ANNUAL REPORT 2020

CONTENTS

BOARD OF DIRECTORS

KJELL INGE RØKKE

Chairman of the Board of Directors since March 2021, Mr Røkke is the main owner of Aker ASA and has been a driving force in the development of Aker since the 1990s. Mr. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Mr. Røkke is currently chairman of Aker ASA, The Resource Group TRG AS, TRG Holding AS, as well as director of several companies, including Aker BP, Aker Solutions, Ocean Yield, Aker BioMarine, Aker Energy, Aker Horizons, Aker Offshore Wind, Aize Holding, REV Ocean and Mainstream Renewable Power.

ANNETTE MALM JUSTAD

Member of the Board of Directors since May 2020, Ms. Justad is currently a partner at Recore, a Norwegian management consultant company, and her experience includes a substantial number of positions as non-executive director and chair for public and private companies. She has a master's degree in Chemical Engineering from the Norwegian University of Science and Technology (NTNU) and a master's degree in Technology Management from NTNU and MIT Sloan School of Management.

AUDUN STENSVOLD

Member of the Board of Directors since May 2020. Mr. Stensvold is currently CEO of Vinestor AS. Prior to his current position he held various positions within the Aker group from 2006 to 2018, i.a. investment director at Aker ASA and CFO and Investment Director at Converto. Before joining Aker, Mr Stensvold worked as a strategy and finance consultant for Selmer, and as a financial analyst for DnB NOR. He has served on several boards and is currently a board member i.a. of Havfonn AS. Mr Stensvold has a master's degree in Business and Economics from the Norwegian School of Economics (NHH).

LENE LANDØY

Member of the Board of Directors since March 2021. Ms. Landøy joined Aker BP ASA in 2017 and is currently the Senior Vice President of Strategy and Business Development. Before joining Aker BP, Ms. Landøy led Statoil ASA's business development unit on the Norwegian continental shelf. She held various positions in Statoil from 2003 to 2017, in Technology and innovation, Finance, Natural gas and infrastructure and Global business development. Ms. Landøy holds a master's degree in finance from the Norwegian School of Economics (NHH) and the University of California Los Angeles (UCLA). She also holds a master's degree in international finance from the Skema Business School in France.

LETTER FROM THE CEO

In 2020, we were all reminded that many events remain out of our immediate control. REC Silicon has navigated in markets where uncertainty has been the norm for over a decade, as our long-term shareholders will easily recollect. Our lesson for managing such uncertainty is to maintain focus on what we can control. REC Silicon remains the most efficient producer of polysilicon for the photovoltaic industry through our fluidized-bed (FBR) technology, the purity leader in the semiconductor markets, and the leading global supplier of silicon gases. This year has reconfirmed our belief that maintaining world-class operations will allow us to capture the upside in a favorable market, as now witnessed not only by the strong contribution from the semiconductor segment, but also from the very exciting opportunities we are seeing from using silane as feedstock for the next generation of lithium-ion batteries. We remain convinced that silicon is driving the green economy, semiconductor chips, photovoltaics, and the electrification of the economy.

OUR CORE FOCUS IS ON SAFE AND EFFICIENT OPERATIONS

This year has demonstrated the value of maintaining focus on what we can control. Our plant in Butte, Montana is the world's largest supplier of silicon gases for semiconductor, flat panel displays, and solar applications. In addition, high-purity Float Zone (FZ) polysilicon is a key input material for 200mm and 300mm wafers used in logic and memory chips.

I am proud that our team maintained excellent plant loading and continued strong safety records despite the additional complexity brought by the ongoing COVID-19 pandemic. Not only is this high load factor benefitting our shareholders, generating USD 36.3 million in EBITDA contribution from the Semiconductor materials segment for the full year, but it also strengthens our relationships with our customers who are dependent on our silicon gases and polysilicon to deliver chips for the continued strong semiconductor cycle.

The semiconductor market is expected to remain strong into 2021, and new investments in specialty gases will contribute to its growth.

CAPTURING THE RIGHT OPPORTUNITIES

Our Butte plant, with its stable and high margins, serves another very important role for REC Silicon. It gives us the patience needed to maximize the value of our silane and FBR production capacity in Moses Lake, Washington. It is clearer than ever before that silicon will drive the green economy, both through photovoltaics and li-ion battery anodes.

"REC Silicon, as an established player, is positioned to grow in tandem with our very attractive end-markets."

Our end-markets are enormous and fast-growing. Bloomberg New Energy Finance declared that *"PV is now truly ubiquitous and a worldwide phenomenon."* Although the US-China trade dispute is continuing to disrupt our access to the Chinese market, we possess the most energy efficient process for producing polysilicon and will continue our effort to monetize this technology. Despite geopolitical events that are out of our control, we remain firmly focused on widening our operational and technology leadership in the polysilicon market.

We see many interesting pathways for our solar polysilicon segment, involving both a possible trade resolution with China, and the development of a non-Chinese value chain for solar panels. The election of the Biden administration late in 2020 provides an encouraging reversal of the United States' stance on the climate issue. Rising domestic prices for polysilicon in China demonstrate the resource intensity of China's current polysilicon manufacturers. The Yulin JV is proving REC Silicon's technical competence by advancing the next phase of the FBR production process. An increased scrutiny of the CO2 footprint of polysilicon production may yield a competitive advantage for producers outside of China.

We are encouraged by these developments, and we endeavor to capture the right opportunities as they become available for REC Silicon in the solar market.

ACTING QUICKLY WHEN OPPORTUNITY ARRIVES

Keeping all pathways open despite uncertainty may yield a very interesting new market opportunity for our Moses Lake plant.

In 2020, several battery technology companies approached REC Silicon to begin negotiations to secure the supply of silane for use in the next generation of lithium-ion battery anodes. We understand that introducing silicon in the anode may improve the energy storage capability of the battery by as much as 50%, which could result in large increases in silane demand as this next phase of battery chemistry gain access to the already large and fast-growing electric vehicle market.

Due to the high cost of transporting silane, a co-location makes the most economic sense. Therefore, a potential new investment in battery manufacturing will not only create jobs and a revitalization to the Moses Lake facility, but also capture numerous synergies with REC Silicon due to our local knowledge in this community.

We acted quickly to secure these opportunities. In 2020 we announced a partnership with Group14 Technologies, Inc. to develop an on-site pilot plant. We also completed a capital raise to buttress our balance sheet, as our financial strength was brought forth as a limiting factor in some discussions regarding a potential co-location investment. Gaining Aker Horizons AS, a strong industrial investor with a long and successful track record, as our main shareholder is also encouraging and supportive for us capturing this opportunity.

LOOKING AHEAD TO 2021

Although 2020 brought with it its fair share of challenges, we remained focused on the things we can control. We continued our strong safety record and operational excellence at Butte. We advanced our FBR technology at our Moses Lake plant and the Yulin JV. We actively chased opportunities to profitably re-enter the solar polysilicon market. We took strides in developing silicon-anodes at Moses Lake. We remain convinced that REC Silicon, as an established player, is positioned to grow in tandem with our very attractive end-markets.

Tore Torvund
President and CEO

BOARD OF DIRECTORS' REPORT

2020 HIGHLIGHTS (COMPARED TO 2019)

> Revenues of $122.1 million ($160.2M in 2019) and EBITDA of $23.8 million ($12.9M Loss in 2019)
- 2020 EBITDA includes income of $16.0M due to the settlement of the property tax dispute in Grant County Washington

> Cash balance of $134.9 million at December 31, 2020
- Cash increase of $105.5 million in 2020
- Net proceeds from private placement of equity $105.5 million
- Cash outflows from operations of ($2.2) million
  - Working capital decrease of $8.2 million
  - Interest payments of ($19.4) million

> Silicon gas sales volumes of 3,189MT
- Compared to 2019 sales volumes of 3,380MT (5.7% decrease)
- 11.1% Decrease in average silane gas prices

> Total polysilicon sales volumes of 1,212MT vs. 5,892MT in 2019
- Granular polysilicon sales of 63MT compared to 4,781MT in 2019
- Semiconductor grade polysilicon sales of 711MT compared to 713MT in 2019
- Average semiconductor grade polysilicon price increase of 4.7%
- Polysilicon inventory decrease of 310MT

> Private placement of equity successfully completed on October 14, 2020
- Gross proceeds of NOK 1 billion
- 92,592,592 shares at NOK 10.8/share

> Memorandums of understanding executed in October 2020
- Violet Power – efforts to establish a non-Chinese PV value Chain
- Group 14 Technologies – construction of a silicon anode battery pilot plant in Moses Lake

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

> Tax examination by Norwegian Central Tax Office dropped in Q3'20
- Resulted in reversal of $22.5M Tax Liability and $4.7M Accrued Interest Liability
- Increase of $27.3M in Shareholders' Equity

> Settlement of property tax dispute with Grant County, Washington
- Results in the reversal of $17.6M in net liabilities
- Remaining liability of $9.9M imputed from payment schedule ($3M by Dec. 2020 plus 6 annual installments of $1.8M)
- Non-cash contribution to EBITDA of $16M in Q3'20

> Yulin JV
- $18M Write down of investment due to estimates of fair value in Q3'20
- Mono capable FBR production
- Design capacities demonstrated

BUSINESS ACTIVITIES

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

REC Silicon is a global leader in silane-based, high-purity silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries.

REC Silicon 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 United States. REC Silicon's sales and marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and in the United States. The Group's investment in the Yulin JV is held by REC Silicon Pte. Ltd. in Singapore.

STRATEGY AND OBJECTIVES

REC Silicon's strategy is to maintain its position as a technological innovator in the silicon materials industry.

REC Silicon intends to improve its competitive position and:

- Maintain financial flexibility
- Optimize efficiency of utilized assets
- Manage inventories by adjusting production capacity utilization
- Focus on cost control – mitigate the effects of FBR curtailment
- Focus on continued quality improvements
- Optimize semiconductor polysilicon product offerings
- Support Yulin JV

2020 SUMMARY

FINANCIAL HIGHLIGHTS

Key Financials - REC Silicon Group

(USD IN MILLION)	2020	2019
Revenues	**122.1**	160.2
EBITDA	**23.8**	-12.9
EBITDA margin	**19.5%**	-8.0%
EBIT excluding impairment charges	**-15.9**	-62.2
Impairment charges	**-23.0**	-20.4
EBIT	**-38.9**	-82.6
EBIT margin	**-31.9%**	-51.6%
Profit/loss before tax	**-69.3**	-127.0
Profit/loss	**-46.7**	-127.0
Earnings per share, basic and diluted (USD)	**-0.16**	-0.47
Polysilicon production in MT (Siemens and granular)	**906**	3,109
Polysilicon sales in MT (Siemens and granular)	**1,212**	5,892
Silicon gas sales in MT	**3,189**	3,380

Revenues

Total revenues declined by 23.8 percent from USD 160.2 million in 2019 to USD 122.1 million during 2020. This decrease is primarily due to the shutdown of the FBR facility in Moses Lake, Washington. As a result, revenues decreased from USD 33.4 million in 2019 to USD 0.5 million in 2020. Revenues in the Semiconductor Materials segment declined by 4.2 percent from USD 126.7 million in 2019 to USD 121.4 million in 2020 and was the result of lower sales volumes and prices for silicon gases which was partially offset by higher sales prices for semiconductor grade polysilicon.

Operations

Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington on May 15, 2019. After this date, all polysilicon produced by REC Silicon was manufactured in the Semiconductor Materials segment from its plant in Butte, Montana.

Total polysilicon production declined by 2,203MT (70.9 percent) to 910MT in 2020 compared to 3,109MT in 2019. This decrease was largely the result of the shutdown of the FBR facility in Moses Lake which produced 1,770MT in 2019 and was shutdown throughout 2020. Polysilicon production in the semiconductor materials segment declined by 433MT due to sales of existing inventories to mitigate market uncertainty caused by the COVID-19 pandemic.

Total polysilicon inventories declined by 310MT in 2020.

Earnings

Earnings Before Financial Items and Income taxes (EBIT) for 2020 was a loss of USD 38.9 million which included impairment charges of USD 23.0 million (See note 8 to the consolidated financial statements). This represents a decreased loss compared to an EBIT loss of 82.6 million in 2019 which included impairment charges of USD 20.4 million.

EBITDA for 2020 was USD 23.8 million compared to an EBITDA loss of USD 12.9 million in 2019. EBITDA in 2020 included a non-cash adjustment of USD 16.0 million due to the property tax settlement with Grant County, Washington which results in EBITDA of USD 6.9 million excluding items in other income. The increase in EBITDA compared to 2019 can primarily be attributed to the shutdown of the FBR facility in Moses Lake resulting in net expenses to maintain the facility in a non-operating status of USD 9.6 million (excluding other income) compared to an EBITDA loss of USD 26.6 million in 2019. EBITDA contributed by the Semiconductor Materials segment declined by USD 1.5 million to USD 36.3 million in 2020 due primarily to the disruption of markets caused by the COVID-19 pandemic. In Other and Eliminations, net operating costs declined by USD 4.8 million due to cost reduction initiatives and decreases in activity levels as a result of the shutdown of the FBR facility.

Technology, Research, and Development

REC Silicon's long-term competitive position is based on cost efficiency and industry leading product performance. REC Silicon's research and technology development activities are designed to enhance quality, improve efficiency, and reduce production costs of our products to add value to our customers and further enhance our competitive position.

However, research and development efforts have been limited due to the shutdown of the FBR facility in Moses Lake and the Company's liquidity position. During 2020, research and development efforts were focused on maintaining minimum research lab operations to support the silicon gas and semiconductor grade polysilicon businesses.

Cash expenditures for research and development were USD 0.9 million in 2020 compared to USD 1.4 million in 2019.

SEGMENT INFORMATION

SEMICONDUCTOR MATERIALS SEGMENT

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.

Key financials - Semiconductor Materials

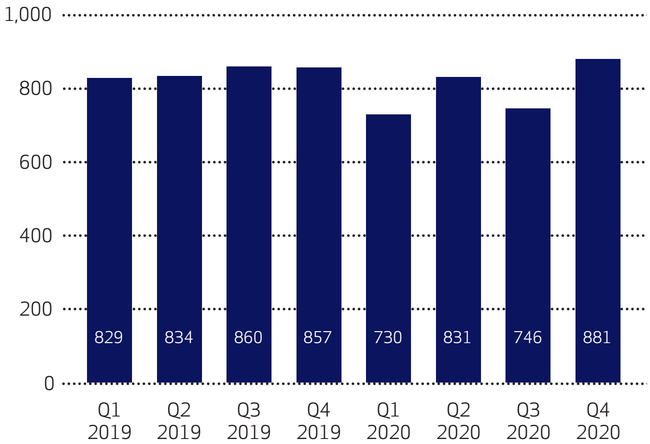
(USD IN MILLION)	2020	2019
Revenues	121.4	126.7
EBITDA contribution	36.3	37.8
Contribution margin	29.9%	29.8%
Polysilicon production in MT (Siemens)	906	1,339
Polysilicon sales in MT (Siemens)	1,149	1,111
Silicon gas sales in MT	3,189	3,379

Markets

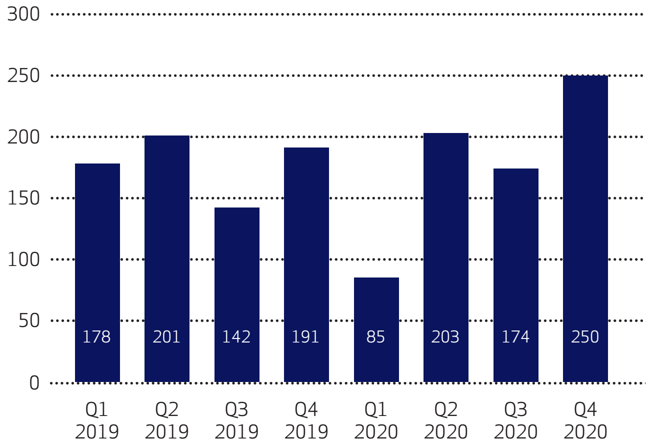
Markets for semiconductor grade polysilicon are dominated by long-term sales contracts. During 2020, uncertainty caused by the COVID-19 pandemic caused lower than anticipated end use demand and resulted in increased polysilicon inventories as supply chain participants honored purchase commitments. At year end, economies began to recover from the impacts of the COVID-19 outbreak and shortages of semiconductor devices were adversely affecting production in certain memory and advanced logic applications. As a result, REC Silicon's shipments of semiconductor grade polysilicon during 2020 were broadly unchanged compared to 2019.

Demand for silicon gases was adversely impacted by the COVID-19 pandemic, however, demand recovered during the latter part of 2020 and shipment rates reached pre-pandemic levels during the fourth quarter of 2020. In addition, REC Silicon's sales volumes of silicon gases decreased due to lower demand for silicon gases in solar PV and older technology flat panel display applications in China as they disengage from supply arrangements with suppliers in the United States where feasible. Prices continued to drift downward as competitors used price incentives to increase production capacity utilization and fight for market share.

Silicon Gas Sales
Sales Volumes (MT)



Semiconductor Polysilicon Sales
Sales Volumes (MT)



Financial Performance
In 2020, revenues for the Semiconductor Materials segment were USD 121.4 million compared to USD 126.7 million in 2019; a decrease of 4.2 percent.

Revenues from polysilicon sales increased by 4.1 percent. Total polysilicon sales volumes increased by 3.4 percent from 1,111MT in 2019 to 1,149MT in 2020. The underlying sales volumes of semiconductor grade polysilicon were 711MT during 2020 compared to 713MT during 2019. Average prices realized for semiconductor grade polysilicon increased by 4.7 percent due to anticipated supply shortages and decreased tariffs imposed by China on polysilicon manufactured in the United States. Prices also increased due to a higher share of total sales volumes for the highest quality float zone (FZ) polysilicon.

Silicon gas sales volumes were 3,189MT, a 5.6 percent decrease compared to 3,379MT in 2019. Average annual prices for silane gas decreased by 11.1 percent.

Total polysilicon production in the Semiconductor Materials segment decreased by 433MT to 906MT in 2020 compared to 1,339MT in 2019. The underlying production volumes of semiconductor grade polysilicon declined by 266MT to 601MT for 2020. Polysilicon production declined in part due to sales of existing inventories while shipments remained broadly unchanged from the prior year. As a result, inventories of polysilicon in the Semiconductor Materials declined by 243MT in 2020.

The Semiconductor Materials segment contributed USD 36.3 million of income to EBITDA during 2020 compared to USD 37.8 million in 2019.

Income contributed by the Semiconductor Materials segment represents revenues less production costs for products sold during the period and excludes depreciation, amortization, impairment, and selling, general, and administrative expenses.

SOLAR MATERIALS SEGMENT

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

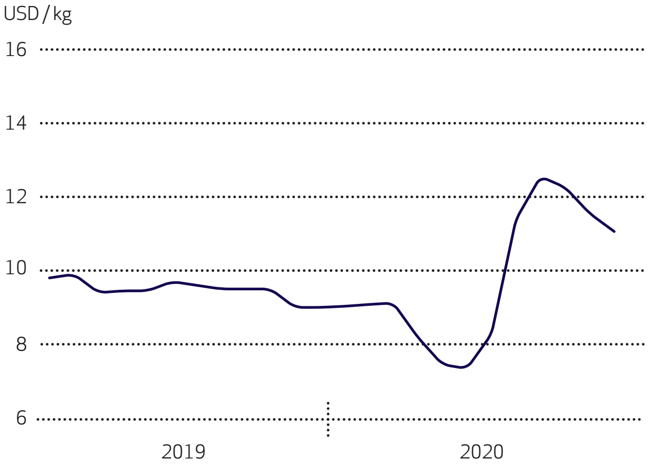
Key financials - Solar Materials

(USD IN MILLION)	**2020**	2019
Revenues	**0.5**	33.4
EBITDA contribution	**6.7**	-26.6
Contribution margin	**NA**	-79.7%
Polysilicon production in MT (Siemens and granular)	**0**	1,770
Polysilicon sales in MT (Siemens and granular)	**63**	4,781

Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the FBR polysilicon plant in Moses Lake, Washington during 2019.

The Company expects to restart the Moses Lake manufacturing facility when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, and/or silicon anode battery technology based on silane gas is commercialized. During the fourth quarter of 2020, the Company entered into memorandums of understanding with Violet Power to develop a non-Chinese solar PV value chain and with Group14 Technologies to develop a full-scale, co-located commercial silicon anode production facility at the Moses Lake plant. The Company expects to make a decision before year end 2021 to

Polysilicon Spot Price Development



* PV Insights – Mono-crystalline polysilicon prices

restart production at the Moses Lake facility which will depend upon progress to develop a non-Chinse Solar PV value chain, the reopening of polysilicon markets in China, and/or the development of a co-located silicon anode battery materials plant (see Risk Factors below).

Markets

End use PV demand for 2020 is estimated at 141GW (Bloomberg BNEF Q1 2021 Global Solar Market Outlook – February 2021). This represents an increase of approximately 16.8 percent from 120.7GW in 2019. Installations during the first half of 2020 was negatively affected by the COVID-19 Pandemic. Installations began to recover rapidly during the second half of 2020. Module prices held relatively firm throughout the year as supply chain expansion continued at a high pace. Solar grade polysilicon prices declined during the first half due to COVID-19 Pandemic as government mandated shutdowns slowed PV installations. Interruptions in the polysilicon supply during the third quarter due to industrial incidents drove spot prices higher as demand for PV installations and supply chain capacity utilization increased. Average polysilicon spot prices increased in the second half of 2020 by 37 percent to approximately USD 11.1/kg compared to USD 8.1/kg at the end of 2019.

Financial Performance

Revenues for the Solar Materials segment were USD 0.5 million during 2020 compared to USD 33.4 million in 2019. Sales during 2020 represented the sales of 63MT of the remaining granular polysilicon inventories.

Due to the shutdown of the FBR facility on May 15, 2019, there was no FBR production in 2020 compared to 1,770MT during 2019. The FBR plant is being maintained in a non-operating status with minimum expenditures to ensure safety and to preserve the ability to restart the plant when market conditions improve.

The Solar Materials segment contributed income of USD 6.7 million to the Company's EBITDA during 2020 which included a non-cash adjustment of USD 16.0 million due to the settlement of the property tax dispute with Grant County, Washington. Excluding items of other income, the Solar Materials segment incurred a net expense of USD 9.6 million during 2020. The Company anticipates that net expenditures will remain near these levels until activities are undertaken to restart the facility.

The loss contributed by the Solar Materials segment represents revenues less production costs for products sold and idle facility costs during the period and excludes depreciation, amortization, impairment, and selling, general, and administrative expenses.

OTHER AND ELIMINATIONS

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, China, and the United States.

Key financials - Other and Eliminations

(USD IN MILLION)	2020	2019
Revenues	**0.1**	0.1
EBITDA contribution	**-19.3**	-24.1
Silicon gas sales in MT	**0**	1

Net operating costs in Other and Eliminations decreased to USD 19.3 million during 2020 compared to USD 24.1 million in 2019. This decrease is a result of continued efforts to reduce the costs and decrease activity levels as a result of the shutdown of the FBR facility in Moses Lake.

Investment (Yulin JV)

During the fourth quarter of 2020, REC Silicon performed an analysis to estimate the fair value of its investment in the Yulin JV using discounted estimated future cashflows.

Due to the impact of continuing losses, continued delays in realizing designed production capacities, and continued deterioration in REC Silicon's ability to influence business decisions, increases in anticipated cashflows have not been realized. In addition, the Yulin JV has accumulated additional long-term debt to fund operating losses, to complete construction, and to maintain operations. As a result, estimated enterprise value less long-term debt results in a deficit equity value. REC Silicon has no obligation to contribute additional equity as a result of these deficits. Accordingly, REC Silicon adjusted the investment in the Yulin JV to a value of zero and recognized a loss of USD 18.0 million to income during the fourth quarter of 2020 (see note 9 Investments).

REC Silicon has not made the final equity settlement payment of USD 4.7 million which was payable during December 2020 due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues.

The Yulin JV continues to increase production, quality performance, and is steadily increasing product sales. Both silane units and the FBR reactors have demonstrated design capacities and utilization rates are increasing. The Yulin JV is increasing production of high purity granular polysilicon using high purity liners as they are delivered.

During 2020, the Yulin JV produced a total of 5,855 MT of FBR granular polysilicon and 74 MT of siemens polysilicon. In addition, the Yulin JV loaded approximately 169MT of silane during 2020.

FINANCIAL ITEMS

Financial items - REC Silicon Group

(USD IN MILLION)	2020	2019
Financial income	**0.3**	0.7
Interest expenses on borrowings	**-13.2**	-13.0
Interest expense on leases	**-7.6**	-5.0
Capitalized borrowing cost	**0.3**	0.1
Net change in fair value of financial equity investment through profit and loss	**-18.0**	0.0
Expensing of up-front fees and costs	**-0.4**	-0.3
Other financial expenses	**3.6**	-1.4
Net financial expenses	**-35.2**	-19.6
Net currency gains/losses	**4.5**	-1.2
Net financial items	**-30.4**	-20.2

Net financial items were an expense of USD 30.4 million in 2020 compared to an expense of USD 20.2 million in 2019.

During the fourth quarter of 2020, the Company recognized an USD 18 million loss due to changes in the fair value of financial equity investment through profit and loss. This loss is associated with the Company's investment in the Yulin JV and has been described under investments (Yulin JV) above and note 9 to the consolidated financial statements.

Net currency gains/losses are primarily related to the impact of exchange rate fluctuations on liabilities and cash deposits denominated in NOK. In addition, net currency gains/losses include fluctuations between transaction currencies and the USD which is the primary currency for the group.

Interest expenses on borrowings were USD 13.2 million in 2020 compared to USD 13.0 million in 2019. Interest expense on borrowings includes interest on the Company's senior secured bonds for both years presented. In addition, it includes interest expense on a note payable associated with the settlement of the property tax dispute with Grant County, Washington and the C.A.R.E.S. Act loan which were entered into during 2020 (See note 17 to the consolidated financial statements).

Interest expense on leases was USD 7.6 million in 2020 compared to 5.0 million in 2019. This increase can be attributed to the extension of the long-term lease associated with a lease process gas facility in Moses Lake, Washington during the second quarter of 2020 (See Note 7 to the consolidated financial statements).

Other financial expenses during 2020 includes the reversal of USD 4.7 million of interest on unpaid taxes reported for prior periods associated with the tax examination by the Norwegian Central Tax Office which was dropped during the third quarter of 2020. The remaining expense can be attributed to interest on prepayments from customers and interest on the pension obligation.

INCOME TAX

The income tax benefit of USD 22.6 million for 2020 was a result of the Norwegian Tax Administration informing REC Silicon that it had dropped its examination regarding deductions taken by REC Silicon during tax years 2009 through 2011. In addition, the Norwegian Tax Administration informed that after a thorough examination, also considering the elapsed time, they did not find a reason to move forward with other issues raised in the draft decision including the classification of capital inflows as equity deposits.

The losses before tax of USD 69.3 million in 2020 and USD 127.0 million in 2019 resulted in no effective tax impact since it is offset by changes in unrecognized deferred tax assets. 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.

PROFIT AND LOSS

The loss from total operations was USD 46.7 million in 2020 compared to USD 127.0 million in 2019.

