



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### 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: 04.06.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 18.08.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	2	193 618 000	317 488 000
Other operating income	3, 15	46 462 000	66 630 000
<b>Sum inntekter</b>		<b>240 080 000</b>	<b>384 119 000</b>
<b>Kostnader</b>			
Cost of materials	11, 15	69 848 000	279 916 000
Change in stock of self-produced fixed assets	4	-39 062 000	-24 407 000
Personnel expenses	4, 5	145 716 000	186 132 000
Depreciation of operating and intangible assets	6, 7	226 245 000	218 313 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6, 7	1 722 000	149 814 000
Other operating expenses	4, 8, 9	196 915 000	238 208 000
Other gains/losses	17	-724 000	6 092 000
<b>Sum kostnader</b>		<b>600 660 000</b>	<b>1 054 068 000</b>
<b>Driftsresultat</b>		<b>-360 580 000</b>	<b>-669 950 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		166 000	1 774 000
Gains/losses on exchange		30 379 000	-369 000
<b>Sum finansinntekter</b>		<b>30 546 000</b>	<b>1 405 000</b>
Rentekostnad til foretak i samme konsern		17 893 000	2 729 000
Annen rentekostnad		1 067 000	372 000
<b>Sum finanskostnader</b>		<b>18 960 000</b>	<b>3 102 000</b>
<b>Netto finans</b>		<b>11 586 000</b>	<b>-1 697 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-348 995 000</b>	<b>-671 647 000</b>
Income tax expense	10		-4 400 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-348 995 000</b>	<b>-667 247 000</b>
<b>Årsresultat</b>		<b>-348 995 000</b>	<b>-667 247 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-348 995 000</b>	<b>-667 247 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Totalresultat</b>		<b>-348 995 000</b>	<b>-667 247 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap	14	-348 995 000	-667 247 000
<b>Sum overføringer og disponeringer</b>		<b>-348 995 000</b>	<b>-667 247 000</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
R&D, Software and licenses	6	24 438 000	31 683 000
<b>Sum immaterielle eiendeler</b>		<b>24 438 000</b>	<b>31 683 000</b>
<b>Varige driftsmidler</b>			
Buildings and land	7	1 370 300 000	1 451 450 000
Equipment, fixture and fittings, tools etc	7	719 706 000	844 141 000
Construction in progress	7	261 698 000	101 486 000
<b>Sum varige driftsmidler</b>		<b>2 351 703 000</b>	<b>2 397 077 000</b>
<b>Sum anleggsmidler</b>		<b>2 376 141 000</b>	<b>2 428 760 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Sum varer</b>	11	<b>289 705 000</b>	<b>217 890 000</b>
<b>Fordringer</b>			
Accounts receivables		10 266 000	10 243 000
Other short-term receivables		70 775 000	38 685 000
Derivatives	16		
Konsernfordringer	15	46 164 000	55 259 000
<b>Sum fordringer</b>		<b>127 205 000</b>	<b>104 187 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	12	29 619 000	35 593 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>29 619 000</b>	<b>35 593 000</b>
<b>Sum omløpsmidler</b>		<b>446 528 000</b>	<b>357 670 000</b>
<b>SUM EIENDELER</b>		<b>2 822 669 000</b>	<b>2 786 430 000</b>

### BALANSE - EGENKAPITAL OG GJELD



### Balanse

Beløp i: NOK	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	13, 14	150 140 000	150 140 000
Overkurs	14	1 983 461 000	2 329 604 000
<b>Sum innskutt egenkapital</b>		<b>2 133 601 000</b>	<b>2 479 744 000</b>
<b>Sum egenkapital</b>		<b>2 133 601 000</b>	<b>2 479 744 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	5	3 126 000	2 970 000
<b>Sum avsetninger for forpliktelser</b>		<b>3 126 000</b>	<b>2 970 000</b>
<b>Annen langsiktig gjeld</b>			
Other long term liabilities	15	547 478 000	
<b>Sum annen langsiktig gjeld</b>		<b>547 478 000</b>	
<b>Sum langsiktig gjeld</b>		<b>550 604 000</b>	<b>2 970 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		80 971 000	61 555 000
Public duties payable		11 455 000	9 858 000
Utbytte	16		2 773 000
Kortsiktig konserngjeld	15	26 893 000	209 231 000
Other current liabilities		19 145 000	20 300 000
<b>Sum kortsiktig gjeld</b>		<b>138 464 000</b>	<b>303 716 000</b>
<b>Sum gjeld</b>		<b>689 068 000</b>	<b>306 686 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 822 669 000</b>	<b>2 786 430 000</b>



# Financial statement

## Rec Solar Norway AS

2020



## Rec Solar Norway AS

### The Boards annual statement for 2020

#### 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 has two plants located at Fiskå in Kristiansand and Herøya in Porsgrunn.

