

RECSiLICON



FIRST QUARTER  
**2021**

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REPORT

## FIRST QUARTER HIGHLIGHTS

- > Revenues of \$28.1M and EBITDA of \$4.0M
  
- > March 31, 2021 cash balance of \$131.5M
  - Cash decrease of \$3.4M
  - Cash outflows from operating activities of \$1.3M
  
- > Silicon gas sales
  - Sales volume of 781MT
  
- > Semiconductor Materials segment polysilicon sales
  - Semiconductor grade polysilicon sales volume of 137MT
  - 227MT Total Semiconductor segment polysilicon sales
  
- > DiChlorosilane expansion project approved
  - Approximately \$8.0M capital expenditure (anticipate \$4.9M in 2021)
  - Completion estimated in 18 months
  
- > Solar Materials Developments
  - Continued strong PV demand growth
  - Continued efforts to create a non-Chinese solar value chain
  
- > Battery Materials Developments
  - Continued discussions to establish silane supply contracts with battery materials companies
  - Group14 Technologies began operation of pilot plant in Moses Lake

## FINANCIAL HIGHLIGHTS

### Key Financials - REC Silicon Group

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020	Q4 2020
Revenues	28.1	24.7	122.1	36.0
EBITDA	4.0	1.0	23.8	1.9
EBITDA margin	14.3%	4.2%	19.5%	5.3%
EBIT excluding impairment charges	-3.2	-10.8	-15.9	-5.3
Impairment charges	0.0	0.0	-23.0	0.0
EBIT	-3.2	-10.8	-38.9	-5.3
EBIT margin	-11.4%	-43.9%	-31.9%	-14.8%
Profit/loss before tax	-8.6	-10.6	-69.3	-26.6
Profit/loss	-8.6	-10.5	-46.7	-26.6
Earnings per share, basic and diluted (USD)	-0.02	-0.04	-0.16	-0.08
Polysilicon production in MT (Siemens and granular)	293	242	906	192
Polysilicon sales in MT (Siemens and granular)	274	89	1,212	338
Silicon gas sales in MT	781	730	3,189	881

## REC SILICON GROUP

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

Revenues were USD 28.1 million for the first quarter of 2021 compared to USD 36.0 million for the fourth quarter of 2020 (a decrease of 22.0 percent). Revenues for the Semiconductor Materials segment decreased by 22.1 percent to USD 28.0 million for the first quarter of 2021 compared to the fourth quarter of 2020. Revenues for the Solar Materials segment were USD 0.1 million and were the result of sales from the remaining granular polysilicon inventories.

Total polysilicon production volume for the first quarter of 2021 was 293MT. Because the FBR facility in Moses Lake, Washington has been shut down, all polysilicon produced was from the Semiconductor Materials facility in Butte, Montana.

EBITDA for the first quarter of 2021 was USD 4.0 million compared to EBITDA of USD 1.9 million for the fourth quarter of 2020. EBITDA for the prior quarter included USD 0.6 million due to the refund of energy transmission fees of USD 0.7 million offset by the resolution of a claim by a former employee for USD 0.2 million resulting in EBITDA excluding other items of USD 1.3 million. The underlying USD 2.7 million increase in comparable EBITDA for first quarter compared to the fourth quarter can primarily be attributed to lower net expense in the Solar Materials segment and in Other and Eliminations.

### Summary of first quarter results by segment

(USD IN MILLION)	Q1 2021	
	REVENUES	EBITDA
Semiconductor Materials	28.0	10.8
Solar Materials	0.1	-1.9
Other & Eliminations	0.1	-4.9
Total	28.1	4.0

## MARKET DEVELOPMENT

Markets for semiconductor grade polysilicon are dominated by long-term sales contracts and high polysilicon inventory levels. During the first quarter of 2021, REC Silicon's total shipments were consistent with normal seasonal shipment patterns. Demand for silicon wafers continues to grow; particularly for large diameter wafers intended for use in memory and advanced logic applications. However, demand for large diameter wafers is limited by installed wafer capacity. Demand for smaller diameter wafers is recovering, however, continues to be limited by bottlenecks in the value chain as automotive applications recover and users re-build depleted wafer inventories. While polysilicon inventories continued to decline, inventories remain high and are expected to decline further due to full wafer capacity utilization rates.

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

During the first quarter of 2021, global demand for PV installations continued to strengthen, however, PV module demand began to soften near the end of the quarter as higher polysilicon and wafer prices resulted in higher module prices. As a result, project developers delayed module purchases with the expectation that module prices will decline as the year progresses. In turn, PV module manufacturers reduced factory utilization. These conditions resulted in global PV installations estimated near 30GW for the first quarter which is below previous expectations. Wafer and cell capacity utilization remained high throughout the quarter and polysilicon prices ended the first quarter near USD 16.0/kg compared to USD 11.1/kg at the end of the fourth

quarter of 2020 due to increases in demand. Polysilicon production remained below market demand and prices continued to rise during the first quarter.

## SEGMENT INFORMATION

### SEMICONDUCTOR MATERIALS

REC Silicon manufactures polysilicon and silicon gases for semiconductor markets from its manufacturing facility in Butte, Montana. This facility is the world's largest supplier of silicon gases for semiconductor, flat panel display, and solar applications. The facility uses a silane based siemens polysilicon processing technology to produce the highest quality (FZ) polysilicon for use in the semiconductor industry. The Butte plant has a capacity of approximately 4,500MT of silicon gas loading and 2,000MT polysilicon production.