CASH FLOW

Net cash outflows from operating activities were USD 2.2 million in 2020 compared to USD 13.0 million in 2019. Operating cash flows during 2020 included EBITDA of USD 23.8 million, which included USD 16.0 million representing the non-cash settlement of the property tax dispute with Grant County, Washington discussed above. In addition, cash inflows included a refund on alternative minimum taxes in the United States of USD 2.8 million, net currency gains of USD 3.0 million on cash deposits denominated in NOK, and a decrease in working capital invested of USD 8.2 million. The decrease in working capital consisted of a decrease in inventories of USD 6.4 million and an increase in accounts payable and accruals of USD 3.4 million. These were offset by sales in excess of customer collections of USD 1.7 million. Cash outflows included USD 19.4 million of interest, a USD 2.4 million contribution to the defined benefit pension plan in the United States, payments of USD 0.5 million associated with REC Silicon's commitment to contribute equity to the Yulin JV, and customer rebates of USD 1.9 million. The remaining USD 0.3 million cash inflow can be attributed to changes in other assets and liabilities.

Net cash inflows from investing activities were USD 0.1 million in 2020 compared to cash outflows of USD 0.6 million in 2019. Capital spending continues to include only the capital necessary to maintain safe and reliable operations. All expansion projects have been halted due to market conditions. As a result, capital expenditures were USD 1.3 million in 2020. In addition, cash outflows included an increase in restricted cash balances of USD 0.1 million. These were more than offset by USD 1.3 million due to the maturity of municipal bonds held by the Company and proceeds of USD 0.2 million due to the sale of land adjacent to the Moses Lake plant site.

Cash inflows from financing activities in 2020 were USD 107.5 million and were largely the result of the placement of equity which was settled on November 19, 2020 resulting in net proceeds of USD 105.9 million (See note 15). In addition, the Company received USD 8.3 million in loans under the C.A.R.E.S. (Coronavirus Aid, Relief, and Economic Security) Act. These were offset by payments of USD 2.8 million on the property tax note and USD 3.9 million payments of long-term lease liabilities.

In total, cash balances increased by USD 105.5 million in 2020 to USD 134.9 million at December 31, 2020.

FINANCIAL POSITION

Shareholders' equity increased to USD 59.0 million (17.3 percent equity ratio) at December 31, 2020 compared to USD 0.8 million (0.3 percent equity ratio) at December 31, 2019.

This increase was primarily the result of the private placement of equity completed on October 14, 2020 which resulted in an increase of USD 105.9 million in paid-in capital. This was offset by a loss from operations of USD 46.7 million. In 2020, the loss from operations included impairment charges of USD 23.0 million and a USD 18.0 million loss due to the decrease in fair value of the investment in the Yulin JV offset by USD 16.0 million of other income related to the settlement of the property tax dispute. In addition, other comprehensive income in 2020 was a loss of USD 1.1 million due to the re-measurement of defined benefit pension plans.

Net debt decreased by USD 65.9 million to USD 84.7 million at December 31, 2020 from USD 150.6 million at December 31, 2019. This decrease was primarily the result of the increase in cash balances of USD 105.5 million discussed above. This was offset by increases in debt due to the C.A.R.E.S. Act loan of USD 8.3 million and a note payable of USD 7.2 million associated with the settlement of the property tax dispute with Grant County, Washington. Lease liabilities increased by USD 23.2 million due primarily to the extension of the lease for the plant gas facility in Moses Lake. In addition, the indemnification loan, which is denominated in NOK, increase by USD 0.7 million due to the effects of weaker USD relative to the NOK.

Net debt includes unamortized loan fees. Excluding unamortized capitalized borrowing costs, nominal net debt was USD 85.7 million at December 31, 2020 which represents an decrease of USD 66.2 million from USD 152.0 million at December 31, 2019 (See note 17 to the consolidated financial statements).

GOING CONCERN

During prior periods, the Company's liquidity has been adversely impacted by contingent liabilities, market conditions, and the shut-down the FBR facility in Moses Lake, Washington.

On October 14, 2020, the Company successfully completed a private equity placement to raise approximately NOK 1 billion (See note 15). In addition, contingent liabilities associated with an examination by the Norwegian Tax Administration (see note 18) and a dispute with Grant County, Washington regarding property taxes (see notes 17 and 23) were resolved. As a result, the Company has sufficient liquidity to meet its financial obligations and to support ongoing operations.

Accordingly, the Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Company is a going concern and that this assumption is appropriate at the date of the accounts.

The Board of Directors also refers to the risk factors discussed in this report. Specifically, the sections on the Company's liquidity risk and the impacts of tariffs imposed by China on US polysilicon and the impacts of the COVID-19 pandemic which creates uncertainty for the Group, its customers, certain other competitors, and the industry as a whole.

REC SILICON ASA (NGAAP)

Financial Review

REC Silicon ASA (the Company) prepares its financial statements according to NGAAP. The Company is a holding company with corporate management and financial functions.

In 2020, REC Silicon ASA had a negative EBIT of USD 1.4 million compared to a negative EBIT of USD 1.6 million in 2019. The Company recorded a net loss of USD 53.7 million in 2020. The net loss included net financial expenses of USD 74.8 million which includes impairment of loans to subsidiaries of USD 58.0 million, impairment of shares in REC Silicon AS of USD 12.9 million, and interest expenses of USD 13.2 million. Other major remaining items of net financial items where net currency gains of USD 4.5 and other financial expenses of USD 4.7 million. Interest income from subsidiaries was suspended for 2019 and 2020 due to the financial position and outlook of the borrowing companies. In 2019, the net loss included USD 13.7 million due to the impairment of REC Silicon ASA's loans to its subsidiaries in the United States and USD 57.0 million due to the impairment of REC Silicon Pte. Ltd. (See note 31 to the consolidated financial statements and note M to the financial statements for REC Silicon ASA).

Total equity for the parent Company was USD 200.4 million at December 31, 2020 compared to USD 148.2 million at December 31, 2019. This increase is a result of USD 105.9 million in net proceeds from the private placement of equity partly offset by the net loss of USD 53.7 million discussed above.

Allocation of the Net Loss for the Parent Company

The Board proposes that the net loss for the year of USD 53.7 million be distributed to other equity.

Change of Control

The USD Senior Secured bond agreement and the indemnification loan have change of control provisions. If a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, bondholders acquire a put option entitling them to cancel the commitments and declare all outstanding amounts and accrued unpaid interest due and payable. More detailed information can be obtained from the bond trustee, Nordic Trustee ASA. Under the terms of the indemnification loan, if a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, the indemnified parties may declare the loan due and payable.

RISK FACTORS

The Group's activities expose it to a variety of financial risks, including market risk, operational risk, liquidity risk, credit risk, currency risk, interest-rate risk, refinancing risk, and others (See note 3 to the consolidated financial statements).

REC Silicon's Board of Directors is responsible for determining the acceptable risk profile for the Company. The Board oversees risk management processes and conducts reviews of risks faced by the company and internal control procedures.

REC Silicon's management is responsible for reviewing and operationalizing the defined risk profile by maintaining a system for risk management. Management performs risk assessments and actively monitors the development of material risks and initiates actions accordingly.

Risk assessments are performed periodically. The materiality of each risk factor is determined by assessing the likelihood and consequence of that risk. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritize activities to mitigate those risks that have the greatest potential to impact Company performance.

Market Risk

REC Silicon believes that there are significant uncertainties related to market developments going forward. This uncertainty relates primarily uncertain market conditions and Chinese tariffs on polysilicon produced in the United States. These uncertain market conditions have forced REC Silicon to shut down the FBR plant in Moses Lake, Washington. The Company expects to restart the Moses Lake manufacturing facility when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, silicon anode battery technology based on silane gas is commercialized, and/or other significant positive developments occur in solar grade polysilicon markets. If these events do not materialize, REC Silicon may be unable to restart the FBR facility, which could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations.

The COVID-19 pandemic has resulted in the disruption of economic activity on a global scale. Governmental authorities mandated the curtailment of economic activities to reduce exposure and to limit the spread of the virus. While economies have begun to reopen, 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 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 anticipates that policies, procedures, and activities to mitigate the impact of COVID-19 will be sufficient to maintain current production levels and prevent a substantial adverse impact on operations.

Operational risk

The Group's production processes involve manufacturing, processing, storage, use, handling, distribution and transport of silane gas and other substances of an explosive or hazardous nature. Accidents or mishandlings involving these substances could cause property damage or injury, which could lead to significant liabilities and costs for the Group. The occurrence of a catastrophic event at one of the Group's polysilicon production facilities could adversely impact production capacity at such facility for a significant period of time. In addition, an interruption in the supply of materials and services to one of the Group's manufacturing facilities could disrupt production capacity for a significant period of time. Despite insurance coverage, the Group could incur uninsured losses and liabilities arising from such events, and/or suffer substantial losses in operational capacity, which could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations.

The Group's FBR production facility at Moses Lake has been shut down due to difficult market conditions. The restart of the FBR production facility is critical for the Group's future plans. Should business conditions not develop as anticipated, the restart of the FBR production facility may, however, be delayed or may not take place at all, which in turn could have a material adverse effect on the Group's prospects. Further, if the

	2020	2019	% CHANGE
Energy			
Direct energy consumption (GWh)	**213**	329	-35%
Electricity (GWh)	**498**	683	-27%
Total energy use (GWh)	**711**	1,012	-30%
CO_2 emissions			
Direct emissions (tCO_2-eq)	**49,113**	66,773	-26%
Indirect emissions from electricity (tCO_2-eq)	**137,015**	176,051	-22%
Total CO_2 emissions (tCO_2-eq)	**186,128**	242,824	-23%
Water			
Water consumption (million m^3/yr)	**2.5**	2.6	-3%
Waste water discharge (million m^3/yr)	**1.4**	1.4	0%
Waste			
Recycled waste (MT)	**31**	56	-44%
Non-hazardous waste (MT)	**5,144**	5,454	-6%
Hazardous waste (MT)	**0**	60	-99%
Total waste (MT)	**5,144**	5,515	-7%
Other figures			
Total number of permit breaches	**3**	0	0%

decision to restart operations at the FBR production facility is made, the Group will be required to attract and hire qualified personnel, provide training to certify personnel prior to the restart of operations, and to perform necessary maintenance to place the FBR production facility back in an operating status. Should the Group not be able to successfully conduct these activities, or encounters issues, this could negatively impact the occurrence and timing of the restart of operations at the FBR production facility at Moses Lake, which in turn could have a material adverse effect on the Group's prospects.

Liquidity Risk
There are no maturities of debt in 2021, At December 31, 2020 the Group has sufficient available cash to meet debt service and other anticipated operating cash flow requirements.

Credit Risk
Credit risk is primarily related to trade receivables and guarantees provided for discontinued operations. In trade receivables, sources of credit risk include geographic, industry and customer concentrations; and risks related to the collection. Policies and procedures are in place for managing credit risk, including obtaining securities where possible. Market and customer specific developments affect credit risk.

Currency Risk
The Company's net cash flows from continuing operations are primarily in USD. Debt is denominated in USD and NOK. Accordingly, the Group's currency risk on a consolidated basis relates primarily to the sufficiency of net positive cash flows in USD to meet liabilities in NOK. The Group does not currently hold any hedging instruments to offset the risk of changes in exchange rates between the USD and NOK.

CORPORATE GOVERNANCE
Good corporate governance is essential to ensure that our business is run in a way that protects the long-term interest of all stakeholders. The Board of Directors has approved and implemented corporate governance principles endorsing and complying with the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The Group's compliance with the Code of Practice is described in the report on Corporate Governance for 2020 which is included in this Annual Report.

Social and Environmental Responsibility
Sustainability is at the core of REC Silicon's business model. The Company acknowledges its responsibilities toward the environment, society, and the local communities in which it operates.

It is a Board responsibility to secure acceptable sustainability performance. To ensure compliance with policies, REC Silicon's management monitor performance through specific Key Performance Indicators (KPIs), reports results monthly and quarterly, and executes audits on all levels in the organization.

COVID-19 Response

REC Silicon's management promptly responded to the Coronavirus pandemic. Ahead of state and federal guidelines, REC brought personnel working overseas back to the US and implemented paid administrative leave to encourage employees to stay home if they were ill. Early in 2020, business travel was limited to business critical.

REC Silicon is defined as essential as a chemical manufacturer and was not impacted by business closure orders in either Montana or Washington. Staggered work schedules, isolating workers by shift, and work from home are some of the initiatives implemented by the Company to help reduce the spread of COVID-19 and protect its workforce.

The Company provided a series of communications to employees throughout 2020 to relay important information such as federal, state and local guidelines and recommendations regarding COVID-19 safety protocols, and how to report symptoms or contact with a positive case. In addition, these communications included benefits programs including the Families First Coronavirus Recovery Act (FFCRA), emergency paid sick leave (EPSL), and expanded family and medical leave (EFMLA). REC has provided employees with the necessary personal protective equipment and been diligent in maintaining workplace housekeeping, disinfecting procedures, and safe distancing in the workplace.

Absences due to COVID-19 fluctuated throughout 2020. During times of higher-than-normal absences, workforce coverage was maintained by utilizing overtime. Production rates were successfully maintained, and sales were not negatively impacted by interruptions to REC Silicon's operations by COVID-19. Most importantly, REC's workforce has not experienced any serious health issues related to COVID-19.

The Environment

REC Silicon's environment and climate policy commits the Company to maximize the positive contribution from its products and to minimize negative environmental impacts and reduce its carbon footprint. To achieve these goals, REC Silicon includes environmental considerations in the design, manufacture, and delivery of its products.

The Company sets clear objectives, monitors performance regularly, reports results, and audits to ensure continuous improvement. The Company's Pollution Prevention Plan and Process Safety Management Plan cover environmental risks in its operations and the annual, quarterly, monthly, and weekly reporting includes emissions to air and water, as well as waste management.

The production of silicon materials is energy intensive. In 2020, total energy consumption decreased by 32.5 percent, due to decreased production and changes in the product mix. Greenhouse gas emissions decreased by 23.3 percent.

Waste from the manufacturing processes is sorted and recycled with third-party waste management services. REC Silicon's production and maintenance cycles cause variations in waste generation. In 2020, the Company had a 6.7 percent decrease in total waste generation. This decrease consisted of a reduction in recycled waste of 44.5 percent, a 5.7 percent decrease in non-hazardous waste, and a 99.4 percent decrease in hazardous waste. Water consumption increased by 3 percent compared to 2019 and wastewater discharge decreased by 0.3 percent.

The Company registered three environmental permit breaches in 2020 compared to zero in 2019. The breaches were minor incidents with no serious environmental impacts.

Our Employees

Health and safety have the highest priority, and the Company aims to prevent all work-related accidents, injuries, and occupational illnesses. The target is zero incidents, zero injuries, and no harm to employees, contractors, partners, customers, and communities.

REC Silicon had 281 employees as of December 31, 2020, approximately the same as in 2019.

To achieve a world-class safety culture, REC Silicon's employees take part in the Company's continuous safety-focused improvement efforts daily. This includes assessing all work activities to eliminate inherent risks as well as applying control measures. The Company has an extensive set of HSE procedures, safety departments at each facility, and employee-driven processes that monitor, audit, and further develop safety procedures, practices, and protocols. All employees have the right and the responsibility to stop unsafe activities as needed.

Emphasis is placed on training employees and leadership in the Job Safety Analysis (JSA) method, which is applied to high-risk and nonstandard work activities. In 2020, employees performed 334 Safe Job Analyses and 414 Hazard Recognition Audits. The number of lost time injuries (LTI) increased from to zero injuries in 2019 to two in 2020, and the number of total recordable injuries increased from four in 2019 to six in 2020. There were no serious injuries in 2020.

REC Silicon's compensation policy provides a benefit for paid time off (PTO) for its employees. The policy accounts for different Sick PTO regulations in the States of Washington and Montana. In 2020, 317 hours were designated as Sick PTO in Washington and 1,469 hours were designated as Sick PTO in Montana. Designating PTO as Sick PTO is voluntary rather than required in both States, so average sickness rates have not been calculated. The Company maintains a health and wellness program which facilitates healthy lifestyle choices and activities.

In 2020, the Families First Coronavirus Recovery Act (FFCRA) provided emergency paid sick leave. The subsequent Expanded Family and

Medical Leave Act paid for absences related to an employee's need due to COVID-19 or to care for a dependent due to COVID-19 including caring for a child due to school or day care closure. Prior to the FFCRA and in cases where it did not apply or had been exhausted, REC provided paid administrative leave for absences related to COVID-19. In 2020, 4,166 hours were designated as FFCRA and 2,593 hours were designated as paid administrative leave. The paid leave and costs of health benefits related to these absences were remunerated in full by the US federal government through immediate reduction to payroll taxes – total remuneration was just over USD 0.2 million. Additionally, when possible and practicable, employees could work from home through COVID-19 related absences.

REC Silicon is committed to provide equal opportunities for all employees in an inclusive work culture. All employees and applicants are treated without regard to age, gender, sexual orientation, nationality, race, religion, disability, marital situation, or any other protected status.

REC Silicon does not accept any form of harassment or discrimination. The company has well-established policies and practices to ensure that there is no discrimination. Policies and established practices include code of conduct, Human Rights policy, recruitment, compensation and benefits, possibilities for promotion, development, and protection against harassment. Also, in the United States, REC Silicon's employment policies and practices are in compliance with Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000) as amended.

Of the employees, 17 percent are women. In the management group, 25 percent are women, and 50 percent of the Board members are women.

Human Rights

REC Silicon's Code of Conduct states that the Company supports fundamental human rights and will abstain from participating in any business activities that may compromise human rights, including child labor and forced labor. The main risk of human rights violations is in the Company's overseas and extended supply chain. REC Silicon's major purchases are electricity (produced regionally), industrial gases (produced at adjacent sites), and Metallurgical Grade Silicon (purchased from domestic and international sources).

Ethics and sustainability are part of REC Silicon's supply chain management process. The Company seeks to contract services, purchase materials, hire, and lease equipment in a manner that ensures that REC Silicon's own sustainability policies are met. The Company's standard terms and conditions require adherence to standards on human rights, freedom of association, child and forced labor, corruption, and occupational health and safety.

All strategic suppliers had contractual clauses or are subject to regulations regarding respect for human rights. There were no human right violations reported in 2020.

Anti-Corruption

REC Silicon sets high standards of integrity and believes that a sound business must be based on value-based management and clear guidelines on ethics and sustainability. The Code of Conduct, the Anti-Corruption Policy, and related procedures describe the behavior expected of our employees.

REC Silicon operates in a challenging business environment. The Code of Conduct and the Anti-Corruption Policy are backed by procedures that give practical guidance to help employees in their day-to-day work. Every employee is required to sign the Code of Conduct to acknowledge their commitment to adherence. New employees receive training on the Code of Conduct, including information about REC Silicon's Anti-Corruption policy and procedures.

REC Silicon investigates all potential integrity concerns and cooperates fully with the authorities. The Company takes every accusation of corruption seriously, performs thorough investigations, reports to the Board of Directors, and takes necessary action. No adverse action will be taken against an employee due to complaints submitted in good faith. Complaints can be made anonymously.

No incidents of corruption were reported in 2020.

Local Communities

In 2020, REC Silicon and its employees together donated approximately USD 23 thousand to local communities, compared to USD 50 thousand in the previous year. REC Silicon's employees contributed 33 percent of the total by donating USD 7.5 thousand in payroll deductions to United Way.

Employees also provided approximately 900 volunteer hours to programs and charitable organizations in 2020 compared to 1,200 hours in 2019. Because of COVID-19 restrictions, the number of volunteer hours contributed declined in 2020. However, REC and its employees remain committed to and are an integral component of local communities.

During 2020, contributions were primarily made to community assistance projects, youth programs, and education. Due to COVID-19 restrictions, REC Silicon sponsored activities were cancelled which include Solar Races and Energy Science Days, a program that engages 1,400 students and dozens of REC Silicon employees annually. REC Silicon and its employees are looking forward to increased 2021 activities once pandemic restrictions are lifted, and it is safe to participate directly with local programs helping to close the need gaps across our communities.

MARKET OUTLOOK

The COVID-19 pandemic has disrupted economic activity on a global scale. Governmental authorities have taken measures to limit the spread of COVID-19 which have resulted in a substantial interruption of economic activities. Economic activities are beginning to recover as governments ease pandemic related mandates. However, increases in infection rates may adversely impact economic activities in 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 and assumes that 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 strengthen during 2021. Because of REC Silicon's position near the beginning of the supply chain, positive impacts on demand for polysilicon and silicon gases is expected to lag relative to end use demand. Accordingly, customer orders for REC Silicon's semiconductor grade polysilicon and silicon gases have remained stable during the beginning of the first quarter and are expected to continue strengthening over subsequent quarters. However, seasonal fluctuations particularly for semiconductor polysilicon during the first quarter are expected to adversely impact REC Silicon's sales volumes. Over the long run, macro demand factors associated with data transmission and storage, mobility, and increasing silicon content in automobiles and other consumer goods are expected to result in demand growth. In addition, the adoption of new process technology is expected to increase demand for REC Silicon's advanced silicon gas products.

End use PV demand for 2021 is expected to grow by approximately 13 percent to 160GW compared to 141GW in 2020 (Bloomberg BNEF Q1 2021 Global Solar Market Outlook – February 2021). Demand growth in 2021 is expected to be driven by increased PV demand in China due their carbon neutral pledge announced in 2020. The United States is expected to have continued strong PV installation demand due to the extension of the Investment Tax Credit. Europe and the rest of the world are expected to increase installations in 2021 due to the push for carbon reduction along with economic support packages from COVID-19 pandemic relief legislation. Polysilicon supply in 2021 is expected to be tight as expansion in wafers, cells, and modules outpace polysilicon production capacity. Polysilicon capacity should increase over the next 3 years as polysilicon producers expand to meet anticipated demand. Polysilicon capacity will continue to consolidate as low-cost producers expand and higher cost producers are marginalized. Polysilicon prices should strengthen and then stabilize around investment economics.

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 "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 REC Silicon's activities described in section "Risk Factors" above.

Lysaker, March 25, 2021
Board of Directors

Kjell Inge Røkke
Chairman of the Board

Annette Malm Justad
Member of the Board

Audun Stensvold
Member of the Board

Lene Landøy
Member of the Board

Tore Torvund
President and CEO

STATEMENT OF COMPLIANCE

The Board of Directors and the Chief Executive Officer (CEO) have today considered and approved the report from the Board of Directors and CEO, the financial statements for the Group and for the parent company REC Silicon ASA (the Company) for the year ending December 31, 2020.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements as stated in the Norwegian Accounting Act that are applicable at December 31, 2020. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway that are applicable at December 31, 2020. The report from the Board of Directors and CEO, including the report on corporate governance, for the Group and the Company has been prepared in accordance with the Norwegian Accounting Act and the Norwegian Accounting Standard no. 16 applicable at December 31, 2020.

We confirm that, to the best of our knowledge:

- The financial statements for the Group and the Company for the year ending December 31, 2020 have been prepared in accordance with applicable accounting standards, and
- The information in the financial statements gives a true and fair view of the Group's and the Company's assets, liabilities, financial position, and results of operations for the year ending December 31, 2020, and
- The report from the Board of Directors for the year ending December 31, 2020 includes a fair review of:
  - The development, results of operations and position for the Group and the Company, and
  - The principal risks and uncertainties for the Group and the Company.

Lysaker, March 25, 2021
Board of Directors

Kjell Inge Røkke
Chairman of the Board

Annette Malm Justad
Member of the Board

Audun Stensvold
Member of the Board

Lene Landøy
Member of the Board

Tore Torvund
President and CEO

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

REC Silicon ASA (the "Company") and its subsidiaries (together REC Silicon Group/the Group), endorses the Norwegian Code of Practice for Corporate Governance (Code of Practice) issued by the Norwegian Corporate Governance Board, most recently revised on October 17, 2018.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors of REC Silicon ("Board") has prepared the following report that explains the Group's corporate governance practices and how it has complied with the Code of Practice in the preceding year. The application of the Code of Practice is based on the "comply or explain" principle and deviations from the code, if any, is explained under the relevant item. The Group's corporate governance practices are subject to annual reviews and discussions by the Board.

REC Silicon Group deviated from the recommendations in the Code of Practice on two sections at year-end 2020. These deviations pertained to separate proxy voting for candidates to the Board (Section 6) and separate regulations for takeover bids (Section 14).

2. BUSINESS

REC Silicon believes the solar industry plays a key role as a long-term supplier of sustainable energy and its business is focused on the production of polysilicon and silicon gases for the solar and electronics industries. To make solar electricity competitive with traditional energy sources, the Group focuses on cost reduction and improvements to products. This should be achieved through the introduction of new process and product technologies as well as continuous productivity improvement and technology development.

The Group's business corresponds with the purpose of the Company which is described in its Articles of Association § 3: "The Company's purpose is development and sale of products and services related to renewable energy sources, and to perform other financial operations related to such. The Company may, through subscription of shares or in any other ways, including granting of loans, acquire interests in other companies with identical or similar purposes".

The Board of Directors has defined clear strategies, business goals and risk profile for the Group's business activities, to create value for its shareholders and ensure that its resources are utilized in an efficient and responsible manner to the benefit of all its stakeholders. Sustainability is at the core of REC Silicon's business model and the Company acknowledges its responsibilities toward the environment, society and the local communities in which it operates. The Board carries the responsibility to secure acceptable sustainability performance and has implemented various policies providing business practice guidance and reporting procedures to ensure continuous improvement. An account of the company's sustainability performance is included in the Board of Directors' report in the annual report.

The Group's strategies, business goals and risk profile are reviewed on an annual basis and presented in the annual report, quarterly reports, and at various investor meetings.

3. EQUITY AND DIVIDENDS

The Group's consolidated equity was USD 59.0 million on December 31, 2020, which represented 17.3 percent of total assets. The debt-to-equity ratio was 4.8. The Board monitors the Group's capital structure and takes actions necessary to ensure that it is appropriate for the current objectives, strategy, and risk profile. Reference is also made to the consolidated financial statements note 3.3 regarding capital structure and financing and note 3.1 regarding financial risk and to the report of the Board of Directors.

The Group's ambition is to give its shareholders a high and stable return on their investment and to be competitive compared with alternative investment opportunities with comparable risk.

To support committed investments and productivity improvements, the Board's view so far has been that retained earnings should be used within the Company. Accordingly, there has been no distribution of dividends to the shareholders since the Company was publicly listed in 2006, and no proposed dividend payments for the financial year 2020.

The Board will continue to assess the capital structure based on the goals, strategies, risk profile, and the financial situation of the Company.

At the Annual General Meeting (AGM) on May 12, 2020, the Board was granted the following authorities:

- Authority to increase the share capital with up to NOK 27,982,000, which equals approximately ten percent of the existing share capital. The authorization covers both cash and non-cash considerations, including mergers. The authorization was used in connection with the private placement to fund expansion investments and activities, as well as general corporate purposes, which was completed October 14, 2020.
- Authority to acquire treasury shares in the Company (up to a maximum of ten percent of the face value of the share capital) to increase return on investment for the Company's shareholders. As of December 31, 2020, the authorization has not been used.

These authorities were restricted for defined purposes and each mandate was considered separately. They are valid until the AGM in 2021 or no later than 15 months from the date of the 2020 AGM.

On November 9, 2020, an Extraordinary General Meeting (EGM) was held in connection with the private placement, and the Board was granted two additional authorizations:

- Authority to increase the share capital with up to NOK 64,610,592 shares for tranche II of the private placement
- Authority to increase the share capital with up to NOK 18,518,518 in a subsequent offering of new shares, directed towards those of the Company's shareholders not allocated shares in the private placement

For further information about the mandates given to the Board, reference is made to the minutes from REC Silicon's 2020 AGM and EGM, which are available on the Company's website (www.recsilicon.com).

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company seeks to conform to the principles for equal treatment of shareholders and is generally cautious in transactions with shareholders, members of the Board of Directors, Group Management, or other related parties.

In the event of a share capital increase based on authorization from the general meeting, where the pre-emptive rights of shareholders are set aside, grounds will be provided in the stock exchange notice in which the share capital increase is announced.