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 2020

Despite the covid-19 pandemic, global installations amounted to 132 GW in 2020, compared to 113 GW in 2019, i.e. a growth of 17% compared to 2019. First half of 2020 was a weak market but was compensated for by a strong demand in second half. China (30%), EU (20%) and the US (12%) were the major markets for PV installations.

After a temporary production stop at Fiskå in 2019, the production resumed as planned in January 2020. In parallel with production ramp-up, the investment in the new circular and cost-effective process (P5) continued full speed. Covid-19 hit the company hard in week 15 with customers informing about full stop in their demand with immediate effect. Not knowing when the demand would pick up, the production was temporarily shut down. The demand for the company's product used in multi crystalline production picked up in September, but as the prices in this market segment had continued deteriorating, it was decided to prolong the temporary shutdown until November. That allowed the company to carry out 3 investment projects crucial to establish a robust future business. During the temporary production stop, about 100 employees were fully engaged in these projects:

P5, investment project to reduce production cost at Fiskå.

E2M, product development project to change from a multi- to a mono-product.

LCF, market development project to achieve a price premium on our products due to low carbon footprint.

All 3 projects have had good progress in 2020, and as result, both Fiskå plant and Herøya plant started ramping up production in November. Fiskå plant started ramping up the new process with the goal of reaching 100% capacity in Q1 2021. Herøya plant started employing new operators in November and will reach full capacity in Q1 2021.

#### INCOME STATEMENT

Revenues (net) amounted to MNOK 194 in 2020 and gross operating expenses to MNOK 570. Operating loss for the year ended at MNOK 330 and net loss of MNOK 349. Depreciation amounted to MNOK 226. Write down amounted to MNOK 1,7. Net change in cash and cash equivalents amounted to MNOK -6.

Research and development costs amounted to MNOK 22, mostly related to further development and optimization of the production process.

#### CASH FLOW STATEMENT

Cash flow from operating activities was MNOK -195 for the year, compared to MNOK -136 in 2019, mainly explained by lower operating profit. Cash flow from investing activities amounted to MNOK -176 for the year, compared to MNOK -101 in 2019. The increased cash flow from investing activities in 2020 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 365, compared to MNOK 273 in 2019. The increase is related to short term loans from REC Solar Pte. Ltd. Net cashflow for 2020 ended at MNOK -6, compared to MNOK 35 in 2019.

## **EQUITY AND DEBT**

Rec Solar Norway AS is financed by MNOK 2 134 in equity. The equity ration amount to 75,6% pr 31/12/2020. Equity ration was significantly strengthened in 2016 through debt conversion. The company had MNOK 30 in cash and cash equivalents 31/12/2020.

## **GOING CONCERN**

The Board of Directors confirms that the financial statements have been prepared under the assumption the company is a going concern and this assumption was realistic at the date of the accounts. In the beginning of 2020, the world faced the global pandemic as a result of the Coronavirus that lead to uncertain markets forcing the production to stop in order to minimize losses. During the temporary shut down in production REC Solar Norway AS has experienced full support from its owners related to secure the company's financial position and future operations. The company has limited cash reserves as at 31 December 2020. 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 years.

## **PROSPECTS**

REC Solar Norway AS has a unique technology not replicable to any competitors and is the producer with, by far, the lowest carbon footprint. The company have carried out a market development project aiming at achieving a profit from the low carbon footprint (LCF). This project is still developing but have already had good progress with customers operating in South Korea and France, the two markets paying a premium for LCF. It is expected similar development in regulations will occur in other countries soon. The company has also developed an Environmental Product Declaration (EPD) for the products (certificate received in February 2021). EPD is a third-party verification of our carbon footprint and is a required documentation in many public projects world-wide, but especially in Western Europe. REC Solar Norway AS expect this will add value to our products in new markets.