Semiconductor segment revenues were USD 28.0 million during the first quarter of 2021 compared to USD 35.9 million during the fourth quarter of 2020. In general, this decrease is a result of lower sales volumes of silicon gases and semiconductor grade polysilicon.

Total polysilicon sales volumes decreased by 111MT to 227MT in the first quarter of 2021 compared to 338MT during the fourth quarter of 2020. Semiconductor grade polysilicon sales volumes decreased by 113MT to 137MT while solar grade polysilicon sales volumes increased by 2MT to 90MT for the first quarter of 2021.

Average polysilicon prices decreased by 19.6 percent compared to the prior quarter due in part to lower sales volumes of semiconductor grades of polysilicon as a percent of total sales. In addition, average prices realized for semiconductor grade polysilicon decreased by 6.7 percent compared to the prior quarter while average prices for solar grade polysilicon increased by 9.2 percent.

Total silicon gas sales volumes decreased by 11.3 percent to 781MT during the first quarter of 2021 compared to 881MT during the fourth quarter of 2020. Sales prices realized by REC Silicon for silane gas increased by 2.4 percent during the first quarter.

Total polysilicon production volume for the first quarter of 2021 was 293MT compared to 192MT for the fourth quarter of 2020. Polysilicon inventories increased by 66MT during the first quarter.

The Semiconductor Materials segment contributed USD 10.8 million of income to the Company's EBITDA during the first quarter of 2021 compared to 11.7 million during the fourth quarter of 2020. The decrease in EBITDA can primarily be attributed to lower silicon gas sales volumes and lower average polysilicon prices offset by the impact of increased efficiency driven by higher polysilicon production volumes.

### SOLAR MATERIALS

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

Impacts of Chinese tariffs on polysilicon manufactured in the United States, uncertain market conditions, and reduced demand for the Company's solar grade polysilicon resulted in the shutdown of the 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. REC Silicon intends to make the decision to restart production at the Moses Lake facility before year end 2021. Please see Risks and Uncertainties below.

### Key Financials - Semiconductor Materials

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020	Q4 2020
Revenues	28.0	24.5	121.4	35.9
EBITDA contribution	10.8	8.0	36.3	11.7
Contribution margin	38.6%	32.6%	29.9%	32.6%
Polysilicon production in MT (Siemens)	293	242	906	192
Polysilicon sales in MT (Siemens)	227	88	1 149	338
Silicon gas sales in MT	781	730	3 189	881

### Key Financials - Solar Materials

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020	Q4 2020
Revenues	0.1	0.2	0.5	0.1
EBITDA contribution	-1.9	-2.8	6.7	-2.8
Contribution margin	-1,995.2%	-1,533.7%	1,233.4%	-2,810.4%
Polysilicon production in MT (Siemens and granular)	0	0	0	0
Polysilicon sales in MT (Siemens and granular)	47	1	63	0

### Key Financials - Other and Eliminations

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020	Q4 2020
Revenues	0.1	0.0	0.1	0.0
EBITDA contribution	-4.9	-4.1	-19.3	-7.0

Revenues for the Solar Materials segment were USD 0.1 million during the first quarter of 2021 and represented small sales volumes from remaining granular polysilicon inventories.

The Solar Materials segment contributed an EBITDA loss of USD 1.9 million during the first quarter of 2021 compared to a loss of USD 2.8 million during the fourth quarter of 2020. Fourth quarter 2020 results included additional expense related to the impact of increases in the Company's share price on deferred compensation plans.

Expenditures in the Solar Materials segment include only those expenditures required to maintain the plant in a non-operating status.

#### OTHER AND ELIMINATIONS

The segment Other includes general administrative and sales activities in support of the manufacturing facilities in the United States and the Company's headquarters in Norway. It also includes costs associated with the Company's representative offices in Taiwan, Korea, Singapore, China, and the United States.

Net operating costs in Other and Eliminations were USD 4.9 million during the first quarter of 2021 compared to USD 7.0 million during the fourth quarter of 2020. Fourth quarter 2020 results included additional expense related to the impact of increases in the Company's share price on deferred compensation plans.

### CAPITAL EXPENDITURES AND INVESTMENTS

#### CAPITAL EXPENDITURES

Capital expenditures were USD 1.7 million for the first quarter of 2021 compared to USD 0.4 million for the fourth quarter of 2020. Capital spending during the quarter was primarily associated with the routine replacement of production equipment in addition to capital necessary to maintain safe and reliable operations.

The Company has initiated a project to expand the production of DiChlorosilane (DCS) gas at the Butte, Montana facility. This project is expected to cost approximately USD 8.0 million, take approximately 18 months to complete, and will result in an increase in DCS production capacity of approximately 200MT per year.

In addition, the Company intends to initiate long lead activities supporting the restart of the Moses Lake FBR production facility in the near future.

#### INVESTMENTS (YULIN JV)

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 the first quarter of 2021 the Yulin JV produced approximately 2,746 MT of FBR granular polysilicon and 17MT of Siemens polysilicon. In addition, the Yulin JV loaded approximately 121MT of silane during the quarter.

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

### FINANCIAL ITEMS

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

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

The Company recognized interest of USD 2.2 million on imputed liabilities for leased assets during first quarter. See note 4 for additional information on leases.

Net currency gains and (losses) are primarily related to the impact of exchange rate fluctuations between transaction currencies and the USD which is the primary functional currency for the group. Net currency gains during the first quarter of 2021 were the result of the impact of a weaker USD relative to the NOK on cash deposits in NOK which were offset by losses associated with liabilities denominated in NOK.

