SECOND QUARTER 2020

REPORT

SECOND QUARTER HIGHLIGHTS
(Compared to first quarter 2020)

> Revenues of USD 31.0 million and EBITDA of USD 2.9 million

> June 30, 2020 cash balance of $31.6M
- Cash increase of $1.3M
- Cash outflows from operations $5.1M

> Silicon gas sales
- Sales volume of 831MT (vs. 730MT in Q1'20)
- 7.6% silane gas price decrease vs. Q1'20

> Semiconductor segment polysilicon sales
- Semiconductor grade polysilicon sales volume of 203MT
- 8.6% Semiconductor grade polysilicon price decrease vs. Q1 '20

> Process to evaluate the sale of Butte, Montana plant
- Several interested parties
- Due diligence delayed due to COVID-19

> Response to COVID-19
- Prioritize the health and safety of REC Silicon's workforce
- Focus on maintaining capability to continue operating

> Impairment Charges of $23M
- Due to increase in right of use assets
- Extension of lease for process gas facility at Moses Lake

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019	Q1 2020
Revenues	**31.0**	47.0	55.7	92.1	160.2	24.7
EBITDA	**2.9**	0.5	4.0	-4.2	-12.9	1
EBITDA margin	**9.5%**	1.0%	7.1%	-4.6%	-8.0%	4.20%
EBIT excluding impairment charges	**-9.1**	-12.9	-20.0	-31.4	-62.2	-10.8
Impairment charges	**-23.0**	-20.0	-23.0	-20.0	-20.4	0
EBIT	**-32.1**	-32.9	-43.0	-51.4	-82.6	-10.8
EBIT margin	**-103.6%**	-69.9%	-77.2%	-55.8%	-51.6%	-43.9%
Profit/loss before tax	**-40.2**	-37.8	-50.8	-61.3	-127.0	-10.6
Profit/loss	**-40.2**	-37.8	-50.7	-61.3	-127.0	-10.5
Earnings per share, basic and diluted (USD)	**-0.14**	-0.14	-0.18	-0.23	-0.47	-0.04
Polysilicon production in MT (Siemens and granular)	**234**	980	476	2,488	3,109	242
Polysilicon sales in MT (Siemens and granular)	**385**	2,090	474	4,094	5,892	89
Silicon gas sales in MT	**831**	834	1,562	1,663	3,380	730

REC SILICON GROUP

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. Impacts of the solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon has resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington (see Risks and Uncertainties below).

Revenues were USD 31.0 million for the second quarter of 2020 compared to USD 24.7 million for the first quarter (an increase of 25.6 percent). Revenues for the Solar Materials segment was USD 0.3 million and were the result of sales of remaining granular polysilicon inventories. Revenues in the Semiconductor Materials segments increased by 25.5 percent to USD 30.7 million for the second quarter.

Total polysilicon production volume for the second quarter of 2020 was 234MT. Because the FBR facility in Moses Lake, Washington has been shut down, all polysilicon produced was from the Semiconductor Materials facility in Butte, Montana. Total polysilicon inventories decreased by 151MT during the second quarter.

EBITDA for the second quarter was USD 2.9 million compared to USD 1.0 million in the first quarter of 2020. The increase in EBITDA can primarily be attributed to higher sales volumes of silicon gases.

Summary of second quarter results by segment

	Q2 2020	
(USD IN MILLION)	REVENUES	EBITDA
Semiconductor Materials	30.7	9.4
Solar Materials	0.3	-2.3
Other & Eliminations	0.0	-4.1
Total	31.0	2.9

MARKET DEVELOPMENT

Second quarter shipments of REC Silicon's products increased due to the partial re-opening of economic activities as government mandated actions to slow the spread of the COVID-19 outbreak were lifted. Impacts of the COVID-19 pandemic are dependent upon the scope and duration of the outbreak. Please refer to Risks and Uncertainties and Market Outlook below for additional information regarding the impact of the COVID-19 outbreak.

Semiconductor grade polysilicon markets are dominated by long term sales contracts and high polysilicon inventory levels. REC Silicon's sales opportunities are limited by slower than anticipated demand growth and excess inventory levels. During the second quarter, demand for silicon wafers remained relatively stable despite uncertainty associated with the COVID-19 outbreak. REC Silicon's shipments were seasonally higher during the second quarter and in line with expectations. Uncertainty associated with the COVID-19 outbreak did not impact planned shipments during the second quarter as anticipated.

Second quarter demand for silicon gases recovered to previous baseline levels, however, continues to be impacted by low production utilization rates in the PV market segment and the migration of Flat Panel Display manufacturing capacity into China. In semiconductor applications, demand for silicon gases continues to grow due to improvements in technology and the commissioning of new capacity. Increased shipments during the second quarter can be partially attributed to inventory restocking due to a delay in shipments from the prior quarter.

Global PV installations have been adversely impacted by economic disruption caused by the COVID-19 pandemic. Analysts estimate a substantial decrease in second quarter demand which has resulted in excess polysilicon inventories and increased downward pressure on prices. Polysilicon manufacturers are responding by executing annual maintenance activities ahead of expected increases in demand as markets recover from lockdowns associated with COVID-19. Average solar grade prices recovered near the end of the quarter to approximately USD 7.2/kg compared to USD 7.4/kg at the end of the first 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 30.7 million during the second quarter of 2020 compared to USD 24.5 million during the first quarter of 2020. This increase was due primarily to higher sales volumes.

Total polysilicon sales volumes increased to 323MT during the second quarter of 2020 compared to 88MT during the first quarter. Semiconductor grade polysilicon sales volumes increased by 118MT to 203MT. Solar grade polysilicon sales volumes were 119MT for the second quarter compared to 3MT for the first quarter. Average polysilicon prices decreased substantially due to higher sales volumes of solar grade polysilicon as a percent of total sales. Average prices realized for semiconductor grade polysilicon sales decreased by 8.6 percent due primarily to lower sales volumes of the highest quality Float Zone grades of polysilicon while underlying prices remained relatively unchanged from the prior quarter.

Total silicon gas sales volumes increased by 13.8% to 831MT for the second quarter of 2020 compared to 730MT during the first quarter. Sales prices realized by REC Silicon for silane gas decreased by 7.6 percent during the second quarter.

Total polysilicon production volume for the second quarter of 2020 was 234MT which was broadly unchanged compared to 242MT for the first quarter. Polysilicon inventories decreased by 89MT during the second quarter.

The Semiconductor Materials segment contributed USD 9.4 million of income to the Company's EBITDA during the second quarter of 2020. This represents an increase of USD 1.4 million compared to USD 8.0 million contributed during the first quarter. The increase in EBITDA can primarily be attributed to higher sales volumes of silicon gases.

SOLAR MATERIALS

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

Impacts of the solar trade dispute between China and the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington during 2019. The facility will remain shut down until significant positive developments in solar grade polysilicon markets occur (see Risks and Uncertainties below).

Revenues for the Solar Materials segment were USD 0.3 million during the second quarter of 2020 and represent small sales volumes of remaining granular polysilicon inventories.

The Solar Materials segment contributed a loss of USD 2.3 million to the Company's EBITDA during the second quarter of 2020 compared to a loss of USD 2.8 million during the first quarter of 2020. Expenditures in the Solar Materials segment include only those expenditures required to maintain the plant in a non-operating status.