An equally important project for the future has been the E2M project aiming at moving away from a multi-product to a mono-product. The mono-market has increased rapidly on the expense of the multi-market. The market for multi products is marginalized to a small volume and with low prices the last year. This project has been successful and the company plan to sell all production in 2021 to the mono market. The E2M project will continue in 2021 to further improve the products and the process to increase the market value and further reduce the production cost.

The third strategic project that the company has carried out to secure the future, is the P5 project started in 2019 to reduce cost at the Fiskå plant. The original plan was to finalize the project in July 2020. However, the project was delayed due to the Coronavirus and the need of redesigning the new process during execution and testing. The production started successfully in December and will reach full capacity by end of Q1 2021.

The investment, together with the new products and the new LCF markets, will anchor the company's competitiveness and strengthen the foundation for profitable operations and substantiate the result of the impairment test for 2020 with no requirement for write-down.

## **CORONAVIRUS**

In the beginning of 2020, the world faced the global pandemic as a result of the Coronavirus and the global recovery remains uncertain in 2021. Similar to many industries, the solar industry also faces volatility throughout the value chain. Despite this, REC Solar Norway has embarked on a new business growth strategy in the niche market of the Low Carbon Footprint market and is ramping up production with new production technology. REC management monitors the global development closely and is well positioned to handle the future.



## **SUBSEQUENTS EVENTS**

Ramp up of production at the plants at Herøya and Fiskå continues as planned in first quarter of 2021.

The global pandemic due to the Coronavirus is still present at the date of the account. The company has not experienced any negative events affecting production, revenue or purchases due to the Coronavirus so far in 2021.

## **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 companys 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 219 fulltime employees at the end of 2020. Number of employees has increased by 54 compared to 2019, mainly related to ramp up of the plant at Herøya. Total sick leave was 2,45 % in 2020, of which the long-term sick leave (more than 16 days) was 3,57 %.

The working environment is considered good and the company has a strong focus on the employees safety and health. There were three injuries to employees during 2020 that required medical treatment.

At the end of 2020, percentage of women amounted to 12%. 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 2020.

## **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 -349

Kristiansand, 12.03.2021



The board of Rec Solar Norway AS

Steven Mark Oneil  
chairman of the board

Jan Eino Bicker  
member of the board

Rune Norheim  
member of the board

Wai Leng Chia  
member of the board

David Juan Verdu  
member of the board / general  
manager

Ronnie Salvesen  
member of the board



## INCOME STATEMENT

### REC SOLAR NORWAY AS

REVENUES AND OPERATING EXPENSES (Amount in NOK 1000)	Note	2020	2019
<b>REVENUE</b>			
Revenue	2	193 618	317 488
Other operating income	3, 15	46 462	66 630
<b>Total operating income</b>		<b>240 080</b>	<b>384 119</b>
<b>OPERATING EXPENSES</b>			
Cost of materials	11, 15	69 848	279 916
Change in stock of self-produced fixed assets	4	-39 062	-24 407
Personnel expenses	4, 5	145 716	186 132
Depreciation of operating and intangible assets	6, 7	226 245	218 313
Write-downs of tangible and intangible assets	6, 7	1 722	149 814
Other operating expenses	4, 8, 9	196 915	238 208
Other gains/losses	17	-724	6 092
<b>Gross operating expenses</b>		<b>600 660</b>	<b>1 054 068</b>
<b>Operating profit/loss</b>		<b>-360 580</b>	<b>-669 950</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Interest income		166	1 774
Gains/losses on exchange		30 379	-369
Interest expense to group companies		17 893	2 729
Interest expenses		-1 067	-372
<b>Net finance</b>		<b>11 586</b>	<b>-1 697</b>
Profit/loss before income tax		-348 995	-671 647
Income tax expense	10	0	-4 400
<b>Net profit/loss</b>		<b>-348 995</b>	<b>-667 247</b>
<b>ATTRIBUTABLE TO:</b>			
Other Equity	14	348 995	667 247
<b>Total allocated</b>		<b>-348 995</b>	<b>-667 247</b>