In 2020, REC Silicon completed a private placement to strengthen the Company's fund expansion investments and activities, where the pre-emptive rights of the shareholders were set aside. The waiver of the preferential rights was considered necessary in the interest of time and successful completion. A contemplated subsequent offering directed towards all shareholders of the Company was considered, but not executed as the shares traded on the Oslo Stock Exchange, with sufficient trading volume, at prices below subscription price of the intended subsequent offering.

For significant transactions with closely related parties, the Company uses valuations and statements from independent third parties if the transaction is not to be considered by the General Meeting. There were no agreements in 2020 between the Group and its shareholders, directors, Group Management or other related parties that could be described as a material transaction.

5. FREELY NEGOTIABLE SHARES

REC Silicon ASA has one class of shares and each share confers one voting right at the General Meetings. The Company's shares are listed on the Oslo Stock Exchange, where they are freely transferable. There are no restrictions on owning, trading or voting for shares in the articles of association.

6. GENERAL MEETINGS

The General Meeting is the Company's highest authority, and open to all shareholders. The Company encourages shareholders to participate and exercise their rights. To attend and vote at the General Meeting, shares must be registered in the Central Securities Depository (VPS) by the fifth business day prior to the General Meeting.

The AGM is held by the end of June every year in the municipality where the Company has its registered business address or in Oslo. The 2020 Annual General Meeting was held on May 12, 2020 in Oslo, with 35.92 percent of the Company's shares represented. The Board, auditor, or shareholders representing at least 5 percent of the shares can call for Extraordinary General Meetings when deemed necessary. In 2020, the Board called for an EGM on November 9 in connection with the private placement, with 35.22 percent of the shares represented.

The notice of the General Meeting and supporting documents are made available on the Company's website no later than 3 weeks prior to the date of the meeting. Shareholders may however request the documents by mail. Efforts are made to ensure that proposed resolutions and supporting information are sufficiently detailed and comprehensive to allow the shareholders to form a view on all matters to be considered at the meeting. The notice includes information about shareholders' rights. The notice period, right to attend and agenda proposals are regulated in the Articles of Association.

Shareholders are entitled to request that specific matters be placed on the agenda of a general meeting by giving written notice to the Board within 7 days prior to the time limit for notice of the General Meeting together with a proposal for resolution and reasons why the matter is proposed for consideration. If the notice has already been distributed, a new notice shall be distributed if the time limit for notice to the General Meeting has not expired.

Shareholders wishing to participate at the General Meeting shall notify the Company within a specific time limit, and a minimum 5 days prior to the General Meeting. Shareholders who have not given notice within the time limit may be denied participation at the meeting.

Shareholders who cannot attend the General Meeting may vote by proxy. They may elect a proxy of their choice, and the Company also nominates a person that shareholders may elect as a proxy. Information about the procedure shareholders must observe to participate and vote is given together with the notice of the meeting. A proxy form is prepared in a way that allows separate voting instructions to be given for each matter considered. The Articles of Association allow the Board to accept written advance votes subject to the existence of a satisfactory method for verifying the identity of the shareholder.

The Articles of Association also allow the Board to accept votes cast through electronic communication.

The Chairman of the Board, the Board members, the auditor, and the members of the Nomination Committee are normally present at the General Meeting. All Board members are encouraged to participate at the meeting.

The General Meeting is opened by the Chairman of the Board who nominates an independent chair for election to lead the meeting.

Deviation from the Code of Practice:
The Code recommends separate voting for candidates to the Board. However, it is not possible to vote separately on each candidate nominated to the Board because the composition of the Board must be in accordance with applicable legislation regarding gender representation and qualifications for committee assignments. The nomination committee's proposal is given with respect to such legislation. Should a situation arise where the composition of the Board might conflict with applicable legislation, the situation and consequences of electing a board contrary to legislation should be discussed at the General Meeting and shareholders should base their votes on the views discussed.

7. NOMINATION COMMITTEE

The Articles of Association provide for a Nomination Committee consisting of 3 members. The members are elected by the General Meeting for a term of 2 years and the general assembly appoints the chair of the Committee. The remuneration of the Nomination Committee is decided by the General Meeting. The Nomination Committee makes proposals to the General Meeting for members to be elected to the Nomination Committee.

The Nomination Committee presents recommendations to the General Meeting regarding election of shareholder-elected members to the Board and the remuneration for members of the Board. The Committee's recommendations provide relevant information on the candidates and are based on consultations with the largest shareholder groups of the Company.

The Nomination Committee examines the annual report by the Board of Directors on the evaluation of its own work and takes its contents into consideration when making its recommendations on board composition. The Committee also consults with the CEO, the Chairman of the Board, the shareholder-elected Board members and the largest shareholders of the Company before submitting its proposals.

The Nomination Committee presents and provides the basis for the proposals by the Committee at the General Meeting and also reports on how its work has been carried out during the past year. The rules of procedure do not establish rules for rotation of the members of the Nomination Committee.

The current members of the Nomination Committee are Mr. Rune Selmar (chair) (re-elected in 2020), Ms. Live Haukvik Aker (re-elected in 2019), and Mr. Kjetil Kristiansen (elected in 2020). Mr. Kjetil Kristiansen currently holds the positions as head of HR at Aker BP ASA, a subsidiary of Aker ASA and sister company of Aker Horizons AS, the latter is the main shareholder of REC Silicon. The remaining members of the Nomination Committee are independent of the Board of Directors and Group Management.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Board consists of four directors, of which two are women. The directors are elected by the general meeting for terms of one year. The directors are presented in the Annual Report and on the Company's website with information about education and experience.

At the AGM on May 12, 2020, two new directors were elected to the Board: Anette Malm Justad (Chair) and Audun Stensvold, reflecting the change in shareholder structure at the end of 2019. On March 4, 2021, an Extraordinary General Meeting was held to elect two new board members: Kjell Inge Røkke and Lene Landøy, replacing board members Inger Berg Ørstavik and Espen Klitzing. Kjell Inge Røkke is the principal owner of Aker ASA, the parent company of REC Silicon's main

NAME	ROLE	CONSIDERED INDEPENDENT OF MAIN SHAREHOLDERS	INDEPENDENT OF GROUP MANAGEMENT AND MATERIAL BUSINESS CONTACTS	SERVED SINCE	TERM EXPIRES	PARTICIPATION BOARD MEETINGS 2020
Kjell Inge Røkke	Chair (from 4 March 2021)	No	Yes	March 4, 2021	AGM 2022	NA
Anette Malm Justad	Board Member (Chair until March 4, 2021)	Yes	Yes	May 12, 2020	AGM 2021	13 of 17
Audun Stensvold	Board member	Yes	Yes	May 12, 2020	AGM 2021	13 of 17
Lene Landøy	Board member	No	Yes	March 4, 2021	AGM 2022	NA
Inger Berg Ørstavik	Board member	Yes	Yes	November 29, 2013	March 4, 2021	16 of 17
Espen Klitzing	Board member	Yes	Yes	November 29, 2013	March 4, 2021	17 of 17
Jens Ulltveit-Moe	Chair (until May 12, 2020)	No	Yes	November 29, 2013	May 12, 2020	4 of 17
Raghnhild Wiborg	Board Member	Yes	Yes	November 29, 2013	May 12, 2020	4 of 17

shareholder Aker Horizons AS. Lene Landøy is employed by Aker BP, another company within the Aker group.

Board members are encouraged to acquire shares with due consideration to the requirements of the Securities Trading Act and Company procedure for primary insiders. The Company assists Board members' compliance with mandatory disclosure obligations. Primary insiders should abstain from short-term transactions in financial instruments and apply due care and diligence with regard to ownership periods. An overview of board members' share ownership in the Company is available in note 16 to the consolidated financial statements.

9. WORK OF THE BOARD OF DIRECTORS

The Board has the ultimate responsibility for the management of the Company and the Group and for supervising management.

The Board has adopted "Rules of procedures for the Board of Directors". The rules describe Board responsibilities, duties and administrative procedures as well as the tasks and duties of the Chief Executive Officer. The Board has also adopted a Chart of Authority regulating matters that are to be decided by the Board and matters that may be decided by Group Management. The Chart of Authority distinguishes between investment decisions, customer contracts, procurement contracts, compensation, and finance and is reviewed on an annual basis. The Board holds at least one meeting per year with the auditor and without any members of Group Management or administration present.

The Board has adopted guidelines to ensure that they will be informed of possible interests of Board members or members of Group Management or close associates in any transaction or matter dealt with by the Board, as well as guidelines for handling of such situations. The Board must review and approve all transactions between the Group and Group Management or the Board of Directors. There were no such situations in 2020.

The Board engages a third-party consultant to evaluate the performance of the Board of Directors. This evaluation is based upon interviews with members of the Board and members of management interacting with the Board. The evaluation is designed to measure Board performance in its entirety and be reflective of best practices in governance. The results of this evaluation are provided to the Chairman of the Board of Directors and incorporated in the work of the Board of Directors as appropriate. The evaluation is normally conducted every second year, depending on changes in the composition of the Board. The Board did not consider it necessary to conduct a new evaluation in 2020.

The Board has established two committees: an Audit Committee and a Compensation Committee.

Audit Committee

The Audit Committee consists of two Board members, both independent of Group Management. The Committee collectively has the competence required in the Public Limited Liability Companies Act § 6-42. Both members are independent according to § 6-42 Public Limited Liability Companies Act, and both members have the required qualifications within accounting and auditing. At December 31, 2020, the audit committee members were Mr. Espen Klitzing (chair) and Mr Audun Stensvold.

The Committee supports the Board with respect to the assessment and control of financial risk, financial reporting, auditing, control, and prepares discussions and resolutions for Board meetings. It has no decision-making authority. In addition, under the whistle-blower procedure, complaints from employees and other concerned parties are received and followed up by the Committee. The Chief Financial Officer participates in the meetings of the Audit Committee. The Committee holds at least one meeting per year with the auditor and without the Chief Financial Officer or any other members of the Group Management and administration present.

The Audit Committee held 7 meetings in 2020 and was in regular contact with the Company's auditor regarding audits of the statutory accounts. The Committee also assesses and monitors the auditor's independence, including non-audit services provided by the auditor.

The Committee makes recommendations to the Board with respect to appointment, retention and termination of the Group's auditor as well as the auditor's fees. The Committee reviews complaints regarding accounting, internal controls, and auditing matters.

The tasks and rules of procedure of the Audit Committee are further regulated in the Audit Committee Charter.

Compensation Committee

The Compensation Committee consists of two members of the Board, which are independent of the group management. The Committee supports the Board by preparing resolutions on the terms and conditions of employment for the Chief Executive Officer and the general principles and strategies for compensation of Group Management including bonus and share based compensation as well as other personnel matters. The remuneration committee's activities are in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act.

The tasks and procedures of the Compensations Committee are further regulated in the Compensation Committee Charter. At December 31, 2020, the Compensation Committee members were Annette Malm Justad and Ms. Inger Ørstavik.

During 2020, the Compensation Committee met 2 times.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management system shall ensure that the Group has a systematic and uniform approach to risk management. The system defines roles, responsibilities, processes and procedures, standards, tools and documentation, including considerations related to integrating stakeholders in relation to the Company's value creation.

Group Management sets the context in which risks are managed and supervises the risk management process. Group Management performs separate risk evaluations based on a top-down approach. Risk assessments are presented to the Audit Committee and the Board of Directors. The Board performs a review of risks in connection with the approval of the annual budget.

Group Management regularly updates the Board of Directors including operational reviews, HSE (Health, Safety and Environment) measures, financial highlights and key performance indicators. Prior to each Board meeting, the CEO prepares a report to the Board of Directors, which includes this information in addition to any items requested by Board members and items requiring action by the Board of Directors.

Because the Group operates internationally, it is required to comply with numerous national and international laws and regulations. All business activities and processes must be conducted in accordance with laws, and regulations.

To strengthen internal control, the Group has established an Anticorruption Policy and procedures, provided training to employees and managers, and performed a fraud risk assessment. Whistleblower complaints and other internal control activities are presented to the Audit Committee according to the Audit committee charter.

To ensure consistent financial reporting throughout the Group, financial information is reported through a computerized financial reporting system utilizing a common chart of accounts and procedures designed to ensure the consistency of information reported. Subsidiaries accumulate transactional information, period end balances, and performance statistics through ERP systems designed to meet the business requirements of each operation. Quarterly and year-end reporting processes are expanded to meet various supplementary requirements.

The quarterly and yearly reporting process and significant accounting and reporting issues are discussed with the Audit Committee in the presence of the external auditor.

The Group's financial risk management is described in the consolidated financial statements (note 3). Reference is also made to the Board of Directors' report that includes an analysis of the financial statements and the risk factors.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board receive remuneration in accordance with their individual roles. Prior to May 12, 2020, Board members who participate in the Audit Committee or the Compensation Committee receive additional compensation.

Board remuneration is not linked to Company performance and members are not granted share options.

Details on the remuneration of the Board of Directors are disclosed in the consolidated financial statements (note 16).

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board of Directors, but if they do, this shall be disclosed to the full Board. The remuneration for such additional duties will be approved by the Board of Directors. There were no such assignments in 2020.

12. REMUNERATION OF THE GROUP MANAGEMENT

The Board determines remuneration of the Chief Executive Officer.

Group Management remuneration has been established according to guidelines from the Board. The Board presented its policy on the remuneration of Management at the General Meeting in May 2020. The policy remained unchanged from 2019 and was approved by the general meeting. The Board of Directors' statement regarding compensation of leading employees has been included in note 16 to these consolidated financial statements.

The remuneration of the Group Management consists of a basic salary, relevant fringe benefits and membership in the Company's pension and insurance schemes. The remuneration also includes performance bonuses for selected individuals based on an annual performance-related compensation system. In addition, the Board has adopted an incentive program for retaining key personnel. The performance bonuses are linked to the Group's financial performance and defined KPI's over time and includes incentives related to performance employees can influence. There are absolute limits for the performance-related remuneration, where maximum performance bonus pay-out for the management varies between 33-100 percent of the yearly fixed base salary.

The Board extends long-term incentive programs for keeping key personnel, whereby employees' entitlements are linked to the share price development of the Company's shares. The program, which is a 6-year program started in 2014, includes a lock-up period of the shares and absolute limit for the maximum gain in each calendar year. Details on the features and awards made under this plan are disclosed in the consolidated financial statements (note 32).

At the General Meeting in 2020, the general assembly voted separately on the compensation to leading employees and the statement regarding long-term incentive plans.

Details on the remuneration of the Chief Executive Officer and other members of Group Management are disclosed in the consolidated financial statements (note 16).

13. INFORMATION AND COMMUNICATION

The Company treats its investors equally. Timely information is published simultaneously to all investors in accordance with applicable legislation and regulation in order to provide the best possible basis for evaluation of Company performance. All information is provided in English.

The Board has adopted an Investor Relations (IR) policy specifying, among other things, who is entitled to speak on behalf of the Company on various subjects and with guidelines for the Company's contact with shareholders other than through General Meetings.

Interim reports are published on a quarterly basis, in line with Oslo Stock Exchange's recommendations. Interim reports include presentations to provide an overview of operational and financial developments, market outlook, and the Company's prospects. The presentations are open to the public and made available through a webcast. The Chief Executive Officer, the Chief Financial Officer and the IR Officer are normally present at the quarterly presentations. Furthermore, the Company keeps an ongoing dialogue with its investors and makes presentations to analysts and investors through various conferences and events.

The Company observes a "Silent Period" extending from the last day of the quarter until operating results are released publicly. During this period, Group Management is not available for discussions with investors or analysts. The IR Officer is available on a limited basis to provide material previously released and to facilitate the collection and distribution of consensus forecasts. The Investor Relations function is in charge of coordinating the Company's communications to the market and to existing and potential investors of the Company. The Investor Relations Officer is an independent contractor that reports to the Chief Financial Officer.

14. TAKE-OVERS

The Company has no defence mechanism to prevent take-over bids. The Board is open to initiatives that are commercially and financially attractive for the shareholders. The Board will assess potential offers in accordance with applicable legislation and Code of Practice requirements in due course.

Any transaction that effectively constitutes a disposal of a majority of the Company's activities will be decided by the General Meeting.

Deviation from the Code of Practice:

The Board has not established separate guidelines in the event of a take-over bid as recommended by the Code of Practice. Take-over bids are usually specific, one-off, events which makes preparation of guidelines challenging. In the event of a take-over process, the Board will ensure that the Company's shareholders are treated equally, and that the Company's activities are not unnecessarily interrupted. The Board will further seek to comply with the relevant recommendations from the Code of Practice.

15. AUDITOR

The Company's external auditor, KPMG, is elected by the General Meeting and is regarded as independent from the Company.

The Board of Directors requires the auditor to participate at Board meetings with respect to the Annual Financial Statements and provide comments related to the accounting principles and the Financial Statements. The auditor comments on any material changes in the Company's accounting principles, material estimates used to calculate accounting figures, and reports disagreements between the auditor and Group Management.

The auditor presents significant identified weaknesses and proposals for improvements of the internal control procedures annually to the Board with an annual confirmation that the auditor has satisfied the requirements for independence together with a summary of all services provided to the Group. The auditor meets with the Audit Committee and the Board once a year without the Chief Executive Officer or any other member of the Group Management present.

The auditor is also required to participate in meetings of the Audit Committee and present the main features of the audit plan to the Committee.

Remuneration of the auditor is approved by the General Meeting. The auditor provides a break-down between audit and non-audit services, and information is provided to the General Meeting about non-audit services provided by the auditor. The Board has issued guidelines regarding Group Management's use of the auditor for services other than audit. These guidelines include a list of services that are preapproved for fees up to NOK 500,000 and requires audit committee approval for all other non-audit services or if fees are more than NOK 500,000.

The auditor participates at the AGM and presents the independent auditor's report.

FINANCIAL STATEMENTS

REC SILICON GROUP & REC SILICON ASA

REC SILICON GROUP

REC SILICON ASA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	2020	2019
ASSETS			
Non-current assets			
Intangible assets	6	**1.0**	1.1
Land and buildings	6	**35.6**	39.1
Machinery and production equipment	6	**50.5**	73.1
Other tangible assets	6	**3.1**	4.2
Assets under construction	6	**6.1**	3.9
Property, plant and equipment	6	**95.4**	120.2
Right of use assets	7	**35.7**	33.8
Other investments	9	**0.0**	18.0
Other non-current receivables	12	**1.1**	4.1
Financial assets and prepayments		**1.1**	22.1
Total non-current assets		**133.3**	177.3
Current assets			
Inventories	13	**41.3**	47.7
Trade and other receivables	12	**27.5**	30.5
Current tax assets	18	**0.0**	1.3
Restricted bank accounts	14	**4.5**	4.4
Cash and cash equivalents	14	**134.9**	29.4
Total current assets		**208.2**	113.4
Total assets		**341.4**	290.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	2020	2019
EQUITY AND LIABILITIES			
Shareholders' equity	15		
Paid-in capital		**2,918.2**	2,812.3
Other equity and retained earnings		**-2,859.2**	-2,811.4
Total shareholders' equity		**59.0**	0.8
Non-current liabilities			
Retirement benefit obligations	19	**18.9**	19.5
Non-current provision, interest calculation	6, 20	**14.7**	3.3
Non-current financial liabilities, interest bearing	17	**118.0**	109.0
Non-current lease liabilities	7	**69.7**	41.6
Non-current prepayments, interest calculation	20	**0.0**	0.5
Other non-current liabilities, not interest bearing	32	**1.6**	0.1
Total non-current liabilities		**222.9**	174.0
Current liabilities			
Trade payables and other liabilities	20	**26.1**	56.6
Current tax liabilities	18	**0.0**	24.3
Derivatives	11	**1.5**	1.4
Current financial liabilities, interest bearing	17	**29.8**	22.4
Current lease liabilities	7	**2.1**	7.0
Current prepayments, interest calculation	20	**0.0**	4.1
Total current liabilities		**59.6**	115.8
Total liabilities		**282.5**	289.8
Total equity and liabilities		**341.4**	290.6

Lysaker, March 25, 2021
Board of Directors

Kjell Inge Røkke
Chairman of the Board

Annette Malm Justad
Member of the Board

Audun Stensvold
Member of the Board

Lene Landøy
Member of the Board

Tore Torvund
President and CEO

CONSOLIDATED STATEMENT OF INCOME REC SILICON GROUP

(USD IN MILLION)	NOTES	2020	2019
Revenues	5	**122.1**	160.2
Cost of materials		**-16.0**	-25.6
Changes in inventories		**-4.7**	-20.7
Employee benefit expenses	16, 19, 24, 32	**-39.4**	-44.9
Other operating expenses	22	**-55.1**	-79.9
Other income and expenses	23	**16.9**	-2.0
EBITDA [1]		**23.8**	-12.9
Depreciation	6	**-36.7**	-42.0
Amortization	6	**-0.1**	-0.3
Depreciation of right of use assets	7	**-2.9**	-7.1
Impairment	6, 7, 8	**-23.0**	-20.4
Total depreciation, amortization and impairment		**-62.7**	-69.8
EBIT [2]		**-38.9**	-82.6
Profit/loss of investments in associates	9	**0.0**	-24.2
Financial income	25	**0.3**	0.7
Net financial expenses	9, 25	**-35.2**	-19.6
Net currency gains/losses	25	**4.5**	-1.2
Net financial items		**-30.4**	-20.2
Profit/loss before tax		**-69.3**	-127.0
Income tax expense/benefit	18	**22.6**	0.0
Profit/loss		**-46.7**	-127.0
Attributable to:			
Owners of REC Silicon ASA		**-46.7**	-127.0
Earnings per share (In USD)			
-basic	26	**-0.16**	-0.47
-diluted		**-0.16**	-0.47

[1] EBITDA - EBIT excluding depreciation, amortization and impairment.
[2] EBIT - Profit/loss excluding income tax expense/benefit, net financial items, and profit/loss from investments in associates.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	2020	2019
Profit/loss	**-46.7**	-127.0
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	**-1.1**	-5.9
Currency translation effects	**0.0**	0.0
Sum items that will not be reclassified to profit or loss	**-1.1**	-5.9
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences		
- taken to equity	**0.0**	-1.9
- transferred to profit/loss for the period	**0.0**	9.9
Sum items that may be reclassified subsequently to profit or loss	**0.0**	8.0
Total other comprehensive income	**-1.1**	2.1
Total comprehensive income	**-47.7**	-124.9
Total comprehensive income attributable to:		
Owners of REC Silicon ASA	**-47.7**	-124.9

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**
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	15	2.9	16.1	0.0	**19.0**	0.0	0.0	**19.0**
Share capital reduction	15	-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**
YEAR 2020								
At January 1, 2020		43.4	2,727.0	41.8	**2,812.3**	539.0	-3,350.5	**0.8**
Share issue	15	10.2	95.7	0.0	**105.9**	0.0	0.0	**105.9**
Total comprehensive income		0.0	0.0	0.0	**0.0**	0.0	-47.7	**-47.7**
At December 31, 2020		53.6	2,822.7	41.8	**2,918.2**	539.0	-3,398.2	**59.0**

This table presents details of comprehensive income

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

CONSOLIDATED STATEMENT OF CASH FLOWS REC SILICON GROUP

(USD IN MILLION)	NOTES	2020	2019
Cash flows from operating activities			
Profit/loss before tax[1]		**-69.3**	-127.0
Income taxes paid/received	18	**2.8**	2.7
Depreciation, amortization and impairment	6, 7, 8	**62.7**	69.8
Equity accounted investments, impairment financial assets, gains/losses on sale	9	**18.0**	24.2
Changes in receivables, prepayments from customers etc.	12	**-1.7**	5.4
Changes in inventories	13	**6.4**	21.5
Changes in payables, accrued and prepaid expenses	20	**-3.2**	-7.8
Changes in VAT and other public taxes and duties	20	**-16.6**	0.0
Currency effects not cash flow or not related to operating activities	25	**-1.1**	-0.5
Other items[2]		**-0.3**	-1.4
Net cash flow from operating activities		**-2.2**	-13.0
Cash flows from investing activities			
Proceeds/Payments finance receivables and restricted cash	14	**1.1**	0.0
Proceeds from sale of property, plant and equipment and intangible assets	6	**0.2**	1.5
Payments for property, plant and equipment and intangible assets	6	**-1.3**	-2.0
Net cash flow from investing activities		**0.1**	-0.6
Cash flows from financing activities			
Increase in equity	15	**105.9**	19.0
Payments of lease liabilities	7	**-3.9**	-7.8
Payments of borrowings and up-front/waiver loan fees[3]	17	**-2.8**	0.0
Proceeds from borrowings	17	**8.3**	0.0
Net cash flow from financing activities		**107.5**	11.2
Effect on cash and cash equivalents of changes in foreign exchange rates	25	**0.0**	0.0
Net increase/decrease in cash and cash equivalents		**105.5**	-2.4
Cash and cash equivalents at the beginning of the period		**29.4**	31.8
Cash and cash equivalents at the end of the period		**134.9**	29.4

[1] PROFIT/LOSS BEFORE TAX FROM OPERATIONS INCLUDES		
Interest Paid	**-20.5**	-17.6
Interest Received	**0.3**	0.7

[2] In 2019, Other items includes an adjustment of penion liabilities, upfront loan fees and capitalized borrowing cost amortization of interest related to REC03 and premiums paid for bond buybacks.

[3] Payment of borrowings include fees and costs for issue and repurchase of interest bearing debt.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REC SILICON GROUP

1 GENERAL INFORMATION

REC Silicon ASA was established in Norway on December 3, 1996. The Company is headquartered in Lysaker, Norway.

Company and its subsidiaries (together, "REC Silicon Group" or "Group") have a presence in the international solar energy industry. Group operations are focused on the production of polysilicon and silicon gases for the solar and electronics industries.

The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Lysaker Torg 5, 3. etg, Lysaker, Norway.

These consolidated financial statements have been approved for issue by the Board of Directors on March 25, 2021 and are subject to approval by the Annual General Meeting scheduled for May 11, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), relevant interpretations, and the Norwegian Accounting Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the impairment of certain assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Actual outcomes may differ substantially. It also requires management to exercise judgment in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas where assumptions and estimates have a significant impact are disclosed in note 4.

2.2 CONSOLIDATION

(A) Subsidiaries

Subsidiaries are entities controlled by the Group. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date control is obtained until the date that control ceases.

All subsidiaries are owned 100 percent and there are no non-controlling interests.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

(B) Joint ventures

A joint venture is an arrangement where two or more parties have joint control. Joint control exists only when decisions require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by the equity method of accounting.

(C) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for by the equity method of accounting.

2.3 SEGMENT REPORTING

REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also produces polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. The Company's organization structure, management team, operating strategy, and performance measurement reporting support the determination that these businesses represent separate distinguishable operating segments. Accordingly, there are two operating segments: Solar Materials (Moses Lake, Washington) and Semiconductor Materials (Butte, Montana). 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.

2.4 FOREIGN CURRENCY TRANSLATION

(A) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's reporting currency continues to be USD. Accordingly, these consolidated financial statements are presented in USD.

(B) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates on the reporting date. Foreign exchange gains and losses resulting from the settlement or the translation of monetary assets and liabilities are recognized in the statement of income, except when deferred in equity as qualifying hedges or as a part of a net investment.

(C) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate;

(ii) Income and expenses for each statement of income are translated at average exchange rates for the reporting period (based on monthly average rates); and

(iii) All resulting exchange differences from translation are recognized as a separate component of other comprehensive income (OCI).

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries, including monetary items that are regarded as a part of the net investment, are included in OCI. When a subsidiary is disposed of, exchange differences are recognized in the statement of income as part of the gain or loss on sale. At December 31, 2020 and 2019, an intercompany loan to REC Silicon, Inc. of USD 132 million was regarded as a part of the net investment in REC Silicon Inc.