See note 8 for additional information on borrowings.

#### Financial Items - REC Silicon Group

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020	Q4 2020
Financial income	0.0	0.1	0.3	0.1
Interest expenses on borrowings	-3.4	-3.2	-13.2	-3.5
Interest expense on leases	-2.2	-1.5	-7.6	-2.2
Capitalized borrowing cost	0.1	0.1	0.3	0.1
Net change in fair value of financial equity investment through profit and loss	0.0	0.0	-18.0	-18.0
Expensing of up-front fees and costs	-0.1	-0.1	-0.4	-0.1
Other financial expenses	-0.3	-0.3	3.6	-0.2
Net financial expenses	-5.9	-5.1	-35.2	-24.0
Net currency gains/losses	0.5	5.1	4.5	2.6
Net financial items	-5.4	0.2	-30.4	-21.3

## INCOME TAX

The loss before tax of USD 8.6 million during the first quarter of 2021 resulted in no effective tax impact since it is offset by changes in unrecognized deferred tax assets and can primarily be attributed to the Company's operations in the United States. These losses represent an increase in the Company's unrecognized deferred tax asset. The losses will continue to be available to offset taxable income during future periods.

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

## CASH FLOW

Net cash outflows from operating activities were USD 1.3 million during the first quarter of 2021. Cash inflows included EBITDA of USD 4.0 million and a gain of approximately USD 0.4 million due to the impact of a weaker USD on cash balances denominated in NOK. Cash outflows included a USD 3.4 million increase in working capital, interest payments of USD 2.2 million, and contributions to the U.S. pension plan of USD 0.2 million. The increase in working capital consisted of an increase in inventories of USD 7.6 million and sales in excess of customer collections of USD 0.7 million which were offset by an increase in payables and accruals of USD 4.8 million. The remaining cash inflow of USD 0.2 million can be attributed to changes in other assets and liabilities.

Cash outflows from investing activities were USD 1.7 million and were a result of capital expenditures

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

In total, cash balances decreased by USD 3.4 million to USD 131.5 million at March 31, 2021.

## FINANCIAL POSITION

Shareholders' equity decreased to USD 50.4 million (14.8 percent equity ratio) on March 31, 2021 from USD 59.0 million (17.3 percent equity ratio) on December 31, 2020. This decrease was the result of a loss of USD 8.6 million during the first quarter of 2021.

Net debt increased by USD 3.2 million to USD 87.9 million on March 31, 2021 from USD 84.7 million on December 31, 2021. The increase in net debt was due to the decrease in cash of USD 3.4 million discussed above. This was partially offset by a reduction in lease liabilities under IFRS 16 of USD 0.4 million. In addition, the indemnification loan increased by USD 0.1 million due to a weaker USD relative to the NOK.

Net debt includes unamortized loan fees. Excluding unamortized loan fees, nominal net debt increased by USD 3.1 million to USD 88.8 million on March 31, 2021 compared to USD 85.7 million on December 31, 2020.

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

## RISKS AND UNCERTAINTIES

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

### IMPACT OF COVID-19 GLOBAL PANDEMIC

Market disruptions caused by the COVID-19 pandemic are dissipating. However, increases in infection rates may adversely impact economic activities in certain geographic areas and industries. Accordingly, markets served by the Company may be adversely impacted if infection rates increase or if there are delays in the resumption of economic activities adversely impacted by the COVID-19 pandemic.

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.

During the fourth quarter of 2020, the Company entered into a memorandum of understanding with Group14 Technologies (G14) to develop a silicon anode production facility at the Moses Lake plant. During the first quarter of 2021, G14 began operating a battery materials pilot plant at REC Silicon's facility in Moses Lake, Washington.

On April 5, 2021, REC Silicon announced the termination of a memorandum of understanding with Violet Power to develop a non-Chinese solar value chain. However, the termination of this agreement is not expected to alter plans to restart the Company's FBR facility in Moses Lake, Washington due to substantial increases in global PV demand. In addition, anticipated increased emphasis on clean energy generation in the United States and Europe is expected to increase the potential for the development of a non-Chinese solar value chain.

The Company's plans to reopen the FBR facility are in part dependent upon the restoration of access to polysilicon in China, the creation of a non-Chinese solar value chain, or the development and commercialization

of technology for the use of silane to manufacture silicon anode material for use in lithium-ion batteries. The realization of these initiatives is subject to substantial uncertainty and may depend upon the implementation of trade measures to incentivize investments and will require REC Silicon to make additional investments. Accordingly, plans to restart the FBR facility in Moses Lake, Washington 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.

## MARKET OUTLOOK

Market disruptions caused by the COVID-19 pandemic are dissipating. However, increases in infection rates may adversely impact economic activities in certain geographic areas and industries. Accordingly, markets served by the Company may be adversely impacted if infection rates increase or if there are delays in the resumption of economic activities adversely impacted by the COVID-19 pandemic. The outlook for markets provided below is focused on the long-term development of markets and assumes that economies recover from the COVID-19 pandemic.

Industry analysts and manufacturers within the semiconductor supply chain continue to indicate that demand for semiconductor devices and flat panel displays are expected to remain strong through the second quarter of 2021. Because of REC Silicon's position near the beginning of the supply chain, positive impacts on demand for polysilicon and silicon gases is expected to lag relative to end use demand. Accordingly, customer orders for REC Silicon's semiconductor grade polysilicon and silicon gases are recovering from seasonal lows during the first quarter of 2021 and are expected to continue to strengthen over subsequent quarters. Current customer forecasts, order volumes, and market trends support expectations of increases in demand for REC Silicon's offering of semiconductor materials. Over the long run, macro demand factors associated with data transmission and storage, mobility, and increasing silicon content in automobiles and other consumer goods are expected to result in demand growth. In addition, the adoption of new process technology is expected to increase demand for REC Silicon's advanced silicon gas products.

