

RECSiLICON



FIRST QUARTER  
**2020**

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REPORT

## FIRST QUARTER HIGHLIGHTS

(Compared to fourth quarter 2019)

- > Revenues of USD 24.7 million and EBITDA of USD 1.0 million
- > March 31, 2020 cash balance of \$30.2M
  - Cash increase of \$0.8M
  - Cash inflows from operations \$2.2M
- > Silicon gas sales
  - Sales volume of 730MT (vs. guidance of 850MT)
  - Average silane gas prices stable
- > Semiconductor segment polysilicon sales
  - Semiconductor grade polysilicon sales volume of 85MT
  - 14.0% Semiconductor grade polysilicon price increase vs. Q4 '19
- > Decision to restart FBR production facility postponed
  - Market uncertainty caused by COVID-19
  - Uncertainty regarding implementation of Phase I Trade Agreement
- > 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

## FINANCIAL HIGHLIGHTS

### Key Financials - REC Silicon Group

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019	Q4 2019
Revenues	24.7	45.0	160.2	31.8
EBITDA	1.0	-4.7	-12.9	-3.0
EBITDA margin	4.2%	-10.4%	-8.0%	-9.4%
EBIT excluding impairment charges	-10.8	-18.5	-62.2	-14.0
Impairment charges	0.0	0.0	-20.4	-0.2
EBIT	-10.8	-18.5	-82.6	-14.1
EBIT margin	-43.9%	-41.1%	-51.6%	-44.5%
Profit/loss before tax	-10.6	-23.4	-127.0	-45.5
Profit/loss	-10.5	-23.4	-127.0	-45.5
Earnings per share, basic and diluted (USD)	-0.04	-0.09	-0.47	-0.16
Polysilicon production in MT (Siemens and granular)	242	1,508	3,109	281
Polysilicon sales in MT (Siemens and granular)	89	2,004	5,892	643
Silicon gas sales in MT	730	829	3,380	857

## 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 24.7 million for the first quarter of 2020 compared to USD 31.8 million for the fourth quarter of 2019 (a decrease of 22.3 percent). Revenues for the Solar Materials segment was USD 0.2 million and were the result of sales of remaining granular polysilicon inventories. Revenues in the Semiconductor Materials segments declined by 18.5 percent to USD 24.5 million for the first quarter. This decrease was largely a result of lower product sales volumes caused by seasonally lower sales of polysilicon and the impact of uncertainty caused by the effects COVID-19 pandemic on shipments of silicon gases and polysilicon.

Total polysilicon production volume for the first quarter of 2020 was 242MT which was 38MT lower than guidance provided with the Company's fourth quarter 2019 report. Because the FBR facility in Moses Lake, Washington has been shut down, all polysilicon produced was from the Semiconductor Materials facility in Butte, Montana. Polysilicon inventories increased by 151MT during the first quarter.

EBITDA for the first quarter of 2020 was USD 1.0 million compared to an EBITDA loss of USD 3.0 million during the fourth quarter of 2019. The increase in EBITDA can primarily be attributed to lower total fixed cost spending and higher average polysilicon sales prices realized in the Semiconductor Materials segment.

### Summary of third quarter results by segment

(USD IN MILLION)	Q1 2020	
	REVENUES	EBITDA
Semiconductor Materials	24.5	8.0
Solar Materials	0.2	-2.8
Other & Eliminations	0.0	-4.1
Total	24.7	1.0

## MARKET DEVELOPMENT

First quarter shipments of REC Silicon's products were adversely impacted by actions taken by governments to slow the spread of the novel coronavirus (COVID-19). Near the end of the first quarter, REC Silicon's customers delayed shipments in response to uncertain end use demand. 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 first quarter, demand for silicon wafers remained relatively stable despite uncertainty associated with the COVID-19 outbreak. REC Silicon's shipments were seasonally low and in line with expectations. REC Silicon does not expect uncertainty associated with the COVID-19 outbreak to impact shipments until late in the second quarter of 2020.

First quarter demand for silicon gases was adversely impacted by continued low production utilization rates in the flat panel display and PV market segments. In semiconductor applications, demand for silicon gases continues to grow due to improvements in technology. Actions taken to restrict the spread of COVID-19 resulted in lower silicon gas shipments for REC Silicon, especially in China, as production capability was temporarily shuttered and silicon gas users reduced inventory levels.

Global PV installations for the first quarter of 2020 are estimated at 22.5GW compared to previous estimates near 28.5GW. Installations inside China during the first quarter are estimated at approximately 3GW compared to a previous estimate of 7GW. Analysts indicate that Chinese response to the COVID-19 outbreak is the primary explanation for lower demand. Average solar grade prices continued to decline and ended the quarter near USD 7.4/kg. Polysilicon manufacturers saw limited impact due to COVID-19 because of previously planned outages around the lunar new year and to manage excess inventory levels.

## 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 24.5 million during the first quarter of 2020 compared to USD 30.0 million during the fourth quarter of 2019.

Total polysilicon sales volumes for the first quarter were 88MT compared to 303MT during the fourth quarter of 2019 a decrease of 71.1 percent. Semiconductor grade polysilicon sales volumes decreased by 107MT (55.8 percent) to 85MT. Solar grade polysilicon sales volumes were 3MT for the first quarter compared to 112MT for the prior quarter. Average polysilicon prices increased substantially due to high sales volumes of semiconductor grade polysilicon as a percent of total sales. However, the average prices realized for semiconductor grade polysilicon sales increased by 14.0 percent due to increased sales volumes of the highest quality Float Zone grades of polysilicon while the underlying prices remained relatively stable compared to the prior quarter.

