



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 707 328
Organisasjonsform: Aksjeselskap
Foretaksnavn: REC SOLAR NORWAY AS
Forretningsadresse: Fiskåveien 100
4621 KRISTIANSAND S

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Mette G. Stormyr
Dato for fastsettelse av årsregnskapet: 15.04.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 08.09.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Revenue	2	317 488 000	662 618 000
Other operating income	3, 15	66 630 000	37 579 000
Sum inntekter		384 119 000	700 197 000
Kostnader			
Cost of materials	11, 15	279 916 000	269 187 000
Change in stock of self-produced fixed assets	4	-24 407 000	-14 296 000
Personnel expenses	4, 5	186 132 000	249 557 000
Depreciation of operating and intangible assets	6, 7	218 313 000	264 831 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6, 7	149 814 000	8 885 000
Other operating expenses	8, 9	238 208 000	400 540 000
Other gains/losses	17	6 461 000	-24 396 000
Sum kostnader		1 054 438 000	1 154 308 000
Driftsresultat		-670 319 000	-454 111 000
Finansinntekter og finanskostnader			
Annen renteinntekt		1 774 000	3 583 000
Gains/losses on exchange			
Sum finansinntekter		1 774 000	3 583 000
Rentekostnad til foretak i samme konsern		2 729 000	884 000
Annen rentekostnad		372 000	205 000
Other financial gains/losses	18		96 000
Sum finanskostnader		3 102 000	1 185 000
Netto finans		-1 328 000	2 398 000
Ordinært resultat før skattekostnad		-671 647 000	-451 713 000
Income tax expense	10	-4 400 000	-2 611 000
Ordinært resultat etter skattekostnad		-667 247 000	-449 103 000
Årsresultat		-667 247 000	-449 103 000



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Årsresultat etter minoritetsinteresser		-667 247 000	-449 103 000
Totalresultat		-667 247 000	-449 103 000
Overføringer og disponeringer			
Udekket tap	14	-667 247 000	-449 103 000
Sum overføringer og disponeringer		-667 247 000	-449 103 000



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
R&D, Software and licenses	6	31 683 000	46 975 000
Sum immaterielle eiendeler	6	31 683 000	46 975 000
Varige driftsmidler			
Buildings and land	7	1 451 450 000	1 527 713 000
Equipment, fixture and fittings, tools etc	7	844 141 000	992 177 000
Construction in progress	7	101 486 000	128 458 000
Sum varige driftsmidler		2 397 077 000	2 648 348 000
Sum anleggsmidler		2 428 760 000	2 695 323 000
Omløpsmidler			
Varer			
Sum varer	11	217 890 000	275 867 000
Fordringer			
Accounts receivables		10 243 000	3 548 000
Other short-term receivables		38 685 000	33 240 000
Derivatives	16		19 317 000
Konsernfordringer	15	55 259 000	284 404 000
Sum fordringer		104 187 000	340 508 000
Bankinnskudd, kontanter og lignende			
Cash and cahs equivalents	12	35 593 000	
Sum bankinnskudd, kontanter og lignende		35 593 000	
Sum omløpsmidler		357 670 000	616 375 000
SUM EIENDELER		2 786 430 000	3 311 698 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Share capital	13	150 140 000	150 140 000
Overkurs	14	2 329 604 000	3 002 503 000
Sum innskutt egenkapital	14	2 479 744 000	3 152 643 000
Sum egenkapital	14	2 479 744 000	3 152 643 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	5	2 970 000	3 332 000
Sum avsetninger for forpliktelser		2 970 000	3 332 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		2 970 000	3 332 000
Kortsiktig gjeld			
Leverandørgjeld		61 555 000	47 105 000
Public duties payable		9 858 000	16 027 000
Utbytte	16	2 773 000	
Kortsiktig konserngjeld	15	209 231 000	32 580 000
Other current liabilities		20 300 000	60 010 000
Sum kortsiktig gjeld		303 716 000	155 723 000
Sum gjeld		306 686 000	159 055 000
SUM EGENKAPITAL OG GJELD		2 786 430 000	3 311 698 000



Financial statement

Rec Solar Norway AS

2019



REC Solar Norway AS

The Boards annual statement for 2019

Business scope

Rec Solar Norway AS business objective is to produce and sell high purity silicon and silicon blocks to the solar industry at a lower production cost than alternative production technologies and engage in business related to this.

The company's business address is Fiskåveien 100, 4621 Kristiansand.

REC Solar Norway AS is fully owned by REC Solar Holdings AS, which is under the control of Bluestar Elkem Investment Co. Ltd. Bluestar Elkem Investment Co. Ltd. is a limited company registered and domiciled in Hong Kong, owned by China National Bluestar (group) Co. Ltd.

Market and Operations in 2019

Global installations amounted to 113 GW in 2019, compared to 109 GW in 2018, i.e. a growth of 4%. China, EU and the US were the major markets for PV installations. While China had 28% reduced installations compared to 2018, the installations increased by 120% in Europe and 125% in US.