Key Financials - Semiconductor Materials

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019	Q1 2020
Revenues	30.7	34.8	55.2	67.0	126.7	24.5
EBITDA contribution	9.4	15.2	17.4	24.3	37.8	8.0
Contribution margin	30.5%	43.6%	31.4%	36.3%	29.8%	32.6%
Polysilicon production in MT (Siemens)	234	301	476	719	1,339	242
Polysilicon sales in MT (Siemens)	323	352	410	614	1,111	88
Silicon gas sales in MT	831	834	1,562	1,662	3,379	730

Key Financials - Solar Materials

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019	Q1 2020
Revenues	0.3	12.2	0.4	25.1	33.4	0.2
EBITDA contribution	-2.3	-9.4	-5.1	-16.7	-26.6	-2.8
Contribution margin	-861.9%	-76.6%	-1136.7%	-66.7%	-79.7%	-1533.7%
Polysilicon production in MT (Siemens and granular)	0	679	0	1,770	1,770	0
Polysilicon sales in MT (Siemens and granular)	62	1,738	63	3,480	4,781	1

Key Financials - Other and Eliminations

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019	Q1 2020
Revenues	0.0	0.0	0.0	0.0	0.1	0.0
EBITDA contribution	-4.1	-5.3	-8.3	-11.8	-24.1	-4.1
Silicon gas sales in MT	0	0	0	1	1	0

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 Taiwan, Korea, Singapore, China, and the United States.

Operating costs in Other and Eliminations were USD 4.1 million during the second quarter of 2020 compared to USD 4.1 million for the first quarter of 2020.

INVESTMENTS (YULIN JV)

The Yulin JV produced approximately 1,082MT of total polysilicon during the second quarter of 2020. Total production included 1,063MT of FBR polysilicon and 19MT of siemens polysilicon. In addition, the Yulin JV loaded 29MT of silane during the second quarter.

The Yulin JV is ramping up production of high purity granular polysilicon and will be installing high purity liners as they are delivered.

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

FINANCIAL ITEMS

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

During the second quarter of 2020, the Company recognized interest of USD 1.7 million on imputed liabilities for leased assets. See note 4 for additional information on leases.

Net currency gains and (losses) are primarily related to the impact of exchange rate fluctuations between transaction currencies and the USD which is the primary functional currency for the group. Currency gains and losses for the second quarter of 2020 consisted of losses of approximately USD 2.5 million associated with liabilities denominated in NOK due to a weaker USD.

See note 8 for additional information on borrowings.

INCOME TAX

The loss before tax of USD 40.2 million during the second quarter of 2020 resulted in no effective tax impact since 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 2019 for additional information on income taxes.

CASH FLOW

Net cash outflows from operating activities were USD 5.1 million during the second quarter of 2020. Cash inflows included EBITDA of USD 2.9 million, a refund of alternative minimum tax of USD 2.7 million in the United States, and a gain of USD 0.7 million due to the impact of a weaker USD on cash balances denominated in NOK. Cash outflows included an increase in working capital of USD 0.9 million, a customer rebate of USD 1.9 million, interest payments of USD 8.0 million, an equity settlement payment to the JV of USD 0.3 million, and contributions to the U.S. pension plan of USD 0.3 million. The increase in working capital was due to sales in excess of customer collections of USD 2.4 million and a decrease in accounts payable of USD 0.7 million. These were offset by a decrease in inventories of USD 2.2 million. The anticipated payment of USD 4.7 million associated with the framework agreement to resolve REC Silicon's commitment to contribute capital to the Yulin JV has not been made and is expected to be delayed until late in 2020.

Cash outflows from investing activities were USD 0.4 million and were a result of capital expenditures of USD 0.3 million and an increase in restricted cash balances of USD 0.3 million due primarily to changes in exchange rates offset by USD 0.2 million received from a customer due to damaged equipment.

Cash inflows from financing activities were USD 6.8 million and were the result of a loan of USD 8.3 million received under the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act offset by USD 1.4 million reduction in lease liabilities which have been imputed based upon the requirements of IFRS 16 Leases. See note 4 for additional information on leases.

In total, cash balances increased by USD 1.3 million to USD 31.6 million at June 30, 2020.

Financial Items - REC Silicon Group

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019	Q1 2020
Financial income	**0.0**	0.2	0.2	0.3	0.7	0.1
Interest expenses on borrowings	**-3.6**	-3.2	-6.9	-6.5	-13.0	-3.2
Interest expense on leases	**-1.7**	-1.3	-3.1	-1.9	-5.0	-1.5
Capitalized borrowing cost	**0.1**	0.0	0.1	0.0	0.1	0.1
Expensing of up-front fees and costs	**-0.1**	-0.1	-0.2	-0.2	-0.3	-0.1
Other financial expenses	**-0.3**	-0.4	-0.6	-0.8	-1.4	-0.3
Net financial expenses	**-5.6**	-5.0	-10.7	-9.4	-19.6	-5.1
Net currency gains/losses	**-2.5**	0.0	2.7	-0.6	-1.2	5.1
Net financial items	**-8.1**	-4.8	-7.9	-9.6	-20.2	0.2

FINANCIAL POSITION

Shareholders' equity decreased to a deficit of USD 49.9 million (negative 18.6 percent equity ratio) at June 30, 2020, compared to USD 9.7 million (3.5 percent equity ratio) at March 31, 2020. This decrease was a result of a loss of USD 40.2 million during the second quarter which included USD 23.0 million impairment of Right of use (ROU) assets (see note 3 and note 4 to this report). In addition, net currency gains of USD 0.1 million are reflected in other comprehensive income.

Net debt increased by USD 33.1 million to USD 177.5 million at June 30, 2020 from USD 144.4 million at March 31, 2020. This increase is a result of an increase in cash of USD 1.3 million, a loan of USD 8.3 million under the C.A.R.E.S Act, and an increase of USD 24.6 million in lease liabilities. The increase in lease liabilities is due to the modification of a long-term lease which resulted in an increase of USD 26.0 million offset by the repayment of lease liabilities of USD 1.4 million during the quarter. In addition, the value of the NOK denominated indemnification loan increased by USD 1.5 million due to a weaker USD relative to NOK.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt increased by USD 33.0 million to USD 178.7 million at June 30, 2020 compared to USD 145.7 million at March 31, 2020.

See note 17 to the consolidated financial statements for 2019 and note 8 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

Please refer to the annual report for 2019, 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

The COVID-19 pandemic has resulted in the disruption of economic activity on a global scale. Governmental authorities have mandated the curtailment of economic activities to reduce exposure and to limit the spread of the virus. Economies are beginning to reopen, however, increases in infection rates may impact certain geographic areas and industries. The ultimate impact of COVID-19 on the financial performance of the Company's operations is dependent upon the duration of the outbreak and the timing and success in resuming economic activities.

REC Silicon continues to prioritize the health and safety of its employees in order to maintain the ability to meet product demand, to maintain production capabilities, and to minimize the impact of the pandemic on REC Silicon's operations. REC Silicon has limited business travel and taken action to maintain social distancing protocols. For example, the Company has placed restrictions on outside visitors and is using technology to conduct internal meetings. The Company has issued a temporary sick leave policy to encourage employees with symptoms or potential direct exposure to the virus to follow quarantine procedures and not report for work. These procedures include protocols to test and quarantine employees with potential exposure to the COVID-19 virus in cooperation with local health department officials. REC Silicon continues to work with local authorities to ensure compliance with guidance and mandates issued by governmental authorities and the Department of Labor. Contingency plans have been established to maintain production with limitations on available workforce. None of REC Silicon's employees have reported a positive test for COVID-19. REC Silicon will revise these procedures based on changes in mandates and guidance issued by governmental authorities and the U.S. Department of Labor.

Demand for REC Silicon's product has been adversely impacted by the COVID-19 pandemic. In turn, this has increased the Company's liquidity risk. The Company has developed contingency plans to curtail operations and reduce expenditure levels in order to retain liquidity should demand for the Company's products decline substantially. However, if demand for the Company's products is significantly impacted, REC Silicon is prepared to implement these plans. Should this occur, the Company has sufficient liquidity to meet its financial obligations and maintain its ability to operate for a finite period of time only (see Going Concern and Market Outlook below).