2.5 CURRENT/NON-CURRENT

Assets and liabilities are classified as current when they are expected to be realized or settled within 12 months after the reporting date.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and un-reversed impairment losses. Cost includes expenditures that are directly attributable to the acquisition, construction or installation of the item. Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Costs are included in an asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and costs can be measured reliably.

Depreciation is calculated using the straight-line method based on the costs of the assets less any residual value over their estimated useful lives.

2.7 INTANGIBLE ASSETS

(A) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets. Goodwill is carried at cost less accumulated impairment losses. Goodwill related to equity accounted investments is included in the carrying value of investments. At December 31, 2020 and 2019 the Group had no goodwill.

(B) Other intangible assets

Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and un-reversed impairment. Amortization is calculated using the straight-line method on the costs of assets over their estimated useful lives from the date they are available for use. The Group has no intangible assets with indefinite useful lives.

(C) Research and development

Research expenditures are recognized in expense as incurred. Development expenditures (relating to the design, construction and testing of a chosen alternative for new or improved materials, devices, products, processes or systems) are capitalized when it is probable that the project will be successful considering its commercial and technological feasibility. Costs expensed in prior reporting periods are not later capitalized. Other development expenditures are recognized in expense as incurred.

2.8 IMPAIRMENT OF ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized in the statement of income for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash inflows that are largely independent from the cash inflows associated with other assets can be identified (cash-generating units). Generally, any impairment is allocated to goodwill first, then proportionately to other non-current assets within a cash-generating unit. Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment includes losses associated with assets determined to have no future economic benefits and assets that are replaced prior to the end of their useful lives.

2.9 FINANCIAL ASSETS

Financial assets are classified and subsequently measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income based on both the use of the assets within the entity's business model and the nature of the cash flows. A financial asset is derecognized when expired or when the entity no longer has control of the cash flows related to the assets. Any rights or obligations retained in any transfer of assets are booked separately as assets or liabilities. Financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities (including derivatives) which are classified at fair value.

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes default or delinquency by a debtor; indications that a debtor or issuer will enter bankruptcy; and adverse changes in the payment status of borrowers or issuers.

The Group considers evidence of impairment for financial assets measured at amortized cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

2.10 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently measured for changes in fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative unless the Group has the intention and ability to settle the contracts net. The method of recognizing resulting gains or losses depends on whether the derivative is designated and qualifies as a hedging instrument and the nature of the item being hedged. Derivatives are categorized as held for trading unless they are designated and qualify as hedging instruments. The Group has an option contract as part of the indemnification agreements in connection with the REC Wafer Norway AS bankruptcy (note 11).

2.11 TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less impairment. A provision for the impairment of trade receivables is recognized based upon lifetime expected credit losses (ECLs). The Group calculates ECLs based upon the Group's historic credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. In addition, provisions are recorded for accounts which are greater than 60 days past due unless there is a clear indication that payment will be received. Balances are written off when collection efforts have been exhausted and the probability of recovery is unlikely.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits at banks, and money market funds with terms less than three months.

2.13 PAID-IN EQUITY CAPITAL

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of any income tax, from the proceeds.

2.14 BORROWINGS

Borrowings are recognized initially at fair value. Borrowings that are not maintained at fair value through profit or loss are recognized net of transaction costs and subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period the borrowings are outstanding using the effective interest method. Commitment fees for bank credit facilities are recognized as part of interest expenses as incurred.

A financial liability is removed from the statement of financial position when the obligation is discharged, cancelled, or expires. Substantial modifications to the terms of existing financial liabilities or an exchange of debt instruments with an existing lender at substantially different terms are treated as extinguishments of the original liability. The difference between the carrying amount of a financial liability and the consideration paid to extinguish the liability is recognized in profit or loss.

2.15 INVENTORIES

Inventories are stated at the lower of cost or net realizable value (NRV).

Purchased inventories are stated at average cost less estimated obsolescence. Reserves for obsolescence include the write down of items no longer required (held for disposal) and the estimated decline in NRV caused by slow moving items.

The cost of finished goods and work in progress inventories are determined on a first in, first out basis and consists of raw materials, direct labor, other direct costs, and related indirect overheads. Costs associated with abnormal waste or unused normal operating capacity are not included in inventories. NRV is the estimated sales price less incremental costs to complete and sell the item. Net adjustments to reduce inventory to the lower of cost or NRV are recognized in inventory changes in the statement of income.

2.16 INCOME TAX
Income tax expense (benefit) includes current and deferred tax. Income tax expense (benefit) is recognized in profit or loss except to the extent it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the estimated tax payable or receivable on the taxable income or loss for the year, and any adjustments to tax payable for previous years. Deferred tax includes the effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also includes the carry forward of unused net operating losses and credits.

Current and deferred tax amounts are determined using rates and laws that have been enacted or substantially enacted at the reporting date or are expected to apply when temporary differences reverse. Net deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deferred amounts can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Utilization of net operating losses and tax credit carry forwards are subject to certain limitations under Section 382 and 383 of the Internal Revenue Code of the United States in the event of a change in the Company's ownership.

2.17 PROVISIONS
Provisions for product warranties, onerous contracts, asset retirement obligations, restructuring costs, termination benefits, loss on financial guarantees, environmental restoration, and legal claims are recognized when: The Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted only when the effect is material and the distribution in time can be reliably estimated.

2.18 SHARE-BASED COMPENSATION
The Group grants synthetic share options to certain employees. The cost of these share-based options (settled in cash) is determined by the fair value of the option at the date when the grant is made using the Black Scholes option pricing model (see note 32).

2.19 PENSION/POST RETIREMENT OBLIGATIONS
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity via other comprehensive income in the period in which they arise.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Obligations for contributions to defined contribution pension plans are recognized as an expense during the period incurred.

2.20 REVENUE RECOGNITION
REC Silicon's primary performance obligation is related to sale of goods in which the performance obligations are the delivery of an agreed volume of products within an agreed specification. REC Silicon has both short term and long-term contracts. Spot market sales, normally one month, cover delivery of an agreed volume at market price at the date the order is placed. The short-term contracts cover a period of a few months and up to one year, where the prices normally are fixed within a volume range. REC Silicon also has some long-term contracts that cover a period longer than one year. In these contracts the prices are normally negotiated on an annual basis.

Revenue is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which REC Silicon expects to be entitled in exchange for those goods or services. Control is transferred to the buyer, according to the agreed delivery term for each sale. Delivery terms are based on Incoterms specified within sales contracts. Generally, the main terms are "ex works" terms where the buyer arranges and pays for the main carriage and the risk is transferred to buyer when the goods are handed to the carrier engaged by the buyer.

The Group recognizes a provision for discounts and expected returns when a discount provisions or a right of return is specified in purchase contracts. The Group recognizes revenue from the sale of goods measured at the fair value of consideration received or receivable, which includes a provision of allowances for discounts and expected returns.

Goods are normally sold with standard warranties that the goods comply with the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, Contingent Liabilities and Contingent Assets. REC Silicon does not have any other significant obligations for returns or refunds.

2.21 LEASES
At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which

comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, right-of-use assets are periodically adjusted for impairment losses, if any, and for certain remeasurements of the associated lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments are amortized to interest expense and to reduce the associated lease liability based upon the present value calculation used at inception to determine the lease liability.

Leases of 'low-value' assets and short-term leases (lease terms of 12 months or less) are recognized as expense in profit or loss when incurred.

2.22 GOVERNMENT GRANTS

Government grants are recognized at their fair values when there is reasonable assurance that the grants will be received and that the Group will comply with attached conditions. Government grants related to assets are presented in the statement of financial position as a reduction to the carrying amount of the assets and reduce depreciation in the statement of income. Government grants relating to income are deducted from related expenses.

Government grant assets are recognized for the unsettled portions of grants and are discounted if the effect of discounting is significant. Significant changes to estimates of timing of utilization or discount rates are recognized as a change in the grant asset and offset to production assets or expenses based on the classification at the inception of the grant.

2.23 STATEMENT OF CASH FLOWS

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid are reported as a part of operating activities, except borrowing costs capitalized as part of the construction of a non-current asset that are included in investing activities, and payment of up-front and loan fees that are reported as part of financing activities.

Operating activities include all cash flow effects from derivatives. Currency gains and losses are recognized in the statement of income. Amounts related to borrowing (financing activities), non-current financial assets and investments (investing activities) and unrealized gains or losses on cash and cash equivalents held at the end of the periods are reclassified in a separate line item under operating activities.

Financing activities include the repayment of prepayments received from customers on which interest is calculated.

The consolidated statement of cash flows presents changes in cash balances with respect to total operations (continuing and discontinued) and therefore does not reflect the performance of continuing operations during prior periods or the performance that is likely to be achieved in future periods.

2.24 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group adopts new and amended standards and interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for reporting periods beginning on or before January 1, 2021. A number of new standards are effective beginning January 1, 2020 but they do not have a material effect on the Group's financial statement.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, including currency risk, interest-rate risk, liquidity risk, credit risk, refinancing risk and others.

The goals for the Group finance policy and the treasury operations are primarily to minimize the risk of financial distress, secure long-term funding, manage currency risk of expected future net cash flows, and manage interest rate risk. The Company's finance policy sets the framework and limits for hedging activities in the Group. It defines risk management objectives, responsibilities and operational requirements.

The disclosures that are required regarding financial risks below focus on the risks that arise from financial instruments and how they have been managed. Derivative financial instruments may be used to reduce risks from commercial transactions; the existence of derivative financial instruments exposes the Company to additional risks.

(A) Currency risk

The Company operates internationally and is exposed to currency risk. At December 31, 2020, the Group's working capital is almost exclusively in USD, equity is in NOK, and debt is in NOK and USD. Currency risk arises from transactions in currencies other than the Group's reporting currency and borrowings denominated in NOK. Currency risk relates primarily to the sufficiency of net positive cash flows in USD to meet liabilities denominated in NOK.

Net cash flow is defined as the consolidated external cash flows of the Group. The Group's policy provides the ability to hedge external net cash flows with a maximum time horizon of 24 months. The purpose is to reduce the currency risk of expected future net cash flows. The Company manages currency risk on an overall level.

At December 31, 2020 and 2019, the Group did not hold any derivative financial instruments related to mitigating currency risks.

(B) Credit risk

Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation and is primarily related to trade receivables and guarantees provided for discontinued operations. The Group maintains policies to ensure that credit is extended to customers with appropriate liquidity and credit histories in combination with requiring guarantees when appropriate.

(C) Liquidity risk and going concern

Liquidity risk is measured by subtracting the Group's liabilities from cash considering historic and anticipated operating results. Liquidity risk management requires maintaining sufficient available cash or access to capital markets to compensate for anticipated volatility in operating cash flows or to fund additional investments.

Liquidity risk is impacted by changes in market conditions, potential claims against the Company, and uncertainty associated with critical judgements used to arrive at accounting estimates. In addition, the Company's access to capital markets may be impacted by overall market conditions (notes 4, 17, and 30).

The Company's liquidity has been adversely impacted by contingent liabilities, market conditions, and the shut-down the FBR facility in Moses Lake, Washington. During 2020, contingent liabilities associated with an examination by the Norwegian Tax Administration (see note 18) and a dispute with Grant County, Washington regarding property taxes (see notes 17 and 23) were resolved. The timing and status of the indemnification loan continues to be subject to uncertainty (see note 31).

On October 14, 2020, the Company successfully completed a private equity placement to raise approximately NOK 1 billion (See note 15). As a result, the Company has sufficient liquidity to meet its financial obligations and to support ongoing operations.

Accordingly, the Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Company is a going concern and that this assumption is appropriate at the date of the accounts.

(D) Interest rate risk

Changes in market interest rates affect the fair value of assets and liabilities or the variability in cash payments. The Group is exposed to interest rate risk through funding and cash management activities, primarily in REC Silicon ASA. Cash in bank accounts and liabilities have primarily carried variable interest rates. The Company has borrowings through bonds and indemnification loans.

Interest income and interest expense in the statement of income, as well as interest receipts and payments, are influenced by interest rate changes for financial instruments that carry variable interest rates. See note 30 for interest rate sensitivity.

(E) Hedging of risk related to supply of raw material/commodities

When the Group is exposed to changes in the total costs from specific input factors it may hedge the associated risk. As of year-end 2020 and 2019, no hedges were in place, except certain forward energy purchase contracts.

3.2 FAIR VALUE ESTIMATION

Fair value estimation is discussed in notes 9 and 30.

3.3 CAPITAL STRUCTURE AND FINANCING

In determining the appropriate capital structure for the Group, various factors have been considered. These include risks associated with the Group's business profile and the fact that the polysilicon production has high capital intensity.

The Group's goal is to maintain sufficient capital to maintain current operating cash flow requirements and to meet debt service obligations. Taking into account market volatility and risk related to future cash flows, the Group aims to maintain a capital structure with a high ratio of equity funding.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 CRITICAL JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Management's judgments in applying the Group's accounting policies which have the most significant effect on the financial statements are discussed below and in the relevant notes.

(A) Functional currencies

The Group's presentation currency is USD. The functional currencies of REC Silicon AS and REC Solar AS are NOK. The functional currency of all other group companies is USD. The activities of the Group are primarily in the subsidiaries in the USA. Functional currency affects the reporting of currency gains and losses and exchange differences as well as hedging strategies and effects. Facts or circumstances may change in the future.

(B) Cash-generating units for impairment testing

The selection of cash generating units for impairment testing is a critical and difficult judgement. For impairment testing REC Silicon consisted of two cash generating units.

(C) Environmental liability

The Group's operations are subject to environmental laws and regulations. These laws and regulations and their interpretations are subject to change. Changes may require investment and/or increased costs to meet more stringent standards or to take remedial actions related to past activities. The Company has reported a provision for asset retirement obligations (AROs) associated with the eventual cleanup and restoration of the Company's manufacturing sites in the United States. For additional information see note 20.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY – CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain amounts included in or affecting the Group's financial statements and related disclosures must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared.

(A) Impairments and bad debt provisions

Changes in facts and in management's evaluations and assumptions may give rise to further impairment losses, or reversals. The estimated recoverable amounts of the Group's assets are sensitive to small changes to key assumptions (notes 8 and 9).

Financial assets are also periodically reviewed for impairment. Provisions for losses on trade receivables have been made using a provision matrix based on the Group's historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. Actual losses may turn out significantly different from the evaluations made based on the knowledge and assumptions at the time of approving the accounts.

(B) Asset retirement obligations

Changes in facts and in management's evaluations and assumptions may give rise to changes in provisions for asset retirement obligations (AROs). Provisions may change due to changes in amounts or timing of estimated expenditures to restore production sites or changes in governmental regulations governing restoration requirements. In addition, estimates of provisions are sensitive to changes in discount rates used to calculate provisions for AROs reported by the Group.

(C) Fair Value of the Yulin JV

Changes in facts and in management's evaluations and assumptions may give rise to changes in fair value estimates of the Company's investment in the Yulin JV. The estimate of fair value may change due to changes in amounts or timing of cashflows generated by the Yulin JV. In addition, estimates of fair value are sensitive to changes in the discount rate used to arrive at estimates of fair value.

5 SEGMENT INFORMATION

Revenues from customers constituting more than ten percent of total revenues for year ended December 31, 2020

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		REC SILICON	
(USD IN MILLION)		%		%		%
Customer 1	41.5	34.1%			41.5	34.0%
Customer 2	21.9	18.1%			21.9	18.0%
Customer 3			0.2	31.9%	0.2	0.1%
Customer 4			0.2	30.7%	0.2	0.1%
Customer 5			0.1	17.9%	0.1	0.1%

Revenues from customers constituting more than ten percent of total revenues for year ended December 31, 2019

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		REC SILICON	
(USD IN MILLION)		%		%		%
Customer 1	49.7	39.3%			49.7	31.1%
Customer 2			21.4	64.2%	22.2	13.9%
Customer 3	21.5	17.0%			21.5	13.4%
Customer 4			7.0	21.0%	7.0	4.4%

Geographic distribution of revenues based on customer location for year ended December 31, 2020

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
China	25.3	20.8%	0.2	40.5%	0.0	0.0%	25.5	20.9%
Korea	22.2	18.3%	0.0	0.0%	0.0	0.0%	22.2	18.2%
Singapore	21.7	17.8%	0.0	0.0%	0.0	0.0%	21.7	17.8%
USA	16.3	13.4%	0.0	2.8%	0.1	100.0%	16.4	13.4%
Taiwan	11.9	9.8%	0.2	30.7%	0.0	0.0%	12.1	9.9%
Japan	11.8	9.7%	0.0	0.0%	0.0	0.0%	11.8	9.7%
Denmark	7.7	6.4%	0.0	0.0%	0.0	0.0%	7.7	6.3%
Other	1.4	1.2%	0.1	24.6%	0.0	0.0%	1.5	1.3%
Czech Republic	1.0	0.9%	0.0	0.0%	0.0	0.0%	1.0	0.9%
France	0.8	0.7%	0.0	0.0%	0.0	0.0%	0.8	0.7%
Belgium	0.8	0.7%	0.0	0.0%	0.0	0.0%	0.8	0.7%
Canada	0.3	0.2%	0.0	1.3%	0.0	0.0%	0.3	0.2%
Hong Kong	0.2	0.2%	0.0	0.0%	0.0	0.0%	0.2	0.2%
Switzerland	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Germany	0.0	0.0%	0.0	0.1%	0.0	0.0%	0.0	0.0%
Total revenues	121.4	100.0%	0.5	100.0%	0.1	100.0%	122.1	100.0%

Geographic distribution of revenues based on customer location for year ended December 31, 2019

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Korea	51.9	40.9%	0.1	0.2%	0.0	0.0%	51.9	32.4%
China	23.4	18.4%	30.0	89.6%	0.0	100.0%	53.3	33.3%
USA	16.2	12.8%	0.1	0.2%	0.0	0.0%	16.3	10.2%
Japan	15.1	11.9%	0.0	0.0%	0.0	0.0%	15.1	9.4%
Taiwan	9.0	7.1%	2.1	6.2%	0.0	0.0%	11.1	6.9%
Denmark	6.5	5.1%	0.0	0.0%	0.0	0.0%	6.5	4.0%
Czech Republic	1.3	1.0%	0.0	0.0%	0.0	0.0%	1.3	0.8%
Hong Kong	0.0	0.0%	1.2	3.7%	0.0	0.0%	1.2	0.8%
Belgium	1.1	0.9%	0.0	0.0%	0.0	0.0%	1.1	0.7%
Other	0.9	0.7%	0.0	0.0%	0.0	0.0%	0.9	0.6%
Singapore	0.8	0.7%	0.0	0.0%	0.0	0.0%	0.8	0.5%
France	0.3	0.2%	0.0	0.0%	0.0	0.0%	0.3	0.2%
Canada	0.1	0.1%	0.0	0.0%	0.0	0.0%	0.1	0.1%
Germany	0.1	0.1%	0.0	0.0%	0.0	0.0%	0.1	0.1%
Norway	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total revenues	126.7	100.0%	33.4	100.0%	0.0	100.0%	160.2	100.0%

Customer location is based on the sales ship-to address. Customers may distribute the products to other countries.

Revenues by category for year ended December 31, 2020

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Silane gas	83.0	68.4%	0.0	0.0%	0.0	0.0%	83.0	68.0%
Polysilicon	38.3	31.6%	0.5	91.4%	0.0	0.0%	38.8	31.8%
Other	0.0	0.0%	0.0	8.6%	0.1	100.0%	0.2	0.2%
Total revenues	121.4	100.0%	0.5	100.0%	0.1	100.0%	122.1	100.0%

Revenues by category for year ended December 31, 2019

	SEMICONDUCTOR MATERIALS		SOLAR MATERIALS		OTHER		REC SILICON	
(USD IN MILLION)		%		%		%		%
Silane gas	89.0	70.2%	0.0	0.0%	0.0	100.0%	89.0	55.6%
Polysilicon	37.2	29.4%	33.4	99.9%	0.0	0.0%	70.6	44.1%
Other	0.5	0.4%	0.0	0.1%	0.0	0.0%	0.6	0.4%
Total revenues	126.7	100.0%	33.4	100.0%	0.0	100.0%	160.2	100.0%

Segment information for the year ended December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER & ELIMINATIONS	TOTAL
Revenues	121.4	0.5	0.1	122.1
Cost of materials	-15.7	-0.3	0.0	-16.0
Change in inventories	-6.1	1.3	0.0	-4.7
Employee benefit expense	-20.8	-6.6	-12.0	-39.4
Other operating expenses	-43.3	-4.6	-7.1	-55.1
Other income and expenses	0.8	16.3	-0.2	16.9
Total current costs	-85.1	6.2	-19.4	-98.2
EBITDA contribution	36.3	6.7	-19.3	23.8
Depreciation of fixed assets	-20.7	-15.2	-0.8	-36.7
Amortization	0.0	-0.1	0.0	-0.1
Depreciation of leased assets	-2.4	-0.5	0.0	-2.9
Impairment	0.0	-23.0	0.0	-23.0
Total depreciation, amortization, and impairment	-23.2	-38.8	-0.8	-62.7
EBIT contribution	13.2	-32.0	-20.0	-38.9

Segment information for the year ended December 31, 2019

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER & ELIMINATIONS	TOTAL
Revenues	126.7	33.4	0.1	160.2
Cost of materials	-18.1	-7.5	0.0	-25.6
Change in inventories	2.8	-23.5	0.0	-20.7
Employee benefit expense	-21.3	-12.5	-11.1	-44.9
Other operating expenses	-52.4	-16.9	-10.7	-79.9
Other income and expenses	0.0	0.3	-2.3	-2.0
Total current costs	-88.9	-60.0	-24.1	-173.0
EBITDA contribution	37.8	-26.6	-24.1	-12.9
Depreciation of fixed assets	-26.5	-14.6	-0.8	-42.0
Amortization	0.0	-0.3	0.0	-0.3
Depreciation of leased assets	-3.6	-3.4	0.0	-7.1
Impairment	-0.1	-20.1	-0.2	-20.4
Total depreciation, amortization, and impairment	-30.3	-38.5	-1.0	-69.8
EBIT contribution	7.5	-65.1	-25.1	-82.6

Substantially all of the Group's non-current assets are located in the United States.

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

(USD IN MILLION)	**2020**	2019
Non-Contract Revenue	**73.4**	102.8
Structured (Regional/Volume pricing)	**44.7**	52.3
Tiered (Volume pricing)	**3.9**	5.1
Contract Revenue	**48.6**	57.4
Total	**122.1**	160.2

6 FIXED ASSETS

Property, plant and equipment

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	**TOTAL PROPERTY, PLANT AND EQUIPMENT**
Carrying value at January 1, 2019	41.1	90.9	4.8	9.4	**146.2**
Net additions[1]	0.9	10.5	0.3	0.2	**11.9**
Disposals	-1.2	-1.6	-0.1	0.0	**-2.9**
Depreciation and amortization	-2.5	-38.3	-1.1	0.0	**-42.0**
Impairment[2]	0.9	11.6	0.1	-5.7	**6.9**
Carrying value at December 31, 2019	39.1	73.1	4.2	3.9	**120.2**
At December 31, 2019					
Historical cost	140.9	2,141.5	80.5	60.4	**2,423.3**
Accumulated depreciation/amortization/impairment	-101.8	-2,068.4	-76.3	-56.6	**-2,303.1**
Carrying value at December 31, 2019	39.1	73.1	4.2	3.9	**120.2**
Carrying value at January 1, 2020	39.1	73.1	4.2	3.9	**120.2**
Net additions[1]	0.0	9.5	0.1	2.3	**11.9**
Disposals	0.0	0.0	0.0	0.0	**0.0**
Depreciation and amortization	-2.5	-33.3	-0.9	0.0	**-36.7**
Impairment[2]	-0.9	1.1	-0.1	0.0	**0.1**
Carrying value at December 31, 2020	35.6	50.5	3.1	6.1	**95.4**
At December 31, 2020					
Historical cost	140.9	2,150.3	79.1	62.7	**2,432.9**
Accumulated depreciation/amortization/impairment	-105.2	-2,099.7	-76.0	-56.6	**-2,337.5**
Carrying value at December 31, 2020	35.6	50.5	3.1	6.1	**95.4**

1) Net additions include transfers from assets under construction.
2) See note 8 for details of impairments.

Specification of useful lives and depreciation
At year-end 2020, estimated useful lives by asset class were as follows:
- Land and Buildings 0-27.5 years (weighted average approximately 18.7 years)
- Machinery and equipment 0-26.5 years (weighted average approximately 4.4 years)
- Other tangible fixed assets (weighted average approximately 5.6 years)

Assets under construction are not yet ready for their intended use and depreciation has not started.

Reviews of estimated useful lives of property, plant, and equipment for 2020 and 2019 resulted in only minor changes.

Intangible assets

(USD IN MILLION)	ASSETS UNDER DEVELOPMENT	OTHER	TOTAL INTANGIBLE ASSETS
Carrying value at January 1, 2019	11.5	0.3	**11.8**
Internal Development	-10.7	10.7	**-0.1**
Amortization	0.0	-0.3	**-0.3**
Impairment[1]	-0.2	-10.1	**-10.3**
Carrying value at December 31, 2019	0.5	0.6	**1.1**
At December 31, 2019			
Historical cost	0.8	67.9	**68.7**
Accumulated amortization/impairment	-0.3	-67.3	**-67.6**
Carrying value at December 31, 2019	0.5	0.6	**1.1**
Carrying value at January 1, 2020	0.5	0.6	**1.1**
Disposals	0.0	-0.1	**-0.1**
Amortization	0.0	-0.1	**-0.1**
Carrying value at December 31, 2020	0.5	0.4	**1.0**
At December 31, 2020			
Historical cost	0.8	67.9	**68.7**
Accumulated amortization/impairment	-0.3	-67.4	**-67.7**
Carrying value at December 31, 2020	0.5	0.4	**1.0**

[1] See note 8 for details of impairments

Intangible assets above have estimated useful lives, over which the assets are amortized on a straight-line basis. Intangible assets under development are not ready for their intended use, and consequently amortization has not started.

Intangible assets are primarily related FBR technology in REC Silicon (5-12 years).

Reviews of estimated useful lives of intangible assets for 2020 and 2019 resulted in only minor changes.

7 LEASES

Right of use Assets

(USD IN MILLIONS)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2019	0.0	28.8	0.1	0.0	0.0	**28.9**
Depreciation	-0.2	-6.9	0.0	0.0	0.0	**-7.1**
Additions	3.2	0.2	0.0	0.0	0.0	**3.4**
Impairment[1]	-2.9	-14.0	0.0	0.0	0.0	**-17.0**
Adjustments	0.0	25.6	0.0	0.0	0.0	**25.6**
Termination	0.0	0.0	0.0	0.0	0.0	**0.0**
Balance at December 31, 2019	0.1	33.7	0.0	0.0	0.0	**33.8**
Balance at January 1, 2020	0.1	33.7	0.0	0.0	0.0	**33.8**
Depreciation	-0.1	-2.8	0.0	0.0	0.0	**-2.9**
Additions	0.0	0.0	0.0	0.1	0.1	**0.2**
Impairment[1]	0.0	-23.0	0.0	0.0	0.0	**-23.0**
Adjustments	1.6	26.0	0.0	0.0	0.0	**27.7**
Balance at December 31, 2020	1.7	33.9	0.0	0.1	0.1	**35.7**

[1] See note 8 for details of impairments

During 2020, adjustments include USD 25.5 million associated with an 8-year extension of a long-term lease on the existing plant gas facility in Moses Lake, WA, USD 1.6 million associated with the remeasurement of asset retirement obligations associated with leases, and USD 0.8 million related to contractual increases in lease payments tied to economic indices.