Total silicon gas sales volumes were 730MT during the first quarter of 2020 or 120MT below market guidance provided on February 14, 2020. Sales prices realized by REC Silicon for silane gas decreased by 0.7 percent during the first quarter.

### Key Financials - Semiconductor Materials

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019	Q4 2019
Revenues	24.5	32.2	126.7	30.0
EBITDA contribution	8.0	9.2	37.8	5.3
Contribution margin	32.6%	28.5%	29.8%	17.7%
Polysilicon production in MT (Siemens)	242	417	1,339	281
Polysilicon sales in MT (Siemens)	88	262	1,111	303
Silicon gas sales in MT	730	828	3,379	857

### Key Financials - Solar Materials

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019	Q4 2019
Revenues	0.2	12.9	33.4	1.7
EBITDA contribution	-2.8	-7.4	-26.6	-3.8
Contribution margin	-1533.7%	-57.3%	-79.7%	-223.8%
Polysilicon production in MT (Siemens and granular)	0	1,091	1,770	0
Polysilicon sales in MT (Siemens and granular)	1	1,742	4,781	340

### Key Financials - Other and Eliminations

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019	Q4 2019
Revenues	0.0	0.0	0.1	0.0
EBITDA contribution	-4.1	-6.5	-24.1	-4.5
Silicon gas sales in MT	0	1	1	0

Total polysilicon production volume for the first quarter of 2020 was 242MT which was 38MT lower than guidance provided with the Company's fourth quarter 2019 report. Polysilicon inventories increased by 155MT during the first quarter.

The Semiconductor Materials segment contributed USD 8.0 million of income to the Company's EBITDA during the first quarter of 2020. This represents an increase of USD 2.7 million compared to USD 5.3 million contributed during the fourth quarter of 2019. The increase in EBITDA can primarily be attributed to lower fixed manufacturing costs, lower electricity prices (USD 42/MW in the fourth quarter and USD 39/MW in the first quarter), and higher average semiconductor grade polysilicon sales prices realized during the quarter.

### 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 0.2 million during the first quarter of 2020 and represent small sales volumes of remaining granular polysilicon inventories.

The Solar Materials segment contributed a loss of USD 2.8 million to the Company's EBITDA during the first quarter of 2020 compared to a loss of USD 3.8 million during the fourth quarter of 2019. The smaller loss is

a result of declining expenditures resulting from the shutdown of the FBR facility as costs decline to match decreased activity levels to maintain the plant in a non-operating status and the Company's ongoing efforts to decrease spending to maintain liquidity.

#### 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 first quarter of 2020 compared to USD 4.5 million for the fourth quarter of 2019. This decrease can be attributed primarily to the timing of expenditures.

#### INVESTMENTS (YULIN JV)

The Yulin JV produced approximately 1,640MT of total polysilicon during the first quarter of 2020. Total production included 1,618MT of FBR polysilicon. In addition, the Yulin JV loaded 22MT of silane during the first quarter. First quarter production was limited due to insufficient raw materials and effects related to the COVID-19 outbreak.

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 first quarter of 2020, the Company recognized interest of USD 1.5 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 first quarter of 2020 consisted of gains of approximately USD 5.1 million associated with liabilities denominated in NOK due to a stronger USD.

See note 8 for additional information on borrowings.

## INCOME TAX

The loss before tax of USD 10.6 million in the first quarter of 2020 resulted in no effective tax impact since it is offset by changes in the 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. The income tax benefit of USD 0.1 million reported for the first quarter of 2020 is due to the recalculation of taxes paid in the United States during prior periods by Internal Revenue Service and refunded to the Company.

See note 18 to the consolidated financial statements for 2019 for additional information on income taxes.

## CASH FLOW

Net cash inflows from operating activities were USD 2.2 million during the first quarter of 2020. Cash inflows included EBITDA of USD 1.0 million and a decrease in working capital of USD 5.4 million. The decreased investment in working capital was due to customer collections in excess of sales of USD 7.0 million and an increase in accounts payable of USD 3.6 million. These were offset by an increase in inventories of USD 5.2 million. Cash outflows from operating activities included USD 1.5 million in interest on leases and a loss of USD 2.7 million due to the impact of a stronger USD on cash balances denominated in NOK. The remaining USD 0.1 million cash outflow can be attributed to changes in other assets and liabilities.

Cash inflows from investing activities were USD 0.3 million and were a result of capital expenditures of USD 0.3 million offset by a decline in restricted cash balances of USD 0.6 million.

Cash outflows from financing activities were USD 1.6 million and were the result of a USD 1.6 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 0.8 million to USD 30.2 million at March 31, 2020.