PV market analysts have continued to increase forecasts for global PV demand for 2021. PV Tech has raised their forecast for PV installations 180GW in 2021. Wafer producers are also adjusting their market guidance higher; however, some have indicated that wafer output could be restricted by the availability of polysilicon. Wafer and cell producers have pushed inventories higher to compensate for anticipated shortages. Industry analysts anticipate that demand will be lower than expected during the first half of 2021 but will be more than offset by higher PV demand during the second half of the year. In addition, efforts by governments to support economic recovery from the COVID-19 pandemic are expected to drive demand for PV installations higher. Polysilicon prices are expected to continue to rise as long as high wafer and cell production capacity utilization is maintained.

## FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Market Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in the section "Risks and Uncertainties" above and in REC Silicon's Annual Report for 2020, including the section Risk Factors in the Board of Directors' Report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2021	MAR 31, 2020	DEC 31, 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	3	1.0	1.1	1.0
Land and buildings	3	35.0	38.4	35.6
Machinery and production equipment	3	44.8	62.8	50.5
Other tangible assets	3	3.0	3.9	3.1
Assets under construction	3	6.6	4.2	6.1
Property, plant and equipment	3	89.4	109.3	95.4
Right of use assets	4	35.1	33.1	35.7
Other investments	5	0.0	18.0	0.0
Other non-current receivables		1.2	4.1	1.1
Financial assets and prepayments		1.2	22.1	1.1
<b>Total non-current assets</b>		<b>126.7</b>	<b>165.6</b>	<b>133.3</b>
<b>Current assets</b>				
Inventories	7	48.8	52.9	41.3
Trade and other receivables	12	30.2	26.7	27.5
Current tax assets		0.0	1.3	0.0
Restricted bank accounts		4.5	3.8	4.5
Cash and cash equivalents		131.5	30.2	134.9
<b>Total current assets</b>		<b>215.0</b>	<b>115.0</b>	<b>208.2</b>
<b>Total assets</b>		<b>341.7</b>	<b>280.6</b>	<b>341.4</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## REC SILICON GROUP

(USD IN MILLION)	NOTES	MAR 31, 2021	MAR 31, 2020	DEC 31, 2020
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Paid-in capital		2,918.2	2,812.3	2,918.2
Other equity and retained earnings		-2,867.7	-2,822.0	-2,859.2
Total shareholders' equity		50.4	-9.7	59.0
<b>Non-current liabilities</b>				
Retirement benefit obligations		18.8	19.3	18.9
Non-current provision, interest calculation	10	14.9	3.4	14.7
Non-current financial liabilities, interest bearing	8	116.7	109.1	118.0
Non-current lease liabilities	4	69.2	40.4	69.7
Non-current prepayments, interest calculation		0.0	0.5	0.0
Other non-current liabilities, not interest bearing		2.2	0.1	1.6
Total non-current liabilities		221.8	172.7	222.9
<b>Current liabilities</b>				
Trade payables and other liabilities		34.6	67.4	26.1
Current tax liabilities	11	0.0	20.3	0.0
Derivatives	6	1.5	1.2	1.5
Current financial liabilities, interest bearing	8	31.2	18.7	29.8
Current lease liabilities	4	2.2	6.5	2.1
Current prepayments, interest calculation		0.0	3.6	0.0
Total current liabilities		69.4	117.7	59.6
Total liabilities		291.3	290.4	282.5
Total equity and liabilities		341.7	280.6	341.4

# CONSOLIDATED STATEMENT OF INCOME

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2021	Q1 2020	YEAR 2020
Revenues		28.1	24.7	122.1
Cost of materials	7	-4.2	-4.5	-16.0
Changes in inventories	7	6.4	5.0	-4.7
Employee benefit expenses		-9.5	-8.8	-39.4
Other operating expenses		-16.7	-15.3	-55.1
Other income and expense <sup>1)</sup>		0.0	-0.1	16.9
EBITDA		4.0	1.0	23.8
Depreciation	3	-6.5	-11.3	-36.7
Amortization	3	0.0	0.0	-0.1
Depreciation of right of use assets	4	-0.7	-0.6	-2.9
Impairment	3, 4	0.0	0.0	-23.0
Total depreciation, amortization and impairment		-7.2	-11.9	-62.7
EBIT		-3.2	-10.8	-38.9
Financial income		0.0	0.1	0.3
Net financial expenses		-5.9	-5.1	-35.2
Net currency gains/losses		0.5	5.1	4.5
Net financial items <sup>2)</sup>		-5.4	0.2	-30.4
Profit/loss before tax		-8.6	-10.6	-69.3
Income tax expense/benefit		0.0	0.1	22.6
Profit/loss		-8.6	-10.5	-46.7
<b>Attributable to:</b>				
Owners of REC Silicon ASA		-8.6	-10.5	-46.7
<b>Earnings per share (In USD)</b>				
-basic		-0.02	-0.04	-0.16
-diluted		-0.02	-0.04	-0.16

1) Amounts reported for 2020 include USD 16.0M for property tax settlement, USD 0.7M for energy transmission refund from prior period, USD 0.2M for sales tax refund from prior period, and USD 0.2 related to an employment claim.