## BALANCE SHEET

REC SOLAR NORWAY AS

ASSETS	Note	31.12.2020	31.12.2019
(Amount in NOK 1000)			
<b>FIXED ASSETS</b>			
<b>INTANGIBLE ASSETS</b>			
R&D, Software and licenses	6	24 438	31 683
<b>Total intangible assets</b>		<b>24 438</b>	<b>31 683</b>
<b>TANGIBLE ASSETS</b>			
Buildings and land	7	1 370 300	1 451 450
Equipment, fixture and fittings, tools etc	7	719 706	844 141
Construction in progress	7	261 698	101 486
<b>Total tangible assets</b>		<b>2 351 703</b>	<b>2 397 077</b>
<b>FINANCIAL FIXED ASSETS</b>			
<b>Total non current assets</b>		<b>2 376 141</b>	<b>2 428 760</b>
<b>CURRENT ASSETS</b>			
Inventories	11	289 705	217 890
<b>DEBTORS</b>			
Accounts receivables		10 266	10 243
Other short-term receivables		70 775	38 685
Receivables from group companies	15	46 164	55 259
<b>Total receivables</b>		<b>127 205</b>	<b>104 187</b>
Cash and cash equivalents	12	29 619	35 593
<b>Total current assets</b>		<b>446 528</b>	<b>357 670</b>
<b>Total assets</b>		<b>2 822 669</b>	<b>2 786 430</b>



### BALANCE SHEET

#### REC SOLAR NORWAY AS

<b>EQUITY AND LIABILITIES</b> (Amount in NOK 1000)	<b>Note</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>EQUITY</b>			
<b>OWNERS EQUITY</b>			
Share capital	13, 14	150 140	150 140
Other Equity	14	1 983 461	2 329 604
<b>Total owners equity</b>		<b>2 133 601</b>	<b>2 479 744</b>
<b>RETAINED EARNINGS</b>			
<b>Total equity</b>		<b>2 133 601</b>	<b>2 479 744</b>
<b>LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES</b>			
Pension liabilities	5	3 126	2 970
<b>Total provisions</b>		<b>3 126</b>	<b>2 970</b>
<b>OTHER LONG-TERM LIABILITIES</b>			
Other long term liabilities	15	547 478	0
<b>Total of other long term liabilities</b>		<b>547 478</b>	<b>0</b>
<b>Total long term liabilities</b>		<b>550 604</b>	<b>2 970</b>
<b>CURRENT DEBT</b>			
Accounts payable		80 971	61 555
Public duties payable		11 455	9 858
Derivatives	16	0	2 773
Liabilities to group companies	15	26 893	209 231
Other current liabilities		19 145	20 300
<b>Total current liabilities</b>		<b>138 464</b>	<b>303 716</b>
<b>Total liabilities</b>		<b>689 068</b>	<b>306 686</b>
<b>Total equity and liabilities</b>		<b>2 822 669</b>	<b>2 786 430</b>