### Financial Items - REC Silicon Group

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019	Q4 2019
Financial income	0.1	0.2	0.7	0.1
Interest expenses on borrowings	-3.2	-3.3	-13.0	-3.3
Interest expense on leases	-1.5	-0.7	-5.0	-1.5
Capitalized borrowing cost	0.1	0.0	0.1	0.1
Expensing of up-front fees and costs	-0.1	-0.1	-0.3	-0.1
Other financial expenses	-0.3	-0.4	-1.4	-0.3
Net financial expenses	-5.1	-4.4	-19.6	-5.0
Net currency gains/losses	5.1	-0.6	-1.2	-2.7
Net financial items	0.2	-4.8	-20.2	-7.5

## FINANCIAL POSITION

Shareholders' equity decreased to a deficit of USD 9.7 million (negative 3.5 percent equity ratio) at March 31, 2020, compared to USD 0.8 million (0.3 percent equity ratio) at December 31, 2019. This decrease was a result of a loss from total operations of USD 10.5 million and net currency losses of USD 0.1 million included in other comprehensive income.

Net debt decreased by USD 6.2 million to USD 144.4 million at March 31, 2020 from USD 150.6 million at December 31, 2019. This decrease is a result of an increase in cash of USD 0.8 million and a decrease of USD 1.6 million in lease liabilities. In addition, the value of the NOK denominated indemnification loan decreased by USD 3.7 million due to a stronger USD relative to NOK.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt decreased by USD 6.3 million to USD 145.7 million at March 31, 2020 compared to USD 152.0 million at December 31, 2019.

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 a substantial decline in 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. These mandates have included the shutdown of non-essential businesses and shelter in place orders for non-essential activities. 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 has prioritized the health and safety of its employees in order to maintain its ability to meet product demand, to maintain production capabilities, and to minimize the impact of the pandemic on REC Silicon's operations. On January 30, 2020, the Company recalled all employees on business travel and prohibited all business travel until further notice. On March 2, 2020, the Company 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. On April 10, 2020, this temporary policy was amended to take advantage of employment benefits offered by the US Department of Labor. On March 23, 2020, the Company established work schedules to limit employee's potential exposure to COVID-19 which included requiring employees to work from home when possible. These procedures are in accordance with guidance and mandates issued by governmental authorities and the Department of Labor. In addition, REC Silicon established procedures to maintain social distance, monitor

employee health, and require the use of personal protective equipment in order to reduce potential exposure to the virus. 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.

The Company is evaluating contingency plans to curtail operations and reduce expenditure levels in order to retain liquidity should demand for the Company's products decline substantially. These plans have not been fully implemented. 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 the trade dispute 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. REC Silicon has been advised by US government officials that this agreement will effectively open Chinese markets for solar grade polysilicon to US solar grade polysilicon without tariffs. However, the COVID-19 pandemic has caused delays in the implementation of steps by China to fulfill its purchase commitments. The Company is working with US government officials to ensure that China fulfills its commitment to purchase US made solar grade polysilicon.

The Company will continue to evaluate developments associated with the Phase I trade agreement. However, even 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 appeal for year 2012 is currently before the Washington Court of Appeals with a hearing expected to be scheduled in early July 2020. If the Washington State Court of Appeals rules against REC Silicon's position, REC Silicon may appeal to the Supreme Court of the State of Washington, however, the Court may 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 has responded by denying the claim.

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

## GOING CONCERN

The COVID-19 pandemic has resulted in substantial disruption of economic activity on a global scale and substantially increases the liquidity risk faced by the Company. If demand for the Company's products declines significantly, the Company is prepared to implement contingency plans to reduce spending and activity levels to retain liquidity. The impact of COVID-19 on the Company's ability to continue as a going concern is dependent upon the scope and duration of the pandemic. Due to substantial uncertainty regarding duration of the pandemic and the timing and success in resuming economic activities, the ultimate impact of COVID-19 on the Company's liquidity is not reasonably estimable at this time. Please refer to the sections titled "Impact of COVID-19 Global Pandemic" above and "Market Outlook" below.

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 contribute to the Company's high liquidity risk. These conditions forced REC Silicon to shut down the FBR production facility in Moses Lake, Washington. The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon and other significant positive developments in solar grade polysilicon markets. Additional

impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the overall trade dispute between China and the United States has had an adverse impact on markets served by the Semiconductor Materials segment. In order to conserve cash, the Company has implemented initiatives to reduce spending and activity levels and to improve efficiency. The Company's liquidity position is highly dependent upon the cash flows generated by the Semiconductor Materials segment.

The United States passed legislation to implement a stimulus bill called the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act to mitigate the impact of an economic downturn set in motion by the global COVID-19 pandemic. REC Silicon applied for 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 provides qualifying businesses with funds to pay up to 8 weeks of payroll costs and can be used to pay certain other operating expenses. Funds are provided in the form of loans that may be fully 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. Please refer to note 14 events after the reporting period for additional information on the terms of these loans. These loans will mitigate the increase in liquidity risk caused by the COVID-19 pandemic and will allow the Company to maintain its highly skilled workforce, to meet cash flow requirements to support operations, and to meet its financial obligations for the near future.

The Group reported a consolidated equity deficit of USD 9.7 million at March 31, 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 149.7 million at March 31, 2020. The parent company equity consists of share capital of USD 33.9 million and other equity and retained earnings of USD 115.8 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.

Please refer to the Company's annual report for 2019. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2019), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

The risk factors described above indicate that material uncertainty exists and cast significant doubt on the Company's ability to continue as a going concern. Management and the Board of Directors have identified initiatives to reduce spending and to improve the efficiency of the Company's operations. If necessary, the Company plans to sell assets,

issue debt, and/or issue additional equity to obtain additional capital. The Board of Directors believes that these initiatives and plans are realistic and are sufficient to support the assumption that the Company has the ability to meet its financial obligations and continue to support the working capital requirements of ongoing operations for the next 12 months.