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

CHINESE TARIFFS ON US POLYSILICON

REC Silicon's access to solar grade polysilicon markets in China has been restricted due to tariffs imposed by the Government of China on US polysilicon. Accordingly, the Company shut down its FBR production facility in Moses Lake, Washington during the second quarter of 2019.

In addition, general economic conditions and the effects of adverse trade relations between China and the United States has had an adverse impact on markets served by the semiconductor materials facility in Butte, Montana.

In January 2020, the Government of the United States and the Government of China signed the Phase I economic and trade agreement. This agreement contains commitments from China to purchase goods manufactured in the United States including solar grade polysilicon. However, the COVID-19 pandemic has continued to delay the implementation of steps by China to fulfill its purchase commitments.

The Company will continue efforts to influence an outcome which leads to restored access to solar grade polysilicon markets in China or the development of alternative markets for the Company's solar grade polysilicon. However, if access to Chinese polysilicon markets is immediately restored, REC Silicon will not restart the FBR facility in Moses Lake until market conditions improve significantly. The timing or outcome of any decision to resume operations at the FBR facility remains uncertain.

INCOME TAXES

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

PROPERTY TAX

REC Silicon has contested Grant County, Washington's valuations of taxable property. The Washington Court of Appeals held a hearing on July 7, 2020 on the claim for the 2012 tax year and indicated that it would issue a decision in the normal course which is expected to occur in the coming months. If the Washington State Court of Appeals rules against REC Silicon, that ruling may be appealed to the Supreme Court of the State of Washington. However, the Court must exercise its discretion to hear the case.

The Company has also appealed assessments for the years 2013 through 2015. These appeals have been stayed by the Washington State Board of Tax appeals until tax year 2012 is resolved. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

INDEMNIFICATION LOAN

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At March 31, 2020, the indemnification loan is NOK 200.0 million (USD 19.0 million) and can only be called when certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent.

The Company received a claim at the end of 2019 for NOK 150 million from Nordea under the indemnification loan. According to the claim letter, the claim is based on an assumption that Nordea's potential loss will exceed said amount when the estates are concluded. However, the relevant bankruptcy estates have not yet been concluded. Therefore, the amount of loss suffered by Nordea as a result of the bankruptcy cannot be calculated at this time. Accordingly, the Company responded by denying the claim.

The status and timing of the indemnification loan continue to be subject to uncertainty.

GOING CONCERN

The Company's liquidity has been adversely impacted by the deterioration of trade relations between the United States and China, uncertain market conditions, increased competition, and decreased demand for products manufactured by the Company. REC Silicon has been forced to shut-down the FBR facility in Moses Lake, Washington and to reduce manufacturing capacity utilization at the Semiconductor Materials plant in Butte, Montana.

In addition, the COVID-19 pandemic has resulted in substantial disruption of economic activity on a global scale and had an adverse impact on revenues generated by REC Silicon. If demand for the Company's products declines further, the Company will be required to implement contingency plans to reduce spending and activity levels to conserve cash. The impact of COVID-19 is dependent upon the scope and duration of the pandemic. REC Silicon has received loans totaling approximately USD 8.3 million under a stimulus package included in the C.A.R.E.S. Act called the Payroll Protection Program (PPP). The PPP assists qualifying businesses with funds to meet payroll costs and can be used to pay certain other operating expenses. Funds have been provided in the form of loans that may be forgiven when used for payroll, interest on mortgages, rent, and utilities. Forgiveness is based upon maintaining employee headcount and salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. These loans will mitigate the increase in liquidity risk caused by the COVID-19 pandemic in the near term.

The restart of the FBR facility in Moses Lake is dependent on whether access to Chinese markets for polysilicon is restored, the development of a solar supply chain outside China, the commercialization of silicon anode battery technology, and/or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

The Company's liquidity position is dependent upon the cash flows generated by the Semiconductor Materials segment. In order to conserve cash, the Company plans to implement initiatives to reduce spending to match activity levels and to improve efficiency.

The Group reported a consolidated equity deficit of USD 49.9 million at June 30, 2020. The low equity level reported by the consolidated group is caused by the impairment of the Solar Materials segment (see note 3 fixed assets) and the relatively low carrying value of operating assets in the Semiconductor Materials segment. However, the net equity of REC Silicon ASA, the parent company, is USD 143.5 million at June 30, 2020. The parent company equity consists of share capital of USD 33.9 million and other equity and retained earnings of USD 109.6 million. The Board of Directors considers the equity level of the Company adequate for the Company's current situation. The Board of Directors will monitor equity levels and take appropriate action as necessary.

The Company anticipates that addition capital will be required to meet its financial obligations and continue to support the working capital requirements of ongoing operations for the next 12 months.

The Company plans to sell assets and/or issue equity to obtain the additional capital to continue operations. These plans are subject to substantial uncertainties. Developments in semiconductor polysilicon and silicon gas markets are dependent upon international trade relations, the COVID-19 pandemic, and demand for consumer electronics among other factors which could impact supply chain dynamics. Developments in semiconductor materials markets will impact the Company's liquidity position and could affect the Company's ability to divest the Butte, Montana plant and/or to issue equity. The restart of the FBR facility in Moses Lake will require the Company to raise capital to restart the facility in addition to capital required to maintain current operations. The decision to restart the FBR facility is dependent upon regaining access to solar grade polysilicon markets in China, the development of a solar supply chain outside of China, the commercialization of silicon anode battery technology, and/or other significant positive developments in solar grade polysilicon markets. These events are subject to substantial uncertainties associated with occurrence, magnitude, and timing and are expected to impact the Company's ability to issue equity.

If conditions surrounding the call of the indemnity loan, the outcome of income tax examinations, or the appeal of property tax valuations are negative, the Company will not have sufficient liquidity to meet its financial obligations and to support remaining operations (refer to the sections titled Income Taxes, Property Tax, and Indemnification Loan above). A requirement to meet these obligations would force the Company to accelerate plans to issue equity or sell assets.

Please refer to the Company's annual report for 2019. Specifically, the section contained in the Board of Directors Report titled Risk Factors which discusses the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon. In addition, please refer to note 31 to the consolidated financial statements regarding Chinese tariffs on US polysilicon, property taxes, income taxes, and the indemnification loan.

The conditions described above indicate that material uncertainty exists and cast significant doubt on the Company's ability to continue as a going concern. The Company's plans to sell assets and/or issue equity to acquire additional capital are subject to substantial uncertainties. In addition, the Company's ability to sell assets and/or issue equity is dependent upon events that are largely outside the direct control of the Company. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Nevertheless, after considering the uncertainties described above, the directors believe that the Company has a reasonable expectation of obtaining adequate capital to meet its financial obligations and continue to support remaining operations for the next 12 months. On this basis, the Board of Directors has concluded that the use of the going concern assumption is appropriate in preparing the second quarter and first half year 2020 financial report.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

MARKET OUTLOOK

The COVID-19 pandemic has resulted in the disruption of economic activity on a global scale. Governmental authorities have mandated the curtailment of economic activities to reduce exposure and to limit the spread of the virus. Economies are beginning to reopen, however, increases in infection rates may impact certain geographic areas and industries. The ultimate impact of COVID-19 on markets served by the Company is dependent upon the duration of the outbreak and the timing and success in resuming economic activities. Accordingly, the outlook for markets provided below is focused on the long-term development of markets when economies recover from the COVID-19 pandemic.