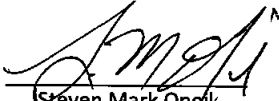



**BALANCE SHEET**

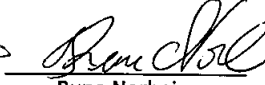
**REC SOLAR NORWAY AS**


Kristiansand, 12.03.2021

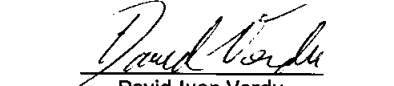
The board of Rec Solar Norway AS

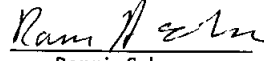
  
Steven Mark Ong  
chairman of the board

  
Jan Ennø Bicker  
member of the board

  
Rune Norheim  
member of the board

  
Wai Leng Chia  
member of the board

  
David Juan Verdu  
member of the board / general manager

  
Ronnie Salvesen  
member of the board



## CASH FLOW STATEMENT

### REC SOLAR NORWAY AS

(Amount in NOK 1000)	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/loss before tax		-348 995	-671 647
Ordinary depreciation		226 245	218 313
Impairment of fixed assets		1 722	149 814
+/- Pension Expense without cash effect		0	363
Change in inventory		-71 815	57 977
Change in accounts receivable		-23	-6 695
Change in accounts payable		19 416	14 449
Items classified as investment or financing activities		235	1 851
Change in other accrual items		-21 775	99 087
<b>Net cash flows from operating activities</b>		<b>-194 990</b>	<b>-136 488</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Purchase of tangible non current assets		-176 125	-101 564
<b>Net cash flows from investment activities</b>		<b>-176 125</b>	<b>-101 564</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issuance of new short term loan intr		365 140	187 811
Net change in cash pool		0	85 835
<b>Net cash flows from financing activities</b>		<b>365 140</b>	<b>273 646</b>
<b>Net change in cash and cash equivalents</b>		<b>-5 975</b>	<b>35 593</b>
Cash and cash equivalents at the start of the period		35 593	83 810
<b>Cash and cash equivalents at the end of the period</b>		<b>29 619</b>	<b>119 403</b>



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 2020.

## **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 2 352 MNOK, note 7), intangible assets (net book value of 24 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 FVLCD) 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.

### **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)

	2020	2019
<b>Business area</b>		
Si99	89 069	55 106
ESS	56 449	201 721
Block	33 419	50 523
Other	14 681	10 409
<b>Total</b>	<b>193 618</b>	<b>317 759</b>
<b>Per geographic area</b>		
Nordic countries	86 645	53 818
EU ex. nordic countries	37 219	24 662
The world ex EU and nordic countries	69 754	239 008
	<b>193 618</b>	<b>317 488</b>

## Note 3 Other income (Amount in NOK 1000)

	2020	2019
<b>Other Income consists of:</b>		
CO2 compensation	31 647	22 878
Governments grants on R&D Projects	7 844	13 555
Other Income (rental, manpower etc.)	6 972	30 197
<b>Total</b>	<b>46 462</b>	<b>66 630</b>



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

<b>Salary costs</b>	<b>2020</b>	<b>2019</b>
Salaries	117 134	146 416
Employment tax	17 676	22 624
Pension costs	9 374	13 528
Other benefits	1 532	3 564
<b>Total</b>	<b>145 716</b>	<b>186 132</b>
Self-produced fixed assets (capitalization of costs relating to projects)	-39 062	-24 407

In 2020 the company employed 183 full time equivalents. In 2019 the number of full time equivalents was 244.

### Remuneration to senior executives

Remuneration to executives	General manager
Salaries	1 322
Pension expenses	110
Other remuneration	120

### Loans and guarantees for employees

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

### Audit and other services

	<b>2020</b>
Audit	1 315
Other assurance services	80

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 101 351 as at 1 May 2020. 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 2020 is equal to 2019.

### 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)

	2020	2019
Current service cost	87	84
<b>Net periodic pension cost</b>	<b>87</b>	<b>84</b>
Defined contribution plan, payments to Storebrand	7 543	9 995
Early retirement plan "AFP"	1 744	3 449
<b>Pension Cost total</b>	<b>9 374</b>	<b>13 528</b>
Additional interest cost for the year	148	139
The net total of pension liability		
Present value of pension obligation	-3 126	-2 970
<b>Net pension obligation</b>	<b>-3 126</b>	<b>-2 970</b>

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.

4 employees are covered by the benefit plan for pension on salary above 12G pr 31/12/2020



## Note 6 Intangible assets (Amount in NOK 1000)

	EDP Programs	Development of new technology	Construction in progress	Total
Historic cost 01.01.2020	32 397	111 927	9 068	153 392
Additions 2020	0	0	0	0
Disposals 2020	0	0	0	0
<b>Historic cost 31.12.2020</b>	<b>32 397</b>	<b>111 927</b>	<b>9 068</b>	<b>153 392</b>
Acc. depreciation 31.12.2020	22 198	96 613	0	118 811
Acc. writedowns 31.12.2020	10 144	0	0	10 144
<b>Net booked value 31.12.2020</b>	<b>55</b>	<b>15 314</b>	<b>9 068</b>	<b>24 438</b>
The year's depreciation	133	7 113	0	7 245
The year's write-downs	0	0	0	0
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 01.01.2020	2 385 392	3 073 359	125 325	5 584 076
Additions 2020	0	21 521	174 715	196 236
Disposals 2020	-99	-1 654	-21 521	-23 274
<b>Historic cost 31.12.2020</b>	<b>2 385 294</b>	<b>3 093 226</b>	<b>278 519</b>	<b>5 757 039</b>
Acc. depreciation 31.12.2020	1 012 830	2 232 974	0	3 245 804
Acc. writedowns 31.12.2020	2 164	140 546	16 821	159 531
<b>Net booked value 31.12.2020</b>	<b>1 370 300</b>	<b>719 706</b>	<b>261 698</b>	<b>2 351 703</b>
The year's depreciation	79 364	139 534	0	218 898
The year's write-downs	1 687	35	0	1 722
Expected lifetime	8 - 40 years	3 - 30 years		
Depreciation plan	Linear	Linear	None	