During 2019, adjustments include USD 25.3 million associated with a 15-year extension of a long-term lease on the existing plant gas facility in Butte, Montana in addition to USD 0.3 million related to contractual increases in lease payments tied to economic indices.

Lease Liabilities

(USD IN MILLIONS)	**2020**	2019
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	**10.8**	12.6
1 - 2 years	**10.8**	8.6
2 - 3 year	**10.7**	7.8
3 - 4 years	**14.3**	7.8
4 - 5 years	**14.3**	5.6
More than 5 years	**71.9**	50.9
Total undiscounted lease liabilities at December 31	**132.9**	93.2
Lease liabilities included in the statement of financial position at December 31	**71.8**	48.6
Current	**2.1**	7.0
Non-current	**69.7**	41.6

The Company includes rights to extend or terminate leases in the lease term when the Company intends to exercise a right to extend or terminate a lease. The Company is not a party to any lease that includes material rights to extend or terminate the term of a lease.

The weighted average incremental borrowing rate applied to lease liabilities is 13.2 percent at December 31, 2020 and 13.1 percent at December 31, 2019.

Leases recognized in profit or loss

(USD IN MILLIONS)	2020	2019
Interest on lease liabilities	7.6	5.0
Depreciation of right-of-use assets	2.9	7.1
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	23.0	16.9
Expenses relating to short-term leases	0.2	1.4
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0

Right-of-use assets associated with contracts which expire in 2020 are expensed in accordance with the low-value assets and short-term lease exemptions available upon implementation of IFRS 16.

In 2020, the Group made lease payments totaling USD 10.6 million, comprised of USD 3.0 million of lease liability payments and USD 7.6 million imputed interest. See note 25 below.

In addition, payments of USD 0.2 million related to leases for low-value-assets and short-term durations which are exempt under IFRS 16 have been expensed in 2020. See note 22 below.

8 IMPAIRMENTS OF CASH-GENERATING UNITS

REC Silicon routinely monitors assets for indications that the carrying values of assets are no longer recoverable. If impairment indicators exist, impairment tests will be carried out to determine whether the carrying value of affected assets can be justified. If estimates conclude that asset values are no longer recoverable, the assets are written down to the recoverable amount which is the greater of fair value less cost to sell and value in use (discounted cash flows).

CASH-GENERATING UNITS

REC Silicon consisted of two cash generating units at December 31, 2020 and 2019.

Management has performed an evaluation of the Company's operations and determined that the Group consisted of two cash generating units (CGUs) based upon the Company's operations and management structures. This determination included consideration for segment reporting which includes segments for Solar Materials and Semiconductor Materials which were determined by management to represent the smallest units for which cash flows can be reasonably determined. Net Costs associated with Other have been allocated to the individual CGUs based upon estimated activity, volume, and revenue factors.

SUMMARY OF IMPAIRMENT TESTS

During 2020, increases in the market capitalization of the Company, recurring net operating losses, and changes in the timing of the anticipated restart of FBR production at the Moses Lake facility were determined to be indicators of potential changes in impairment for the Solar Materials Segment. Accordingly, impairment testing was performed at March 31, 2020, June 30, 2020, and December 31, 2020 on the Solar Materials CGU. The net carrying value of the Solar Materials CGU exceeded the resulting value in use calculated at June 30, 2020. Therefore, additional impairments of USD 23.0 million were recognized in the statement of income at June 30, 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 7 leases above). Impairment testing performed at March 31, 2020 and December 31, 2020 on the Solar Materials CGU resulted in estimated values in use that approximated the carrying value of the Solar Materials CGU. Consequently, no additional impairment or reversal of impairment was recognized at March 31, 2020 or December 31, 2020.

Impairment reviews conducted at December 31, 2020 included evaluating the estimated impacts of the business cooperation agreements to partner with Violet Power to develop a non-Chinese Solar PV value chain and to partner with G14 to develop a silicon anode battery materials production facility. An increase in the Solar CGU's fair value due to these agreements is difficult to estimate because the development of a functional non-Chinese Solar PV value chain and/or the realization of demand for the Group's products for use in lithium-ion batteries are subject to substantial uncertainty. In addition, the enhancement of the FBR plants current capabilities would be required to enable the production of polysilicon for a supply chain outside of China or to deliver gases for use in lithium-ion batteries. Therefore, management has determined that until REC Silicon undertakes specific activities to bring about the desired effects intended by these agreements, they should not be used in evaluating the impairment of the Company's non-financial assets. 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 2023.

During 2019, the shutdown of the FBR facility in Moses Lake, decreases in the Company's market capitalization, recurring net operating losses, and continued uncertain market conditions for solar grade polysilicon were determined to be indicators of impairment for the Solar Materials Segment. Accordingly, impairment testing was performed at June 30, 2019, September 30, 2019, and December 31, 2019 on the Solar Materials CGU. The net carrying value of the Solar Materials CGU exceeded the resulting value in use calculated at June 30, 2019. Therefore, additional impairments of USD 20.0 million were made against the property, plant, and equipment of the of the Solar Materials CGU at June 30, 2019. Impairment testing performed at September 30, 2019 and December 31, 2019 on the Solar Materials CGU resulted in estimated values in use that approximated the carrying value of the Solar Materials CGU. Consequently, no additional impairment or reversal of impairment was recognized at September 30, 2019 or December 31, 2019.

Impairments charges are included in the line item "impairment" in the statement of income.

BASIS FOR THE IMPAIRMENT TESTS

Recoverable amounts for each cash-generating unit subject to impairment testing are based on value in use. Value in use has been estimated using discounted cash flows over a 5-year period with the last year used as a basis for estimating terminal value.

Future cash flows are estimated on the basis of the budget for the next year and the subsequent four forecast years. A terminal value is calculated from the estimated cash flows generated in the last forecast year. A growth rate of zero has been used during the terminal period for both years presented. EBITDA less capital expenditures and changes in working capital have been used to estimate future cash flows.

Future cash flows do not include the effects of improvements or enhancements to asset performance. However, assets under construction for which investment has been committed are included with estimated expenditures to complete and estimated cash flows from their operations.

The carrying amounts of cash-generating units include tangible fixed assets, intangible assets, and net working capital only.

DISCOUNT RATE

The discount rate applied is based on the Company's cost of capital which has been estimated using the weighted average of the required rates of return for the Company's equity and debt (WACC). The required rate of return for the Company's equity is estimated using the capital assets pricing model (CAPM). The required rate of return on debt is estimated on the basis of a risk-free rate of return plus a credit risk premium derived from analysis of the debt costs and loading of public companies similar to REC Silicon. The discount rate is estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate using the Company's estimated before and after-tax cash flows and evaluated for reasonableness. The discount rates used at December 31, 2020 and 2019 are reflected in the table below:

Discount rates (%)

	2020		2019	
	POST-TAX	PRE-TAX	POST-TAX	PRE-TAX
Solar Materials CGU	**13.1**	**15.8**	13.5	16.2

KEY ASSUMPTIONS AND SENSITIVITIES

Key assumptions include future revenues (sales prices and sales volume), cost of major inputs, conversion costs and efficiency (production volume), and maintenance capital expenditures.

Price trends are difficult to predict in the current market environment and external views of anticipated market conditions differ widely. When possible, REC Silicon has used third party analyses to estimate product prices. When third party estimates are not available or vary widely, REC Silicon uses internal estimates based on experience and market intelligence to estimate market conditions and prices. Estimates of long-term average solar grade polysilicon prices used in this analysis are at levels which management believes are sufficient to attract the capital necessary for new cost-effective polysilicon capacity to support supply chain expansion consistent with analysts' estimates of growth in end use demand for PV installations.

Estimates of future cash flows include the assumption that market conditions will support a restart of the Moses Lake FBR facility at the beginning of 2023. If access to solar grade polysilicon markets is not restored and idled capacity is not restarted, additional impairment charges would be required. Current market conditions result in negative cashflows until FBR production is restarted. As a result, the estimated timing of the increase in capacity utilization is a key assumption. If market conditions do not improve or if REC Silicon does not regain access to polysilicon markets in China, additional impairment would be required. This sensitivity is reflected in the table of sensitivities below in the line volume (production and sales).

Costs have been estimated using contractual obligations, third party indexes when appropriate, and historical spending trends adjusted for inflation.

Capital expenditures have been estimated using past experience and an evaluation of anticipated replacement requirements of specific items of equipment (useful lives of fixed assets).

The table below presents the estimated change in impairment of the Solar Materials CGU due to an isolated change in the key assumption for all years. Spending includes fixed manufacturing costs, selling general and administrative expenses, and capital expenditures in total. The estimates are based on the assumptions used in the December 31, 2020 impairment analysis.

KEY ASSUMPTIONS FOR 2020 (USD IN MILLION)	CHANGE	ESTIMATED CHANGE IN IMPAIRMENT
Post-tax discount rate	+/-1% point	-8.6/+10.3
Sales prices	+/-2%	+/-19.4
Volume (production and sales)	+/-2%	+/-10.4
Spending	+/-2%	+/-8.5

Negative amounts represent an estimated increase in impairment.

CARRYING VALUE

The tables below reflect the development of carrying values for each cash generating unit.

At December 31, 2020

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	TOTAL
Trade and other receivables	21.9	0.9	3.2	26.1
Inventories	34.9	6.4	0.0	41.3
Current assets	56.8	7.3	3.2	67.3
Long term assets	100.6	23.2	8.4	132.2
Trade payables and other current liabilities	-11.6	-5.0	-6.7	-23.3
Long term liabilities	-18.9	0.0	0.0	-18.9
Allocation of other	4.1	0.8	-4.9	0.0
Carrying values	131.0	26.3	0.0	157.3

At December 31, 2019

(USD IN MILLION)	SEMICONDUCTOR MATERIALS	SOLAR MATERIALS	OTHER	TOTAL
Trade and other receivables	22.3	5.8	1.4	29.4
Inventories	40.3	7.4	0.0	47.7
Current assets	62.5	13.2	1.4	77.1
Long term assets	118.1	27.9	9.2	155.2
Trade payables and other current liabilities	-10.9	-3.3	-6.9	-21.1
Long term liabilities	-19.5	0.0	0.0	-19.5
Allocation of other	2.9	0.7	-3.7	0.0
Carrying values	153.2	38.6	0.0	191.8

9 INVESTMENTS

OTHER INVESTMENTS
The Group entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV) in February 2014. On February 1, 2018, REC Silicon Pte. Ltd (REC Silicon) and Shaanxi Non-Ferrous Tian Hong New Energy Co. Ltd. (SNF) entered into a supplemental agreement in relation to outstanding capital contributions.

This supplemental agreement reduced REC Silicon's equity ownership to 15 percent and REC Silicon agreed to pay interest of USD 0.6 million to the Yulin JV and a penalty of USD 10.4 million to SNF in annual installments. The remaining liability associated with this agreement was USD 5.2 million at December 31, 2019 and USD 4.7 million at December 31, 2020 which was due in December 2020.

REC Silicon has retained an option to either buy back the 34 percent equity interest from SNF pursuant to a valuation and public bidding process as required by PRC state-owned asset disposal regulations or continue to maintain solely a 15 percent equity interest in the Yulin JV. Under this option, after a three-year period, REC may appoint an appraiser acceptable to both parties to appraise the value of the 34 percent equity interest in the Yulin JV. If the resulting valuation is higher than the valuation REC expects, or if the valuation determined by the state-owned asset disposal regulation is higher, REC has the right to choose not to buy back the 34 percent equity interest and may choose to sell its remaining 15 percent equity interest in the Yulin JV.

The corporate governance of the Yulin JV was also adjusted in relation to the new equity interest structure. The Board of Directors of the Yulin JV was adjusted to five directors, of which four are appointed by SNF and one is appointed by REC. REC will nominate the Chief Technology Officer while the remaining executive management of the Yulin JV is nominated by SNF. Upon a buy-back by REC of the 34 percent equity interest, the corporate governance structure is to be restored to the terms of the original Yulin JV contract.

In accordance with International Financal Reporting Standards (IFRS) 9, the carrying amount of the Yulin JV is reported at fair value and the Company has designated the investment as an equity security at fair value through profit and loss (FVTPL).

2020
At year-end 2020, REC Silicon performed an analysis to estimate the fair value of its investment in the Yulin JV using discounted estimated future cashflows. Due to the impact of continuing losses, continued delays in realizing designed production capacities, and continued deterioration in REC Silicon's ability to influence business decisions, increases in anticipated cashflows have not been realized. In addition, the Yulin JV has accumulated additional long-term debt to fund operating losses, to complete construction, and to maintain operations. The market value of the investment was estimated using the discounted estimated future cash flows from Yulin JV operations over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 13.1 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 14.3 percent. As a result, estimated enterprise value less long-term debt results in a negative value of approximately USD 0.2 million for REC Silicon's 15 percent equity interest. REC Silicon has no obligation to contribute additional equity as a result of these deficits. Accordingly, REC Silicon adjusted the investment in the Yulin JV to a value of zero and recognized a loss of USD 18.0 million to income during the fourth quarter of 2020.

KEY ASSUMPTIONS FOR 2020 (USD IN MILLION)	CHANGE	ESTIMATED CHANGE IN FAIR VALUE
Post-tax discount rate	+/-1% point	-12.5/+14.7
Sales prices	+/-2%	+/-6.2
Volume (production and sales)	+/-2%	+/-5.2
Spending	+/-2%	+/-1.1

REC Silicon has not made the final payment of USD 4.7 million under the supplemental agreement to settle REC Silicon's obligation to contribute equity to the Yulin JV which was payable during December 2020 due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues.

The Yulin JV continues to increase production, quality performance, and is steadily increasing product sales. Both silane units and the FBR reactors have demonstrated design capacities and utilization rates are increasing. The Yulin JV is increasing production of high purity granular polysilicon using high purity liners as they are delivered.

2019
At year-end 2019, Company management determined that REC Silicon's 15 percent ownership share of the Yulin JV no longer afforded it the control necessary to justify the use of the equity method of accounting. As a result, the method of accounting for this investment in associates was changed from the equity method to the fair value method during the fourth quarter. In addition, impairment indicators were identified that could result in the impairment of the Company's investment in the Yulin JV. The market value of the investment was estimated using the discounted estimated future cash flows from Yulin JV operations over a 5-year period with the last year used as a basis for the terminal value. A discount rate of 13.5 percent was estimated on an after-tax basis and adjusted to estimate the equivalent before tax discount rate of 15.1 percent. The estimated value of the investment in the Yulin JV was less than the carrying amount of the investment. Therefore, an impairment loss of USD 43.6 million was included in the loss from investments in associates in 2019.

The total loss from investments reported in the Consolidated Statement of Income for 2019 was USD 24.2 million which consisted primarily of a loss of USD 9.9 million reclassification of currency losses from other comprehensive income, a gain USD 29.7 million due to the recognition of deferred income due associated with the sale of technology to the Yulin JV, and a loss of USD 43.6 million due to impairment. In addition, the loss for 2019 includes USD 0.3 million for REC Silicon's share of the JV's profit and loss for the period during which the JV was reported using the equity method of accounting.

The following table presents a reconciliation of the Group's investment in in the Yulin JV China using the equity method of accounting during 2019:

Investment in associates - equity method

(USD IN MILLION)	2019
Carrying value at January 1	34.2
Share of joint venture profit/loss	-0.3
Deferred income/expense	0.0
Change in deferred gain of tech transfer	29.7
Change in retained earnings due to change in ownership	0.0
Effects of changes in currency exchange rates	-1.9
Impairment of investment in associates	-43.6
New cost basis of fair value Investment	-18.0
Carrying value at December 31	0.0

10 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its subsidiaries, associates, joint ventures and with its Group Management and Board of Directors.

Transactions with subsidiaries have been eliminated on consolidation and are not reported as related party transactions in the consolidated financial statements for the Group.

KEY MANAGEMENT COMPENSATION, SHAREHOLDINGS, LOANS ETC.
Group Management and Board of Directors' compensation, ownership of REC Silicon ASA shares, options and bonds, loan agreements and guarantees are shown in note 16.

RELATED COMPANIES
REC Silicon Inc. invoiced the Yulin JV USD 1.8 million in 2020 and USD 3.4 million in 2019 for engineering and project services. In addition, REC Silicon purchased small quantities of finished granular polysilicon from the JV for analytical purposes in 2020.

REC Silicon has not made the final payment of USD 4.7 million under the supplemental agreement to settle REC Silicon's obligation to contribute equity to the Yulin JV which was payable during December 2020 due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues (See note 9 above).

11 DERIVATIVE FINANCIAL INSTRUMENTS

See note 30 below for additional information on the fair value of financial instruments.

Fair values and carrying amounts

	2020		2019	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Option contract	0.0	1.5	0.0	1.4
Total	0.0	1.5	0.0	1.4

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy and are denominated in NOK.

Distribution of derivatives

	2020		2019	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Total non-current derivatives	0.0	0.0	0.0	0.0
Total current derivatives	0.0	1.5	0.0	1.4
Total derivatives	0.0	1.5	0.0	1.4

12 RECEIVABLES

Trade and other receivables

(USD IN MILLION)	2020	2019
Trade receivables and accrued revenues	34.6	37.6
Provision for loss on trade recivables	-14.4	-14.4
Trade receivables - net	20.2	23.2
Prepaid costs	5.6	6.0
VAT and other public taxes and duties receivables	0.0	0.0
Other non-current and current receivables	1.6	1.3
Total Trade and other receivables	27.5	30.5

Specification of provision for loss on trade receivables

(USD IN MILLION)	2020	2019
At January 1	-14.4	-14.4
Change in provisions	0.0	0.0
At December 31	-14.4	-14.4

The provision for doubtful accounts includes the impact of adopting IFRS 9 which requires the Company to estimate expected credit losses (ECL) based upon historical experience.

At December 31, 2020 Other non-current receivables relate to municipal bonds of USD 1.1 million issued by a local taxing district in the United States which are secured by future property tax payments made by the Company.

13 INVENTORIES

Inventories in the statement of financial position

(USD IN MILLION)	2020 BEFORE WRITEDOWNS	2020 WRITEDOWNS	2020 AFTER WRITEDOWNS	2019 BEFORE WRITEDOWNS	2019 WRITEDOWNS	2019 AFTER WRITEDOWNS
Stock of materials, merchandise, production supplies	2.2	0.0	2.2	4.2	0.0	4.2
Spare parts	42.4	-33.1	9.3	42.2	-32.9	9.3
Work in progress	11.4	-1.0	10.4	10.7	-1.1	9.6
Finished goods	35.8	-16.4	19.4	41.6	-17.0	24.6
Total	91.8	-50.5	41.3	98.7	-51.0	47.7

Inventories have been written down to estimated net realizable values. Write-downs of materials and spare parts represent the estimated obsolescence related to items held in inventories at cost. Write-downs of work in progress and finished goods have been estimated by comparing the net realizable value of anticipated sales to the manufacturing costs of items held in inventory.

14 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents are primarily bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

(USD IN MILLION)	2020	2019
Restricted bank accounts non-current	0.0	0.0
Restricted bank accounts current	4.5	4.4
Total prepayments, interest calculation	4.5	4.4

At December 31, 2020, restricted bank accounts consisted of USD 3.8 million security for the indemnification loan, USD 0.2 million security for bank guarantees for REC Solar AS (a subsidiary of the Company) and restricted cash for the US subsidiaries of USD 0.5 million. At December 31, 2019 restricted bank accounts consisted of USD 3.8 million security for the indemnification loan, USD 0.2 million security for bank guarantees for REC Solar AS (a subsidiary of the Company) and restricted cash for the US subsidiaries of USD 0.4 million.

15 SHAREHOLDER INFORMATION

The following shareholders held one percent or more of the total outstanding shares in REC Silicon ASA at December 31.

		2020		2019	
NAME OF SHAREHOLDERS		NO. OF SHARES	OWNERSHIP	NO. OF SHARES	OWNERSHIP
AKER CAPITAL AS	Ordinary	91,995,551	24.70%	64,217,774	22.95%
VERDIPAPIRFONDET DNB TEKNOLOGI	Ordinary	15,537,491	4.17%	19,562,286	6.99%
CACEIS BANK	Nominee	9,608,413	2.58%	8,517,119	3.04%
BNP PARIBAS	Nominee	6,731,327	1.81%	6,731,327	2.41%
SKANDINAVISKA ENSKILDA BANKEN AB	Nominee	5,208,148	1.40%	6,479,671	2.32%
J.P. MORGAN SECURITIES PLC	Ordinary	4,853,378	1.30%	856,895	0.31%
VERDIPAPIRFONDET DNB MILJØINVEST	Ordinary	4,503,633	1.21%	0	0.00%
NORDNET LIVSFORSIKRING AS	Ordinary	3,884,100	1.04%	1,063,642	0.38%
NORDNET BANK AB	Nominee	2,882,458	0.77%	2,824,391	1.01%
TOTAL SHARES OUTSTANDING		372,412,658		279,820,066	

The list of shareholdings above is based on the VPS shareholder register at December 31, 2020 and 2019. Actual shareholding may deviate due to the use of nominee accounts, share lending, forward contracts or other contractual arrangements. In addition, on January 19, 2021, Aker Capital AS transferred all of their shares to Aker Horizons AS.

At December 31, 2020, REC Silicon ASA had 30,677 shareholders (24,878 at December 31, 2019). The total number of outstanding shares was 372,412,658 at December 31, 2020 and 279,820,066 at December 31, 2019, each with a par value of NOK 1.

PRIVATE PLACEMENT OF EQUITY

On October 14, 2020, the Company raised approximately NOK 1,000 million in gross proceeds through the Private Placement of 92,592,592 new shares, at a price per share of NOK 10.80. The Private Placement consisted of two separate tranches: one tranche with 27,982,000 new shares in the Company and a second tranche with 64,610,592 new shares. The settlement of Tranche 1 occurred on October 27, 2020 and the settlement for Tranche 2 occurred on November 19, 2020 following approval by an Extraordinary General Meeting in the Company of the issuance of the New Shares under Tranche 2. The completion of Tranche 1 was subject to approval by the Company's Board of Directors pursuant to the authorization granted by the Company's Annual General Meeting held on May 12, 2020. The registration of the new shares issued in Tranche 1 was completed on October 26, 2020 and the Company received proceeds of NOK 290.2 million (approximately USD 31.4 million) net of the brokers fee on October 27, 2020. Subsequent to this registration, the new share capital of the Company was NOK 307,802,066, divided into 307,802,066 shares of NOK 1 par value. The registration of the new shares issued in Tranche 2 was completed on November 18, 2020 and the Company received proceeds of NOK 673.4 million (approximately USD 74.7 million) net of the brokers fee on November 19, 2020. Subsequent to this registration, the new share capital was NOK 372,412,658 divided into 372,412,658 shares of NOK 1 par value.

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

SHARE CAPITAL REDUCTION

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

REVERSE SHARE SPLIT

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

At the Annual General Meeting on May 12, 2020, the Board was authorized to increase the share capital with up to NOK 279,982,000, which was approximately 10 percent of the share capital at that time, through one or more increases in the share capital. This authorization to increase share capital was used to complete Tranche 1 of the private placement of equity completed on October 14, 2020. The Annual General meeting also authorized the Board to acquire treasury shares in the Company (up to a maximum of ten percent of the nominal value of the existing share capital). The authorization to acquire treasury shares has not been used and remained available at December 31, 2020. Both authorizations were valid until the 2020 Annual General Meeting, but in any event not longer than 15 months.

16 MANAGEMENT AND BOARD OF DIRECTORS' COMPENSATION, LOANS, SHARES, BONDS

The Board's statement on executive management remuneration (the "statement") has been prepared in accordance with the provisions of the Norwegian Public Companies Act (PLA), the Norwegian Accounting Act, and the Norwegian Code of Practice for Corporate Governance. Following amendments to the PLA, the statement is now subject to new and more detailed requirements for determining salaries and other remuneration. From January 1, 2021, the board is required to prepare both guidelines for such determinations (section 6-16 (a)) and a report that provides an overview of paid and outstanding remuneration (section 6-16(b)). The guidelines will be forward-looking and will be adopted by the Annual General Meeting through a binding vote, while the report will be retrospective and will be subject to an advisory vote at the Annual General Meeting. The deadline for adoption of the new guidelines for the company is October 1, 2021, while the deadline for the first presentation of the report is the Annual General Meeting in 2022.

REC Silicon's board has prepared proposed guidelines for the company's executive remuneration policy in accordance with the provision in the new section 6-16 (a). The proposed guidelines, which provide a broader and deeper discussion of the principles for remuneration to key management, will be effective from 2021 onwards. The new guidelines will be presented to the Annual General Meeting in 2021, where a binding vote on these guidelines will be held in accordance with the new regulations. The guidelines will then be available on REC Silicon's website. The executive management remuneration report in accordance with the new regulations will be prepared for the first time for the Annual General Meeting in 2022 and will have effect for the financial year 2021.

The guidelines constitute a framework for which remuneration to senior executives may be decided by the board of directors or the compensation committee during the period for which the guidelines are in force. REC has a leading role within the silicon industry, and as such competes for senior management talent within the industry in all its locations. These guidelines aim to support REC's competitiveness as an employer in all locations. The Company's remuneration principles are designed to ensure responsible and sustainable remuneration practices that support the Company's business strategy, long-term interests, and sustainable business practices. To this end, salaries and other employment terms shall enable the Company to recruit, develop and retain skilled senior executives with relevant experience and competence. The remuneration shall be on market terms, be competitive, and reflect the performance and responsibilities of the individual senior executives. Principles for incentives and performance are designed to be aligned with the interests of the Company's shareholders and to ensure the most capable execution of defined business strategies, short and long-term, while ensuring the Company's going concern. The remuneration to the senior executives covered by these guidelines may consist of fixed cash salary, variable cash salary, benefits, and stock-based incentive programs as further described below.

Fixed cash salary allows REC to attract and recruit senior executives that are necessary for the long-term profitability and sustainability of the Company. Fixed cash salaries shall reflect the individual's position and degree of responsibility. The size of the fixed cash salary shall reflect market rates at the relevant location. The salary shall be competitive with comparable businesses within the industry and shall take into account, among other things, the scope and responsibility associated with the position, as well as the skills, experience, and performance of each senior executive. The fixed cash salaries have no specified maximum levels.

The success of REC is dependent on the competencies, performance, and dedication of our employees. Performance bonuses are considered and provided for employees whose achievement of performance objectives can be measured through clearly established result parameters or Key Performance Indicators (KPIs). KPIs should include both financial performance and operational performance tied to each operating facility. Variable cash salary (cash bonuses) shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's business strategy, long-term interests, and sustainable business practices. Such performance criteria may consist of performance indicators both for the Company's overall and financial performance and for individual performance. Performance indicators may include financial and non-financial performance parameters. Non-financial parameters may include a range of strategic objectives including ESG targets. Financial parameters may include performance of revenue, EBITDA, profits and similar, and may also be tied to share price development. The performance achievement is applied to fixed percentages of base salary which vary from 33 percent to 100 percent. The design of the above is to ensure the most capable execution of defined business strategies, short and long-term, while ensuring the Company's going concern. Determination of the extent to which the criteria for variable cash salary are satisfied is determined upon expiry of the relevant measurement period by measuring criteria against actual performance.

The Company may continue previous practices with synthetic options. Share option programs align the interests of the employees with those of the shareholders and thereby contributes to the Company's strategies, long term interests and financial sustainability. Grants will have a six-year duration, where the first three years is a lock up period and the next three years will be the period over which the incentive payments will become payable, provided always that the share price is above the strike price. The strike price will be set at the time of grant to the market price at such time + 10%. There will be a maximum gain in each calendar year for each employee under the program, equal to the base salary for the employee for the calendar year. The entitlements under the program will be lost if the employee's employment is terminated.