Large 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 2020. However, they continue to highlight uncertainty late in 2020 due to uncertainties associated with the COVID-19 pandemic. Because of REC Silicon's position near the beginning of the supply chain, adverse impacts on the demand for polysilicon and silicon gases is expected to lag relative to end use demand. Accordingly, customer orders for REC Silicon's semiconductor grade polysilicon and silicon gases have remained stable during the first part of the third quarter. However, demand for semiconductor grade polysilicon and silicon gases during the remainder of 2020 may be affected by changes in end use demand. Over the longer 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.

End use PV demand is expected to recover during the second half of 2020 and result in PV installations for the year in a range of 105GW to 110GW (PV InfoLink June Forecast). PV installations are expected to grow by approximately 30 percent in 2021 as the industry resumes historical growth trends. However, the extent of impacts on PV demand are dependent upon the scope and duration of the COVID-19 pandemic and the resumption of economic activities. REC Silicon expects disruptions caused by the global pandemic to accelerate the closure of high cost polysilicon producers which will result in a better balance between supply and demand for solar grade polysilicon during the same timeframe.

GUIDANCE

The novel coronavirus (COVID-19) pandemic has resulted in an overall decline in economic activity. The continued spread of the pandemic has created substantial uncertainty and has made it difficult to estimate economic growth in the future. The ultimate impact of COVID-19 on the financial performance of REC Silicon is not reasonably estimable at this time. Accordingly, the Company is not providing estimates of production volumes or silicon gas sales volumes for the third quarter or the full year 2020 (See Risks and Uncertainties above).

INVESTMENT AND EXPANSION ACTIVITIES
Capital expenditures were USD 0.3 million for the second quarter of 2020. Capital spending includes only the capital necessary to maintain safe and reliable operations. The Company will continue to defer and delay capital spending when possible, while maintaining safe operating conditions to maintain liquidity.

FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Market Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in the section "Risks and Uncertainties" above and in REC Silicon's Annual Report for 2019, 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 2020 and the financial information in this report that is relevant for the first half year 2020 (together "the first half year 2020 report").

The first half year 2020 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 2020 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 2020 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 2020, 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 22, 2020
Board of Directors

Annette Malm Justad
Chairman of the Board

Espen Klitzing
Member of the Board

Audun Stensvold
Member of the Board

Inger Berg Ørstavik
Member of the Board

Tore Torvund
President and CEO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	**JUN 30, 2020**	JUN 30, 2019	DEC 31, 2019
ASSETS				
Non-current assets				
Intangible assets	3	**1.1**	1.2	1.1
Land and buildings	3	**37.8**	40.6	39.1
Machinery and production equipment	3	**55.1**	82.5	73.1
Other tangible assets	3	**3.6**	4.2	4.2
Assets under construction	3	**4.5**	3.8	3.9
Property, plant and equipment	3	**100.9**	131.0	120.2
Right of use assets	4	**36.1**	34.8	33.8
Investments in associates	5	**0.0**	34.5	0.0
Other investments	5	**18.0**	0.0	18.0
Other non-current receivables		**2.5**	6.4	4.1
Financial assets and prepayments		**20.5**	40.9	22.1
Total non-current assets		**158.7**	207.9	177.3
Current assets				
Inventories	7	**50.7**	72.3	47.7
Trade and other receivables	12	**23.9**	42.1	30.5
Current tax assets		**0.0**	0.0	1.3
Restricted bank accounts		**4.1**	4.6	4.4
Cash and cash equivalents		**31.6**	38.4	29.4
Total current assets		**110.2**	157.4	113.4
Total assets		**268.9**	365.3	290.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	**JUN 30, 2020**	JUN 30, 2019	DEC 31, 2019
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		**2,812.3**	3,177.1	2,812.3
Other equity and retained earnings		**-2,862.2**	-3,112.0	-2,811.4
Total shareholders' equity		**-49.9**	65.1	0.8
Non-current liabilities				
Retirement benefit obligations		**19.1**	15.2	19.5
Non-current provision, interest calculation	10	**6.9**	3.1	3.3
Non-current financial liabilities, interest bearing	8	**116.4**	108.8	109.0
Non-current lease liabilities	4	**70.5**	45.1	41.6
Non-current prepayments, interest calculation		**0.0**	1.6	0.5
Other non-current liabilities, not interest bearing		**0.1**	0.2	0.1
Total non-current liabilities		**212.9**	174.0	174.0
Current liabilities				
Trade payables and other liabilities		**59.9**	65.7	56.6
Current tax liabilities	11	**21.9**	25.1	24.3
Derivatives	6	**1.3**	1.5	1.4
Current financial liabilities, interest bearing	8	**21.2**	23.2	22.4
Current lease liabilities	4	**1.0**	6.3	7.0
Current prepayments, interest calculation		**0.5**	4.5	4.1
Total current liabilities		**105.8**	126.2	115.8
Total liabilities		**318.8**	300.2	289.8
Total equity and liabilities		**268.9**	365.3	290.6

CONSOLIDATED STATEMENT OF INCOME REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Revenues		**31.0**	47.0	55.7	92.1	160.2
Cost of materials	7	**-3.9**	-6.9	-8.4	-16.4	-25.6
Changes in inventories	7	**-0.9**	-9.3	4.1	-11.1	-20.7
Employee benefit expenses		**-9.1**	-12.3	-17.9	-25.2	-44.9
Other operating expenses		**-14.5**	-18.0	-29.7	-43.7	-79.9
Other income and expense		**0.2**	0.0	0.1	0.0	-2.0
EBITDA		**2.9**	0.5	4.0	-4.2	-12.9
Depreciation	3	**-11.2**	-10.5	-22.5	-21.1	-42.0
Amortization	3	**0.0**	-0.3	0.0	-0.3	-0.3
Depreciation of right of use assets	4	**-0.9**	-2.5	-1.5	-5.7	-7.1
Impairment	3, 4	**-23.0**	-20.0	-23.0	-20.0	-20.4
Total depreciation, amortization and impairment		**-35.1**	-33.3	-47.0	-47.1	-69.8
EBIT		**-32.1**	-32.9	-43.0	-51.4	-82.6
Profit/loss from investments in associates	5	**0.0**	-0.1	0.0	-0.3	-24.2
Financial income		**0.0**	0.2	0.2	0.3	0.7
Net financial expenses		**-5.6**	-5.0	-10.7	-9.4	-19.6
Net currency gains/losses		**-2.5**	0.0	2.7	-0.6	-1.2
Net financial items		**-8.1**	-4.8	-7.9	-9.6	-20.2
Profit/loss before tax		**-40.2**	-37.8	-50.8	-61.3	-127.0
Income tax expense/benefit		**0.0**	0.0	0.1	0.0	0.0
Profit/loss		**-40.2**	-37.8	-50.7	-61.3	-127.0
Attributable to:						
Owners of REC Silicon ASA		**-40.2**	-37.8	-50.7	-61.3	-127.0
Earnings per share (In USD)						
-basic		**-0.14**	-0.14	-0.18	-0.23	-0.47
-diluted		**-0.14**	-0.14	-0.18	-0.23	-0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	**Q2 2020**	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Profit/loss	**-40.2**	-37.8	-50.7	-61.3	-127.0
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Fair value adjustment on own credit risk [1]	**0.0**	0.0	0.0	0.0	0.0
Remeasurement of defined benefit plans	**0.0**	0.0	0.0	0.0	-5.9
Currency translation effects	**0.0**	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	**0.1**	0.0	0.0	0.0	-5.9
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	**0.0**	-1.1	0.0	0.6	-1.9
- transferred to profit/loss for the period	**0.0**	0.0	0.0	0.0	9.9
Sum items that may be reclassified subsequently to profit or loss	**0.0**	-1.1	0.0	0.6	8.0
Total other comprehensive income	**0.1**	-1.1	0.0	0.6	2.1
Total comprehensive income	**-40.1**	-38.9	-50.8	-60.7	-124.9
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	**-40.1**	-38.9	-50.8	-60.7	-124.9