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

## MARKET OUTLOOK

In reaction to the outbreak of the novel coronavirus (COVID-19), governmental authorities have issued mandates which have resulted in an overall decline in economic activity. The ultimate impact of COVID-19 on the markets served by the Company is not reasonably determinable at this time. 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 chains have indicated that demand for semiconductor devices and flat panel displays remained strong during the initial part of 2020. However, they have declined to provide estimates of demand for the second quarter or for the remainder of 2020 due to uncertainties associated with the COVID-19 pandemic. Because of REC Silicon's position near the beginning of the supply chain, any adverse impact to demand for polysilicon and silicon gases is expected to lag relative to end use demand. Accordingly, customer orders for REC Silicon's semiconductor materials products have stabilized during the first part of the second quarter. However, demand for semiconductor grade polysilicon and silicon gases during the remainder of 2020 will 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 has also been adversely impacted by the COVID-19 global pandemic. Industry analysts estimate first quarter 2020 PV demand at approximately 22.5GW compared to previous estimates near 28.5GW. Analysts have adjusted forecasts to reflect further

deterioration in the second quarter. Current estimates forecast end use PV demand in a range from 105GW to 110GW for all of 2020 compared to previous estimates of 132.1GW. However, the extent of adverse impacts on PV demand are dependent upon the scope and duration of the COVID-19 pandemic and the resumption of economic activities. Over the long run, analysts anticipate that PV demand will recovery by 2022 and resume historical patterns of robust growth. 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

In reaction to the outbreak of the novel coronavirus (COVID-19), governmental authorities have issued mandates which have resulted in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Company's operations is not reasonably estimable at this time. Accordingly, the Company is not providing estimates of production volumes or silicon gas sales volumes for the second quarter or the full year 2020 (See Risks and Uncertainties above).

### INVESTMENT AND EXPANSION ACTIVITIES

Capital expenditures were USD 0.3 million for the first 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.





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2020	MAR 31, 2019	DEC 31, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	3	1.1	11.8	1.1
Land and buildings	3	38.4	40.4	39.1
Machinery and production equipment	3	62.8	80.0	73.1
Other tangible assets	3	3.9	4.4	4.2
Assets under construction	3	4.2	9.5	3.9
Property, plant and equipment	3	109.3	134.3	120.2
Right of use assets	4	33.1	28.8	33.8
Investments in associates	5	0.0	35.7	0.0
Other investments	5	18.0	0.0	18.0
Other non-current receivables		4.1	6.4	4.1
Financial assets and prepayments		22.1	42.2	22.1
<b>Total non-current assets</b>		<b>165.6</b>	<b>217.1</b>	<b>177.3</b>
<b>Current assets</b>				
Inventories	7	52.9	79.4	47.7
Trade and other receivables	12	26.7	44.4	30.5
Current tax assets		1.3	2.7	1.3
Restricted bank accounts		3.8	4.4	4.4
Cash and cash equivalents		30.2	25.4	29.4
<b>Total current assets</b>		<b>115.0</b>	<b>156.3</b>	<b>113.4</b>
<b>Total assets</b>		<b>280.6</b>	<b>373.4</b>	<b>290.6</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2020	MAR 31, 2019	DEC 31, 2019
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>	<b>14</b>			
Paid-in capital		2,812.3	3,158.0	2,812.3
Other equity and retained earnings		-2,822.0	-3,073.0	-2,811.4
Total shareholders' equity		-9.7	85.0	0.8
<b>Non-current liabilities</b>				
Retirement benefit obligations		19.3	15.3	19.5
Non-current provision, interest calculation	10	3.4	3.1	3.3
Non-current financial liabilities, interest bearing	8	109.1	108.7	109.0
Non-current lease liabilities	4	40.4	16.2	41.6
Non-current prepayments, interest calculation		0.5	4.4	0.5
Other non-current liabilities, not interest bearing		0.1	0.2	0.1
Total non-current liabilities		172.7	147.8	174.0
<b>Current liabilities</b>				
Trade payables and other liabilities		67.4	77.2	56.6
Current tax liabilities	11	20.3	24.8	24.3
Derivatives	6	1.2	1.5	1.4
Current financial liabilities, interest bearing	8	18.7	22.9	22.4
Current lease liabilities	4	6.5	11.7	7.0
Current prepayments, interest calculation		3.6	2.5	4.1
Total current liabilities		117.7	140.6	115.8
Total liabilities		290.4	288.4	289.8
Total equity and liabilities		280.6	373.4	290.6