2) See financial items table in part 1 of this report.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Profit/loss	-8.6	-10.5	-46.7
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	0.0	0.0	-1.1
Currency translation effects	0.0	-0.1	0.0
Sum items that will not be reclassified to profit or loss	0.0	-0.1	-1.1
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences			
- taken to equity	0.0	0.0	0.0
Sum items that may be reclassified subsequently to profit or loss	0.0	0.0	0.0
Total other comprehensive income	0.0	-0.1	-1.1
Total comprehensive income	-8.6	-10.6	-47.7
<b>Total comprehensive income attributable to:</b>			
Owners of REC Silicon ASA	-8.6	-10.6	-47.7

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

(USD IN MILLION)	NOTES	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
		SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	OTHER EQUITY	COMPREHENSIVE INCOME	TOTAL EQUITY
<b>March 31, 2020</b>								
At January 1, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,350.5	0.8
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-10.6	-10.6
At March 31, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,361.1	-9.8
<b>Year 2020</b>								
At January 1, 2020		43.4	2,727.0	41.8	2,812.3	539.0	-3,350.5	0.8
Share issue		10.2	95.7	0.0	105.9	0.0	0.0	105.9
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-47.7	-47.7
At December 31, 2020		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
<b>March 31, 2021</b>								
At January 1, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,398.2	59.0
Total comprehensive income		0.0	0.0	0.0	0.0	0.0	-8.6	-8.6
At March 31, 2021		53.6	2,822.7	41.8	2,918.2	539.0	-3,406.8	50.4

## This table presents details of comprehensive income

(USD IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
<b>March 31, 2020</b>				
Accumulated at January 1, 2020	27.9	20.9	-3,399.3	-3,350.5
Profit/loss	0.0	0.0	-10.5	-10.5
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Currency translation effects	0.0	0.0	-0.1	-0.1
Sum items that will not be reclassified to profit or loss	0.0	0.0	-0.1	-0.1
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income for the period	0.0	0.0	-0.1	-0.1
Total comprehensive income for the period	0.0	0.0	-10.6	-10.6
Accumulated at March 31, 2020	27.9	20.9	-3,409.9	-3,361.1
<b>Year 2020</b>				
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
<b>March 31, 2021</b>				
Accumulated at January 1, 2021	27.9	20.9	-3,447.0	-3,398.2
Profit/loss	0.0	0.0	-8.6	-8.6
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Currency translation effects	0.0	0.0	0.0	0.0
Sum items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	0.0	0.0	0.0	0.0
Sum items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
Total other comprehensive income for the period	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	-8.6	-8.6
Accumulated at March 31, 2021	27.9	20.9	-3,455.6	-3,406.8

# CONSOLIDATED STATEMENT OF CASH FLOWS

## REC SILICON GROUP

(USD IN MILLION)	NOTES	Q1 2021	Q1 2020	YEAR 2020
<b>Cash flows from operating activities</b>				
Profit/loss before tax		-8.6	-10.6	-69.3
Income taxes paid/received		0.0	0.1	2.8
Depreciation, amortization and impairment	3, 4	7.2	11.9	62.7
Other Investments, impairment financial assets, gains/losses on sale	5	0.0	0.0	18.0
Changes in receivables, prepayments from customers etc.	12	-0.7	7.0	-1.7
Changes in inventories	7	-7.6	-5.2	6.4
Changes in payables, accrued and prepaid expenses		3.7	7.7	-3.2
Changes in VAT and other public taxes and duties		4.5	-0.8	-16.6
Currency effects not cash flow or not related to operating activities		0.0	-8.0	-1.1
Other items		0.1	0.0	-0.3
Net cash flow from operating activities		-1.3	2.2	-2.2
<b>Cash flows from investing activities</b>				
Proceeds/Payments finance receivables and restricted cash		0.0	0.6	1.1
Proceeds from sale of property, plant and equipment and intangible assets		0.0	0.0	0.2
Payments for property, plant and equipment and intangible assets	3	-1.7	-0.3	-1.3
Net cash flow from investing activities		-1.7	0.3	0.1
<b>Cash flows from financing activities</b>				
Increase in equity		0.0	0.0	105.9
Payments of lease liabilities	4	-0.5	-1.6	-3.9
Payments of borrowings <sup>1)</sup>		0.0	0.0	-2.8
Proceeds from borrowings		0.0	0.0	8.3
Net cash flow from financing activities		-0.5	-1.6	107.5
Effect on cash and cash equivalents of changes in foreign exchange rates		0.0	0.0	0.0
Net increase/decrease in cash and cash equivalents		-3.4	0.8	105.5
Cash and cash equivalents at the beginning of the period		134.9	29.4	29.4
Cash and cash equivalents at the end of the period		131.5	30.3	134.9

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

# NOTES

## 1 GENERAL

### THE GROUP

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

REC Silicon ASA is headquartered in Lysaker, Norway and operates manufacturing facilities in Moses Lake, Washington and Butte, Montana in the USA. REC Silicon's subsidiaries include: REC Silicon Inc., REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the US. REC Silicon's marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and the United States. The Group's investment in the Yulin JV are held in REC Silicon Pte Ltd in Singapore.

### BASIS OF PREPARATION

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

### FINANCIAL STATEMENTS

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2020. The consolidated financial statements for 2020 are available upon request from the Company's registered office in Lysaker, Norway or at [www.recsilicon.com](http://www.recsilicon.com).

The Board of Directors has prepared these interim financial statements under the assumption that the Company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts. Please refer to the section Risks and Uncertainties in this report for additional information.