### 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 2 352 mill kroner (Note 7), intangible assets with 24 mill. kroner (note 6) and net work capital of 39 mill. kroner, in total 2 415 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.

### Strategy and Business Plans

REC Solar Norway AS has a unique technology not replicable to any competitors and is the producer with, by far, the lowest carbon footprint. The company have carried out a market development project aiming at achieving a profit from the low carbon footprint (LCF). This project is still developing but have already had good progress with customers operating in two key markets paying a premium for LCF. It is expected similar development in regulations will occur in other countries soon. The company has also developed an Environmental Product Declaration (EPD) for the products (certificate received in February 2021). EPD is a third-party verification of our carbon footprint and is a required documentation in many public projects world-wide, but especially in Western Europe. REC Solar Norway AS expect this will add value to our products in new markets.

An equally important project for the future has been the E2M project aiming at moving away from a multi-product to a mono-product. The mono-market has increased rapidly on the expense of the multi-market. The market for multi products is marginalized to a small volume and with low prices the last year. This project has been successful and the company plan to sell all production in 2021 to the mono market. The E2M project will continue in 2021 to further improve the products and the process to increase the market value and further reduce the production cost.

The third strategic project that the company has carried out to secure the future, is the P5 project started in 2019 to reduce cost at the Fiskå plant. The original plan was to finalize the project in July 2020. However, the project was delayed due to the Coronavirus and the need of redesigning the new process during execution and testing. The production started successfully in December and will reach full capacity by end of Q1 2021.

The investment, together with the new products and the new LCF markets, will anchor the company's competitiveness and strengthen the foundation for profitable operations and substantiate the result of the impairment test for 2020 with no requirement for write-down.

### KEY ASSUMPTIONS

Impairment tests are performed by comparing the carrying amount for the asset or the Cash Generating unit (CGU) 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.

REC Solar Norway is involved in the manufacturing of Low Carbon Footprint (LCF) polysilicon as feedstock for LCF Wafer through its proprietary kerf recycling technology with its product achieving significantly lower carbon footprint as compared with silicon produced through the Siemens process. This allow REC Solar Norway to sell at a premium into project tenders in countries where carbon footprint contributes significant competitive advantage. Significant cashflow is expected from one of such countries which REC Solar Norway is focusing on.

Selling prices are forecasted based on existing long-term contracts, widely used third-party forecasts,



independent consultant managing project tenders, inflation and other development such as regulations within the markets which the entity operates. Fluctuation in future sales prices may affect forecasted EBITDA levels. The two key markets for REC Solar Norway's LCF products have much higher demand than the capacity of REC Solar Norway and supply of such LCF products at similar level have very high barriers of entry. As such volume is not expected to be a material risk.

Production cash costs takes into consideration maximum production capacity, budgeted operational efficiency programs, expected raw material prices, planned supply chain process improvements and synergies with REC Group which will further reduce raw material prices significantly with closed loop kerf recycling through obtaining raw materials from the waste produced by the REC Group operations. Changes to raw material prices 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. Cashflows are forecasted in USD and hence USD discount rates are applied. The WACC used in discounting the future cash flows take into account 20-year US Treasury bond yield as the risk-free rate, equity beta, market risk premium, corporate tax rate, cost of debt and other risk premium commonly applied such as size premium. The computed post-tax WACC based on market information is 9,5%.

#### **IMPAIRMENT TEST RESULTS AND CONCLUSION**

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

#### **SENSITIVITY OF ESTIMATED CASH FLOWS**

Sensitivity analysis was performed for the assumptions on discount rate and average price premium in REC Solar Norway key markets which the impairment assessment is most sensitive to.

