

REC Solar Holdings AS

Financial Statements

For the year ended 31 December, 2021

To the Board of Directors of REC Solar Holdings AS**Independent Auditor's Report****Report on the Audit of the Special Purpose Financial Statements Opinion**

We have audited the special purpose financial statements of REC Solar Holdings AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion

The special purpose financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1a and 1b to the special purpose financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The special purpose financial statements were prepared to meet reporting obligations to the Company's owner Reliance New Energy Limited, and for no other purpose. Our opinion is not modified in respect of this matter.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the special purpose financial statement but does not include the financial statements and our auditor's report thereon. Our opinion on the special purpose financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the special purpose financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report is consistent with the financial statements.

Responsibilities of Management for the Special Purpose Financial Statements

Management is responsible for the preparation of special purpose financial statements that give a true and fair view 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 special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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 special purpose 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 Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 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 special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the special purpose 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 special purpose 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 special purpose financial statements, including the disclosures, and whether the special purpose 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.

Oslo, 31 March 2022

KPMG AS

Oyvind Skorgevik

State Authorised Public Accountant

Income Statement

	Note	2021	2020
OPERATING INCOME AND EXPENSES			
Other income			
Royalties	3.8	7,982,000	4,300,000
Total income		7,982,000	4,300,000
Operating expenses			
Other operating expenses	4	840,206	278,557
Total operating expenses		840,206	278,557
Operating profit		7,141,794	4,021,443
FINANCIAL INCOME AND EXPENSES			
Financial income			
Interest received from group companies	8	665	13,249
Other interests		350	1,451
Other financial income	11	836,664	70,221
Foreign exchange gain/loss		21,365	4,139
Total financial income		859,044	89,060
Financial expenses			
Write-down on financial fixed assets	7	330,746,000	60,500,000
Interest paid to group companies	8	2,379,340	4,915,998
Other interests		2,382,152	4,169,840
Other financial expense	11	1,054,938	1,725,841
Total financial expenses		336,562,430	71,311,680
NET FINANCIAL INCOME AND EXPENSES		-335,703,386	-71,222,619
ORDINARY RESULT BEFORE TAXES		-328,561,592	-67,201,176
Tax on ordinary result	5	0	0
NET PROFIT OR LOSS		-328,561,592	-67,201,176
ALLOCATION			
To/from other equity	6	-328,561,592	-67,201,176
Total allocation		-328,561,592	-67,201,176

Balance Sheet Statement

	Note	31/12/2021	31/12/2020
ASSETS			
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	7	102,512,244	319,942,253
Total financial fixed assets		102,512,244	319,942,253
TOTAL FIXED ASSETS		102,512,244	319,942,253
NON-CURRENT ASSETS			
Receivables			
Non-current receivables on group companies	8	13,600,000	0
Total receivables		13,600,000	0
TOTAL NON-CURRENT ASSETS		13,600,000	0
CURRENT ASSETS			
Receivables			
Trade receivables on group companies	8	4,198,000	4,300,000
Receivables on group companies	8	1	2,179,494
Other short-term receivables	9	0	1,047,810
Total receivables		4,198,001	7,527,305
Bank deposits, cash in hand, etc.	10	177,964	345,660
TOTAL CURRENT ASSETS		4,375,965	7,872,964
 TOTAL ASSETS		 120,488,209	 327,815,217

	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	6	197,553,143	23,143
Share premium reserve	6	197,992,143	197,992,143
Other paid-in equity	6	54,860,027	54,860,027
Total paid-in equity		450,405,313	252,875,313
Retained earnings			
Uncovered loss	6	-532,946,267	-204,384,675
Total retained earnings		-532,946,267	-204,384,675
TOTAL EQUITY		-82,540,953	48,490,638
LIABILITIES			
NON-CURRENT LIABILITIES			
Other non-currents liabilities			
Liabilities to financial institutions	12	0	150,000,000
TOTAL NON-CURRENT LIABILITIES		0	150,000,000
CURRENT LIABILITIES			
Accounts payable		5,039	8,545
Liabilities to group companies	8	202,685,173	128,670,701
Other current liabilities	9	338,950	645,333
TOTAL CURRENT LIABILITIES		203,029,162	129,324,579
TOTAL LIABILITIES		203,029,162	279,324,579
TOTAL EQUITY AND LIABILITIES		120,488,209	327,815,217