# CONSOLIDATED STATEMENT OF INCOME

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2020	Q1 2019	YEAR 2019
Revenues		24.7	45.0	160.2
Cost of materials	7	-4.5	-9.4	-25.6
Changes in inventories	7	5.0	-1.7	-20.7
Employee benefit expenses		-8.8	-12.9	-44.9
Other operating expenses		-15.3	-25.7	-79.9
Other income and expense		-0.1	0.0	-2.0
EBITDA		1.0	-4.7	-12.9
Depreciation	3	-11.3	-10.6	-42.0
Amortization	3	0.0	0.0	-0.3
Depreciation of right of use assets	4	-0.6	-3.2	-7.1
Impairment	3, 4	0.0	0.0	-20.4
Total depreciation, amortization and impairment		-11.9	-13.8	-69.8
EBIT		-10.8	-18.5	-82.6
Profit/loss from investments in associates	5	0.0	-0.1	-24.2
Financial income		0.1	0.2	0.7
Net financial expenses		-5.1	-4.4	-19.6
Net currency gains/losses		5.1	-0.6	-1.2
Net financial items		0.2	-4.8	-20.2
Profit/loss before tax		-10.6	-23.4	-127.0
Income tax expense/benefit		0.1	0.0	0.0
Profit/loss		-10.5	-23.4	-127.0
<b>Attributable to:</b>				
Owners of REC Silicon ASA		-10.5	-23.4	-127.0
<b>Earnings per share (In USD)</b>	<b>14</b>			
-basic		-0.04	-0.09	-0.47
-diluted		-0.04	-0.09	-0.47

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## REC SILICON GROUP

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019
Profit/loss	-10.5	-23.4	-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 <sup>1)</sup>	0.0	0.0	0.0
Remeasurement of defined benefit plans	0.0	0.0	-5.9
Currency translation effects	-0.1	0.0	0.0
Sum items that will not be reclassified to profit or loss	-0.1	0.0	-5.9
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	0.0	1.6	-1.9
- transferred to profit/loss for the period <sup>2)</sup>	0.0	0.0	9.9
Sum items that may be reclassified subsequently to profit or loss	0.0	1.6	8.0
Total other comprehensive income	-0.1	1.7	2.1
Total comprehensive income	-10.6	-21.8	-124.9
<b>Total comprehensive income attributable to:</b>			
Owners of REC Silicon ASA	-10.6	-21.8	-124.9

1) Impact of adopting IFRS 9  
2) See note 5 Investments

# 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
<b>March 31, 2019</b>								
At January 1, 2019		405.3	2,710.9	41.8	3,158.0	174.3	-3,225.6	106.7
Equity share option plan		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	-21.8	-21.8
At March 31, 2019		405.3	2,710.9	41.8	3,158.0	174.3	-3,247.3	85.0
<b>Year 2019</b>								
At January 1, 2019		405.3	2,710.9	41.8	3,158.0	174.3	-3,225.6	106.7
Equity share option plan		0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
<b>March 31, 2020</b>								
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
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-10.6	-10.6
At March 31, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,361.1	-9.8

## This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
<b>March 31, 2019</b>				
Accumulated at January 1, 2019	20.0	20.9	-3,266.4	-3,225.6
Profit/loss	0.0	0.0	-23.4	-23.4
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	0.0
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	1.6	0.0	0.0	1.6
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	1.6	0.0	0.0	1.6
Total other comprehensive income for the period	1.6	0.0	0.0	1.7
Total comprehensive income for the period	1.6	0.0	-23.4	-21.8
Accumulated at March 31, 2019	21.6	20.9	-3,289.8	-3,247.3
<b>Year 2019</b>				
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
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	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
<b>March 31, 2020</b>				
Accumulated at January 1, 2020	27.9	20.9	-3,399.3	-3,350.5
Profit/loss	0.0	0.0	-10.5	-10.5
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Fair value adjustment on own credit risk	0.0	0.0	0.0	0.0
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Currency translation effects	0.0	0.0	-0.1	-0.1
Sum items that will not be reclassified to profit or loss	0.0	0.0	-0.1	-0.1
Items that may be reclassified to profit or loss:				
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	-0.1	-0.1
Total comprehensive income for the period	0.0	0.0	-10.6	-10.6
Accumulated at March 31, 2020	27.9	20.9	-3,409.9	-3,361.1

# CONSOLIDATED STATEMENT OF CASH FLOWS

## TOTAL OPERATIONS

### REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2020	Q1 2019	YEAR 2019
<b>Cash flows from operating activities</b>				
Profit/loss before tax		-10.6	-23.4	-127.0
Income taxes paid/received		0.1	0.0	2.7
Depreciation, amortization and impairment	3, 4	11.9	13.8	69.8
Investment in associates, impairment financial assets, gains/losses on sale	5	0.0	0.0	24.2
Changes in receivables, prepayments from customers etc.	12	7.0	2.2	5.4
Changes in inventories	7	-5.2	-0.3	21.5
Changes in payables, accrued and prepaid expenses		7.7	3.5	-7.8
Changes in provisions	10	0.0	0.0	0.0
Changes in VAT and other public taxes and duties		-0.8	0.0	0.0
Changes in derivatives		0.0	0.0	0.0
Currency effects not cash flow or not related to operating activities		-8.0	0.6	-0.5
Other items		0.0	0.0	-1.4
Net cash flow from operating activities		2.2	-3.5	-13.0
<b>Cash flows from investing activities</b>				
Proceeds/Payments finance receivables and restricted cash		0.6	0.0	0.0
Proceeds from sale of property, plant and equipment and intangible assets		0.0	0.0	1.5
Payments for property, plant and equipment and intangible assets	3	-0.3	-0.1	-2.0
Net cash flow from investing activities		0.3	-0.1	-0.6
<b>Cash flows from financing activities</b>				
Increase in equity	14	0.0	0.0	19.0
Payments of lease liabilities	4	-1.6	-2.8	-7.8
Payments of borrowings and up-front/waiver loan fees <sup>1)</sup>		0.0	0.0	0.0
Proceeds from borrowings		0.0	0.0	0.0
Net cash flow from financing activities		-1.6	-2.8	11.2
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		0.8	-6.4	-2.4
Cash and cash equivalents at the beginning of the period		29.4	31.8	31.8
Cash and cash equivalents at the end of the period		30.3	25.4	29.4