An increase of 1 percentage point in WACC will not result in an impairment for REC Solar Norway AS.

A decrease of 10% in average price premium will not result in an impairment for REC Solar Norway AS.





## Note 8 Other operating Expenses

	2020	2019
Travel and meeting expense	780	3 314
Machinery, inventory and material	78 894	120 517
Repair and maintenance	17 689	13 342
Audit, consultants and other services	45 298	51 914
Telecom office, transportation	1 151	2 080
Additives used in production	1 893	2 046
Insurance premium	5 915	2 898
Rental costs	21 740	23 045
Transportation expenses	2 142	3 289
Other expenses	21 414	15 761
<b>Total</b>	<b>196 915</b>	<b>238 208</b>

## Note 9 Operational leasing

(Amount in NOK 1000)

	Machines	Property and plant	Fixture and fitting vehicles	Total
Expenses 2020	9 235	14 348	112	23 695
Contractual leasing to maturity 2021	8 382	14 129	85	22 596
2020 - 2023	15 489	20 905	254	36 648
<b>Total future lease cost</b>	<b>23 871</b>	<b>35 034</b>	<b>339</b>	<b>59 244</b>



## Note 10 Tax

	2020	2019
<b>This year's tax expense</b>		
Entered tax on ordinary profit/loss:		
<b>Payable tax</b>	0	0
Prior year group contribution	0	-4 400
<b>Tax expense on ordinary profit/loss</b>	0	-4 400
Taxable income:		
<b>Ordinary result before tax</b>	-348 995	-671 647
Permanent differences	-2 144	-2 071
Changes temporary differences	-64 453	218 463
Cut interest deduction	18 819	0
<b>Taxable income</b>	-396 773	-455 255
Payable tax in the balance:		
<b>Payable tax on this year's result</b>	0	0
Payable tax on received Group contribution	0	0
<b>Total payable tax in the balance</b>	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:

	2020	2019	Difference
Tangible assets	546 601	631 053	84 452
Long-term receivables and liabilities in foreign currency	-15 601	-15 601	0
Stock	-12 671	-164 729	-152 058
Accounts receivable	-12 742	-13 333	-591
Profit and loss account	14 355	17 944	3 589
Pension premium / liabilities	-3 126	-2 970	156
<b>Total</b>	<b>516 816</b>	<b>452 364</b>	<b>-64 452</b>
Commodity contracts	0	-2 773	-2 773
Accumulated loss to be brought forward	-3 801 642	-3 406 211	395 431
Cut interest deduction	-266 273	-246 113	20 160
Not included in the deferred tax calculation	3 551 099	3 202 733	-348 366
<b>Basis for calculation of deferred tax</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax assets (22 % / 23 %)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effect of change in tax rate			

Deferred tax is not booked to the balance sheet



## Note 11 Inventory (Amount in NOK 1000)

	2020	2019
Raw materials	82 229	52 178
Work in progress	18 759	24 110
Finished goods	79 316	42 263
Operating equipment	109 401	99 339
<b>Total</b>	<b>289 705</b>	<b>217 890</b>

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

Pr 31/12/2020 raw materials is written down by -23,5 MNOK accumulated (2019: -61,7 MNOK). Finished goods are written down by -1,4 MNOK accumulated (2019: -42,6 MNOK). Work in progress is written down by 0,0 MNOK accumulated (2019: -122,7 MNOK), while operating materials is written down by -41,9 MNOK accumulated (2019: -45,9 MNOK).

Included in write down of operating equipment is write down of operating equipment related to the plan at Herøya with -29 MNOK recognized in 2019.

## Note 12 Restricted bank deposits

Restricted bank deposits consists of withheld employee taxes (5 733 584 kr), pension funds (3 156 212 kr) and deposits house rent 6 001 451 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	150 140

### Ownership structure

The largest shareholders in % at year end:

	Ordinary	Owner interest
Rec Solar Holding AS	1	100 %
<b>Total number of shares</b>	<b>1</b>	<b>100 %</b>

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 31.12.2019	150 140	2 329 604	2 479 744
<b>As at 01.01.2020</b>	<b>150 140</b>	<b>2 329 604</b>	<b>2 479 744</b>
Actuarial gains/losses pensions		79	79
Cash flow hedge to equity		2 773	2 773
Net profit 2020		-348 995	-348 995
<b>As at 31.12.2020</b>	<b>150 140</b>	<b>1 983 461</b>	<b>2 133 601</b>

See also note 15 for further information.