### ACCOUNTING POLICIES

The consolidated financial statements for 2020 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous fiscal year. See note 2.24 to the consolidated financial statements for 2020.

### SEGMENT INFORMATION

REC Silicon produces silicon gas and polysilicon for the semiconductor industries at its manufacturing facility in Butte, Montana. The Company also has the capability to produce polysilicon for the photovoltaic industry at its manufacturing facility in Moses Lake, Washington. Due to uncertain market conditions and impacts of Chinese tariffs on polysilicon manufactured in the United States, the manufacturing facility in Moses Lake, Washington is not currently operating (see note 11 below). Accordingly, there are two operating segments: Solar Materials and Semiconductor Materials. The operating segments include revenues less cost of manufacturing excluding depreciation for products sold. Other includes general, administrative, and selling expenses which support both operating segments in addition to administrative costs for the Company's headquarters in Lysaker, Norway. Eliminations include the reversal of the impact of transactions between group members and affiliates. The results of the operating segments plus Other and Eliminations taken together reconcile to total EBITDA for the Group.

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

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

### FOREIGN CURRENCY TRANSLATION

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). REC Silicon AS and REC Solar AS have a functional currency of NOK. The Company and its remaining subsidiaries have a functional currency of USD. The Group's reporting currency is USD. See note 2.4 to the consolidated financial statements for 2020.

### ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2020.

## 2 SEGMENT INFORMATION

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

The following table summarizes key financial results by segment:

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
<b>REVENUES</b>			
Semiconductor Materials	28.0	24.5	121.4
Solar Materials	0.1	0.2	0.5
Other	0.1	0.0	0.1
<b>Total</b>	<b>28.1</b>	<b>24.7</b>	<b>122.1</b>
<b>EBITDA</b>			
Semiconductor Materials	10.8	8.0	36.3
Solar Materials	-1.9	-2.8	6.7
Other	-4.9	-4.1	-19.3
<b>Total</b>	<b>4.0</b>	<b>1.0</b>	<b>23.8</b>
<b>EBIT</b>			
Semiconductor Materials	7.0	0.9	13.2
Solar Materials	-5.2	-7.4	-32.0
Other	-5.0	-4.3	-20.0
<b>Total</b>	<b>-3.2</b>	<b>-10.8</b>	<b>-38.9</b>

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

### Semiconductor Materials - Segment

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Revenues	28.0	24.5	121.4
Cost of materials	-4.1	-4.5	-15.7
Change in inventories	5.8	4.6	-6.1
Employee benefit expense	-5.2	-4.9	-20.8
Other operating expenses	-13.6	-11.7	-43.3
Other income and expenses	0.0	0.0	0.8
Total current costs	-17.2	-16.5	-85.1
EBITDA contribution	10.8	8.0	36.3
Depreciation of fixed assets	-3.1	-6.5	-20.7
Depreciation of leased assets	-0.6	-0.6	-2.4
Impairment	0.0	0.0	0.0
Total depreciation, amortization, and impairment	-3.8	-7.1	-23.2
EBIT contribution	7.0	0.9	13.2

### Solar Materials - Segment

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Revenues	0.1	0.2	0.5
Cost of materials	0.0	-0.1	-0.3
Change in inventories	0.6	0.5	1.3
Employee benefit expense	-1.6	-1.5	-6.6
Other operating expenses	-1.0	-1.8	-4.6
Other income and expenses	0.0	-0.1	16.3
Total current costs	-2.0	-3.0	6.2
EBITDA contribution	-1.9	-2.8	6.7
Depreciation of fixed assets	-3.2	-4.5	-15.2
Amortization	0.0	0.0	-0.1
Depreciation of leased assets	-0.1	0.0	-0.5
Impairment	0.0	0.0	-23.0
Total depreciation, amortization, and impairment	-3.3	-4.6	-38.8
EBIT contribution	-5.2	-7.4	-32.0

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

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Non-Contract Revenue	12.3	13.1	73.4
Structured (Regional/Volume pricing)	11.6	10.8	44.7
Tiered (Volume pricing)	1.3	0.8	3.9
Contract Revenue	12.9	11.6	48.6
Total	25.2	24.7	122.1



### 3 FIXED ASSETS

See note 6 to the consolidated financial statements for 2020.

#### Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND PRODUCTION EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT	TOTAL INTANGIBLE ASSETS	TOTAL
Carrying value at January 1, 2021	35.6	50.5	3.1	6.1	95.4	1.0	96.4
Net additions <sup>1)</sup>	0.0	0.0	0.0	0.4	0.4	0.0	0.4
Depreciation and amortization	-0.6	-5.7	-0.1	0.0	-6.5	0.0	-6.5
Carrying value at March 31, 2021	35.0	44.8	3.0	6.6	89.4	1.0	90.4
At March 31, 2021							
Historical cost	140.9	2,150.3	79.1	63.2	2,433.4	68.7	2,502.1
Accumulated depreciation/amortization/impairment	-105.8	-2,105.5	-76.1	-56.6	-2,343.9	-67.7	-2,411.7
Carrying value at March 31, 2021	35.0	44.8	3.0	6.6	89.4	1.0	90.4

1) Net additions include transfers from assets under construction

#### IMPAIRMENT REVIEWS

See note 8 to the consolidated financial statements for 2020.

The Company conducted a review of impairment indicators at March 31, 2021 and did not identify any indicators which might give rise to a change in impairment compared to December 31, 2020.