1) Impact of adopting IFRS 9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

		ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
(USD IN MILLION)	NOTES	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	**TOTAL PAID-IN CAPITAL**	OTHER EQUITY	COMPREHENSIVE INCOME	**TOTAL EQUITY**
June 30, 2019								
At January 1, 2019		405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
Share issue		2.9	16.2	0.0	**19.1**	0.0	0.0	**19.1**
Total comprehensive income		0.0	0.0	0.0	**0.0**	0.0	-60.7	**-60.7**
At June 30, 2019		408.2	2,727.1	41.8	**3,177.1**	174.3	-3,286.3	**65.1**
Year 2019								
At January 1, 2019		405.3	2,710.9	41.8	**3,158.0**	174.3	-3,225.6	**106.7**
Share issue		2.9	16.1	0.0	**19.0**	0.0	0.0	**19.0**
Share Capital Reduction	14	-364.8	0.0	0.0	**-364.8**	364.8	0.0	**0.0**
Total comprehensive income		0.0	0.0	0.0	**0.0**	0.0	-124.9	**-124.9**
At December 31, 2019		43.4	2,727.0	41.8	**2,812.3**	539.0	-3,350.5	**0.8**
June 30, 2020								
At January 1, 2020		43.4	2,727.0	41.8	**2,812.3**	539.0	-3,350.5	**0.8**
Equity share option plan		0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
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	-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**

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, 2019				
Accumulated at January 1, 2019	20.0	20.9	-3,266.4	**-3,225.6**
Profit/loss	0.0	0.0	-61.3	**-61.3**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	**0.0**
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	0.0	**0.0**
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	**0.0**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.6	0.0	0.0	**0.6**
Currency translation differences transferred to profit/loss for the period	0.0	0.0	0.0	**0.0**
Sum items that may be reclassified to profit or loss	0.6	0.0	0.0	**0.6**
Total other comprehensive income for the period	0.6	0.0	0.0	**0.6**
Total comprehensive income for the period	0.6	0.0	-61.3	**-60.7**
Accumulated at June 30, 2019	20.5	20.9	-3,327.6	**-3,286.3**
Year 2019				
Accumulated at January 1, 2019	20.0	20.9	-3,266.4	**-3,225.6**
Profit/loss	0.0	0.0	-127.0	**-127.0**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	**0.0**
Remeasurement of defined benefit plans	0.0	0.0	-5.9	**-5.9**
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	-5.9	**-5.9**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-1.9	0.0	0.0	**-1.9**
Currency translation differences transferred to profit/loss for the period	9.9	0.0	0.0	**9.9**
Sum items that may be reclassified to profit or loss	8.0	0.0	0.0	**8.0**
Total other comprehensive income for the period	8.0	0.0	-5.9	**2.1**
Total comprehensive income for the period	8.0	0.0	-132.9	**-124.9**
Accumulated at December 31, 2019	27.9	20.9	-3,399.3	**-3,350.5**
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**
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	0.0	**0.0**
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	**0.0**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	**0.0**
Tax on currency translation differences taken to equity	0.0	0.0	0.0	**0.0**
Currency translation differences transferred to profit/loss for the period	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**

CONSOLIDATED STATEMENT OF CASH FLOWS TOTAL OPERATIONS REC SILICON GROUP

(USD IN MILLION)	NOTES	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Cash flows from operating activities						
Profit/loss before tax		**-40.2**	-37.8	-50.8	-61.3	-127.0
Income taxes paid/received		**2.7**	2.7	2.8	2.7	2.7
Depreciation, amortization and impairment	3, 4	**35.1**	33.3	47.0	47.1	69.8
Investment in associates, impairment financial assets, gains/losses on sale	5	**0.0**	0.0	0.0	0.0	24.2
Changes in receivables, prepayments from customers etc.	12	**-2.4**	-1.8	4.6	0.5	5.4
Changes in inventories	7	**2.2**	7.0	-3.0	6.8	21.5
Changes in payables, accrued and prepaid expenses		**-3.4**	-8.3	4.3	-4.8	-7.8
Changes in VAT and other public taxes and duties		**-1.9**	0.1	-2.7	0.1	0.0
Currency effects not cash flow or not related to operating activities		**3.2**	0.8	-4.8	1.4	-0.5
Other items		**-0.2**	0.0	-0.2	0.0	-1.4
Net cash flow from operating activities		**-5.1**	-4.0	-2.9	-7.5	-13.0
Cash flows from investing activities						
Proceeds/Payments finance receivables and restricted cash		**-0.3**	-0.3	0.3	-0.3	0.0
Proceeds from sale of property, plant and equipment and intangible assets		**0.2**	1.2	0.2	1.2	1.5
Payments for property, plant and equipment and intangible assets	3	**-0.3**	-1.0	-0.6	-1.1	-2.0
Net cash flow from investing activities		**-0.4**	-0.2	-0.1	-0.3	-0.6
Cash flows from financing activities						
Increase in equity		**0.0**	19.1	0.0	19.1	19.0
Payments of lease liabilities	4	**-1.4**	-1.9	-3.1	-4.7	-7.8
Proceeds from borrowings		**8.3**	0.0	8.3	0.0	0.0
Net cash flow from financing activities		**6.8**	17.1	5.2	14.4	11.2
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		**1.3**	13.0	2.1	6.5	-2.4
Cash and cash equivalents at the beginning of the period		**30.2**	25.4	29.4	31.8	31.8
Cash and cash equivalents at the end of the period		**31.6**	38.4	31.6	38.4	29.4

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 China, Japan, Korea, Taiwan, and the United States. The Group's investment in the Yulin JV are held in REC Silicon Pte Ltd in Singapore.

BASIS OF PREPARATION
The financial statements are presented in USD, rounded to the nearest tenth of million, unless otherwise stated. As a result, of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

FINANCIAL STATEMENTS
These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2019. The consolidated financial statements for 2019 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 2019 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 2.23 to the consolidated financial statements for 2019.

SEGMENT INFORMATION
REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also has the capability to produce polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. Due to market conditions and the ongoing solar trade dispute between China and the United States, the manufacturing facility in Moses Lake, Washington has been shut down (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 2019.

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 2019.

2 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2019 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 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
REVENUES					
Semiconductor Materials	**30.7**	34.8	55.2	67.0	126.7
Solar Materials	**0.3**	12.2	0.4	25.1	33.4
Other	**0.0**	0.0	0.0	0.0	0.0
Eliminations	**0.0**	0.0	0.0	0.0	0.0
Total	**31.0**	47.0	55.7	92.1	160.2
EBITDA					
Semiconductor Materials	**9.4**	15.2	17.4	24.3	37.8
Solar Materials	**-2.3**	-9.4	-5.1	-16.7	-26.6
Other	**-4.1**	-5.3	-8.3	-11.8	-24.1
Eliminations	**0.0**	0.0	0.0	0.0	0.0
Total	**2.9**	0.5	4.0	-4.2	-12.9
EBIT					
Semiconductor Materials	**2.3**	7.6	3.1	8.5	7.5
Solar Materials	**-30.1**	-34.7	-37.4	-47.5	-65.1
Other	**-4.3**	-5.7	-8.7	-12.4	-25.1
Eliminations	**0.0**	0.0	0.0	0.0	0.0
Total	**-32.1**	-32.9	-43.0	-51.4	-82.6