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

# NOTES

## 1 GENERAL

### THE GROUP

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

REC Silicon ASA is headquartered in Fornebu, Norway and operates manufacturing facilities in Moses Lake, Washington and Butte, Montana in the USA. REC Silicon's subsidiaries include: REC Silicon Inc., REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the US. REC Silicon's marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and the United States. The Group's 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 Fornebu, Norway or at [www.recsilicon.com](http://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 Fornebu, Norway. Eliminations include the reversal of the impact of transactions between group members and affiliates. The results of the operating segments plus Other and Eliminations taken together reconcile to total EBITDA for the Group.

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

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



## FOREIGN CURRENCY TRANSLATION

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). REC Silicon AS and REC Solar AS have a functional currency of NOK. The Company and its remaining subsidiaries have a functional currency of USD. The Group's reporting currency is USD. See note 2.4 to the consolidated financial statements for 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)	Q1 2020	Q1 2019	YEAR 2019
<b>REVENUES</b>			
Semiconductor Materials	24.5	32.2	126.7
Solar Materials	0.2	12.9	33.4
Other	0.0	0.0	0.0
Eliminations	0.0	0.0	0.0
<b>Total</b>	<b>24.7</b>	<b>45.0</b>	<b>160.2</b>
<b>EBITDA</b>			
Semiconductor Materials	8.0	9.2	37.8
Solar Materials	-2.8	-7.4	-26.6
Other	-4.1	-6.5	-24.1
Eliminations	0.0	0.0	0.0
<b>Total</b>	<b>1.0</b>	<b>-4.7</b>	<b>-12.9</b>
<b>EBIT</b>			
Semiconductor Materials	0.9	0.9	7.5
Solar Materials	-7.4	-12.7	-65.1
Other	-4.3	-6.7	-25.1
Eliminations	0.0	0.0	0.0
<b>Total</b>	<b>-10.8</b>	<b>-18.5</b>	<b>-82.6</b>

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

### Semiconductor Materials - Segment

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019
Revenues	24.5	32.2	126.7
Cost of materials	-4.5	-4.4	-18.1
Change in inventories	4.6	2.9	2.8
Employee benefit expense	-4.9	-5.3	-21.3
Other operating expenses	-11.7	-16.2	-52.4
Other income and expenses	0.0	0.0	0.0
Total current costs	-16.5	-23.0	-88.9
EBITDA contribution	8.0	9.2	37.8
Depreciation of fixed Assets	-6.5	-6.7	-26.5
Amortization	0.0	0.0	0.0
Depreciation of leased Assets	-0.6	-1.6	-3.6
Impairment	0.0	0.0	-0.1
Total depreciation, amortization, and impairment	-7.1	-8.3	-30.3
EBIT contribution	0.9	0.9	7.5

### Solar Materials - Segment

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019
Revenues	0.2	12.9	33.4
Cost of materials	-0.1	-5.1	-7.5
Change in inventories	0.5	-4.6	-23.5
Employee benefit expense	-1.5	-4.4	-12.5
Other operating expenses	-1.8	-6.1	-16.9
Other income and expenses	-0.1	0.0	0.3
Total current costs	-3.0	-20.2	-60.0
EBITDA contribution	-2.8	-7.4	-26.6
Depreciation of fixed Assets	-4.5	-3.7	-14.6
Amortization	0.0	0.0	-0.3
Depreciation of leased Assets	0.0	-1.6	-3.4
Impairment	0.0	0.0	-20.1
Total depreciation, amortization, and impairment	-4.6	-5.3	-38.5
EBIT contribution	-7.4	-12.7	-65.1

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

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019
Non-Contract Revenue	13.1	30.3	102.8
Structured (Regional/Volume pricing)	10.8	13.2	52.3
Tiered (Volume pricing)	0.8	1.5	5.1
Contract Revenue	11.6	14.7	57.4
Total	24.7	45.0	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 <sup>1)</sup>	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Depreciation and amortization	-0.6	-10.3	-0.3	0.0	-11.3	0.0	-11.3
Carrying value at March 31, 2020	38.4	62.8	3.9	4.2	109.3	1.1	110.4
At March 31, 2020							
Historical cost	140.9	2,141.5	80.5	60.7	2,423.6	68.7	2,492.3
Accumulated depreciation/amortization/impairment	-102.4	-2,078.7	-76.6	-56.6	-2,314.4	-67.6	-2,381.9
Carrying value at March 31, 2020	38.4	62.8	3.9	4.2	109.3	1.1	110.4

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 March 31, 2020. For the Solar CGU, impairment indicators were identified that could give rise to a change in impairment (see note 11 below) and included continued depressed market capitalization and recurring net operating losses.

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 16.1 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. 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.

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

The resulting value in use of the Solar Materials CGU is estimated to approximate the carrying value at March 31, 2020. Therefore, no additional impairment or reversal of impairment has been recognized.