Senior executives, depending on geography and applicable laws and practice, will typically have a notice period which shall not exceed

12 months. Any severance agreements shall be connected to confidentiality and anti-competitive clauses in the individual's employment contract, so that they compensate for restrictions in respect of his or her ability to take new work. Income from other sources shall be deducted from such arrangements.

The Company's overall policy is that pension arrangements shall reflect local practices and applicable law at each location. Therefore, the Company's pension schemes may vary between locations. Leading employees are members of the Company's pension and insurance scheme that applies to all employees in their respective country. For any Norwegian executive, the Company's policy is to provide a limited supplementary pension scheme not exceeding what is customary under Norwegian practices for the relevant executive. No leading employee shall have a pension scheme beyond what is supported in the Norwegian Occupation Pension Act. In the US, the Company's policy is that leading employees are entitled to elect to participate in the Company's 401(k) retirement plan, subject to certain eligibility requirements. Participants shall have the option of contributing up to 25% of their annual compensation. The Company shall make matching contributions to the 401(k) plan at 50% of the first 6% of the eligible employees' contributions.

The guidelines for determination of salary and other compensation for leading employees, as outlined in the annual general meeting in 2020, have been complied with in 2020.

The Board of Directors has implemented incentive programs during previous periods whereby employee entitlements are linked to the share price development of the Company's shares. See note 32 for details of share-based compensation programs.

Salary and other compensation to the Group's Board of Directors and Management for 2020 and 2019 are described below.

Compensation of the Group Management for 2020

(AMOUNTS IN USD) NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED COMPENSATION EARNED	PENSION BENEFITS	OTHER TAXABLE BENEFITS
Tore Torvund	807,649	323,060	590,028	102,975	132,127
President and CEO		100%			
James A. May II	290,851	58,630	151,953	12,385	2,083
CFO		50%			
Total 2020	1,098,500	381,690	741,981	115,360	134,210

Compensation of the Group Management for 2019

(AMOUNTS IN USD) NAME	BASE SALARY	BONUS EARNED AND MAX %	SHARE BASED PAYMENT EARNED	PENSION BENEFITS	OTHER TAXABLE BENEFITS
Tore Torvund	807,649	0	-11,969	102,975	92,889
President and CEO		100%			
James A. May II	284,612	0	-4,741	19,600	2,167
CFO		40%			
Total 2019	1,092,260	0	-16,710	122,575	95,055

All amounts are exclusive of social security tax. There were no payments and benefits from the Group for services outside their functions as Group Management. Base salary represents the amount, including holiday pay that was paid in the year.

Bonus amounts represent bonuses earned during each year and are normally paid and reported as taxable income for the employee in the subsequent year.

Share-based compensation amounts represent synthetic share option programs further described in note 32. The estimated fair value of the options is expensed over the estimated vesting periods. The amounts shown above are the amounts expensed in the relevant year. Amounts reported as share-based compensation earned are derived using the Black Scholes option pricing model and may not match actual payments made depending upon the market value of the Company's stock on the exercise date. During 2020 and 2019, there were no cash payments made with respect to share-based compensation.

Pension benefits include benefits earned with respect to defined benefit plans and contributions related to defined contribution plans.

Other taxable benefits include company car / coverage of automobile expenses / vehicle allowance, telephone and internet service, newspapers, health club memberships, reimbursement of home-office related expenses, cash in lieu of paid time off, and certain other benefits. The benefits vary, and the amounts in the table are the amounts that are taxable based on rules and regulations in the relevant tax jurisdictions.

At December 31, 2020 and 2019, members of the Group Management have contracts that entitle them to severance benefits beyond the normal notice period if employment is terminated by the Group. These severance payments are equal to six months of salary for Mr. Torvund and three months of salary for Mr. May.

Compensation of the Board of Directors paid in 2020

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Jens Ulltveit-Moe	51,579	4,912
Espen Klitzing	34,386	4,912
Raghnild Wiborg	30,948	4,912
Inger Berg Ørstavik	30,948	4,912
Total period May 10, 2019 - May 12, 2020	147,861	19,649
Annette Malm Justad	45,005	-
Espen Klitzing	25,203	-
Inger Berg Østavik	25,203	-
Audun Stensvold	25,203	-
Total period May 12, 2020 - December 31, 2020	120,614	-

Compensation of the Board of Directors paid in 2019

(AMOUNTS IN USD)

NAME	BOARD COMPENSATION	COMPENSATION FOR COMMITTEES
Jens Ullveit-Moe	59,949	0
Espen Klitzing	39,966	5,709
Ragnhild Wiborg	35,969	5,709
Inger Berg Ørstavik	35,969	5,709
Terje Osmundsen	35,969	5,709
Total period April 27, 2018 – May 9, 2019	207,822	22,838

LOANS AND GUARANTEES FOR GROUP MANAGEMENT, BOARD OF DIRECTORS AND SHAREHOLDERS

At December 31, 2020 and 2019 there were no outstanding loans or guarantees to members of Group Management, Board members or shareholders or their closely related parties.

SHAREHOLDINGS, OPTIONS AND BONDS

The number of shares and options owned by members of the Board of Directors and the Group Management, including closely related parties, are shown in the table below. The table includes board members and key management at December 31, 2020 and 2019. Refer to note 32 for details of the share option program.

	OPTIONS		SHARES	
NAME	**2020**	2019	**2020**	2019
Tore Tovund	**1,644,699**	1,422,761	**163,149**	163,149
James A. May II	**351,357**	317,523	**274,204**	274,204
Annette Malm Justad	**0**	0	**30,000**	NA
Audun Stensvold	**0**	0	**0**	NA
Espen Klitzing	**0**	0	**60,000**	45,000
Inger Berg Orstavik	**0**	0	**5,000**	0
Jens Ulltveit-Moe	**NA**	0	**NA**	0
Ragnhild Wiborg	**NA**	0	**NA**	6,500

Details of options outstanding at December 31, 2020.

	NUMBER OF OPTIONS		
NAME	TORE TORVUND	JAMES A. MAY II	STRIKE PRICE NOK
2020 Program	350,000	73,917	3.5
2019 Program	350,000	75,253	8.1
2018 Program	350,000	70,011	15.2
2017 Program	350,000	50,692	11.9
2016 Program	122,048	40,642	19.2
2015 Program	122,652	40,843	23.0
Total	1,644,699	351,357	

Former Board member Espen Klitzing held USD 0.2 million of the USD Senior Secured bonds at December 31, 2020 and 2019.

17 BORROWINGS

Financial liabilities, interest bearing

(USD IN MILLION)	**2020**	2019
Non-current financial liabilities, interest bearing		
Senior Secured Bond	**110.0**	110.0
Capitalized Borrowing Cost[1]	**-0.6**	-1.0
C.A.R.E.S. Act loan (USD)	**2.3**	0.0
Grant County WA tax settlement (USD)	**6.3**	0.0
Total non-current financial liabilities, interest bearing	**118.0**	109.0
Current financial liabilities, interest bearing		
Indemnification Loan (NOK)	**23.4**	22.8
Capitalized Borrowing Cost[1]	**-0.4**	-0.4
C.A.R.E.S. Act loan (USD)	**5.9**	0.0
Grant County WA tax settlement (USD)	**0.9**	0.0
Total current financial liabilities, interest bearing	**29.8**	22.4

[1] Amortized as part of effective interest.

Movements in borrowing

(USD IN MILLION)	INDEMNIFICATION LOAN	USD SENIOR SECURED BOND	C.A.R.E.S ACT LOAN	PROPERTY TAX SETTLEMENT NOTE	**TOTAL**
Balance at January 1, 2020	22.8	108.6	0.0	0.0	**131.4**
Issued	0.0	0.0	0.0	9.9	**9.9**
Proceeds from borrowings	0.0	0.0	8.3	0.0	**8.3**
Payments of borrowings	0.0	0.0	0.0	-2.8	**-2.8**
Change capitalized borrowing cost	0.0	0.4	0.0	0.0	**0.4**
Effect of changes in foreign exchange rates	0.7	0.0	0.0	0.0	**0.7**
Balance at December 31, 2020	23.4	109.0	8.3	7.2	**147.8**

On October 14, 2020, the Company entered into a settlement agreement with Grant County, Washington settling its property tax dispute for tax years 2012 through 2015. REC Silicon agreed to pay Grant County USD 3 million by December 15, 2020 and USD 1.75 million each year for the next six years. The settlement resulted in the recognition of a note payable using an interest rate of 11.5 percent used to impute the value of the liability. The note is effectively secured, as a matter of law, by the real property at the Moses Lake plant. At December 31, 2020, the remaining fair value of the property tax note was USD 7.2 million after the initial payment of USD 3 million on December 15, 2020. Total remaining undiscounted payments on the property tax note are USD 10.5 million.

On May 4, 2020, REC Silicon executed promissory notes guaranteed by the Government of the United States as part of the Coronavirus Aid, Relief, and Economic Security Act (C.A.R.E.S. Act) of USD 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. As of December 31, 2020, all repayments of the C.A.R.E.S. Act loans have been delayed pending REC Silicon's application to have the loans forgiven. Interest will continue to accrue during the delay.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At December 31, 2020, the indemnification loan is NOK 200.0 million (USD 23.4 million) and can only be called when certain conditions are met. Under the terms of the indemnification loan, if a shareholder or a group of shareholders gains control of more than 50 percent of the share capital, the indemnified parties may declare the loan due and payable. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5 percent. The Company received a claim dated December 16, 2019 under the indemnification loan. The claim is based on an assumption that the loss will exceed the declared amount when the bankruptcy estates are concluded. However, the relevant bankruptcy estates have not yet been concluded, and accordingly, the amount of loss suffered by the claimant as a result of the bankruptcy cannot be calculated at this time. On this basis, as well as on basis of other uncertainties concerning the basis for the claim, the Company has responded by denying the claim. On November 13, 2020, the claimant filed a cause of action with the Asker and Bærum District Court. REC Silicon intends to defend the cause of action. The status and timing of the indemnification loan is subject to uncertainty.

The Company and certain subsidiaries are jointly and severally liable for the USD Senior Secured Bond (REC04, ISIN NO0010820590). REC Silicon ASA, REC Silicon AS, REC Silicon, Inc., REC Solar Grade Silicon, LLC., REC Advance Silicon Materials, LLC., and REC Silicon Pte. Ltd. have provided a guarantee. In addition, the equity and substantially all of the tangible and intangible assets of REC Advanced Silicon Materials, LLC. have been pledged as security in the bond agreement. The net book value of net assets pledged as security was approximately USD 92.6 million at December 31, 2020 and approximately USD 114.5 million at December 31, 2019. Covenants imposed by the bond include a requirement to maintain minimum liquidity of USD 15 million and include a change of control provision which grants the bondholders a put option entitling them to cancel the commitments and declare all outstanding amounts and accrued unpaid interest due and payable if a shareholder or a group of shareholders gains control of more than 50 percent of the share capital. In addition, the bond agreement provides limitations on borrowing, asset sales, and other transactions under certain conditions. The bond agreement includes a cross default clause should the Company default on any financial indebtedness above certain threshold amounts. Please see the registration document at www.recsilicon.com for additional details.

At December 31, 2020 and 2019, the Company had complied with all financial covenants and other restrictions in the loan agreements.

The following are the contractual maturities of financial liabilities at December 31, 2020

AT DECEMBER 31, 2020 (USD IN MILLION)	CARRYING AMOUNT	TOTAL	MATURITY ANALYSIS UNDETER-MINED	0-6 MONTHS	7-12 MONTHS	2022	2023	AFTER 2023
Retirement benefit obligations	18.9	**18.9**	0.0	0.6	0.7	1.4	1.5	14.7
USD Senior Secured Bond	110.0	**110.0**	0.0	0.0	0.0	0.0	110.0	0.0
C.A.R.E.S Act loans	8.3	**8.3**	0.0	3.2	2.8	2.3	0.0	0.0
Grant County WA tax settlement	7.2	**7.2**	0.0	0.0	0.9	1.0	1.1	4.2
Trade payables and other liabilities	38.6	**38.6**	0.0	22.5	0.9	0.2	0.3	14.7
Accrued finance cost	2.8	**2.8**	0.0	2.8	0.0	0.0	0.0	0.0
Derivatives	1.5	**1.5**	1.5	0.0	0.0	0.0	0.0	0.0
Indemnification loan	23.4	**23.4**	23.4	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	71.8	**71.8**	0.0	1.0	1.1	2.3	2.6	64.7
Total	282.5	**282.5**	24.9	30.2	6.4	7.2	115.5	98.3

In the table above, obligations with an undetermined maturity include obligations for which the timing of payments is not contractually specified or are currently callable under certain conditions and have not been called.

For further information regarding lease liabilities see note 7.

The following are the contractual maturities of borrowing:

AT DECEMBER 31, 2020 (USD IN MILLION)	CARRYING AMOUNT	TOTAL	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE 0-6 MONTHS	7-12 MONTHS	2022	2023	2024	2025	AFTER 2025
Capitalized Borrowing Cost	-1.0								
Senior secured bond	110.0	**141.6**	6.3	6.3	12.7	116.3			
C.A.R.E.S. Act loans	8.3	**8.4**	3.3	2.8	2.3				
Grant County WA tax settlement	7.2	**10.6**		1.8	1.8	1.8	1.8	1.8	1.8
Indemnification loan	23.4	**23.4**							
Total	147.8	**184.0**	9.6	10.9	16.7	118.1	1.8	1.8	1.8

AT DECEMBER 31, 2019 (USD IN MILLION)	CARRYING AMOUNT	TOTAL	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE 0-6 MONTHS	7-12 MONTHS	2021	2022	2023
Capitalized Borrowing Cost	-1.4						
USD Senior Secured Bond	110.0	**154.3**	6.3	6.3	12.7	12.7	116.3
Indemnification Loan (NOK)	22.8	**22.8**					
Total	131.4	**177.1**	6.3	6.3	12.7	12.7	116.3

The differences between carrying amounts and total expected payments in the tables above are due primarily to the effect of discounting. Interest payments are estimated using the interest rates at December 31, 2020 and 2019. All cash flows are undiscounted. Amounts in other currencies than USD are translated at the exchange rates at December 31, 2020 and 2019, respectively.

The nominal interest rates and currency distribution (notional amounts) at December 31, 2020 were as follows

	INTEREST RATE (%)		CURRENCY	AMOUNTS IN MILLION	BORROWER
USD Senior Secured Bond	11.50	Fixed	USD	110.0	REC Silicon ASA
C.A.R.E.S. Act loan	1.00	Fixed	USD	4.4	REC Advanced Silicon Materials
C.A.R.E.S. Act loan	1.00	Fixed	USD	3.8	REC Solar Grade Silicon
Grant County WA tax settlement	11.50	Fixed	USD	7.2	REC Solar Grade Silicon
Indemnification loans	2.00	Variable	NOK	200.0	REC Silicon ASA

The nominal interest rates and currency distribution (notional amounts) at December 31, 2019 were as follows

	INTEREST RATE (%)		CURRENCY	AMOUNTS IN MILLION	BORROWER
USD Senior Secured Bond	11.50	Fixed	USD	110.0	REC Silicon ASA
Indemnification loans	2.00	Variable	NOK	200.0	REC Silicon ASA

18 INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Recognized income tax expense

(USD IN MILLION)	2020	2019
Current income tax expense (-) / benefit (+)	22.6	0.0
Deferred tax expense (-) / benefit (+)	0.0	0.0
Total income tax expense (-) / benefit (+) in the statement of income	22.6	0.0

Relationship of income tax expense/benefit to profit/loss from continuing operations

(USD IN MILLION)	2020	2019
Profit/loss before tax	-69.3	-127.0
Tax calculated at domestic tax rates applicable to profits /losses in the respective countries	14.6	32.5
Effects of changes in tax rates and use of another tax rate for parts of profits /losses	0.4	0.6
Associated companies	0.0	-9.2
Expenses not deductible for tax purposes	-2.0	-0.1
Effects of not recognized deferred tax assets, including reversal of previous years	-35.2	-23.4
Tax losses, tax credits + temp diff for which no def tax has been rec. this year	19.7	-0.0
Change in estimates of prior years income taxes	22.6	0.0
Other permanent differences	2.5	-0.4
Total income tax expense (-) / benefit (+) in the statement of income	22.6	-0.0
Effective tax rate	33%	0%

During the third quarter of 2020, REC Silicon was informed by the Norwegian Tax Administration through legal counsel that issues raised to deny deductions taken by REC Silicon during tax years 2009 through 2011 had been dropped. As a result, the Company recognized an income tax benefit of USD 22.5 million which represents the reversal of estimated tax expense previously reported by the Company due to this examination. The remaining tax benefit of USD 0.1 million is related to changes in the United States related to an adjustment of refunds previously received. Other permanent differences in 2020 and 2019 are related to tax calculations in REC Silicon ASA where the tax balances are denominated in NOK and the Financial Statements are in USD. This gives rise to differences in profit/loss between the tax calculation and the Financial Statement.

The income tax calculation for the Group is primarily based on blended corporate income tax rates of 22 percent in Norway and approximately 22.7 percent in the USA.

Income tax for REC Silicon in the USA is based on nominal 21 percent federal tax rate plus estimated state taxes. The effective tax rate for REC Silicon in the USA was 0 percent in 2020 and2019.

Income tax assets and liabilities in the statement of financial position

(USD IN MILLION)	2020	2019
Current tax assets	0.0	1.3
Current tax liabilities	0.0	24.3
Net current tax assets (+) / liabilities (-)	0.0	-23.0
Deferred tax assets	0.0	0.0
Deferred tax liabilities	0.0	0.0
Net deferred tax assets (+) / liabilities (-)	0.0	0.0

Current income tax assets in 2019 relate to a refund of Alternative Minimum Tax in the United State. Current tax liabilities for 2019 are related to the change in estimates for prior years' income taxes for REC Silicon ASA (see note 31).

Deferred tax assets and liabilities, based on classification as current and non-current are as follows

(USD IN MILLION)	2020	2019
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	57.5	60.8
Deferred tax asset to be recovered within 12 months	5.5	5.3
Offset deferred tax assets and liabilities	-63.0	-66.2
Total	0.0	0.0
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	63.0	66.2
Deferred tax liability to be settled within 12 months	0.0	0.0
Offset deferred tax assets and liabilities	-63.0	-66.2
Total	0.0	0.0
Net deferred tax liabilities	0.0	0.0

Tax losses and tax credit carry-forwards are presented as deferred tax assets to be recovered after 12 months in the table above.

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2020

(USD IN MILLION)	BALANCE JAN 1	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31
Total non-current assets	-63.9	4.5	0.0	-1.4	-60.7
Total current assets	0.0	0.0	0.0	0.0	0.0
Total non-current liabilities	-0.3	0.1	0.0	0.0	-0.2
Total current liabilities	5.3	0.0	0.0	0.2	5.5
Tax losses and tax credits carry-forward recognized [1)]	58.8	-4.6	0.0	1.2	55.4
Total	0.0	0.0	0.0	0.0	0.0

The following are the major deferred tax liabilities (-) and assets (+) recognized by the Group and movements during 2019

(USD IN MILLION)	BALANCE JAN 1	RECOGNIZED IN INCOME	RECOGNIZED IN OCI/EQUITY	TRANSLATION DIFFERENCE	BALANCE DEC 31
Total non-current assets	-62.4	-2.1	0.0	0.6	-63.9
Total current assets	0.0	0.0	0.0	0.0	0.0
Total non-current liabilities	-0.4	0.1	0.0	0.0	-0.3
Total current liabilities	5.4	0.0	0.0	-0.1	5.3
Tax losses and tax credits carry-forward recognized[1)]	57.5	1.9	0.0	-0.6	58.8
Total	0.0	0.0	0.0	0.0	0.0

1) Tax losses and tax credit carry-forwards recognized at December 31, 2020 related to REC Silicon in the USA were USD 0.0 million and USD 55.4 million related to REC Silicon ASA. Tax losses and tax credit carry-forwards recognized at December 31, 2019 related to REC Silicon in the USA were USD 0.0 million and USD 58.8 million related to REC Silicon ASA.

Accumulated income taxes recognized to equity at December 31

(USD IN MILLION)	2020	2019
Effect of transition to IAS 39 at January 1, 2005	2.3	2.3
Effect of actuarial gains and losses	-4.1	-3.9
Effect of conversion of convertible bonds	-61.0	-61.0
Effect of costs for capital increase	12.9	8.6
Effect of translation differences on loans as part of net investment	12.6	12.6
Total deferred tax	-37.3	-41.4
Current tax - effect of costs for capital increase	13.1	13.1
Total	-24.2	-28.3

Amounts in table above exclude translation differences on deferred tax. Negative numbers are a reduction to equity.

The following main deferred tax assets have not been recognized at December 31

(USD IN MILLION)	2020	2019
Total non-current assets	73.3	37.8
Total current assets	1.6	-0.2
Total non-current liabilities	22.7	45.3
Total current liabilities	8.7	17.0
Tax losses carry forward	402.9	388.0
Total	509.2	487.8

Distribution of the deferred tax assets that have not been recognized at December 31

(USD IN MILLION)	2020	2019
REC Silicon ASA (Norway)	76.4	69.6
REC Solar AS (Norway)	183.4	178.2
REC Silicon US operations	247.5	238.1
Other	1.9	1.9
Total	509.2	487.8

The deferred tax asset in the United States was generated due to net operating losses on a tax basis, the accelerated reversal of book to tax differences for depreciation caused by the recognition of impairment (financial statement only), and other taxable temporary differences which are expected to reverse on a more definite schedule. The deferred tax asset in the United States associated with net operating losses was USD 142.2 million at December 31, 2020 includes USD 128.5 million associated with net operating losses generated in 2017 and prior years which expire between 2031 and 2037. Deferred tax assets of USD 13.6 million are due to net operating losses generated after 2017 which do not expire.

The deferred tax asset in Norway was generated due to net operating losses on a tax basis and other taxable temporary differences which are expected to reverse on a more definite schedule. In Norway, net operating losses do not expire.

Deferred tax assets have not been recognized due to requirements in IAS 12 for convincing evidence of available future taxable income to offset prior tax losses.

A 15 percent withholding tax would apply to any dividends paid from the USA (see notes 2.16 and 4.1(A)).

19 RETIREMENT BENEFIT OBLIGATIONS AND EXPENSES

The cost of defined pension benefit plans is expensed in the period that the employee renders services and becomes eligible to receive benefits. The cost of defined contribution plans is expensed as contributions become payable.

REC Silicon has an employer-sponsored defined contribution retirement plan (401 (k)) for employees in the United States. The REC Silicon subsidiary REC Advanced Silicon Materials LLC (ASiMI) in the United States had defined benefit plans at the time it was acquired in 2005. At that time, these plans were frozen, and no future benefits are accruing to the members of the plans. Previous pension rights remain unchanged and are fully vested. The tables below for defined benefit plans are related to Advanced Silicon Materials LLC only.

For defined benefit plans, the plan assets and the projected benefit obligations were measured at December 31, 2020 and 2019. An independent actuary performed actuarial calculations. The present value of the projected defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Defined benefit plans

(USD IN MILLION)	**2020**	2019
Gross retirement benefit obligations at January 1	**43.8**	38.5
Interest cost on pension obligations	**1.3**	1.5
Remeasurements recognized through OCI	**3.3**	5.3
Benefits paid, paid-up policies and disability obligation	**-1.6**	-1.6
Gross retirement benefit obligations at December 31	**46.8**	43.8
Fair values of plan assets at January 1	**24.3**	23.0
Actuarial return on plan assets	**3.0**	0.4
Pension premiums	**2.2**	2.5
Benefits paid, paid-up policies and disability reserve	**-1.6**	-1.6
Fair value of plan assets at December 31	**27.9**	24.3
Funded status at December 31	**18.9**	19.5
Net retirement benefit obligations at December 31	**18.9**	19.5

The plan assets relate to one of three ASiMI plans and are currently invested in a mix if 54% equity funds and 46% fixed income funds.

Retirement benefit obligations in the statement of financial position

(USD IN MILLION)	**2020**	2019
Net retirement benefit obligations at January 1	**19.5**	15.5
Net periodic benefit costs including net interest	**0.6**	0.6
Remeasurements recognized through OCI	**1.1**	5.9
Pension premiums and benefits paid	**-2.2**	-2.5
Net retirement benefit obligations at December 31	**18.9**	19.5

The amounts recognized in the statement of income are as follows

(USD IN MILLION)	**2020**	2019
Total benefit plans	**0.0**	0.0
Defined Contribution	**1.6**	1.9
Total contribution expenses (see note 24)	**1.6**	1.9
Net interest expense	**0.6**	0.6

Remeasurements of the net defined benefit liability recognized through Other Comprehensive Income (gains (-)/losses (+))

(USD IN MILLION)	2020	2019
Experience adjustments	0.0	0.0
Effects of changes in assumptions	3.2	5.4
Total remeasurements (gains (-)/losses (+)) on gross retirement benefit obligations	3.3	5.3
Return on plan assets, excluding amounts included in interest	-2.2	0.6
Total remeasurements (gains (-)/losses (+)) recognized through Other Comprehensive Income	1.1	5.9

During 2020 the effects of changes in assumptions were due to a decrease in discount rate and changes in financial and demographic assumptions for the ASiMI plans.

The cumulative re-measurement loss recognized to equity through other comprehensive income was USD 25.5 million before income taxes at December 31, 2020. Of this, a loss of USD 25.5 million was related to ASiMI (excluding translation difference).

At December 31, 2020, the mortality table was updated from the Adjusted RP-2014 base rates with projection scale MP-2018 to the Pri-2012 total dataset mortality table with projection scale MP-2020. The Society of Actuaries (SOA) is an actuarial organization that periodically reviews mortality data and publishes mortality tables and improvement scales. In October 2019, the SOA released the Pri-2012 Mortality Tables for private-sector retirement plans in the U.S. The Pri-2012 report contains different sets of mortality tables based on complete dataset or various subsets. MP-2020 is the most recent improvement scale published by the SOA in October 2020.

The principal actuarial assumptions used to determine retirement benefit obligations at December 31

	2020	2019
Discount rate	2.40	3.04
Future salary increases	NA	NA
Future pension increases	NA	NA
Future increase in social security base amount	NA	NA
Future turnover	NA	NA

The assumptions used to determine the benefit cost for the year are determined at the beginning of the year. The expected return for the ASiMI plans equals the discount rate.

The expected remaining service life (average, in years) of the defined benefit obligation for the ASiMI plans are approximately 7.9 at December 31, 2020 and 9.5 at December 31, 2019. Pension premiums of USD 1.3 million are expected to be paid during 2021 to the ASiMI defined benefit plans.

For the ASiMI benefit plans, a one percentage point increase (decrease) in discount rate is estimated to decrease (increase) the pension obligation by approximately USD – 6.8 (5.5) million at December 31, 2020.

20 TRADE PAYABLES, PROVISIONS AND OTHER LIABILITIES

Non-financial liabilities, interest calculation

(USD IN MILLION)	2020	2019
Non-current prepayments - interest calculation	0.0	0.5
Current portion of prepayments interest calculation	0.0	4.1
Total prepayments, interest calculation	0.0	4.6

Trade payables and other liabilities

(USD IN MILLION)	2020	2019
Trade and other payables	8.0	9.0
Accrued costs for capex	0.0	0.0
VAT and other public taxes and duties payables	3.5	30.0
Accrued operating costs	6.3	3.6
Accrued finance costs	2.8	7.7
Other non-interest bearing liabilities[1)]	5.5	6.2
Trade payables and other liabilities	26.1	56.6

[1)] Includes payment penalty of USD 4.7 million in relation to outstanding capital contribution from REC Silicon to the Yulin JV (see note 9 and 29).