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

Semiconductor Materials - Segment

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Revenues	**30.7**	34.8	55.2	67.0	126.7
Cost of materials	**-3.8**	-4.7	-8.3	-9.1	-18.1
Change in inventories	**-1.2**	0.7	3.4	3.5	2.8
Employee benefit expense	**-5.0**	-5.3	-9.9	-10.6	-21.3
Other operating expenses	**-11.6**	-10.3	-23.3	-26.5	-52.4
Other income and expenses	**0.2**	0.0	0.2	0.0	0.0
Total current costs	**-21.4**	-19.6	-37.9	-42.6	-88.9
EBITDA contribution	**9.4**	15.2	17.4	24.3	37.8
Depreciation of fixed Assets	**-6.5**	-6.7	-13.0	-13.4	-26.5
Amortization	**0.0**	0.0	0.0	0.0	0.0
Depreciation of leased Assets	**-0.6**	-0.9	-1.2	-2.5	-3.6
Impairment	**0.0**	0.0	0.0	0.0	-0.1
Total depreciation, amortization, and impairment	**-7.1**	-7.6	-14.2	-15.8	-30.3
EBIT contribution	**2.3**	7.6	3.1	8.5	7.5

Solar Materials - Segment

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Revenues	**0.3**	12.2	0.4	25.1	33.4
Cost of materials	**-0.1**	-2.2	-0.1	-7.3	-7.5
Change in inventories	**0.3**	-10.0	0.8	-14.6	-23.5
Employee benefit expense	**-1.6**	-4.0	-3.1	-8.5	-12.5
Other operating expenses	**-1.2**	-5.3	-3.1	-11.4	-16.9
Other income and expenses	**0.0**	0.0	-0.1	0.0	0.3
Total current costs	**-2.5**	-21.6	-5.5	-41.8	-60.0
EBITDA contribution	**-2.3**	-9.4	-5.1	-16.7	-26.6
Depreciation of fixed Assets	**-4.5**	-3.6	-9.0	-7.3	-14.6
Amortization	**0.0**	-0.3	0.0	-0.3	-0.3
Depreciation of leased Assets	**-0.3**	-1.6	-0.3	-3.3	-3.4
Impairment	**-23.0**	-19.9	-23.0	-19.9	-20.1
Total depreciation, amortization, and impairment	**-27.8**	-25.4	-32.3	-30.7	-38.5
EBIT contribution	**-30.1**	-34.7	-37.4	-47.5	-65.1

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

(USD IN MILLION)	Q2 2020	Q2 2019	JUN 30, 2020	JUN 30, 2019	YEAR 2019
Non-Contract Revenue	**18.0**	32.7	31.1	63.0	102.8
Structured (Regional/Volume pricing)	**12.2**	12.8	23.0	26.0	52.3
Tiered (Volume pricing)	**0.8**	1.5	1.6	3.0	5.1
Contract Revenue	**13.0**	14.3	24.6	29.0	57.4
Total	**31.0**	47.0	55.7	92.1	160.2

3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2019.

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, 2020	39.1	73.1	4.2	3.9	**120.2**	1.1	**121.4**
Net additions [1]	0.0	2.6	0.0	0.6	**3.2**	0.0	**3.2**
Depreciation and amortization	-1.3	-20.6	-0.6	0.0	**-22.5**	0.0	**-22.5**
Carrying value at June 30, 2020	37.8	55.1	3.6	4.5	**100.9**	1.1	**102.1**
At June 30, 2020							
Historical cost	140.9	2,144.1	80.5	61.0	**2,426.5**	68.7	**2,495.2**
Accumulated depreciation/amortization/impairment	-103.1	-2,089.0	-76.9	-56.6	**-2,325.6**	-67.6	**-2,393.1**
Carrying value at June 30, 2020	37.8	55.1	3.6	4.5	**100.9**	1.1	**102.1**

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2019.

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

The Group conducted a review of impairment indicators and impairment testing was performed at June 30, 2020. For the Solar CGU, impairment indicators were identified that could give rise to a change in impairment (see note 11 below) as a result of increases in the net carrying value of operating assets and liabilities of the Solar Materials CGU.

Value in use for the Solar CGU has been estimated using discounted cash flows over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 13.5 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of approximately 16 percent.

The long-term development of the solar grade polysilicon markets is difficult to estimate because of uncertainty associated with the solar trade dispute between the United States and China. In addition, the effects on global economic conditions caused by the COVID-19 pandemic increases uncertainty and is expected to delay any market recovery and may have a material impact on the balance between supply and demand for solar grade polysilicon.

Forecasts used to arrive at estimated future cash flows include the assumption that market conditions will support the restart of production in the Moses Lake FBR facility in 2022. Assumptions used to arrive at estimated future cash flows are unchanged from the assumptions used for impairment testing at March 31, 2020. Please refer to note 11 for additional information regarding the impact of the COVID-19 pandemic and Chinese tariffs on US polysilicon on the potential restart of the FBR facility in Moses Lake, Washington.

The net carrying value of the Solar Materials CGU exceeded the resulting value in use at June 30, 2020. Therefore, impairments of USD 23 million has been recognized in the statement of income for the second quarter of 2020. Because the increase in the carrying value of the Solar Materials CGU is a result of the modification of a long-term lease, impairments have been recorded against right of use assets (see note 4 leases below).

Additional impairment of the Solar Materials CGU would be required if the FBR facility is not restarted.

4 LEASES

See note 7 to the consolidated financial statements for 2019.

Right-of-Use assets

(USD IN MILLION)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	**TOTAL**
Balance at January 1, 2020	0.1	33.7	0.0	0.0	**33.8**
Depreciations	0.0	-1.4	0.0	0.0	**-1.5**
Additions	0.0	0.0	0.0	0.1	**0.1**
Impairments	0.0	-23.0	0.0	0.0	**-23.0**
Adjustments	0.8	25.8	0.0	0.0	**26.7**
Balance at June 30, 2020	0.9	35.1	0.0	0.1	**36.1**

The increase in right of use assets of USD 26.7 million was largely the result of the modification of long-term leases associated with the supply of process gases to the Moses Lake facility (USD 25.8 million). These leases were extended through December of 2028. This lease contains an option for early termination on or after December 31, 2023 if the FBR facility is not in operation and notice is provided by REC Silicon. In addition, the agreement contain a security interest in the Moses Lake facility of up to USD 10 million.

Lease Liabilities

		MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	2020	2021	2022	2023	2024	AFTER 2024
Lease liabilities at June 30, 2020 [1)]	136.8	4.4	10.8	10.7	10.7	14.3	86.0

1) Amounts listed are undiscounted

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

Amounts recognised in profit or loss

(USD IN MILLION)	**Q2 2020**	JUN 30, 2020
Interest on lease liabilities	**1.7**	3.1
Depreciation of right-of-use assets	**0.9**	1.5
Gain (-)/Loss (+) due to terminations, purchases, impairments, and other changes	**22.1**	22.1
Expenses relating to short-term leases	**0.1**	0.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**0.0**	0.0

Right-of-use assets associated with contracts with a term of 12 months or less are expensed in accordance with the IFRS 16 short-term exemption.

Amounts recognised in the statement of cash flow

(USD IN MILLION)	**Q2 2020**	JUN 30, 2020
Total cash outflow for leases	**3.1**	6.2

5 INVESTMENTS

OTHER INVESTMENTS

See note 9 to the consolidated financial statements for 2019.

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).

6 DERIVATIVES

See notes 3, 11, and 30 to the consolidated financial statements for 2019.

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, 2020, the option contract was a liability valued at USD 1.3 million (USD 1.4 million at December 31, 2019).

7 INVENTORIES

See note 13 to the consolidated financial statements for 2019.