The deterioration of sales price in 2018 due to changes in regulations for PV installations in China was followed by consolidation in the industry through 2019. The effect was further price reductions from 9 usd/kg to 6,8 usd/kg. The company reacted to this by temporary shutting down the production at Herøya in April and at Fiskaa in July. During the shutdown period, the company carried out further restructurings and a large investment modifying the production process to further reduce cost significantly and secure competitiveness. This investment is planned to be finalized in July 2020.

While production at Fiskaa restarted in January 2020, the Herøya operations, not being cost competitive, is reduced to a minimum keeping key personnel for product and process development only. Because of the temporary shutdown, the production volumes in 2019 ended up at 2 718 MT ESS and 293 MT blocks, while the sales ended up at 3 305 MT ESS and 526 MT blocks.

Income Statement

Revenues (net) amounted to MNOK 317 in 2019 and gross operating expenses to MNOK 1 054. Operating loss for the year ended at MNOK 670 and net loss of MNOK 667. Depreciation amounted to MNOK 218. Write down amounted to MNOK 150. Net change in cash and cash equivalents amounted to MNOK 35.

Research and development costs amounted to MNOK 21, mostly related to further development and optimization of the production process.

Cash flow Statement

Cash flow from operating activities was MNOK -136 for the year, compared to MNOK -141 in 2018, mainly explained by lower operating profit. Cash flow from investing activities amounted to MNOK -101 for the year, compared to MNOK -67 in 2018. The increased cash flow from investing activities in 2019 is mainly related to the strategic investment in new production technology related to recycling of kerf. Cash flow from financing activities was positive with MNOK 273, compared to MNOK 209 in 2018. The increase is related to short term loans from REC Solar Pte. Ltd. Net cashflow for 2019 ended at MNOK 35, compared to MNOK 0 in 2018. The change is related to the termination of the cash pooling arrangement.



Equity and debt

Rec Solar Norway AS is financed by MNOK 2 479 in equity. The equity ration amount to 88,9% pr 31/12/2019. Equity ration was significantly strengthened in 2016 through debt conversion. The company had MNOK 35 in cash and cash equivalents 31/12/2019.

Going concern

The Board of Directors confirms that the financial statements have been prepared under the assumption that the company is a going concern and this assumption was realistic at the date of the accounts. The PV industry underwent a challenging period in 2018 due to shift in governmental policies across the Globe. In 2019, the industry gradually recovered. In 2018 China National Bluestar (Groupe) co. Ltd provided an intercompany loan of MUSD 170 to REC Solar Holdings AS and this loan has been reduced to MUSD 150 and refinanced by Credit Agricole. The company has limited cash reserves as at 31 December 2019. However, the parent company Rec Solar Holdings AS has provided the company with a financial guarantee that the company will have sufficient liquidity to continue its operations and ensure financing of the ongoing projects in new technology and production methods for the coming year.

Prospects

REC Solar Norway AS has a unique technology not replicable to any competitors and is among the producers with the lowest production cost for solar grade silicon. The company is currently investing in new technology which will further reduce production cost significantly by eliminating production steps through recycling kerf waste created from wafer diamond slicing processes. This technology will also create two new products providing additional revenue streams for the company. Implementation is expected to be fully ramped and complete within July 2020.

The investment modifying the process for production of solar grade silicon will make the electric arc furnace redundant, thus making it available for an additional production of about 9 500 MT of metallurgical grade silicon (Si99). This will give the company additional revenues and reduce fixed cost as the volume of solar grade plus metallurgical grade silicon will double.

A third product, silicon pellets, will also be produced giving added revenues. This production step is currently under construction.

The investment, together with the new products, will anchor the company's competitiveness and strengthen the foundation for profitable operations and substantiate the result of the impairment test for 2019 with no requirement for write-down.

Subsequents Events

In mid of March 2020 the Norwegian government implements regulations to reduce the consequences of Covid 19. At the date of the accounts, the effects of Covid 19 is unclear. The management team is monitoring the situation closely and has take the necessary actions to reduce infections among employees and to maintain production. At the date of the accounts, the company has not experienced any negative events affecting production, revenue or purchases due to Covid 19.

Financial Risk

REC Solar Norway AS is exposed to changes in sales prices influenced by the supply and demand balance for solar grade silicon. Raw materials and power purchases as well as sales of finished goods are in USD and EUR, hence REC Solar Norway AS is exposed to currency fluctuations. REC Solar Norway AS has entered into power contracts for 65% of expected power consumptions in 2020. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial



Instrument fail to meet its contractual obligations, and arises principally from the companies receivables from related parties. At the balance sheet date, credit risk is concentrated in the outstanding receivables from sister company and no significant risk exposure is expected to arise.

The carrying amount of financial assets in the statement of financial position represents the company's maximum exposure to credit risk.

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages its liquidity risk through intercompany loans to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

Working environment

REC Solar Norway AS had 165 fulltime employees at the end of 2019. Number of employees has decreased by 167 compared to 2018, mainly related to shut down of the plant at Herøya. Total sick leave was 7,84 % in 2019, of which the long-term sick leave (more than 16 days) was 5,63 %. The working environment is considered good and the company has a strong focus on the employees safety and health. There were four injuries to employees during 2019 that required medical treatment.

At the end of 2019, percentage of women amounted to 14%. The company aims for equality for opportunities and treatment for both women and men, and has implemented a policy to ensure that no discrimination based on gender takes place.