Provisions

(USD IN MILLION)	2020	2019
Provisions, current	0.0	0.0
Provisions non-current	0.0	0.0
Provisions non-current - interest bearing	14.7	3.3
Total provision	14.7	3.3

Specification of provisions

(USD IN MILLION)	ASSET RETIREMENT OBLIGATION	TOTAL
At January 1, 2020	3.3	3.3
Change in estimate in asset retirement obligation	11.0	11.0
Net periodic asset retirement obligation costs including net interest	0.4	0.4
At December 31, 2020	14.7	14.7

Estimated fair values of the Group's guarantees, indemnification loans and option contract related to the REC Wafer bankruptcy are not reported as provisions but included in other line items in the statement of financial position.

NON-CURRENT PROVISIONS
During 2020 the Company recorded additional provision for ARO's of USD 11.4 million.

At December 31, 2020 the Company has recorded USD 14.7 million in asset retirement obligations (AROs). These obligations consist of USD 3.3 million to restore leased wastewater containment ponds to conditions specified in the lease agreement and USD 11.4 million for the eventual cleanup of the Company's manufacturing operations in Moses Lake, Washington and Butte, Montana.

The AROs represent the present value of estimated future costs discounted at 4.2 percent for 8 years for the wastewater containment ponds. The restoration of the production sites is discounted at 5.45 percent for 39.5 years. The restoration of production sites is subject to significant uncertainty due to variability in restoration requirements imposed by regulatory authorities as well as the timing of restoration.

21 GOVERNMENT GRANTS

There were no government grants at December 31, 2020 or 2019.

22 OTHER OPERATING EXPENSES

(USD IN MILLION)	2020	2019
Freight, postage and transportation	3.0	4.3
Energy and water	21.1	33.2
Lease and rental expenses	1.0	2.4
Total operating, service and maintenance costs	19.2	26.0
Consultancy and auditor fees	7.2	8.5
Own work capitalized on fixed assets	-0.1	0.0
IT and telecommunications costs	1.5	2.4
Travel and entertainment costs	0.3	1.8
Insurance costs	3.1	3.6
Other operating costs[1)]	-1.2	-2.3
Other operating expenses	55.1	79.9

[1)] Other Operating Costs include the reimbursement of expenses incurred on behalf of the JV (see note 10).

Auditor's remuneration

(USD IN MILLION)	2020	2019
Statutory Audit (only relating to statutory auditor)	0.5	0.4
Other assurance services (only relating to statutory auditor)	0.0	0.0
Tax advisory services (only relating to statutory auditor)	0.0	0.2
Other non-audit services (only relating to statutory auditor)	0.0	0.0
Total auditors remuneration	0.6	0.6

23 OTHER INCOME AND EXPENSES

(USD IN MILLION)	2020	2019
Restructuring cost and employee termination benefits	0.0	-2.3
Grant County WA tax settlement	16.0	0.0
FERC ruling refund	0.7	0.0
State of WA excise tax settlements	0.2	-0.3
Employment matter legal settlement	-0.2	0.0
Insurance proceeds related to equipment damaged by July 1, 2016 fire	0.0	0.6
Gain/loss on disposal of non-current assets	0.2	0.1
Total other income and expenses	16.9	-2.0

During both 2020 and 2019 the Group incurred employee termination costs related to headcount reductions.

24 EMPLOYEE BENEFITS

(USD IN MILLION)	2020	2019
Salaries	26.9	34.0
Bonus and sales commission - employees	1.7	0.0
Share option expense	2.4	-0.1
Social security tax	2.0	2.6
Defined Contribution	1.6	1.9
Other employee related costs	4.6	6.6
Employee benefit expenses	39.4	44.9

The average number of permanent employees during 2020 was 280. The average number of permanent employees during 2019 was 342.

There were no loans or guarantees provided to employees at December 31, 2020 or 2019.

25 FINANCIAL INCOME AND EXPENSES

(USD IN MILLION)	2020	2019
Interest income from financial assets not at fair value through profit or loss	0.3	0.7
Total income from financial assets not at fair value through profit or loss	0.3	0.7
Interest expenses for CTO tax dispute	-0.2	-0.4
Interest expenses for USD Senior Secured Bond	-12.7	-12.7
Interest expenses for Property Tax dispute	-0.3	0.0
Interest expenses for PPP loan	-0.1	0.0
Interest expenses for financial liabilities not at fair value through profit or loss	0.0	0.0
Expensing of up-front fees and costs	-0.4	-0.3
Interest on leaase liabilities	-7.6	-5.0
Other calculated interest expenses	-0.1	-0.5
Calculated/imputed interest other - added to principal - external	-0.4	-0.3
Capitalization of borrowing costs	0.3	0.1
Net change in fair value of financial equity investment through profit and loss	-18.0	0.0
Other expenses from financial assets and liabilities	4.2	-0.6
Net financial expenses	-35.2	-19.6
Net currency gains/losses	4.5	-1.2
Net financial items	-30.4	-20.2

Interest income in 2020 includes interest on bank accounts of USD 0.1 million and interest on municipal bonds of USD 0.2 million.

Calculated interest is interest calculated on prepayments (see note 20).

ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS ON INTEREST, UP-FRONT FEES, AND OTHER COSTS PAID.
Interest paid is approximately USD 20.5 million in 2020 and USD 17.6 million in 2019.

26 EARNINGS PER SHARE

BASIC
Basic earnings per share (EPS) is calculated by dividing the profit/loss attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the year, excluding treasury shares.

EARNINGS PER SHARE

	2020	2019
Profit/loss (USD IN MILLION)	-46.7	-127.0
Weighted average number of ordinary shares in issue (IN MILLION)	292.7	270.5
Basic earnings per share (USD per share)	-0.16	-0.47

DILUTED
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the convertible bonds and employee share options. Earnings are adjusted to reverse interest expense, currency gains or losses, changes in fair value and the related tax amounts of the convertible bonds. The calculation is made individually for each of the convertible bonds. If the effect increases EPS from continuing operations, it is anti-dilutive, and is then not included in diluted EPS.

The calculation shows that the share options are anti-dilutive for 2020 and 2019. Consequently, dilutive EPS equals basic EPS for both years.

27 DIVIDENDS PER SHARE

The Board of Directors did not propose any dividend payments for financial years 2020 or 2019.

28 RESEARCH AND DEVELOPMENT

(USD IN MILLIONS)	2020	2019
Research and development expense	1.4	1.8
Development capitalized	0.0	0.0
Total research and development	1.3	1.8

Research and development activities consist of improvements to current production processes and equipment as well as activities designed to enhance quality, improve efficiency, and reduce production cost. Research and development expenses in the table above include depreciation of USD 0.5 million in 2020 and 2019.

29 COMMITMENTS, GUARANTEES, PLEDGES

Purchase obligations consist of significant items for which the Group is contractually obligated to purchase from third parties at December 31, 2020. Operating lease payments show contractual minimum future payments.

In cases where contracts can be terminated or reduced, the reduced amount has been included as estimated payments in the first period subsequent to the reporting period. Consequently, the amounts presented in the table represent the estimated unavoidable portion of the Group's expected future costs related to purchase obligations and lease payments. It does not reflect the Group's expected future cash outflows.

Purchase obligations and operating lease payments are undiscounted and exclude the payment of amounts recognized for other assets, liabilities, and investments.

Contractual purchase obligations and minimum operating lease payments at December 31, 2020

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	2021	2022	2023	2024	2025	AFTER 2025
Total purchase of goods and services	11.3	11.3	0.0	0.0	0.0	0.0	0.0
Total minimum operating lease payments	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum operating lease payments	11.4	11.4	0.0	0.0	0.0	0.0	0.0

Purchase obligations consist primarily of long-term contracts for Metallurgical Grade Silicon. Operating leases are short-term or low-value leases that meet the exceptions in IFRS 16 Leases.

In 2018, REC Silicon entered into a supplemental agreement in relation to investment in the Yulin JV in China. The final equity settlement payment of USD 4.7 million, which was payable during December 2020, has not been made due to delinquent outstanding invoices for services provided to the Yulin JV by REC Silicon and disagreements with respect to performance testing criteria and interpretation specified in the Technology Transfer Agreement (TTA). REC Silicon is currently seeking a resolution to these issues. This amount has not been included in the table above.

GUARANTEES AND PLEDGES

Bank guarantees at December 31, 2020 amounted to USD 5.1 million related to performance guarantees (REC Solar), and salary related liabilities. Restricted cash balances related to guarantees were USD 4.5 million (see note 14).

Bank guarantees at December 31, 2019 amounted to USD 4.7 million related to performance guarantees (REC Solar), and salary related liabilities. Restricted cash balances related to guarantees were USD 4.4 million (see note 14).

The Group provided parent company guarantees for the REC Solar Group related to the performance of solar panels and systems and the sale of REC ScanModule AB. The Group has been provided with offsetting guarantees by REC Solar Holdings AS. The guarantees are valid for relevant warranty periods and are limited by warranties provided on solar panels and systems. Parent company guarantees for REC Solar were USD 54.7 million at December 31, 2020 and 2019. The guarantees will decrease from 2022 to 2039 when they will expire in their entirety.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of a former subsidiary (see notes 11, 17 and 30).

30 OTHER INFORMATION FINANCIAL INSTRUMENTS

FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Group's financial instruments are based on market prices and the valuation methods described below.

Financial instruments recognized at fair values (partially or in whole)

	2020		2019	
(USD IN MILLION)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Derivatives option related to REC Wafer bankruptcy	0.0	1.5	0.0	1.4

Level 3

Option contract is part of the indemnification agreements in connection with the REC Wafer Norway AS bankruptcy, and the estimated fair value is subject to change. Changes in estimated fair value, when they occur, are reported as part of the net gain on disposal of discontinued operations. There are no anticipated cash flows associated with this option until estimated maturity, the earliest of which was in February 2016. The option contract has not been settled as of the issue date of these financial statements. The option price is dependent on the share price of the Company and dividend payout from the REC Wafer Norway AS's bankruptcy estate. At yearend 2015, this option had matured, and the associated liability amounts became fixed with respect to changes in the Company's share price. A ten percent change to the dividend payout from REC Wafer Norway AS's bankruptcy estate would result in a corresponding change of NOK 1 million (USD 0.1 million at year end) in the fair value of the liability.

Other financial liabilities and assets

The USD Senior Secured bonds (REC04) are traded on the Oslo Stock Exchange. Although trading is limited, market values of the bonds were estimated using trades near year-end (level 2 in the fair value hierarchy).

	2020			2019		
(USD IN MILLION)	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC04	110.0	109.4	119.6	110.0	109.0	116.1

For all remaining financial assets and liabilities, the carry amounts represent a reasonable approximation of fair value.

CREDIT RISK

The maximum credit risks related to financial assets are estimated in the table below.

	2020		2019	
(USD IN MILION)	CARRYING AMOUNT	MAX. EXPOSURE	CARRYING AMOUNT	MAX. EXPOSURE
Cash and bank (incl. restricted bank accounts)	139.4	139.4	33.8	33.8
Trade receivables and accrued revenues	20.2	20.2	23.2	23.2
Other non-current and current receivables	0.3	0.3	1.6	1.6
Finance receivables and short-term loans	2.5	2.5	3.8	3.8
Total	162.4	162.4	62.4	62.4

The bank guarantees, parent company guarantees, and indemnification agreements (see note 29) expose the Group to credit risk. The fair values of bank and parent company guarantees are estimated at zero. The maximum amount of the indemnification agreements is NOK 270 million and has been recognized in liabilities for NOK 212.7 million (USD 24.9 million) at December 31, 2020.

Shared characteristics that identify each concentration of trade receivables at December 31

GEOGRAPHICAL	2020	2019	SECTOR	2020	2019	INDUSTRY	2020	2019
China	**57%**	65%	Manufacturing	**62%**	69%	Electronic	**54%**	47%
Korea	**11%**	16%	Wholesale	**30%**	27%	Solar	**38%**	50%
North America	**10%**	3%	Other	**8%**	3%	Other	**8%**	3%
Taiwan	**8%**	8%						
Singapore	**6%**	0%						
Europe	**4%**	4%						
Japan	**3%**	4%						
Other Asia	**1%**	0%						
Total	**100%**	100%		**100%**	100%		**100%**	100%

The table above is calculated with respect to gross trade receivables only. The provision for loss on trade receivables is exclusively concentrated on customers in the solar industry in China and Taiwan.

The Group is dependent on a small number of customers. In 2020, three customers represented approximately 61 percent of revenue (three customers in 2019 represented 60 percent) for the Group.

Approximately 50 percent of the revenue in 2020 for the Semiconductor segment consisted of two customers in both 2020 and 2019, while the Solar Materials segment was represented by two customers in 2020 (one customer in 2019).

Three customers represented approximately 50 percent of total trade receivables for The Group at December 31, 2020 (three customers represented approximately 60 percent at December 31, 2019).

Approximately 50 percent of the trade receivables for the Semiconductor segment consisted of three customers in both 2020 and 2019, while approximately 100 percent of the trade receivables for the Solar Materials segment was represented by two customers in both 2020 and 2019. See note 5 Segment Information above.

Generally, a more challenging and competitive market environment increases credit risk due to financially weaker customers and extended payment terms. Amounts overdue but not impaired between 90 and 365 days were associated with three customers for 2020 and one customer for 2019. (see table below)

Analysis of aging of receivables at December 31, 2020

			AGING OF RECEIVABLES PAST DUE			
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS
Trade receivables	34.6	18.7	0.6	0.8	0.1	14.4
Provision for loss on trade recivables	-14.4	0.0	0.0	0.0	0.0	-14.4
Other non-current and current receivables	1.6	1.6	0.0	0.0	0.0	0.0
Total receivables	21.9	20.3	0.6	0.8	0.1	0.0
Prepaid Costs	5.6					
Total trade and other receivables	27.5					

Analysis of aging of receivables at December 31, 2019

			AGING OF RECEIVABLES PAST DUE			
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS
Trade receivables	37.6	17.0	1.1	1.0	4.2	14.4
Provision for loss on trade recivables	-14.4	0.0	0.0	0.0	0.0	-14.4
Other non-current and current receivables	1.3	1.3	0.0	0.0	0.0	0.0
Total receivables	24.5	18.2	1.1	1.0	4.2	0.0
Prepaid Costs	6.0					
Total trade and other receivables	30.5					

The provision for doubtful accounts includes the impact of adopting IFRS 9 which requires the Company to estimate expected credit losses (ECL) based upon historical experience. The Company has prepared analyses to calculate an ECL estimated at 0.31 percent of sales. However, because expected credit losses are low and accounts receivable consists of relatively large outstanding balances, use of the ECL to record credit losses at the time of sale would result in provisions for losses on trade receivables for future sales. Therefore, the Company uses the ECL rate as a guideline and evaluates the potential that balances will not be received based upon days outstanding, customer payment histories, and other information regarding past due balances. In general, provisions are recorded for accounts which are greater than 60 days past due unless there is a clear indication that payment will be received.

At December 31, 2020, approximately 63 percent of the not due receivables were secured by bank guarantees with no past due receivables secured by credit insurance. At December 31, 2019, approximately 72 percent of not due trade receivables were secured by bank guarantees and 27 percent of pas due receivables were secured by credit insurance primarily through Export Import Bank of the United States.

SENSITIVITIES

Interest rate sensitivity

A change in interest rates will affect interest payments on variable interest rate liabilities, cash, and restricted cash. The net effect of a one percentage point increase (decrease) in interest rates is estimated to affect profit or loss for the year by USD -0.6 (0.6) million calculated on outstanding amounts at December 31, 2020 and USD -0.1 (0.1) million calculated on outstanding amounts at December 31, 2019.

Exchange rate sensitivity

The table below shows the estimated impact of a 10 percent increase in foreign currency rates compared to functional currencies for each entity. A decrease in the same percentage would create the opposite effect. The amounts calculated in the table below are for REC Silicon ASA at period end and do not reflect fluctuations during the year. The table below shows the effects of changes in exchange rates on positions denominated in NOK for 2020 and 2019.

Exchange rate sensitivity on financial instruments at December 31

	CHANGE + 10% COMPARED TO FUNCTIONAL CURRENCIES	
(USD IN MILLION)	**2020**	2019
Financial assets	**7.3**	1.9
Financial liabilities	**-2.5**	-5.4
Total	**4.8**	-3.5
Of which to equity		
USD receivables as part of net investment	**0.0**	0.0
Rest is to profit or loss	**4.8**	-4.9

31 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group is involved in legal disputes in the ordinary course of business. Provisions are recognized for the expected outcomes in accordance with applicable accounting rules. Provisions are based on Group Management's estimate of likely outcomes based on prior experience, the source, and the facts and circumstances of a claim. The final outcomes of such disputes and litigation are subject to significant uncertainty and actual outcomes may vary from provisions recognized. Provisions are adjusted to reflect the most recent facts and circumstances.

IMPACT OF COVID-19 GLOBAL PANDEMIC

The COVID-19 pandemic continues to represent a substantial risk to REC Silicon's operations, the markets in which it participates, and general economic conditions. 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. REC Silicon continues to work with local authorities to ensure compliance with guidance and mandates issued by governmental authorities and the Department of Labor.

REC Silicon anticipates that policies, procedures, and activities to mitigate the impact of COVID-19 will be sufficient to maintain current production levels and prevent a substantial adverse impact on operations.

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

ANTICIPATED RESTART OF FBR PRODUCTION FACILITY IN MOSES LAKE

REC Silicon's FBR facility in Moses Lake, Washington was shut down during the second quarter of 2019 due to difficult market conditions and Chinese tariffs on polysilicon produced in the United States. Accordingly, operating costs and activities have been reduced to levels required to safely maintain the facility in a non-operating status and to retain the capability to restart the facility in the future.

The Company expects to restart the Moses Lake manufacturing facility when Chinese markets for solar grade polysilicon re-open, a non-Chinese Solar PV value chain is developed, silicon anode battery technology based on silane gas is commercialized, and/or other significant positive developments occur in solar grade polysilicon markets.

On October 13, 2020, the Company entered into memorandums of understanding with Violet Power to develop a non-Chinese solar PV value chain and with Group 14 Technologies to develop a silicon anode production facility at the Moses Lake plant.

The Company's plans to reopen the FBR facility are in part dependent upon the development of a solar PV value chain outside of China which will require REC Silicon to make additional investments in FBR processes to enable product quality suitable for high purity monocrystalline PV markets. The creation of a solar value chain outside China may also depend on the implementation of incentives and initiatives to encourage the adoption of low carbon solar PV panels and trade measures to incentivize investments in solar PV production capacity outside of China. Accordingly, the development of a functional non-Chinese Solar PV value chain is subject to substantial uncertainty.

In addition, the Company's plans to reopen the FBR facility are in part dependent upon the development and commercialization of technology for the use of silane to manufacture silicon anode material for use in lithium-ion batteries. Capital investments will also be required to supply silane to a co-located silicon anode material manufacturing facility. Accordingly, the realization of demand for the Group's products for use in lithium-ion batteries is subject to substantial uncertainty.

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

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

INDEMNIFICATION LOAN

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At December 31, 2020, the indemnification loan is NOK 200.0 million (USD 23.4 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. For additional information regarding the indemnification loan refer to note 17.

The Company received a claim dated December 16, 2019 under the indemnification loan. The claim is based on an assumption that the loss will exceed the declared amount when the bankruptcy estates are concluded. However, the relevant bankruptcy estates have not yet been concluded, and accordingly, the amount of loss suffered by the claimant as a result of the bankruptcy cannot be calculated at this time. On this basis, as well as on basis of other uncertainties concerning the basis for the claim, the Company has responded by denying the claim. On November 13, 2020, the claimant filed a cause of action with the Asker and Bærum District Court. REC Silicon intends to defend the cause of action. The status and timing of the indemnification loan is subject to uncertainty.

32 SHARE-BASED COMPENSATION

In 2015, and 2016 REC Silicon granted 800,000 synthetic share options during each year, and in 2017, 2018, 2019 and 2020 1,200,000 share options were granted to certain key employees. These programs are for six years. The first three years are a lock-up period. The vesting of the options for eligible employees will take place in equal parts in the fourth, fifth and sixth years of each program, on each June 30 of each year. The options were granted at a strike price of NOK 23.0 for 2015, NOK 19.2 for 2016, 11.90 in 2017, 15.2 in 2018, 8.1 in 2019, and 3.5 in 2020. These option programs are synthetic programs; the options will be settled in cash. Cash payments due to an eligible employee following any disbursement date is limited to a maximum amount in each calendar year equal to the employee's base annual salary effective January 1st in the year of the disbursement. Any unexercised options are forfeited upon termination of employment.

Fair values were estimated using the Black-Scholes option price model. Expected volatility was based on historical volatility and no dividends were expected in the periods. Expected lifetime and vesting periods were set at the time of allocation based on expectations that employees would exercise options early due to the structure of the programs, including the annual profit cap, and the volatility of the Company's share price.

OPTIONS OUTSTANDING AT DECEMBER 31, 2020

PROGRAM	EXERCISE PRICE (NOK)	NO. OPTIONS	TOTAL FAIR VALUE (USD MILLION)	REMAINING CONTRACTUAL LIFE (YEAR)	TOTAL EXPENSED (USD MILLION)	REMAINING TO BE EXPENSED (USD MILLION)
2015	23.0	647,559	0.4	0.5	0.4	0.0
2016	19.2	648,309	0.5	1.5	0.4	0.1
2017	11.9	993,186	0.9	2.5	0.6	0.2
2018	15.2	1,178,990	1.0	3.5	0.5	0.4
2019	8.1	1,177,417	1.2	4.5	0.4	0.8
2020	3.5	1,177,818	1.3	5.5	0.2	1.2
Total		5,823,279	5.2		2.5	2.7

Differences between the number of options granted for each year and the number of outstanding options in the table above are due to options that have been forfeited upon termination of employment. Options forfeited for 2020 and 2019 were 89,147 and zero respectively. Options expired for 2014 were 648,193.

The amount recognized in the statement of income for share-based compensation was USD 2.4 million in 2020 and a credit of USD 0.1 million in 2019. At December 31, 2020, USD 1.6 million has been reported in the line other non-current liabilities on the statement of financial position and USD 0.9 million in accrued operating costs (see note 20). The liabilities associated with share-based compensation are derived using the Black Scholes option pricing model and may not match actual payments made depending upon the market value of the Company's stock on the exercise date. During 2020 and 2019, there were no cash payments made with respect to share-based compensation.

BALANCE SHEET (NGAAP) REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2020	2019
ASSETS			
Non-current assets			
Equipment and intangible assets	B	30	30
Investments in subsidiaries	C	133	13,060
Non-current receivables from subsidiaries	D	219,400	277,448
Restricted bank accounts non-current	E	3,747	3,628
Total non-current assets		223,310	294,166
Current assets			
Other receivables from subsidiaries		5,208	0.0
Other receivables		165	114
Restricted bank accounts current	E	214	191
Total current receivables		5,587	306
Cash and cash equivalents	E	108,194	18,862
Total current assets		113,781	19,168
Total assets		337,091	313,334

BALANCE SHEET (NGAAP)
REC SILICON ASA

AT DECEMBER 31 (USD IN THOUSAND)	NOTES	2020	2019
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	G	**44 125**	33,918
Share premium	G	**95 670**	0
Total paid-in capital	G	**139 795**	33,918
Other equity and retained earnings	G	**60 589**	114,307
Total shareholders' equity	G	**200 384**	148,225
Non-current liabilities			
Interest-bearing liablities	F	**108,972**	108,605
Total non-current liabilities		**108,972**	108,605
Current liabilities			
Trade payables		**48**	24
Current tax payables	I, Q	**0**	24,323
Social security tax, VAT and other taxes		**16**	14
Interest-bearing liabilities	F	**23,440**	22,778
Derivatives	L	**1,488**	1,446
Other current liabilities	L	**2,744**	7,918
Total current liabilites		**27,735**	56,504
Total liabilities		**136,708**	165,109
Total equity and liabilities		**337,091**	313,334

Lysaker, March 25, 2021
Board of Directors

Kjell Inge Røkke
Chairman of the Board

Annette Malm Justad
Member of the Board

Audun Stensvold
Member of the Board

Lene Landøy
Member of the Board

Tore Torvund
President and CEO

INCOME STATEMENT (NGAAP) REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	NOTES	2020	2019
Revenues		**0**	0
Employee benefit expenses	H	**-216**	-405
Other operating expenses	J	**-1,190**	-1,243
EBIT		**-1,407**	-1,647
Interest income, internal	K	**0**	0
Interest income, external		**89**	351
Other financial income		**0**	28
Interest expense, external	K	**-13,175**	-13,347
Other financial expenses	K	**4,718**	-26
Net currency gains/losses	K	**4,507**	344
Impairment of financial assets	M	**-70,975**	-70,676
Net financial items		**-74,836**	-83,325
Profit/loss before income tax		**-76,243**	-84,972
Income tax expenses	I	**22,525**	0
Profit/loss for the year		**-53,718**	-84,972
Profit/loss for the year is distributed as follows			
Share premium	G	**0**	-16,115
Other equity (uncovered loss)	G	**-53,718**	-68,857
Total distributed		**-53,718**	-84,972

STATEMENT OF CASH FLOWS (NGAAP) REC SILICON ASA

YEAR ENDED DECEMBER 31 (USD IN THOUSAND)	2020	2019
Cash flows from operating activities		
Profit/loss before tax	-76,243	-84,972
Impairment losses financial assets[1]	70,975	70,676
Changes in receivables external	-51	99
Changes in receivables internal	-5,208	0
Changes in payables	-5,149	291
Currency effects not cash flow or not related to operating activities[2]	-1,095	-450
Other items[3]	367	330
Net cash flow from operating activities	-16,404	-14,027
Cash flow from investing activities		
Investment in equity in subsidiaries	0	-3,100
Investment in loan to subsidiaries	0	0
Proceeds from finance receivables and restricted cash	-141	-10
Net cash flow from investing activities	-141	-3,110
Cash flow from financing activities		
Increase in equity	105,877	19,030
Payments of borrowings and up-front/waiver loan fees	0	0
Proceeds from borrowing	0	0
Net cash flow from financing activities	105,877	19,030
Net increase/decrease in cash and cash equivalents	89,331	1,893
Cash and cash equivalents at the beginning of the period	18,862	16,970
Cash and cash equivalents at the end of the period	108,194	18,862

[1] Impairment losses financial assets. See note M.

[2] The Currency gains and losses are primarily related to liabilities in NOK.

[3] Other items consist of the expensing of up-front loan fees and amortization of interests.

INDEX OF THE NOTES TO THE FINANCIAL STATEMENTS REC SILICON ASA

NOTES TO THE FINANCIAL STATEMENTS REC SILICON ASA

A SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND GENERAL INFORMATION

REC Silicon ASA (the Company) is a holding company with corporate management and financial functions.

The financial statements have been prepared in compliance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP) in effect at December 31, 2019. The Company's reporting and functional currency is in US Dollar (USD).

The reporting currency used in the consolidated financial statements is US Dollar (USD). The consolidated financial statements of the Group have been prepared in accordance with IFRS. The Company's accounting principles are similar to the accounting principles for the Group unless otherwise noted. Financial statement disclosures for the Company that are substantially different from the disclosures for the Group are shown below. See notes to the consolidated financial statements.

Group contributions and dividends that are subject to approval by the Annual General Meeting are recognized according to IFRS in the consolidated financial statements at the time of approval. For the Company's financial statements according to NGAAP, these are recognized in the fiscal year they relate to. Group contributions to subsidiaries are recognized as investment in shares in subsidiaries, net of tax.

Subsidiaries, jointly controlled entities, and associates are carried at the lower of cost or estimated recoverable amount in the Company's financial statements. In the consolidated financial statements, these are consolidated or accounted for using the equity method.