Inventories at end of period

	JUN 30, 2020			DEC 31, 2019		
(USD IN MILLION)	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	**2.9**	**0.0**	**2.9**	4.2	0.0	4.2
Spare parts	**42.4**	**-33.0**	**9.3**	42.2	-32.9	9.3
Work in progress	**12.6**	**-1.2**	**11.4**	10.7	-1.1	9.6
Finished goods	**47.0**	**-19.9**	**27.1**	41.6	-17.0	24.6
Total	**104.8**	**-54.1**	**50.7**	98.7	-51.0	47.7

8 BORROWINGS AND GUARANTEES

See notes 4, 17, and 30 to the consolidated financial statements for 2019.

Carrying amounts of interest-bearing liabilities at June 30, 2020 and contractual repayments (excluding interest payments) are specified in the table below.

	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST				
(USD IN MILLION)	CURRENCY	USD	TOTAL	2020	2021	2022	2023
Capitalized Borrowing Cost, non-current (USD) 1)	-0.8	-0.8					
Captialized Borrowing Cost, current (USD) 1)	-0.4	-0.4					
Senior secured bond (USD)	110.0	110.0	110.0				110.0
C.A.R.E.S. Act Loan	8.3	8.3	8.3	0.5	5.5	2.3	
Indemnification loan (NOK)	200.0	20.5	20.5				
Total		137.6	138.8	0.5	5.5	2.3	110.0

1) Amortized as part of effective interest

On May 4, 2020, REC Silicon executed promissory notes of USD 4.4 million for REC Solar Grade Silicon LLC and USD 3.8 million for REC Advanced Silicon Materials LLC (total of USD 8.3 million). Each note carries interest at an annual rate of 1 percent (365-day simple interest basis) and is payable in 17 equal monthly installments beginning in December 2020 with the final payment due in May 2022. The loans were funded on May 6, 2020. Funds are provided in the form of loans that may be forgiven when used for payroll costs, interest on mortgages, rent, and utilities. Forgiveness is based upon REC Silicon maintaining employee headcount and salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease within this period.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At June 30, 2020, the indemnification loan is NOK 200.0 million (USD 20.5 million) and can only be called when certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent.

The Company received a claim at the end of 2019 for NOK 150 million from Nordea under the indemnification loan. According to the claim letter, the claim is based on an assumption that Nordea's potential loss will exceed said amount when the estates are concluded. However, the relevant bankruptcy estates have not yet been concluded. Therefore, the amount of loss suffered by Nordea as a result of the bankruptcy cannot be calculated at this time. Accordingly, the Company has responded by denying the claim.

The status and timing of the indemnification loan continue to be subject to uncertainty (see note 11 below).

Guarantees

See note 29 to the consolidated financial statements for 2019.

At June 30, 2020, the Company had provided USD 4.5 million in bank guarantees against which the Company has pledged USD 3.5 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.1 million with USD 0.2 million of restricted cash as security.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million at June 30, 2020 and December 31, 2019.

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

Fair values of financial instruments

See note 30 to the consolidated financial statements for 2019.

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 1.3 million at June 30, 2020 and USD 1.4 million at December 31, 2019

The fair value of the USD senior secured bond at June 30, 2020 is estimated at 96.0 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, 2020	MAR 31, 2020	DEC 31, 2019
Nominal value	**110.0**	110.0	110.0
Capitalized Borrowing Cost, non-current [1)]	**-0.8**	-0.9	-1.0
Net carrying amount, non-current	**109.2**	109.1	109.0
Captialized Borrowing Cost, current [1)]	**-0.4**	-0.4	-0.4
Net carrying amount	**108.8**	108.7	108.6

1) Amortized as part of effective interest

9 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at June 30, 2020

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2020	2021	2022	2023	2024	2025	AFTER 2025
Purchase of goods and services	6.8	6.7	0.1	0.0	0.0	0.0	0.0	0.0
Expenses associated with leases exempt from IFRS16	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	6.9	6.8	0.1	0.0	0.0	0.0	0.0	0.0

10 PROVISIONS

(USD IN MILLION)	2020
Carrying value at January 1	**3.3**
Change in estimate to asset retirement obligation	**3.4**
Net periodic asset retirement obligation costs including net interest	**0.2**
Provision for Restructuring	**0.0**
Carrying value at June 30	**6.9**

See note 20 to the consolidated financial statements for 2019.

The increase in the asset retirement obligation (ARO) of USD 3.4 million in the table above is the result of a recalculation of the retirement obligation due to the preparation of a revised estimate of the costs to restore leased waste water containment ponds to a condition specified in the lease and for the eventual cleanup of the Company's manufacturing operations in Moses Lake, Washington. The revised estimate included changes in conditions as well as more refined estimates of the cost of related activities.

The AROs represent the present value of estimated future costs discounted between 6 to 8 percent and between 10 to 40 years.

11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Please refer to the annual report for 2019, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

IMPACT OF COVOD-19 GLOBAL PANDEMIC

The COVID-19 pandemic has resulted in the disruption of economic activity on a global scale. Governmental authorities have mandated the curtailment of economic activities to reduce exposure and to limit the spread of the virus. Economies are beginning to reopen, however, increases in infection rates may impact certain geographic areas and industries. The ultimate impact of COVID-19 on the financial performance of the Company's operations is dependent upon the duration of the outbreak and the timing and success in resuming economic activities.

REC Silicon continues to prioritize the health and safety of its employees in order to maintain the ability to meet product demand, to maintain production capabilities, and to minimize the impact of the pandemic on REC Silicon's operations. REC Silicon has limited business travel and taken action to maintain social distancing protocols. For example, the Company has placed restrictions on outside visitors and is using technology to conduct internal meetings. The Company has issued a temporary sick leave policy to encourage employees with symptoms or potential direct exposure to the virus to follow quarantine procedures and not report for work. These procedures include protocols to test and quarantine employees with potential exposure to the COVID-19 virus in cooperation with local health department officials. REC Silicon continues to work with local authorities to ensure compliance with guidance and mandates issued by governmental authorities and the Department of Labor. Contingency plans have been established to maintain production with limitations on available workforce. None of REC Silicon's employees have reported a positive test for COVID-19. REC Silicon will revise these procedures based on changes in mandates and guidance issued by governmental authorities and the U.S. Department of Labor.

Demand for REC Silicon's product has been adversely impacted by the COVID-19 pandemic. In turn, this has increased the Company's liquidity risk. The Company has developed contingency plans to curtail operations and reduce expenditure levels in order to retain liquidity should demand for the Company's products decline substantially. However, if demand for the Company's products is significantly impacted, REC Silicon is prepared to implement these plans. Should this occur, the Company has sufficient liquidity to meet its financial obligations and maintain its ability to operate for a finite period of time only (see Going Concern and Market Outlook below).

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

CHINESE TARIFFS ON US POLYSILICON

REC Silicon's access to solar grade polysilicon markets in China has been restricted due to tariffs imposed by the Government of China on US polysilicon. Accordingly, the Company shut down its FBR production facility in Moses Lake, Washington during the second quarter of 2019.

In addition, general economic conditions and the effects of adverse trade relations between China and the United States has had an adverse impact on markets served by the semiconductor materials facility in Butte, Montana.

In January 2020, the Government of the United States and the Government of China signed the Phase I economic and trade agreement. This agreement contains commitments from China to purchase goods manufactured in the United States including solar grade polysilicon. However, the COVID-19 pandemic has continued to delay the implementation of steps by China to fulfill its purchase commitments.

The Company will continue efforts to influence an outcome which leads to restored access to solar grade polysilicon markets in China or the development of alternative markets for the Company's solar grade polysilicon. However, if access to Chinese polysilicon markets is immediately restored, REC Silicon will not restart the FBR facility in Moses Lake until market conditions improve significantly. The timing or outcome of any decision to resume operations at the FBR facility remains uncertain.