The company works actively to ensure no discrimination is taking place due to functional ability, ethnicity, country of origin, skin colour, religion or philosophy.

Environment

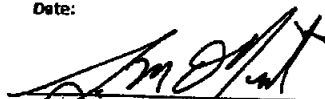

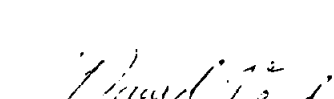
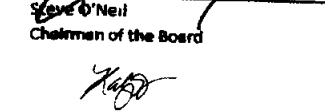
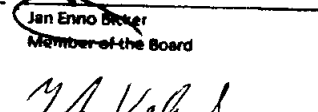
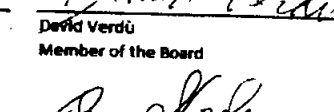
The production at REC Solar Norway AS has been carried out with no significant environmental deviations from concessions in 2019.

Net Income and Dispositions

The Board of Directors propose the following coverage of the negative net profit for the year.

Transferred from other equity: MNOK -667

Date:

 Steve O'Neil Chairman of the Board	 Jan Erno Becker Member of the Board	 David Verdú Member of the Board
 Katja K. P. Lehland Member of the Board	 Earl Andreas Valand Member of the Board	 Rune Norheim Member of the Board



INCOME STATEMENT

REC SOLAR NORWAY AS

REVENUES AND OPERATING EXPENSES (Amount in NOK 1000)	Note	2019	2018
REVENUE			
Revenue	2	317 488	662 618
Other operating income	3, 15	66 630	37 579
Total operating income		384 119	700 197
OPERATING EXPENSES			
Cost of materials	11, 15	279 916	269 187
Change in stock of self-produced fixed assets	4	-24 407	-14 296
Personnel expenses	4, 5	186 132	249 557
Depreciation of operating and intangible assets	6, 7	218 313	264 831
Write-downs of tangible and intangible assets	6, 7	149 814	8 885
Other operating expenses	8, 9	238 208	400 540
Other gains/losses	17	6 461	-24 396
Gross operating expenses		1 054 438	1 154 308
Operating profit/loss		-670 319	-454 111
FINANCIAL INCOME AND EXPENSES			
Interest income		1 774	3 583
Interest expense to group companies		2 729	884
Interest expenses		-372	-205
Other financial gains/losses	18	0	-96
Net finance		-1 328	2 398
Profit/loss before income tax		-671 647	-451 713
Income tax expense	10	-4 400	-2 611
Net profit/loss		-667 247	-449 103
ATTRIBUTABLE TO:			
Other Equity	14	667 247	449 103
Total allocated		-667 247	-449 103

REC SOLAR NORWAY AS

SIDE 5



BALANCE SHEET

REC SOLAR NORWAY AS

ASSETS	Note	31.12.2019	31.12.2018
(Amount in NOK 1000)			
FIXED ASSETS			
INTANGIBLE ASSETS			
R&D, Software and licenses	6	31 683	46 975
Total intangible assets	6	31 683	46 975
TANGIBLE ASSETS			
Buildings and land	7	1 451 450	1 527 713
Equipment, fixture and fittings, tools etc	7	844 141	992 177
Construction in progress	7	101 486	128 458
Total tangible assets		2 397 077	2 648 348
FINANCIAL FIXED ASSETS			
Total non current assets		2 428 760	2 695 323
CURRENT ASSETS			
Inventories	11	217 890	275 867
DEBTORS			
Accounts receivables		10 243	3 548
Other short-term receivables		38 685	33 240
Receivables from group companies	15	55 259	284 404
Derivatives	16	0	19 317
Total receivables		104 187	340 508
Cash and cash equivalents	12	35 593	0
Total current assets		357 670	616 375
Total assets		2 786 430	3 311 698



BALANCE SHEET

REC SOLAR NORWAY AS

EQUITY AND LIABILITIES (Amount in NOK 1000)	Note	31.12.2019	31.12.2018
EQUITY			
OWNERS EQUITY			
Share capital	13	150 140	150 140
Other Equity	14	2 329 604	3 002 503
Total owners equity	14	2 479 744	3 152 643
RETAINED EARNINGS			
Total equity	14	2 479 744	3 152 643
LIABILITIES			
PROVISIONS FOR LIABILITIES			
Pension liabilities	5	2 970	3 332
Total provisions		2 970	3 332
Total long term liabilities		2 970	3 332
CURRENT DEBT			
Accounts payable		61 555	47 105
Public duties payable		9 858	16 027
Derivatives	16	2 773	0
Liabilities to group companies	15	209 231	32 580
Other current liabilities		20 300	60 010
Total current liabilities		303 716	155 723
Total liabilities		306 686	159 055
Total equity and liabilities		2 786 430	3 311 698



BALANCE SHEET

REC SOLAR NORWAY AS

Kristiansand, 24.03.2020

The board of Rec Solar Norway AS

Steven Mark Oneil
chairman of the board

Jan Enna Bicker
member of the board

Katja Katarina Pajuniemi Lehtand
member of the board

Jarl Andreas Valand
member of the board

Rune Norheim
member of the board

David Juan Verdu
member of the board / general manager

nb:



CASH FLOW STATEMENT

REC SOLAR NORWAY AS

(Amount in NOK 1000)	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		-671 647	-451 713
Loss/gain on the sale of fixed assets		0	-60
Ordinary depreciation		218 313	273 716
Impairment of fixed assets		149 814	0
+/- Pension Expense without cash effect		363	-44
Change in inventory		57 977	-5 313
Change in accounts receivable		-6 695	8 369
Change in accounts payable		14 449	-28 070
Items classified as investment or financing activities		1 851	0
Change in other accrual items		99 087	61 239
Net cash flows from operating activities		-136 488	-141 876
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Proceeds from the sale of fixed assets		0	316
Purchase of tangible non current assets		-101 564	-67 763
Proceeds sale of investments in affiliated company		0	187
Net cash flows from investment activities		-101 564	-67 260
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of new short term loan intr		187 811	0
Net change in cash pool		85 835	209 136
Net cash flows from financing activities		273 646	209 136
Net change in cash and cash equivalents		35 593	0
Cash and cash equivalents at the start of the period		0	0
Cash and cash equivalents at the end of the period		35 593	0



Rec Solar Norway AS is a company located in Norway, producing high-purity silicon (Elkem Solar Silicon) for the solar industry. The company is fully owned by REC Solar Holdings AS.

Figures are in NOK thousands unless otherwise specified.

Note 1 Accounting principles

The financial statement have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounts are prepared on the basis of a going concern assumption.

Changes in accounting policies

Changes in accounting policies are recognized directly in the equity, and the opening balance is adjusted as if the new accounting policy had always been applied. Last years figures are changed correspondingly, for comparative purposes. There has been no change in accounting policies in 2019.

Accounting estimates

In the event of uncertainty, the best estimate is applied, based on the information available when the annual accounts are prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in the future periods affected.

One area where the managements use of estimates and assumptions has particular importance, is the calculation of fair value for tangible assets (with a net book value of 2 397 MNOK, note 7), intangible assets (net book value of 32 MNOK, note 6). The estimated fair value, based on estimated discounted cash flows, for these assets, did not lead to impairment. For additional information, see "Assesment of fair value on intangible assets, fixed assets and operating material and spare parts" in note 7.

Foreign currency

Rec Solar Norway AS's functional currency is Norwegian Kroner (NOK). Transactions in foreign currencies are converted to functional currency using the exchange rate at the dates of the transactions. At the end of each reporting period foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rates are recognized continuously in the accounting period.

Revenue recognition and costing principles

Sales revenues are presented net of VAT and discounts. Revenues from goods sold are recognized when the significant risk and reward of the ownership of the goods is transferred to the buyer, according to actual delivery term for each sale. Revenues and sales expenses, related to the same transaction, are recognized in the same period. Revenues from sales of services are recognized according to completion. Provision for loss on receivables is booked when ascertained.

Goods and services bought and sold in foreign currencies are recorded with the exchange rate on the transaction date.

Income from insurance settlements are recognized in the profit and loss when there is reasonable assurance Rec Solar Norway AS will receive the compensation. Interest income is recognized on accrual basis. Dividend is recognized when a shareholder's right to receive dividend is resolved by the shareholders meeting.

Operating expenses and maintenance

Direct maintenance cost is expensed under operating expenses as and when it is incurred. Expenditure on major maintenance, refits, repairs or upgrades are capitalized as investment.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The classification of



current and long-term debt is equivalent when criteria is applied.

Fixed assets are valued at cost, but written down to its recoverable amount if this is lower than book value, and the impairment is not expected to be temporary. Fixed assets with finite useful life are amortized.

Current assets are valued at the lower of cost and fair value. Other long-term liabilities and current liabilities are valued at nominal value.

Intangible assets

Expenses relating to the manufacture of intangible assets, including expenditure on research and development, are expensed as incurred, and capitalized when it is probable that future economic benefits associated with the assets will flow to the company, and the cost can be measured reliably.

Intangible assets acquired individually, are capitalized at cost. Intangible assets acquired through acquisitions, are capitalized at cost when the criteria for capitalization is met.

Intangible assets with finite useful life are amortized.

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation and impairment. Construction in progress is presented as a separate category, and transferred to the relevant group when construction is finished and ready for depreciation. Depreciation is distributed evenly over the expected lifetime.

Impairment of intangible and fixed assets

Book value of fixed assets are reviewed at each period end, based on internal and external impairment indicators, such as profitability, operations, technological development, market development etc. If such evidence exists, recoverable amount will be calculated. If the recoverable amount (calculated from FVLCS) is lower than book value, the asset is written down. The impaired amount is reversed at a later date, to the extent that the loss no longer exists.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risk and reward of ownership to the lessee. All other leases are classified as operational leases. Assets held under finance leases are initially recognized as assets at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the obligation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. They are recognized at amortised cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process. An impairment loss is recognized when the carrying amount exceeds the estimated recoverable amount.

The category includes operating receivables, deposits, guarantees and loans. These assets are classified in the balance sheet as non-current assets or other current assets, if the repayment schedule is less than a year.

Cash and cash equivalents

Cash and cash equivalents consists of bank deposits and other monetary instruments with a maturity of less than three months from acquisition.