## Note 15 Related parties

Rec Solar Norway AS is a company of REC Solar Holding AS. REC Solar Norway AS has related party transactions with Elkem ASA and REC Solar Pte Ltd.

Rec Solar Norway's sale of goods to related parties in 2020 amounted to 90,6 MNOK. All of this 90,6 MNOK is sales to Elkem ASA.

Rec Solar Norway AS purchases power and administrative services from Elkem ASA. Total purchases in 2020 equal 59 MNOK. Rec Solar Norway provides administrative services to other Elkem companies. In 2020, Rec Solar Norway AS invoiced 5,6 MNOK for these services.

Management fee to Rec Solar Pte Ltd in 2020 amounted to 1 MNOK.

Rec Solar Pte Ltd has provided a long term loan of MNOK 547 to REC Solar Norway AS. There are no mortgage related to the loan.

## Company balances

(Amount in NOK 1000)



	2020	2019
<b>Receivables</b>		
Group receivables	46 164	55 259
<b>Sum Group receivables</b>	<b>46 164</b>	<b>55 259</b>
<b>Liabilities</b>		
Group liabilities	26 893	19 569
Group long term loan	547 478	0
Group short term loan	0	189 662
<b>Sum</b>	<b>574 371</b>	<b>209 231</b>

#### 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 2020 from hedging of power are a net loss of MNOK 39,2 (net gain of MNOK 10,9 for 2019). The gain/loss is booked as other operating costs. Rec Solar Norway has no hedging portfolio by year end 2020.

#### Note 17 Other gains/losses

(Amount in NOK 1000)

	2020	2019
Operating exchange gain/loss	-724	6 461
<b>Sum other gains/losses</b>	<b>-724</b>	<b>6 461</b>

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 19 Subsequents Events

In the beginning of 2020, the world faced the global pandemic as a result of the Coronavirus and the global recovery remains uncertain in 2021. Similar to many industries, the solar industry also faces volatility throughout the value chain. Despite this, REC Solar Norway has embarked on a new business growth strategy in the niche market of the Low Carbon Footprint market and is ramping up production with new production technology. REC management monitors the global development closely and is well positioned to handle the future.



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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 348 995 000. The financial statements comprise the balance sheet as at 31 December 2020, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### 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.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

#### Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnøy	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knaresund	Sandnessjøen	Tynset
Drammen	Kristiansund	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 a true and fair view 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 a true and fair view.

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.



Independent Auditor's report - 2020  
REC Solar Norway AS

## 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, 20 April 2021  
KPMG AS

Øyvind Skorgevik  
State Authorised Public Accountant



## Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 01.07.2015	Vår dato 16.09.2015
Telefon 22078139	Deres referanse Magnus Talberg	Vår referanse 2015/645317

ELKEM SOLAR AS  
Postboks 8040 Vaagsbygd  
4675 KRISTIANSAND S

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Elkem Solar AS, org. nr. 986 707 328

Vi viser til deres brev av 1. juli 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Elkem Solar AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Elkem Solar AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Elkem Solar er 50 % eid av Bluestar Elkem Investment Hong Kong Co. Ltd. og 50 % eid av Guangyu International, en Hong Kong basert investor. Elkem Solar AS produserer og selger høyrent silisium til solcelleindustrien. Produksjonen eksporteres utelukkende til utlandet siden solenergibransjen er internasjonal med hovedtyngde i Asia. All daglig kommunikasjon, økonomisk rapportering og avtaler med forretningspartnere og -forbindelser skjer derfor alltid på engelsk. Arbeidsspråket er engelsk. Selskapet driver virksomhet i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse: Sentralbord  
Se [www.skatteetaten.no](http://www.skatteetaten.no) 800 80 000  
Org.nr: 996250318 Telefaks  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost) 22 17 08 60



*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et utenlandsk selskap og en utenlandsk investor. Selskapet driver virksomhet i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*