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

PROPERTY TAX
REC Silicon has contested Grant County, Washington's valuations of taxable property. The Washington Court of Appeals held a hearing on July 7, 2020 on the claim for the 2012 tax year and indicated that it would issue a decision in the normal course which is expected to occur in the coming months. If the Washington State Court of Appeals rules against REC Silicon, that ruling may be appealed to the Supreme Court of the State of Washington. However, the Court must exercise its discretion to hear the case.

The Company has also appealed assessments for the years 2013 through 2015. These appeals have been stayed by the Washington State Board of Tax appeals until tax year 2012 is resolved. The Company will not be required to pay disputed tax amounts until all appeals are exhausted. The timing and outcome of these appeals is subject to uncertainty.

INDEMNIFICATION LOAN
The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At March 31, 2020, the indemnification loan is NOK 200.0 million (USD 19.0 million) and can only be called when certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent.

The Company received a claim at the end of 2019 for NOK 150 million from Nordea under the indemnification loan. According to the claim letter, the claim is based on an assumption that Nordea's potential loss will exceed said amount when the estates are concluded. However, the relevant bankruptcy estates have not yet been concluded. Therefore, the amount of loss suffered by Nordea as a result of the bankruptcy cannot be calculated at this time. Accordingly, the Company responded by denying the claim.

The status and timing of the indemnification loan continue to be subject to uncertainty.

GOING CONCERN
The Company's liquidity has been adversely impacted by the deterioration of trade relations between the United States and China, uncertain market conditions, increased competition, and decreased demand for products manufactured by the Company. REC Silicon has been forced to shut-down the FBR facility in Moses Lake, Washington and to reduce manufacturing capacity utilization at the Semiconductor Materials plant in Butte, Montana.

In addition, the COVID-19 pandemic has resulted in substantial disruption of economic activity on a global scale and had an adverse impact on revenues generated by REC Silicon. If demand for the Company's products declines further, the Company will be required to implement contingency plans to reduce spending and activity levels to conserve cash. The impact of COVID-19 is dependent upon the scope and duration of the pandemic. REC Silicon has received loans totaling approximately USD 8.3 million under a stimulus package included in the C.A.R.E.S. Act called the Payroll Protection Program (PPP). The PPP assists qualifying businesses with funds to meet payroll costs and can be used to pay certain other operating expenses. Funds have been provided in the form of loans that may be forgiven when used for payroll, interest on mortgages, rent, and utilities. Forgiveness is based upon maintaining employee headcount and salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. These loans will mitigate the increase in liquidity risk caused by the COVID-19 pandemic in the near term.

The restart of the FBR facility in Moses Lake is dependent on whether access to Chinese markets for polysilicon is restored, the development of a solar supply chain outside China, the commercialization of silicon anode battery technology, and/or other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

The Company's liquidity position is dependent upon the cash flows generated by the Semiconductor Materials segment. In order to conserve cash, the Company plans to implement initiatives to reduce spending to match activity levels and to improve efficiency.

The Group reported a consolidated equity deficit of USD 49.9 million at June 30, 2020. The low equity level reported by the consolidated group is caused by the impairment of the Solar Materials segment (see note 3 fixed assets) and the relatively low carrying value of operating assets in the Semiconductor Materials segment. However, the net equity of REC Silicon ASA, the parent company, is USD 143.5 million at June 30, 2020. The parent company equity consists of share capital of USD 33.9 million and other equity and retained earnings of USD 109.6 million. The Board of Directors considers the equity level of the Company adequate for the Company's current situation. The Board of Directors will monitor equity levels and take appropriate action as necessary.

The Company anticipates that addition capital will be required to meet its financial obligations and continue to support the working capital requirements of ongoing operations for the next 12 months.

The Company plans to sell assets and/or issue equity to obtain the additional capital to continue operations. These plans are subject to substantial uncertainties. Developments in semiconductor polysilicon and silicon gas markets are dependent upon international trade relations, the COVID-19 pandemic, and demand for consumer electronics among other factors which could impact supply chain dynamics. Developments in semiconductor materials markets will impact the Company's liquidity position and could affect the Company's ability to divest the Butte, Montana plant and/or to issue equity. The restart of the FBR facility in Moses Lake will require the Company to raise capital to restart the facility in addition to capital required to maintain current operations. The decision to restart the FBR facility is dependent upon regaining access to solar grade polysilicon markets in China, the development of a solar supply chain outside of China, the commercialization of silicon anode battery technology, and/or other significant positive developments in solar grade polysilicon markets. These events are subject to substantial uncertainties associated with occurrence, magnitude, and timing and are expected to impact the Company's ability to issue equity.

If conditions surrounding the call of the indemnity loan, the outcome of income tax examinations, or the appeal of property tax valuations are negative, the Company will not have sufficient liquidity to meet its financial obligations and to support remaining operations (refer to the sections titled Income Taxes, Property Tax, and Indemnification Loan above). A requirement to meet these obligations would force the Company to accelerate plans to issue equity or sell assets.

Please refer to the Company's annual report for 2019. Specifically, the section contained in the Board of Directors Report titled Risk Factors which discusses the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon. In addition, please refer to note 31 to the consolidated financial statements regarding Chinese tariffs on US polysilicon, property taxes, income taxes, and the indemnification loan.

The conditions described above indicate that material uncertainty exists and cast significant doubt on the Company's ability to continue as a going concern. The Company's plans to sell assets and/or issue equity to acquire additional capital are subject to substantial uncertainties. In addition, the Company's ability to sell assets and/or issue equity is dependent upon events that are largely outside the direct control of the Company. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Nevertheless, after considering the uncertainties described above, the directors believe that the Company has a reasonable expectation of obtaining adequate capital to meet its financial obligations and continue to support remaining operations for the next 12 months. On this basis, the Board of Directors has concluded that the use of the going concern assumption is appropriate in preparing the second quarter and first half year 2020 financial report.

Accordingly, these financial statements have been prepared under the assumption that the Company is a going concern.

12 RECEIVABLES

See notes 12 and 30 to the consolidated financial statements for 2019.

Aging of receivables at March 31, 2020

(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				IMPAIRED
			< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	28.9	13.4	1.0	0.2	0.0	0.0	14.4
Provision for loss on trade recivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.6	1.6	0.0	0.0	0.0	0.0	0.0
Total receivables	16.1	14.9	1.0	0.2	0.0	0.0	0.0
Prepaid Costs	7.8						
Total trade and other receivables	23.9						

There was no bad debt expense recorded for the second quarter of 2020.

13 TRANSACTIONS WITH RELATED PARTIES

See notes 10 and 16 to the consolidated financial statements for 2019.

In the second quarter of 2020, REC Silicon invoiced the Yulin JV USD 0.4 million for engineering and project services (see note 5 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. An EBIT loss of USD 32.1 million has been reported for the second quarter of 2020.

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 2.9 million has been reported for the second quarter of 2020.

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, 2020, the equity ratio is -18.6 percent and is calculated by dividing USD 49.9 million total shareholders' deficit by USD 268.9 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 June 30, 2020, net debt was USD 177.5 million or USD 137.6 million total carrying value of the Company's debt (from note 8) plus USD 71.5 million current and non-current lease liabilities (from the balance sheet) less USD 31.6 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, 2020, nominal net debt was USD 178.7 million or USD 138.8 million contractual repayment values of the Company's debt (from note 8) plus USD 71.5 million current and non-current lease liabilities (from the balance sheet) less USD 31.6 million in cash and cash equivalents.

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FOR MORE 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 Fornebu, Norway and listed on the Oslo stock exchange under the ticker: REC.

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