The company terminated their access to the Group Cash Pool in 2019. Assets or liabilities within the Group Cash Pool were recognized as receivables/payables against Group Companies in the balance sheet for 2018.



Hedge accounting

Rec Solar Norway AS may designate certain derivatives as hedging instruments for fair cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognized in the equity and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gain/losses recognized in the equity are reclassified into Profit or Loss in the same period(s) as the hedged assets/liabilities.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the equity at that time remains in equity, and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are valued at the lower of cost or fair value, i.e. net realizable value. To determine the acquisition cost, a specific mapping is used when possible. For operating materials and spare parts average cost is used. For other items, where direct assignment or averaging method is not practical or appropriate, FIFO is used. Full production cost is used to set the cost of manufactured goods, which includes direct materials and salaries, plus a proportionate share of indirect and fixed costs based on normal capacity utilization.

Net realizable value is based on estimated selling price, less costs necessary for completion and sales. For raw materials and work in progress, the net realizable value is calculated based on the sales value of finished products deducted for remaining production costs.

Changes in inventories relating to work in progress and finished goods are recorded on a separate line in the income statement. Change in inventories for raw materials are recognized in cost of goods sold.

Operating equipment and spare parts are classified as inventories. Inventory change of operating materials are recognized as other operating expenses.

Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Current tax payable includes any adjustment to tax payable in respect of previous years.

Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Income tax relating to items recognized directly in equity is recognized in equity, not in the income statement.

Uncertain tax positions are included when it is probable that the tax position will be sustained in a tax-review, and provisions are made relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed when the disputed tax position is settled in favour of the entity and can no longer be appealed.

Deferred tax

Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the financial statement, including tax losses carried forward. Deferred tax relating to items outside profit and loss is recognized outside profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit and loss or directly in equity.

If the temporary difference arises from the initial recognition of goodwill, the deferred tax assets and liabilities are not recognized.



Deferred tax assets are recognized in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rate at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets

Retirement benefits

Defined benefit plans are valued at the present value of accrued future pension benefits at the balance sheet date. The related net pension cost for the period is classified as payroll expenses. Multi-employer plans lacking sufficient information to enable the company's liability to be calculated, are accounted for as a defined contribution scheme. Defined contribution plans are plans where the company make monthly contributions to the employee's individual pension plans, and where the future pensions are determined by the amount of contribution and the return on each individual plan. The payments to the contribution plans are expensed as incurred and classified as a part of the payroll expenses.

Government grants

Government grants are recognized when it is virtually certain that the company will comply with the conditions attaching them, and the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. The grant is recognized as income over the lifetime of a depreciable asset by reducing the depreciation charge. Grants related to expenses are classified as other operating income.

CO2 emission quotas

CO2 emission quotas allocated from the government are classified as government grants, measured at nominal value (zero). The CO2 quotas are meant to cover CO2 emissions from the plant in Norway. If actual emissions exceed the allocated emission quotas, additional quotas are purchased. Purchased CO2 quotas are recognized at cost as other operating expenses, and any sale of CO2 quotas are recognized as other operating income, according to transaction price.

CO2 compensation

The Norwegian government has, from 2013, established a CO2 compensation scheme to compensate for CO2 costs included in power contracts for industry. The extent of the scheme may vary considerably from year to year depending on the future carbon price. This compensation scheme applies for the Norwegian plants, and is recognized as other operating income when there is reasonable assurance that the entity will comply with the conditions attached and the grants will be received.

Contingent liabilities

If it is likely that a liability will be settled, and the settlement value can be estimated reliably, the obligation is expensed in the income statement and included as a provision for liabilities.

Events after the reporting period

Events after the reporting period related to Rec Solar Norway AS's financial position at the end of the reporting period, are considered in the financial statement. Events after the reporting period that have no effect on the company's financial position at the end of the reporting period, but will have effect on future position, are disclosed if the future effect is material.



Note 2 Income per business area

(Amount in NOK 1000)

	2019	2018
Business area		
Metals	272 378	659 205
Microsilica	45 110	3 413
Total	317 488	662 618
Per geographic area		
Nordic countries	53 818	10 109
EU ex. nordic countries	24 662	25 955
The world ex EU and nordic countries	239 008	626 554
	317 488	662 618

Note 3 Other income

(Amount in NOK 1000)

	2019	2018
Other Income consists of:		
CO2 compensation	22 878	10 182
Governments grants on R&D Projects	13 555	11 468
Other Income (rental, manpower etc.)	30 197	15 929
Total	66 630	37 579



Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor (Amount in NOK 1000)

Salary costs	2019	2018
Salaries	146 416	197 976
Employment tax	22 624	31 479
Pension costs	13 528	14 510
Other benefits	3 564	5 592
Total	186 132	249 557
Self-produced fixed assets (capitalization of costs relating to projects)	-24 407	-14 296

In 2019 the company employed 166 full time equivalents. In 2018 the number of full time equivalents was 332.

Remuneration to senior executives

Remuneration to executives	General manager
Salaries	1 278
Pension expenses	116
Other remuneration	111

Loans and guarantees for employees

There are no loans or guarantees to board members and senior executives.

