.0	0.0
Total receivables	24.2	18.4	3.3	0.6	1.3	0.6	0.0
Prepaid Costs	5.4						
Total trade and other receivables	29.6						

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

13 TRANSACTIONS WITH RELATED PARTIES

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

In the fourth quarter of 2021, REC Silicon invoiced USD 0.1 million in engineering and project services to the Yulin JV.

In the fourth quarter Cognite, an Aker company invoiced REC Silicon for consulting and software in the amount of \$0.2 million.

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.

15 EVENTS AFTER THE REPORTING PERIOD

The settlement of the previously announced strategic equity investment by Hanwha Solutions was successfully completed on January 19, 2022. Gross proceeds of the settlement were NOK 964 million (48,213,001 shares at NOK 20). The new share capital of the Company is NOK 420,625,659, divided into shares 420,625,659, each with a par value of NOK 1.

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 7.4 million for the fourth 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. An EBITDA loss of USD 0.4 million has been reported for the fourth 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 December 31, 2021, the equity ratio is 11.3 percent and is calculated by dividing USD 33.3 million total shareholders' equity by USD 294.9 million in total assets.

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 December 31, 2021, net debt was USD 86.4 million or USD 126.4 million total carrying value of the Company's debt (from note 8) plus USD 70.5 million current and non-current lease liabilities (from the balance sheet) less USD 110.5 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 December 31, 2021, nominal net debt was USD 87.1 million or USD 127.1 million contractual repayment values of the Company's debt (from note 8) plus USD 70.5 million current and non-current lease liabilities (from the balance sheet) less USD 110.5 million in cash and cash equivalents.

FOR FURTHER INFORMATION, PLEASE CONTACT

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About REC Silicon

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

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