## 4 LEASES

See note 7 to the consolidated financial statements for 2020.

### Right-of-Use assets

(USD IN MILLION)	MACHINERY	GAS PLANTS	COMPUTER HW/SW	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Balance at January 1, 2021	1.7	33.9	0.0	0.1	0.1	35.7
Depreciation	-0.1	-0.7	0.0	0.0	0.0	-0.7
Modification of existing leases	0.0	0.1	0.0	0.0	0.0	0.1
Balance at March 31, 2021	1.6	33.4	0.0	0.1	0.1	35.1

### Lease Liabilities

(USD IN MILLION)	TOTAL FUTURE LEASE PAYMENTS	MATURITY ANALYSIS - CONTRACTUAL PAYMENTS TO BE MADE					
		2021	2022	2023	2024	2025	AFTER 2025
Lease liabilities at March 31, 2021 <sup>1)</sup>	130.4	8.1	10.8	10.7	14.4	14.4	72.1

1) Amounts listed are undiscounted

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

### Amounts recognized in profit or loss

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Interest on lease liabilities	2.2	1.5	7.6
Depreciation of right-of-use assets	0.7	0.6	2.9
Gains (-) and losses (+) due to terminations, purchases, impairments, and other changes	0.0	0.0	23.0
Expenses relating to short-term leases	0.0	0.1	0.2
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0.0	0.0	0.0

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

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

### Amounts recognized in the statement of cash flow

(USD IN MILLION)	Q1 2021	Q1 2020	YEAR 2020
Total cash outflow for leases	2.7	3.1	10.6

## 5 INVESTMENTS

### OTHER INVESTMENTS

See note 9 to the consolidated financial statements for 2020.

The Group has an investment in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). REC Silicon's ownership is 15 percent of the Yulin JV. The Company has designated the investment in the Yulin JV as an equity security at fair value through profit/loss (FVTPL).

During the Group's review of impairment indicators, no impairment indicators were identified that could result in a change in fair value compared to December 31, 2020. Accordingly, REC Silicon's investment in the Yulin JV has been reported in the statement of financial position at a value of zero.

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

## 6 DERIVATIVES

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

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

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

## 7 INVENTORIES

See note 13 to the consolidated financial statements for 2020.

### Inventories at end of period

(USD IN MILLION)	MAR 31, 2021			DEC 31, 2020		
	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	3.5	0.0	3.5	2.2	0.0	2.2
Spare parts	42.4	-33.2	9.2	42.4	-33.1	9.3
Work in progress	15.4	-2.3	13.1	11.4	-1.0	10.4
Finished goods	32.9	-9.9	23.1	35.8	-16.4	19.4
Total	94.3	-45.4	48.8	91.8	-50.5	41.3

## 8 BORROWINGS AND GUARANTEES

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

Carrying amounts of interest-bearing liabilities at March 31, 2021 and contractual repayments (excluding interest payments) are specified in the table below.

(USD IN MILLION)	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST					
	CURRENCY	USD	TOTAL	2021	2022	2023	2024	AFTER 2024
Capitalized Borrowing Cost, non-current (USD) <sup>1)</sup>	-0.5	-0.5						
Capitalized Borrowing Cost, current (USD) <sup>1)</sup>	-0.4	-0.4						
Senior secured bond (USD)	110.0	110.0	110.0			110.0		
C.A.R.E.S. Act loan (USD)	8.3	8.3	8.3	6.0	2.3			
Grant County WA tax settlement (USD)	7.2	7.2	7.2	0.9	1.0	1.1	1.2	3.0
Indemnification loan (NOK)	200.0	23.5	23.5					
<b>Total</b>		<b>148.0</b>	<b>148.9</b>	<b>6.8</b>	<b>3.3</b>	<b>111.1</b>	<b>1.2</b>	<b>3.0</b>

1) Amortized as part of effective interest

During 2020, REC Silicon executed promissory notes guaranteed by the Government of the United States as part of the Coronavirus Aid, Relief, and Economic Security Act (C.A.R.E.S. Act) of USD 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). As of March 31, 2021, 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.

### Guarantees

See note 29 to the consolidated financial statements for 2020.

At March 31, 2021, the Company had provided USD 5.1 million in bank guarantees against which the Company has pledged USD 4.0 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.1 million with USD 0.2 million of restricted cash as security.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million on March 31, 2021 and December 31, 2020.

### Fair values of financial instruments

See note 30 to the consolidated financial statements for 2020.

The option contract in the indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option was USD 1.5 million at March 31, 2021 and December 31, 2020.

The fair value of the USD senior secured bond at March 31, 2021 is estimated at 106.25 percent of nominal value. The USD senior secured bond is subject to level 2 of the fair value hierarchy of IFRS 13.

### USD Senior Secured Bond

(USD IN MILLION)	MAR 31, 2021	DEC 31, 2020
Nominal value	110.0	110.0
Capitalized Borrowing Cost, non-current <sup>1)</sup>	-0.5	-0.6
Net carrying amount, non-current	109.5	109.4
Capitalized Borrowing Cost, current <sup>1)</sup>	-0.4	-0.4
Net carrying amount	109.1	109.0

1) Amortized as part of effective interest

## 9 COMMITMENTS

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

(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2021	2022	2023	2024	2025	2026	AFTER 2026
Purchase of goods and services	7.4	7.4	0.1	0.0	0.0	0.0	0.0	0.0
Minimum operating lease payments	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase obligations and minimum lease payments	7.5	7.4	0.1	0.0	0.0	0.0	0.0	0.0

## 10 PROVISIONS

(USD IN MILLION)	Q1 2021
Carrying value at beginning of period	14.7
Net periodic interest on asset retirement obligation	0.2
Carrying value at end of period	14.9

See note 20 to the consolidated financial statements for 2020.