## 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 01, 2020	0.1	33.7	0.0	0.0	33.8
Depreciations	0.0	-0.6	0.0	0.0	-0.6
Additions	0.0	0.0	0.0	0.1	0.1
Adjustments	0.0	-0.2	0.0	0.0	-0.2
Balance at March 31, 2020	0.1	32.9	0.0	0.1	33.1

### Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2020	2021	2022	2023	2024	AFTER 2024
Lease liabilities at March 31, 2020 <sup>1)</sup>	90.2	9.5	8.3	7.8	7.8	5.6	51.1

1) Amounts listed are undiscounted.

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

### Amounts recognised in profit or loss

(USD IN MILLION)	Q1 2020	Q1 2019	YEAR 2019
Interest on lease liabilities	1.5	0.7	5.0
Depreciation of right-of-use assets	0.6	-3.2	-7.1
Gains (-) and losses due to terminations, purchases, impairments, and other changes	0.0	0.0	16.9
Expenses relating to short-term leases	0.1	0.2	1.4
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	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)	Q1 2020	Q1 2019	YEAR 2019
Total cash outflow for leases	3.1	3.4	12.8

## 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 March 31, 2020, the option contract was a liability valued at USD 1.2 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

(USD IN MILLION)	MAR 31, 2020			DEC 31, 2019		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	4.3	0.0	4.3	4.2	0.0	4.2
Spare parts	42.3	-33.0	9.3	42.2	-32.9	9.3
Work in progress	11.0	-1.0	10.0	10.7	-1.1	9.6
Finished goods	51.9	-22.5	29.3	41.6	-17.0	24.6
Total	109.4	-56.6	52.9	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 March 31, 2020 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST	
	CURRENCY	USD	TOTAL	2023
Capitalized Borrowing Cost, non-current (USD) <sup>1)</sup>	-0.9	-0.9		
Capitalized Borrowing Cost, current (USD) <sup>1)</sup>	-0.4	-0.4		
Senior secured bond (USD)	110.0	110.0	110.0	110.0
Indemnification loan (NOK)	200.0	19.0	19.0	
<b>Total</b>		<b>127.7</b>	<b>129.0</b>	<b>110.0</b>

1) Amortized as part of effective interest.

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 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 March 31, 2020, the Company had provided USD 4.2 million in bank guarantees against which the Company has pledged USD 3.2 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 March 31, 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 1.2 million at March 31, 2020 and USD 1.4 million at December 31, 2019.

The fair value of the USD senior secured bond at March 31, 2020 is estimated at 94.0 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)	MAR 31, 2020	DEC 31, 2019
Nominal value	110.0	110.0
Capitalized Borrowing Cost, non-current <sup>1)</sup>	-0.9	-1.0
Net carrying amount, non-current	109.1	109.0
Capitalized Borrowing Cost, current <sup>1)</sup>	-0.4	-0.4
Net carrying amount	108.7	108.6

1) Amortized as part of effective interest.

**9 COMMITMENTS****Contractual purchase obligations and minimum operating lease payments at March 31, 2020**

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2020	2021	2022	2023	2024	2025	AFTER 2025
Purchase of goods and services	8.1	8.0	0.1	0.0	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	8.2	8.1	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
Net periodic asset retirement obligation costs including net interest	0.1
Provision for Restructuring	0.0
Carrying value at March 31	3.4

See note 20 to the consolidated financial statements for 2019.

The asset retirement obligations (AROs) represent the present value of estimated future costs discounted between 8 to 11.5 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 COVID-19 GLOBAL PANDEMIC**

The COVID-19 pandemic has resulted in a substantial decline in 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. These mandates have included the shutdown of non-essential businesses and shelter in place orders for non-essential activities. 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 has prioritized the health and safety of its employees in order to maintain its ability to meet product demand, to maintain production capabilities, and to minimize the impact of the pandemic on REC Silicon's operations. On January 30, 2020, the Company recalled all employees on business travel and prohibited all business travel until further notice. On March 2, 2020, the Company 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. On April 10, 2020, this temporary policy was amended to take advantage of employment benefits offered by the US Department of Labor. On March 23, 2020, the Company established work schedules to limit employee's potential exposure to COVID-19 which included requiring employees to work from home when possible. These procedures are in accordance with guidance and mandates issued by governmental authorities and the Department of Labor. In addition, REC Silicon established procedures to maintain social distance, monitor employee health, and require the use of personal protective equipment in order to reduce potential exposure to the virus. 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.

The Company is evaluating contingency plans to curtail operations and reduce expenditure levels in order to retain liquidity should demand for the Company's products decline substantially. These plans have not been fully implemented. 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 the trade war 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. REC Silicon has been advised by US government officials that this agreement will effectively open Chinese markets for solar grade polysilicon to US solar grade polysilicon without tariffs. However, the COVID-19 pandemic has caused delays in the implementation of steps by China to fulfill its purchase commitments. The Company is working with US government officials to ensure that China fulfills its commitment to purchase US made solar grade polysilicon.

The Company will continue to evaluate developments associated with the Phase I trade agreement. However, even 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 appeal for year 2012 is currently before the Washington Court of Appeals with a hearing expected to be scheduled in early July 2020. If the Washington State Court of Appeals rules against REC Silicon's position, REC Silicon may appeal to the Supreme Court of the State of Washington, however, the Court may 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 has responded by denying the claim.