In the Company's financial statements, payments expected to be made during the next 12 months on non-current financial assets or liabilities are not reclassified to current financial assets or liabilities. In the consolidated financial statements, these are reclassified.

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

The financial statements of the Company have been approved for issue by the Board of Directors on March 24, 2021 and are subject to approval by the Annual General Meeting scheduled for May 11, 2021.

B EQUIPMENT AND INTANGIBLE ASSETS

Equipment and intangible assets consist of office equipment and furniture.

There has been no addition and disposal during 2020 and 2019. The tangible assets are fully depreciated at December 31, 2019.

C SHARES IN SUBSIDIARIES

			CARRYING AMOUNT DECEMBER 31 (USD IN THOUSAND)	
COMPANY	OWNERSHIP/ VOTING RIGHT	BUSINESS OFFICE	**2020**	2019
REC SILICON AS	100%	Bærum	**11**	12,938
REC SOLAR AS	100%	Bærum	**122**	122
Total			**133**	13,060

In 2019 the Company increased the equity in REC Silicon AS with USD 3,100 thousand.

In 2019 the Company impaired the shares in REC Silicon AS with USD 56,950 thousand as a consequence of REC Silicon AS similar impairment of their shares in REC Silicon Pte Ltd. In 2020 the Company impaired the shares with USD 12,927 thousand as a consequence of REC Silicon AS similar impairment of their shares in REC Silicon Pte Ltd.

SUB-SUBSIDARIES	OWNERSHIP/VOITING RIGHT	BUSINESS OFFICE
REC Solar AS subsidiaries		
Gitzeli Solar Energy Production S.A.	100%	Greece
REC Greece S.A.	100%	Greece
REC Silicon AS subsidiaries		
REC Silicon Inc	100%	Moses Lake, USA
REC Solar Grade Silicon LLC	100%	Moses Lake, USA
REC Advanced Silicon Materials LLC	100%	Butte, USA
REC Silicon Pte. Ltd.	100%	Singapore

At December 31, 2020, REC Solar AS's subsidiaries were under liquidation.

D RECEIVABLES FROM SUBSIDIARIES

Non-current interest-bearing receivables from subsidiaries are USD loans to the subsidiaries in USA (REC Silicon Inc. and REC Solar Grade Silicon LLC) with carrying value USD 219,400 thousand at December 31, 2020 and USD 277,448 thousand at December 31, 2019. In 2020 the Company has impaired these receivables by USD 58,048 thousand and in 2019 impaired by USD 13,726 thousand. See note M.

E CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

Cash and cash equivalents consist of bank deposits.

Restricted bank accounts (not included as cash and cash equivalents)

AT DECEMBER 31 (USD IN THOUSAND)	2020	2019
Non-current	3,747	3,628
Current	214	191
Total restricted bank accounts	3,961	3,820

At December 31, 2020 current restricted bank accounts include USD 24 thousand to secure employees' tax deductions in REC Silicon ASA.

At December 31, 2019 current restricted bank accounts include USD 8 thousand to secure employees' tax deductions in REC Silicon ASA.

See note 14 to the consolidated financial statements for a description of restricted bank accounts.

F INTEREST BEARING LIABILITIES

AT DECEMBER 31 (USD IN THOUSAND)	2020	2019
Non-current		
USD senior secured bond	110,000	110,000
Unamortized fees	-1,028	-1,395
USD senior secured bond	108,972	108,605
Total non-current interest bearing liabilities	108,972	108,605
Current		
Indemnification loan	23,440	22,778
Total interest bearing liabilities	132,412	131,383

See note 17 to the consolidated financial statements for details of the Company's interest-bearing liabilities.

G EQUITY

(USD IN THOUSAND)	SHARE CAPITAL	SHARE PREMIUM	OTHER EQUITY AND RETAINED EARNINGS (UNCOVERED LOSSES)	TOTAL
Equity at January 1, 2019	310,033	0	-95,865	**214,167**
Share issue	2,915	16,115	0	**19,030**
Share Capital reduction	-279,029	0	279,029	**0**
Loss for the year	0	-16,115	-68,857	**-84,972**
Equity at December 31, 2019	33,918	0	114,307	**148,225**
Share issue	10,207	95,670	0	**105,877**
Profit for the year	0		-53,718	**-53,718**
Equity at December 31, 2020	44,125	95,670	60,589	**200,384**

SHARE CAPITAL REDUCTION
On July 3, 2019 the share capital reduction and the conversion of the Class A Shares (see shareholder matters above) was completed and registered with the Norwegian Register of Business Enterprises. Consequently, the new share capital of the Company was NOK 279,820,065.50 divided on 2,798,200,655 ordinary shares, each with a par value of NOK 0.10. At the same time, 5 shares were issued with a par value of NOK 0.10. The Company share capital was NOK 279,820,066 divided on 2,798,200,660 ordinary shares, each with a par value of NOK0.10.

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

See note 15 to the consolidated financial statements for more information.

CAPITAL INCREASE
On October 14, 2020, the Company raised approximately NOK 1,000 million in gross proceeds through the Private Placement of 92,592,592 new shares, at a price per share of NOK 10.80.

The Private Placement consisted of two separate tranches: one tranche with 27,982,000 new shares in the Company and a second tranche with 64,610,592 new shares. The settlement of Tranche 1 occurred on October 27, 2020 and the settlement for Tranche 2 occurred on November 19, 2020 following approval by an Extraordinary General Meeting in the Company of the issuance of the New Shares under Tranche 2. The completion of Tranche 1 was subject to approval by the Company's Board of Directors pursuant to an authorization granted by the Company's Annual General Meeting held on May 12, 2020. The Board of Directors of REC resolved to issue 27,982,000 new shares in the Company, referred to as the "Tranche 1" shares.

The registration of the new shares issued in Tranche 1 with the Norwegian Register of Business Enterprises was completed on October 26, 2020 and the Company received proceeds of NOK 290.2 million (approximately USD 31.4 million) net of the brokers fee on October 27, 2020. Subsequent to this registration, the new share capital of the Company was NOK 307,802,066, divided into 307,802,066 shares of NOK 1 par value.

The registration of the new shares issued in Tranche 2 with the Norwegian register of Business Enterprises was completed on November 18, 2020 and the Company received proceeds of NOK 673.4 million (approximately USD 74.7 million) net of the brokers fee on November 19, 2020. Subsequent to this registration, the new share capital was NOK 372,412,658 divided into 372,412,658 shares of NOK 1 par value.

H EMPLOYEE BENEFITS

Employee benefit expenses

(USD IN THOUSAND)	2020	2019
Payroll	-168	-342
Social security tax	-46	-49
Pension expense including social security tax	-2	-11
Other employee related costs	-2	-2
Employee benefit expenses	-217	-405

The average number of employees measured in man-years was 0.25 during 2020 and 1.0 for 2019. There were no loans or guarantees to employees at December 31, 2020 and 2019.

Payroll includes compensation to Board of Directors. For compensation and shareholdings for Group management and Board of Directors see note 16 to the consolidated financial statements.

PENSION PLANS
At December 31, 2020 the Company had no employees and had thereby stopped to maintain a defined contribution pension plan for employees. As long as the company had employees, the company maintained a contribution plan that fulfilled the requirements of Norwegian law: "Lov om obligatorisk tjenestepensjon" during 2020.

I INCOME TAXES

Recognized income tax expense

(USD IN THOUSAND)	2020	2019
Current income tax benefit (+) / expense (-) for the year	0	0
Total deferred tax benefit (+) / expense (-) for the year	0	0
Changes in estimates related to prior years[1]	22,525	0
Total income tax benefit (+) / expense (-) for the year in the income statement	22,525	0

[1] See note Q Contingent Liabilities in relation to the reversal of the estimated tax expense of USD 22,525 thousands.

Relationships of income tax expense/benfit to profit / loss before taxes

(USD IN THOUSAND)	2020	2019
Profit/Loss for before taxes	-76,243	-84,972
Tax calculated at domestic tax rate of 22%	-16,773	18,694
Expenses not deductible for tax (-) /reversal (+)(permanent differences)[1]	1,015	-81
Impairment loss (permanent differences)[2]	-15,614	-15,549
Other permanent differnces[3]	2,513	-385
Effects of not recognized deferred tax assets, including reversal of previous years	-4,687	-2,680
Current income tax benefit (+) / expense (-) for the year	0	0
Changes in estimates related to prior years	22,525	0
Total income tax benefit (+) / expense (-) for the year in the income statement	22,525	0
Effective tax rate	0%	0%

[1] Reversal of prior years' calculated interest on tax liability
[2] Impairment of financial assets.
[3] Other permanent differences consist of income and cost registered in USD financial statement, but not applicable for tax calculation, and income and cost registered in NOK Tax financial statement, but not applicable for the USD financial statement.

Current income tax

(USD IN THOUSAND)	2020	2019
Profit/Loss for before taxes	-76,243	-84,972
Impairment and losses on shares and loans - permanent differences	70,975	70,676
Expenses not deductible for tax (+) / reversal (-) (permanent differences)	-4,613	367
Other permanent differnces[1]	-11,423	1,750
Changes in temporary differences	9,363	3,446
Basis for income tax before utilization (-) / increase (+) of tax losses carried forward	-11,940	-8,734
Utilization (-) / increase (+) of tax losses carried forward	11,940	8,734
Basis for current tax in the income statement	0	0
Estimated 22 percent current income tax	0	0
Current income tax benefit (+) expense (-) for the year	0	0
Basis for current tax in the income statement	0	0
Cost for capital increase	-4,336	-497
Tax loss carried forward	4,336	497
Basis for current tax in balance sheet	0	0
Current tax asset (+) / liability (-)	0	0

[1] Other permanent differences consist of income and cost registered in USD financial statement, but not applicable for tax calculation, and income and cost registered in NOK Tax financial statement, but not applicable for the USD financial statement.

Specification of temporary differences and tax losses, deferred tax assets and liabilities

(USD IN THOUSAND)	2020	2019
Fixed assets	-63	-86
Up-front fee and Capitalized borrowing cost	956	1,264
Interest bearing liabilities	-23,440	-22,778
Derivatives	-1,488	-1,446
Net unrealized gains on non-current foreign exchange receivables and liabilities	285,448	299,438
Other	-9,376	-9,111
Interest limitation	0	-12,328
Tax losses carried forward	-599,331	-571,405
Total temporary differences and tax loss carried forward	-347,294	-316,454
Tax percentage	22%	22%
Deferred tax assets (-) / liabilities (+)	-76,405	-69,620
Deferred tax assets not recognized	76,405	69,620
Deferred tax assets (-) / liabilities (+) in the balance sheet	0	0
Change in deffered tax assets (-)/ liabilities (+) in the balance sheet	0	0
Total deferred tax benefit (-)/ expense (+) for the year	0	0

The following are the deferred tax liabilities (+) and assets (-) recognized by the Company and movement during 2020 and 2019

(USD IN THOUSAND)	BALANCE JAN 1, 2020	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	TRANSLATION DIFFERENCES	BALANCE DEC 31, 2020
Fixed assets	-86	23	0	0	-63
Up-front fee and capitalized borrowing cost	1,264	-312	0	-5	956
Interest bearing liabilities	-22,778	0	0	661	-23,440
Derivatives	-1,446	0	0	42	-1,488
Net unrealized gains on non-current foreign exchange receivables and liabilities	299,438	-20,589	0	-6,599	285,448
Other	-9,111	0	0	264	-9,376
Interest limitation	-12,328	11,515	0	-813	0
Tax losses carried forward	-571,405	-11,940	-4,336	-11,650	-599,331
Total	-316,454	-21,304	-4,336	-18,099	-347,294

(USD IN THOUSAND)	BALANCE JAN 1, 2019	RECOGNIZED IN INCOME	RECOGNIZED IN EQUITY	TRANSLATION DIFFERENCES	BALANCE DEC 31, 2019
Fixed assets	-125	38	0	1	-86
Up-front fee and capitalized borrowing cost	1,772	-489	0	-20	1,264
Interest bearing liabilities	-23,019	0	0	241	-22,778
Derivatives	-1,462	0	0	15	-1,446
Net unrealized gains on non-current foreign exchange receivables and liabilities	293,178	9,301	0	-3,040	299,438
Other	-9,208	0	0	96	-9,111
Interest limitation	0	-12,295	0	-33	-12,328
Tax losses carried forward	-568,094	-8,734	-497	5,920	-571,405
Total	-306,957	-12,180	-497	3,180	-316,454

J OTHER OPERATING EXPENSES

Specification of other operating expenses

(USD IN THOUSAND)	2020	2019
Operating lease expenses	-17	-14
Audit remuneration	-132	-169
Consultancy fee	-606	-518
Insurance	-170	-145
Other operating expenses	-265	-396
Total Other operating expenses	-1,190	-1,243

Audit remuneration

(USD IN THOUSAND)	2020	2019
Statutory audit	-132	-113
Other non-audit services	0	-57
Total auditor's remuneration expensed	-132	-169

In addition, fee in amount of USD 4 thousand has been capitalized related to the issuance of share capital.

Future payment obligations

The future aggregate minimum payment obligation are as follows

		2020			2019	
(USD IN THOUSAND)	OPERATING LEASE	OTHER	TOTAL	OPERATING LEASE	OTHER	TOTAL
No later than 1 year	7	40	47	7	40	47
Later than 1 year but not later than 5 years	0	0	0	0	0	0
Later than 5 years	0	0	0	0	0	0
Total	7	40	47	7	40	47

K INTEREST AND CURRENCY

INTEREST INCOME, INTERNAL

The Company conducts financing for the Group. The Company has loans to the US operation. See note D and M. In 2019 the Company and the borrowers agreed to make addendums to the loan agreements. Due to the borrowers' financial position and outlook for the next two years (2019 and 2020) no interest should be calculated and paid. If the circumstances change during the period, the interest shall be changed back to the interest described in the loan agreements. No interest has been recognized in 2019 and 2020.

INTEREST EXPENSES, EXTERNAL

Specification of interest expenses, external

(USD IN THOUSAND)	2020	2019
Calculated interest on tax liability	-158	-367
Interest USD Senior Secured bond	-13,017	-12,980
Total Interest expenses, external	-13,175	-13,347

Interest expenses on USD Senior Secured bond include expensing of upfront fees, see note 25 to the consolidated financial statements.

OTHER FINANCIAL EXPENSES

Other financial expenses for 2018 include USD 2,799 thousand related to excess price paid for buy back of USD Convertible bond and NOK bond.

CURRENCY GAINS AND LOSSES

Specification of net currency gains and losses

(USD IN THOUSAND)	2020	2019
Net currency gains on liabilities denominated in NOK	1,450	495
Net currency gains / losses on other - mainly bank deposit	3,057	-151
Total Net currency gains and losses	4,507	344

L DERIVATIVES, OTHER CURRENT LIABILITIES

DERIVATIVES

The indemnification option contract was the only derivative instrument held by the Company. The overview of derivatives in note 11 to the consolidated financial statement is therefore representative for the Company for the periods presented.

See notes 3 and 11 to the consolidated financial statements for a description, purpose, and accounting policies for derivatives.

Specification of other current liabilities

AT DECEMBER 31 (USD IN THOUSAND)	2020	2019
Accrued interest on interest-bearing liabilities	2,741	2,741
Accrued interest on tax liabilities [1]	0	4,938
Accrued operating costs	0	239
Total Other current liabilities	2,741	7,918

[1] On September 30, 2020, REC Silicon was informed by the Norwegian Tax Administration through legal counsel that issues raised to deny deductions taken by REC Silicon during tax years 2009 through 2011 had been dropped. In addition, the Norwegian Tax Administration informed that after a thorough examination, also considering the elapsed time, they did not find a reason to move forward with other issues raised in the draft decision including the classification of capital inflows as equity deposits .As a result, the tax benefit of USD 22.5 million for the third quarter represents the reversal of estimated tax expense previously reported by the Company as a result of this examination .In addition accrued interest of USD 4.7 million was reversed in 2020.

M IMPAIRMENT OF FINANCIAL ASSETS

Impairment of shares in REC Silicon AS

(USD IN THOUSAND)	2020	2019
At cost January 1	108,104	105,004
New Shares	0	3,100
At cost December 31	108,104	108,104
Accumulated impairment at January 1	-95,167	-38,217
Impairment	-12,926	-56,950
Accumulated impairment at December 31	-108,093	-95,167
Carrying value at December 31	11	12,938

REC Silicon ASA owns all the shares in REC Silicon AS which owns REC Silicon Inc. that is the holding company of the USA operations. In addition, REC Silicon AS owns all the shares in REC Silicon Pte Ltd.

In 2019 REC Silicon AS impaired the value of the shares in REC Silicon Pte Ltd with NOK 460.6 million. As a consequence of the impairment loss in REC Silicon AS, REC Silicon ASA impaired their shares in REC Silicon AS.

In 2020 REC Silicon AS impaired the value of the shares in REC Silicon Pte Ltd with USD 12.9 million. As a consequence of the impairment loss in REC Silicon AS, REC Silicon ASA impaired their shares in REC Silicon AS.

REC Silicon AS shares in REC Silicon Inc, were impaired to zero in 2016.

Impairment of loan to US operations

(USD IN THOUSAND)	2020	2019
Par value at January 1	1,001,928	1,001,928
Accumulated impairment at January 1	-724,480	-710,754
Carrying value at January 1	277,448	291,174
Addition	0	0
Impairment	-58,048	-13,726
Carrying value at December 31	219,400	277,448
Par value at December 31	1,001 928	1,001,928
Accumulated impairment at December 31	-782,528	-724,480

The impairment loss represents the book value in excess of the fair value of loans to REC Silicon ASA's US subsidiaries.

Estimates of the value of US operations were calculated using the fair values of financial assets and liabilities held by the US entities and the net present value of cash flows of operations in the United States.

N RESEARCH AND DEVELOPMENT

REC Silicon ASA did not conduct any activities associated with research and development during 2020 and 2019.

O GUARANTEES AND INDEMNIFICATION AGREEMENTS

At December 31, 2020 bank guarantees amounted to USD 1,137 thousand (USD 1,137 thousand at December 31, 2019). These guarantees were cosigned by REC Solar.

The Company and some of its subsidiaries are jointly and severally liable for certain loans established by the Company.

- Relevant loan agreement at December 31, 2020 was as follows:
  - REC04: USD Senior Secured Callable bond, USD 110 million. The tenor is from April 13, 2018 to April 13, 2023

- The Company and the following subsidiaries of the Company are jointly and several liable for the above-mentioned loan at December 31, 2020: REC Silicon AS, REC Silicon Inc., REC Advanced Silicon Materials LLC, REC Solar Grade Silicon LLC REC Silicon Pte. Ltd.

The Company has provided guarantees and indemnification agreements in connection with the bankruptcy of REC Wafer Norway AS in 2012. The maximum amount of the indemnification agreements is NOK 270 million (USD 30,751 thousand). Liabilities have been estimated based upon conditions contained in these agreements for NOK 212.7 million (USD 24,225 thousand) at December 31, 2019. Indemnification loans estimated to NOK 200 million (USD 22,778 thousand and an option agreement with estimated fair value of NOK 12.7 million (USD 1,446 thousand).

See note 29 and 30 to the consolidated financial statements for more information.

P RELATED PARTIES

Related parties' transactions for the Company are primarily interest income (see the income statement and note K) and loans to its subsidiaries (see note D and M)). These loans are included in non-current receivables from subsidiaries (see the balance sheet). In 2019, the Company contributed equity to REC Silicon AS (see note C). Group Management and Board of Directors' compensation, ownership of shares and options, loan agreements and guarantees are shown in note 16 to the consolidated financial statements.

Q CONTINGENT LIABILITIES

See note 31 to the consolidated financial statements. Specifically, notices of reassessment from the Central Tax Office for Large Enterprises. As a consequence, the Company recognized in 2017 an income tax NOK 213.6 million – USD 26,029 thousand.

At December 31, 2019 the tax liability was estimated to USD 24,323 thousand The changes in estimates due to currency fluctuation. At December 31, 2019 accrued interest on tax liabilities was USD 4,938 thousand.

On September 30, 2020, REC Silicon was informed by the Norwegian Tax Administration through legal counsel that issues raised to deny deductions taken by REC Silicon during tax years 2009 through 2011 had been dropped. In addition, the Norwegian Tax Administration informed that after a thorough examination, also considering the elapsed time, they did not find a reason to move forward with other issues raised in the draft decision including the classification of capital inflows as equity deposits. As a result, the tax benefit of USD 22.5 million for the third quarter represents the reversal of estimated tax expense previously reported by the Company as a result of this examination. In addition, accrued interest of USD 4.7 million was reversed in 2020.

AUDITOR'S REPORT

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To the General Meeting of REC Silicon ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of REC Silicon ASA, which comprise:

- The financial statements of the parent company REC Silicon ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of REC Silicon ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Asset Impairment

Refer to page 9 in the Board of Director's report, the accounting policies on page 37, the critical accounting judgments and key sources of estimation uncertainty described in Note 4 on page 42, Note 8 on page 50 in the consolidated financial statements and parent company financial statements note M on page 94.

The Key Audit Matter	*How the matter was addressed in our audit*
The impairment assessment of the Solar Materials CGU with a total carrying value of USD 26.3 million is considered a risk area due to the size of the balances, recent impairments and the current economic environment in the Group's operating segment and jurisdictions, including the ongoing trade war. The recoverable amount is determined based on value in use calculations which rely on external factors, managements' assumptions, and estimated future performance. Key assumptions applied in management's assumptions are future market development and conditions, including timing of restart of the Moses Lake production facility, discount rates applied for cash flow forecast, future long-term sales prices, cash flow growth assumptions, and estimated timing of cash flows. Significant professional judgement is required when evaluating whether management's assessment is reasonable and supportable. Impairment charges of USD 23.0 million have been recognised during the year. In the parent company financial statements, the abovementioned impairment risk has a direct impact on valuation of loans to the subsidiaries.	Our audit procedures in this area included: - We evaluated the historical accuracy of management's budgets and forecasts and challenged management on the current year cash flow forecasts as well as the timing of future cash flows; - We evaluated the growth assumptions and management's future business plan assumptions with reference to current market conditions; - We included our own valuation specialists to assess the mathematical and methodological integrity of management's impairment models and the discount rates applied with reference to market data; - We evaluated management's sensitivity analysis to determine the impact of reasonably possible changes; - We considered whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying assets impairment assessments; and - We compared the value of loans to the subsidiaries with the calculated value of the assets, to assess if valuation of loans is consistent with the value of the assets. From the audit evidence obtained, we consider management's assessment of the carrying value of the Solar Materials CGU and valuation of loans to the subsidiaries to be in accordance with the requirements under the relevant accounting standards.

Fair value of investment in Yulin JV

Refer to page 10 in the Board of Director's report, the accounting policies on page 38, the critical accounting judgments and key sources of estimation uncertainty described in Note 4 on page 42, and Note 9 on page 53 in the consolidated financial statements, and parent company financial statements note M on page 94.

The Key Audit Matter	*How the matter was addressed in our audit*
The Group has a 15 percent equity interest in Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). The investment is held by REC Silicon Pte Ltd. In 2020, management identified indicators of changes in fair value relating to continuing operating losses and continued delay in realizing designed production capacities, and as a result an analysis to estimate the fair value was conducted. The fair value is determined based on discounted estimated future cash flows, which rely on external factors, managements' assumptions, and estimated future performance. Key assumptions applied in management's assumptions are future market development and conditions, discount rates applied for cash flow forecast, future long-term sales prices, cash flow growth assumptions, the degree of capacity utilization, and estimated timing of cash flows. Significant professional judgment is required when evaluating whether management's assessment is reasonable and supportable. The fair value analysis resulted in an adjustment of the investment to a value of zero, and a loss of USD 18.0 million was recognized at year-end. In the parent company financial statements, the abovementioned valuation risk has a direct impact on valuation of investments in the subsidiary holding the Yulin JV investment.	Our audit procedures in this area included, among others: - We evaluated the historical accuracy of management's budgets and forecasts and on that background challenged management on the current year cash flow forecasts as well as the timing of future cash flows; - We assessed the growth assumptions and management's future business plan assumptions with reference to current market conditions; - We used KPMG valuation specialists to assess the mathematical and methodological integrity of management's discounted cash flow models and the discount rates applied with reference to market data; - We obtained and evaluated management's sensitivity analysis to determine the impact of reasonably possible changes; - We considered whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying assets fair value assessments; and - We compared the value of shares in subsidiaries with the calculated value of the Yulin JV, to assess if valuation of the shares are consistent with the value of the Yulin JV investment. From the audit evidence obtained, we consider management's assessment of the fair value of investment in Yulin JV and value of shares in subsidiaries to be in accordance with the requirements under the relevant accounting standards.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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REC Silicon ASA

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report including CSR and in the statement on Corporate Governance concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2021
KPMG AS

Øyvind Skorgevik

Øyvind Skorgevik
State Authorised Public Accountant

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 excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.

EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 38.9 million for the year ended December 31, 2020 and a loss of USD 82.6 million for the year ended December 31, 2019.

EBIT Margin

EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 5 Segment Information, and in the financial highlight tables in this report in lines titled similarly.

EBIT margin has been calculated and is reported in the financial highlight tables for REC Silicon Group.

EBITDA

EBITDA is an acronym for Earnings Before Tax, Depreciation, and Amortization. EBITDA is EBIT excluding depreciation, amortization and impairment.

EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. EBITDA has been reported as a gain of USD 23.8 million for the year ended December 31, 2020 and a loss of USD 12.9 million for the year ended December 31, 2019.

EBITDA Margin

EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 5 Segment Information, 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.

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 5 Segment Information.

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 5 Segment Information.

Equity Ratio

The equity ratio is calculated by dividing total shareholders' equity by total assets. Total shareholders' equity and total assets are reflected on lines similarly titled on the Company's statement of financial position.

At December 31, 2020, the equity ratio is 17.3 percent and is calculated by dividing USD 59.0 million total shareholders' equity by USD 341.4 million in total assets.

At December 31, 2019, the equity ratio is 0.3 percent and is calculated by dividing USD 0.8 million total shareholders' equity by USD 290.6 million in total assets.

Net Debt

Net debt is the carrying value of interest-bearing debt instruments less cash and cash equivalents.

The carrying value of debt can be found in note 17 Borrowings in the table under the caption carrying amount and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At December 31, 2020, net debt was USD 84.7 million or USD 147.8 million total carrying value of the Company's debt (from note 17 Borrowings) plus 71.8 million current and non-current lease liabilities (from the statement of financial position) less USD 134.9 million in cash in cash equivalents.

At December 31, 2019, net debt was USD 150.6 million or USD 131.4 million total carrying value of the Company's debt (from note 17 Borrowings) plus 48.6 million current and non-current lease liabilities (from the statement of financial position) less USD 29.4 million in cash in cash equivalents.

Nominal Net Debt

Nominal Net debt is the contractual repayment values of interest-bearing debt instruments (excluding interest) less cash and cash equivalents.

The contractual repayment values of debt can be found in note 17 Borrowings in the table under the caption contractual repayments including interest and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At December 31, 2020, nominal net debt was USD 85.7 million or USD 148.9 million contractual repayment values of the Company's debt plus 71.8 million current and non-current lease liabilities (from the statement of financial position) less USD 134.9 million in cash in cash equivalents.

At December 31, 2019, nominal net debt was USD 152.0 million or USD 132.8 million contractual repayment values of the Company's debt plus 48.6 million current and non-current lease liabilities (from the statement of financial position) less USD 29.4 million in cash in cash equivalents.

Graphic production: Artbox AS Print: Printbox AS

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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 US based plants have a capacity of more than 20,000 MT high-purity polysilicon. REC Silicon is headquartered in Lysaker, Norway and listed on the Oslo stock exchange under the ticker: RECSI.

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