Audit and other services

	2019
Audit	390 746 kr
Other assurance services	220 293 kr

Fees to auditors are reported exclusive of VAT



Note 5 Retirement benefits

Defined contribution plans

REC Solar Norway AS' employees are mainly covered by pension plans that are classified as contribution plans.

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employee's pension plan, and where the employee's future pension is determined by the amount of the contributions and the return on the individual pension plan asset. In addition, multi-employer plans where sufficient information to calculate each participant's pension obligation is not available should be accounted for as it is a defined contribution plan.

The company's contributions to the employees individual pension plan assets constitutes 5% of base salary up to 7.1G and 15% between 7.1 and 12G. G refers to the national insurance scheme's basic amount in Norway, amounting to NOK 99 858 as at 1 May 2019. Pension on salary above 12G is not supported by external service providers and is therefore handled as a separate plan classified as a defined benefit plan.

REC Solar Norway AS participates in the early retirement scheme AFP. This is as a multi-employer plan accounted for as a defined contribution plan, in accordance with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, the government is responsible for the remaining part. The yearly pension premium in 2018 is 2,5% of the employee's salary between 1 and 7.1G, covering this year's pension payments and contribution to a security fund for future pension obligations. The premium in per cent of salary for 2019 is equal to 2018.

DEFINED BENEFIT PLAN

The interest is presented as a part of financial expenses. Remeasurements of the defined benefit plans are recognized directly in equity.

The company's pension schemes meet the minimum requirement in the Norwegian Act of Mandatory Occupational Pension.

Breakdown of net pension cost

(Amount in NOK 1000)

	2019	2018
Current service cost	84	102
Net periodic pension cost	84	102
Defined contribution plan, payments to Storebrand	9 995	11 007
Early retirement plan "AFP"	3 449	3 400
Pension Cost total	13 528	14 510
Additional interest cost for the year	139	143
The net total of pension liability		
Present value of pension obligation	-2 970	-3 332
Net pension obligation	-2 970	-3 332

Pension obligation is calculated based on salary in August + expected salary payout rest of the year + return on funds earned based on 5,30%, which is the rate of appropriations interest rate pension on wages above 12G.

6 employees are covered by the benefit plan for pension on salary above 12G pr 31/12/2019



Note 6 Intangible assets

(Amount in NOK 1000)

	EDP Programs	Development of new technology	Construction in progress	Total
Historic cost 01.01.2019	32 397	111 927	9 068	153 392
Additions 2019	0	0	0	0
Disposals 2019	0	0	0	0
Historic cost 31.12.2019	32 397	111 927	9 068	153 392
Acc. depreciation 31.12.2019	22 066	89 500	0	111 565
Acc. writedowns 31.12.2019	10 144	0	0	10 144
Net booked value 31.12.2019	187	22 427	9 068	31 683
The year's depreciation	1 328	7 261	0	8 589
The year's write-downs	6 703	0	0	6 703
Expected lifetime	5 - 12 years	8 - 20 years		
Depreciation plan	Linear	Linear	None	

Intangible assets are mainly related to the pilot plant for development of new technology.

Note 7 Tangible assets

(Amount in NOK 1000)

	Property and plant	Equipment, fixture and fitting	Construction in progress	Total
Historic cost 01.01.2019	2 381 747	2 972 307	128 458	5 482 512
Additions 2019	3 646	101 052	101 565	206 263
Disposals 2019	0	0	-104 698	-104 698
Historic cost 31.12.2019	2 385 393	3 073 359	125 325	5 584 077
Acc. depreciation 31.12.2019	933 466	2 092 578	3 188	3 029 232
Acc. writedowns 31.12.2019	477	136 640	20 651	157 768
Net booked value 31.12.2019	1 451 450	844 141	101 486	2 397 077
The year's depreciation	79 514	127 022	3 188	209 724
The year's write-downs	394	122 066	20 651	143 111
Expected lifetime	8 - 40 years	3 - 30 years		
Depreciation plan	Linear	Linear	None	

Impairment Hærøya

Based on falling prices and shift in technology, block production at the plant in Hærøya was stopped in March 2019. Impairment test of Hærøya indicated need of write down and all assets related to Hærøya is impaired with 149 MNOK.



Assessment of fair value of intangible assets, fixed assets and operating materials and spare parts

Rec Solar Norway AS's assets consist primarily of fixed assets with 2 397 mill kroner (note 7), intangible assets with 32 mill. kroner (note 6) and net work capital of 54 mill. kroner, in total 2 483 mill. kroner. Book value of these assets are considered in relation to its recoverable amount. Current assets are assessed separately.

Recoverable amount is calculated according to the methodology of fair value less costs of sell (FVLCD). Fair value is estimated by discounting expected future cash flows with WACC (Weighted Average Cost of Capital). Management has projected cash flows based on forecast and strategy plans covering a three-year period. Currency rates and power prices are based on external official sources such as Reuters and Nasdaq. Beyond the explicit forecast period of three years, the cash flows are extrapolated using constant nominal growth rates.

Key assumptions

Impairment tests are performed by comparing the carrying amount for the asset or the Cash Generating unit (CGU) including goodwill, with the recoverable amount. The recoverable amount is based on the methodology of fair value less costs of sell (FVLCD). A CGU is the lowest level at which independent cash flows can be measured. The company has one integrated production process and one CGU. Key assumptions used in calculation of FVLCDs are selling prices, production costs and discount rates.