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

**GOING CONCERN**

The COVID-19 pandemic has resulted in substantial disruption of economic activity on a global scale and substantially increases the liquidity risk faced by the Company. If demand for the Company's products declines significantly, the Company is prepared to implement contingency plans to reduce spending and activity levels to retain liquidity. The impact of COVID-19 on the Company's ability to continue as a going concern is dependent upon the scope and duration of the pandemic. Due to substantial uncertainty regarding duration of the pandemic and the timing and success in resuming economic activities, the ultimate impact of COVID-19 on the Company's liquidity is not reasonably estimable at this time. Please refer to the sections titled "Impact of COVID-19 Global Pandemic" above and "Market Outlook" below.

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 contribute to the Company's high liquidity risk. These conditions forced REC Silicon to shut down the FBR production facility in Moses Lake, Washington. The timing and length of the shutdown are dependent on whether REC Silicon is able to regain access to the Chinese market for polysilicon and other significant positive developments in solar grade polysilicon markets. Additional impairments and provisions would be required if the FBR facility is not restarted.

In addition, general economic conditions and the effects of the overall trade war between China and the United States has had an adverse impact on markets served by the Semiconductor Materials segment. In order to conserve cash, the Company has implemented initiatives to reduce spending and activity levels and to improve efficiency. The Company's liquidity position is highly dependent upon the cash flows generated by the Semiconductor Materials segment.

The United States passed legislation to implement a stimulus bill called the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act to mitigate the impact of an economic downturn set in motion by the global COVID-19 pandemic. REC Silicon applied for 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 provides qualifying businesses with funds to pay up to 8 weeks of payroll costs and can be used to pay certain other operating expenses.

Funds are provided in the form of loans that may be fully 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. Please refer to note 14 events after the reporting period for additional information on the terms of these loans. These loans will mitigate the increase in liquidity risk caused by the COVID-19 pandemic and will allow the Company to maintain its highly skilled workforce, to meet cash flow requirements to support operations, and to meet its financial obligations for the near future.

The Group reported a consolidated equity deficit of USD 9.7 million at March 31, 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 149.7 million at March 31, 2020. The parent company equity consists of share capital of USD 33.9 million and other equity and retained earnings of USD 115.8 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.

Please refer to the Company's annual report for 2019. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon which creates significant uncertainty for the Group, its customers, certain other competitors, and the industry as a whole. In addition, if conditions surrounding the call of the indemnity loan or the outcome of tax examinations are negative (See note 31 to the consolidated financial statements for 2019), the Company plans to issue additional equity, issue debt, and/or sell assets to satisfy financial obligations and to meet operating cash flow requirements.

The risk factors described above indicate that material uncertainty exists and cast significant doubt on the Company's ability to continue as a going concern. Management and the Board of Directors have identified initiatives to reduce spending and to improve the efficiency of the Company's operations. If necessary, the Company plans to sell assets, issue debt, and/or issue additional equity to obtain additional capital. The Board of Directors believes that these initiatives and plans are realistic and are sufficient to support the assumption that the Company has the ability to meet its financial obligations and continue to support the working capital requirements of ongoing operations for the next 12 months.

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

## 12 RECEIVABLES

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

### Aging of receivables at March 31, 2020

(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	30.0	11.8	2.6	0.2	1.0	0.0	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.2	1.2	0.0	0.0	0.0	0.0	0.0
Total receivables	16.9	13.0	2.6	0.2	1.0	0.0	0.0
Prepaid Costs	9.9						
Total trade and other receivables	26.7						

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

## 13 TRANSACTIONS WITH RELATED PARTIES

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

In the first quarter of 2020, REC Silicon invoiced the Yulin JV USD 0.7 million for engineering and project services (see note 5 above).

REC Silicon ASA's office is owned by UMOE AS, an affiliate of the Chairman of the Board of Directors of REC Silicon, and leased by the Company.

## 14 EVENTS AFTER THE REPORTING PERIOD

### **C.A.R.E.S (CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY) ACT**

The United States passed legislation to implement a stimulus bill called the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act to mitigate the impact of an economic downturn set in motion by the global COVID-19 pandemic.

REC Silicon applied for and 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 provides qualifying businesses with funds to pay up to 8 weeks of payroll costs and can be used to pay certain other operating expenses.

These loans will mitigate the increase in liquidity risk caused by the COVID-19 pandemic and will allow the Company to maintain its highly skilled workforce, to meet cash flow requirements to support operations, and to meet its financial obligations for the near future.

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. 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 fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities. Forgiveness is based upon REC Silicon maintaining employee headcount and salary levels during the 8-week period ending June 30. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease within this period.

## 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 10.8 million has been reported for the first 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 1.0 million has been reported for the first 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 March 31, 2020, the equity ratio is -3.5 percent and is calculated by dividing USD 9.7 million total shareholders' deficit by USD 280.6 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 March 31, 2020, net debt was USD 144.4 million or USD 127.7 million total carrying value of the Company's debt (from note 8) plus USD 46.9 million current and non-current lease liabilities (from the balance sheet) less USD 30.2 million in cash and cash equivalents.

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

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

At March 31, 2020, nominal net debt was USD 145.7 million or USD 129.0 million contractual repayment values of the Company's debt (from note 8) plus USD 46.9 million current and non-current lease liabilities (from the balance sheet) less USD 30.2 million in cash and cash equivalents.

**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](http://www.recsilicon.com)