## 11 CLAIMS, DISPUTES, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS

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

### IMPACT OF COVID-19 GLOBAL PANDEMIC

Market disruptions caused by the COVID-19 pandemic are dissipating. However, increases in infection rates may adversely impact economic activities in certain geographic areas and industries. Accordingly, markets served by the Company may be adversely impacted if infection rates increase or if there are delays in the resumption of economic activities adversely impacted by the COVID-19 pandemic.

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.

During the fourth quarter of 2020, the Company entered into a memorandum of understanding with Group14 Technologies (G14) to develop a silicon anode production facility at the Moses Lake plant. During the first quarter of 2021, G14 began operating a battery materials pilot plant at REC Silicon's facility in Moses Lake, Washington.

On April 5, 2021, REC Silicon announced the termination of a memorandum of understanding with Violet Power to develop a non-Chinese solar value chain. However, the termination of this agreement is not expected to alter plans to restart the Company's FBR facility in Moses Lake, Washington due to substantial increases in global PV demand. In addition, anticipated increased emphasis on clean energy generation in the United States and Europe is expected to increase the potential for the development of a non-Chinese solar value chain.

The Company's plans to reopen the FBR facility are dependent upon the restoration of access to polysilicon in China, the creation of a non-Chinese solar value chain, and/or the development and commercialization of technology for the use of silane to manufacture silicon anode material for use in lithium-ion batteries. The realization of these initiatives is subject to substantial uncertainty and may depend upon the implantation of trade measures to incentivize investments and will require REC Silicon to make additional investments. Accordingly, plans to restart the FBR facility in Moses Lake, Washington 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.

## 12 RECEIVABLES

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

### Aging of receivables at March 31, 2021

(USD IN MILLION)	TOTAL CARRYING AMOUNT	AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE					IMPAIRED
		NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	
Trade receivables and accrued revenues	35.3	15.3	2.1	3.0	0.6	0.0	14.4
Provision for loss on trade receivables	-14.4	0.0	0.0	0.0	0.0	0.0	-14.4
Other current receivables	1.6	1.6	0.0	0.0	0.0	0.0	0.0
Total receivables	22.5	16.8	2.1	3.0	0.6	0.0	0.0
Prepaid Costs	7.7						
Total trade and other receivables	30.2						

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

## 13 TRANSACTIONS WITH RELATED PARTIES

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

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

## DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a measure of historic or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

The Company has identified the following APMs used in reporting:

**EBIT** – EBIT is an acronym for Earnings Before Tax and represents profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.

EBIT is reflected on the consolidated statement of income on the line titled EBIT. EBIT has been reported as a loss of USD 3.2 million for the first quarter of 2021.

**EBIT Margin** – EBIT margin is calculated by dividing EBIT by revenues. EBIT and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines titled similarly.

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

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

EBITDA is reflected on the consolidated statement of income on the line titled EBITDA. EBITDA of USD 4.0 million has been reported for the first quarter of 2021.

**EBITDA Margin** – EBITDA margin is calculated by dividing EBITDA by revenues. EBITDA and revenues are reflected on the Company's statement of income, in note 2 segments, and in the financial highlight tables in this report in lines similarly titled.

EBITDA margin has been calculated and is reported in the financial highlight tables for REC Silicon Group, in the key financials table for each operating segment, and in note 2 segments.

**EBITDA Contribution** – EBITDA contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBITDA. For the operating segments, EBITDA contributions represents revenues less cost of manufacturing excluding depreciation and amortization. For other, EBITDA contribution represents primarily operating costs.

A table reconciling the EBITDA contribution of each operating segment along with other and eliminations to the Company's total EBITDA can be found in note 2 segments.

**EBIT Contribution** – EBIT contribution is used to describe the contribution of each of the operating segments, other, and eliminations to the Company's total EBIT. For the operating segments, EBIT contributions represents revenues less cost of manufacturing including depreciation and amortization. For other, EBIT contribution represents primarily operating costs.

A table reconciling the EBIT contribution of each operating segment along with other and eliminations to the Company's total EBIT can be found in note 2 segments.

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

At March 31, 2021, the equity ratio is 14.8 percent and is calculated by dividing USD 50.4 million total shareholders' equity by USD 341.7 million in total assets.

**Net Debt** – Net debt is the carrying value of interest-bearing debt instruments (including financing leases) less cash and cash equivalents. The carrying value of debt can be found in note 8 borrowing in the table under the caption carrying amount, the amounts of lease liabilities are reflected on the balance sheet, and cash can be found in the statement of financial position on the line titled cash and cash equivalents.

At March 31, 2021, net debt was USD 87.9 million or USD 148.0 million total carrying value of the Company's debt (from note 8) plus USD 71.4 million current and non-current lease liabilities (from the balance sheet) less USD 131.5 million in cash and cash equivalents.

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

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

At March 31, 2021, nominal net debt was USD 88.8 million or USD 148.9 million contractual repayment values of the Company's debt (from note 8) plus USD 71.4 million current and non-current lease liabilities (from the balance sheet) less USD 131.5 million in cash and cash equivalents.





**FOR MORE INFORMATION, PLEASE CONTACT**

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**About REC Silicon**

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

For more information, go to: [www.recsilicon.com](http://www.recsilicon.com)