Selling prices are forecasted based on two widely used third-party forecasts, value-added products from committed investment into modifying production lines, inflation, market development in which the entity operates. Fluctuation in future sales prices may affect forecasted EBITDA levels.

REC Solar Holdings, which REC Solar Norway is a wholly owned subsidiary of, manufactures high-efficiency solar panel through its Singapore manufacturing facility and serves the premium solar rooftop markets globally. REC Solar Norway is developing value-added feedstock products for premium solar products and it is REC Group long-term strategy for REC Solar Norway to be vertically integrated into its manufacturing value chain and reduce fluctuation in future sales prices.

Production cash costs takes into consideration maximum production capacity, budgeted operational efficiency programs, expected raw material prices and committed investment into technology which will further reduce production cash cost significantly by eliminating and reducing production steps and raw materials through recycling kerf waste created from wafer diamond slicing processes. Changes to the outcome of the investment may affect future production cash costs and estimated EBITDA levels. A normalised capital expenditure is assumed in the long run.

Discount rates: The required rate of return was calculated by the WACC method. The cost of a company equity and debt, weighted to reflect the average capital structure of comparable companies, derives its weighted average cost of capital. The WACC rates used in discounting the future cash flows are based on 10-year risk-free interest rate. The discount rates take into account the debt premium, market risk premium, corporate tax rate and asset beta. The computed post-tax WACC based on market information is 6,2%. In the spirit of conservativeness, a WACC of 9,0% is applied for impairment assessment.

Impairment test results and conclusion

FVLCD for the CGU exceeds carrying amount. The impairment test indicated no requirement for writedown.

Sensitivity of estimated cash flows

An increase of 1 percentage point in WACC will not result in an impairment for REC Solar Norway AS. A change of 5% in each key assumptions will not result in an impairment for REC Solar Norway AS.



Note 8 Other operating Expenses

	2019	2018
Travel and meeting expense	3 314	3 066
Machinery, inventory and material	120 517	217 503
Repair and maintenance	13 342	46 597
Audit, consultants and other services	51 914	64 416
Telecom office, transportation	2 080	5 953
Additives used in production	2 046	4 931
Insurance premium	2 898	4 361
Rental costs	23 045	18 932
Transportation expenses	3 289	5 972
Other expenses	15 761	28 808
Total	238 208	400 540

Note 9 Operational leasing

(Amount in NOK 1000)

	Machines	Property and plant	Fixture and fitting vehicles	Total
Expenses 2019	10 129	12 836	81	23 045
Contractual leasing to maturity				
2020	9 069	12 224	80	21 373
2020 - 2023	26 993	36 672	239	63 904
Total future lease cost	36 062	48 896	319	85 277



Note 10 Tax

	2019	2018
This year's tax expense		
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Prior year group contribution	-4 400	-2 611
Tax expense on ordinary profit/loss	-4 400	-2 611
Taxable income:		
Ordinary result before tax	-671 647	-451 713
Permanent differences	-2 071	-876
Changes temporary differences	218 463	238 601
Received intra-group contribution	0	0
Cut interest deduction	0	0
Taxable income	-455 255	-213 988
Payable tax in the balance:		
Payable tax on this year's result	0	0
Payable tax on received Group contribution	0	0
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

The group contribution of 20,5 MNOK with a tax effect of 4,4 MNOK is due to filing of adjusted tax returns for 2017 in 2019. Consequently the 2017 group contribution and related tax effect are recognized in 2019.

	2019	2018	Difference
Tangible assets	631 053	839 563	208 510
Long-term receivables and liabilities in foreign currency	-15 601	-15 601	0
Stock	-164 729	-159 172	5 557
Accounts receivable	-13 333	-13 062	271
Profit and loss account	17 944	22 430	4 486
Pension premium / liabilities	-2 970	-3 331	-361
Total	452 364	670 827	218 463
Commodity contracts	-2 773	19 571	22 344
Accumulated loss to be brought forward	-3 406 211	-2 950 956	455 255
Cut interest deduction	-246 113	-246 113	0
Not included in the deferred tax calculation	3 202 733	2 506 671	-696 062
Basis for calculation of deferred tax	0	0	0
Deferred tax assets (22 % / 23 %)	0	0	0
Effect of change in tax rate			

Deferred tax is not booked to the balance sheet



Note 11 Inventory

(Amount in NOK 1000)

	2019	2018
Raw materials	52 178	16 821
Work in progress	24 110	37 102
Finished goods	42 263	105 964
Operating equipment	99 339	115 980
Total	217 890	275 867

Inventories are valued at the lower of cost or fair value, i.e. net realizable value.

Pr 31/12/2019 raw materials is written down by -61,7 MNOK accumulated (2018: -73,1 MNOK). Finished goods are written down by -42,6 MNOK accumulated (2018: -186,1 MNOK). Work in progress is written down by -122,7 MNOK accumulated (2018: -113,7 MNOK), while operating materials is written down by -45,9 MNOK accumulated (2018: -11,0 MNOK).

Included in write down of operating equipment is write down of operating equipment related to the plan at Herøya with -33 MNOK. This is based on the impairment for Herøya commented in note 7.

In 2019 the company has changed accounting principle related to raw materials for Si99 production. Historically raw materials for the Si furnace has been used in production of ESS and NRV has been 0. Based on the investment in 2019 in new production equipment for production of Pellets from Kerf, Si99 is used for ESS production for a short period of time in 2020. Historically write down of raw materials is reversed and NRV of raw materials for Si99 production is based on fair value of Si99 for sale.

Note 12 Restricted bank deposits

Restricted bank deposits consists of withheld employee taxes (4 976 723 kr) and pension funds (2 862 215 kr).



Note 13 Shareholders

THE SHARE CAPITAL IN REC SOLAR NORWAY AS AS OF 31.12 CONSISTS OF:

	Total	Face value	Entered
Ordinary shares	1	150 140 002,00	150 140

Ownership structure

The largest shareholders in % at year end:

	Ordinary	Owner interest
Rec Solar Holding AS	1	100 %
Total number of shares	1	100 %

The consolidated financial statements have been prepared by Bluestar Elkem Investment Co. Ltd.

Note 14 Equity

(Amount in NOK 1000)

	Share capital	Other equity	Total equity capital
As at 31.12.2018	150 140	3 002 503	3 152 643
As at 01.01.2019	150 140	3 002 503	3 152 643
Actuarial gains/losses pensions		363	363
Cash flow hedge to equity		-22 090	-22 090
Equity effect of group contribution prior year		16 074	16 074
Net profit 2019		-667 247	-667 247
As at 31.12.2019	150 140	2 329 604	2 479 744

See also note 15 for further information.

Note 15 Related parties

Rec Solar Norway AS is a company of REC Solar Holding AS. Among the group companies are Elkem ASA and REC Solar, which Rec Solar Norway has related parties transactions towards.

Rec Solar Norway's sale of goods to related parties in 2019 amounted to 77,3 MNOK. Of this 52,9 MNOK is sales to Elkem ASA, while 24,4 MNOK was sale to related party REC Solar Pte Ltd. Rec Solar Norway purchases power and administrative services from Elkem ASA. Total purchases in 2019 equal 98 MNOK. Rec Solar Norway provides administrative services to other Elkem companies. In 2019, Rec Solar Norway AS invoiced 24,6 MNOK for these services. Management fee to Rec Solar Pte Ltd in 2019 amunted to 1 MNOK.

Trade to related parties are made in accordance with special agreements at arm's length.

In 2016 certain loans between Rec Solar Norway AS and Bluestar Elkem Solar AS and Rec Solar Holding AS were settled through conversion to equity.

Rec Solar Norway AS has provided a additional guarantee for an external loan of MUSD 330 taken up by Rec Solar Holding AS. The loan of MUSD 330 has been fully repaid in February 2019.



Company balances

(Amount in NOK 1000)

	2019	2018
Receivables		
Group receivables	55 259	198 570
Group receivables related to the Group cash pool	0	85 834
Sum Group receivables	55 259	284 404
Liabilities		
Group liabilities	19 569	32 580
Group short term loan	189 662	0
Sum	209 231	32 580

Note 16 Financial instruments/hedging

REC Solar Norway is hedging power purchases. Forward power contracts are used for hedging cash flows related to future need for power at the plants. Realized effects in 2019 from hedging of power are a gain of TNOK 3 203 (gain of TNOK 41 897 for 2018). The gain is booked as part of raw materials and other input factors. In addition, a gain of TNOK 0 (gain of TNOK 402 for 2018) represents the ineffective part of the hedging contracts and is booked as other operating cost. The hedging portfolio consist of the following by year end 2019:

	Maturity	Instrument	Volume(GWh)	Fair Value
Fair value in TNOK. Exch rate 9,86	2020	Forwards	87,8	-2 773

Equity effects related to hedging are disclosed in note 14.

Note 17 Other gains/losses

(Amount in NOK 1000)

	2019	2018
Operating exchange gain/loss	6 461	-24 010
Ineffectiveness on cash/flow hedges	0	-402
Sale of associate	0	15
Sum other gains/losses	6 461	-24 396

Rec Solar Norway AS has revenue and operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US Dollar. A fluctuation on US dollar vs. NOK exposes the company to currency risk. This is partly offset by purchase of raw materials denominated in the same currency.



Note 18 Other gains/losses

(Amount in NOK 1000)

	2019	2018
Loans to Solin development	0	-96
Sum other finance gains/losses	0	-96

Note 19 Subsequent events

In mid of March 2020 the Norwegian government implemented regulation to reduce the consequences of Covid 19. At the date of the accounts, the effects of Covid 19 is unclear. The management team is monitoring the situation closely and has taken the necessary actions to reduce infections among employees and to maintain production. At the date of the accounts, the company has not experienced any negative events affecting production, revenue or purchases due to Covid 19.



KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Rec Solar Norway AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rec Solar Norway AS showing a loss of NOK 667 247 000. The financial statements comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, 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.

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 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.

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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Ålta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



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 fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 scepticism 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 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'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 to cease to continue as a going concern.
- 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 fair presentation.

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.



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 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, 3 April 2020
KPMG AS

Øyvind Skorgevik
State Authorised Public Accountant