Kristiansand, 31.03.2022

David Juan Verdu
Board Chairman

Cash flow Statement

	Note	31/12/2021	31/12/2020
Cash flow from operating activities			
Profit before tax		-328,561,592	-67,201,176
+/- Taxes received/paid		0	0
+/- Write-down/loss financial non-current assets		330,746,000	60,500,000
+/- Change in accounts payable		-3,506	-97,061
+/- Change in other receivables & liabilities		365,830	-4,331,764
+/- Unrealized net FX gain/loss		0	1,117,576
+/- Realized net FX gain/loss		-857,996	-4,139
+/- Gains from realization of shares		-1	-70,221
+/- Interest income reversed		-1,015	-14,700
+/- Arrangement fee and interest cost reversed		5,816,530	9,694,104
= Net cash flow from operating activities		7,504,250	-407,381
Cash flow from investing activities			
+ Changes in investment of subsidiaries		0	0
+/- Change in loans to Group companies, short term		-13,881,135	-309,832
+/- Gains from realization of shares		1	70,221
= Net cash flow from investing activities		-13,881,134	-239,611
Cash flow from financing activities			
+/- Proceeds from external loan		-150,000,000	0
+/- Capital increase		0	0
+/- Changes in loan payables to Group companies		159,155,740	4,499,084
Arrangement fee and interest paid		-2,959,592	-4,743,737
Interest received		1,450	14,265
Realized FX gain		11,559	4,139
= Net cash flow from financing activities		6,209,157	-226,249
= Net change in cash and cash equivalents		-167,727	-873,241
'+/- Cash from business combination		0	0
+ Cash etc. at 01.01..		345,660	1,218,901
= Cash etc. at 31.12.		177,964	345,660
Cash etc. appears as follows:			
Cash and bank deposits in USD at 31.12.		99,037	300,454
+ Cash and bank deposits in currency at 31.12		78,895	45,205
= Cash etc. at 31.12.		177,964	345,660

Notes 2021

Note 1a – Background and purpose of the special purpose financial statements

These special purpose financial statements have been prepared by REC Solar Holdings AS in order to satisfy reporting obligations to its owner Reliance New Energy Solar Ltd. Reliance New Energy Solar Ltd. acquired REC Solar Holdings AS on 30.11.2021 and controls 100% of the shares as at 31 December 2021

Note 1b – Basis of preparation

These special purpose financial statements have been prepared to present separate financial statements for the Company, including the financial position, results from operations and cash flows for all periods presented. The special purpose financial statements have been prepared and presented in compliance with the Norwegian accounting act and accounting principles generally accepted in Norway. The Company is a holding company with investments in controlled subsidiaries. These special purpose financial statements include the Company's separate financial statements only.

Note 1c – Important accounting principles and general information

REC Solar Holdings AS is a holding company. At year-end 2021, Reliance New Energy Solar Ltd owned 100 % of the shares.

The financial statements consist of the income statement, balance sheet, cash flow statement and notes and have been prepared in compliance with the Norwegian Accounting Act and accounting principles generally accepted in Norway per 31 December 2021. The financial statements are based on fundamental principles and classification of assets and liabilities is in accordance with the definitions in the Norwegian Accounting Act. Emphasis is put on economic realities, not just legal form, when applying accounting principles and presenting transactions or other issues. Contingent losses that are probable and quantifiable are recognised as an expense. Investments in subsidiaries are valued at the lower of cost and assumed fair value.

Recognition of income and expenditure

Income is recognised when it is earned. Expenditure is matched and recognised at the same time as income that can be attributed to it.

Deferred tax liability and income tax expense

Deferred tax liability is calculated based on temporary differences between book and tax values at year-end. Calculations are based on a nominal tax rate. Positive and negative differences are offset against each other within the same time interval. Deferred tax asset will arise on temporary differences that give rise to tax deductions in the future.

Foreign currencies

The functional accounting and presentation currency of the company is USD. Expenditure and income in foreign currency is recognised on the income statement at the exchange rate on the date of invoicing. Receivables and liabilities in foreign currency are recalculated at the exchange rate on the balance sheet date and gains or losses are recognised on the income statement.

Cash flow statement

The cash flow statement has been prepared according to the indirect method and is presented based on the following subdivision: Operating activities, Investing activities, Finance activities.

Operating activities are those activities that are part of the company's goods and services circulation together with activities that cannot naturally be attributed to investing or finance activities. Investing

activities include purchase and sale of assets that are not considered cash equivalents and that are not part of the company's goods and services circulation. Finance activities comprise proceeds from and repayment of loans in addition to changes in equity."

Note 2 - Payroll expense

The company does not have employees. The company is not required to have a mandatory occupational pension scheme. There has not been any direct contribution from the company to the members of the Board in 2021 or 2020.

Note 3 - Operating revenue

Operating revenue in 2021 is related to invoicing of royalty fee to group company based in the US.

Note 4 - Other operating expense

The company has remunerated the auditor as follows, amounts including VAT:

	2021	2020
Statutory audit	37,291	40,547
Other attestation services	516,465	38,054
Total remuneration to auditor	553,756	78,601

Specification of other operating expenses, incl VAT:

	2021	2020
Audit fees	553,756	78,601
Advisory fees	10,004	19,220
Legal fees	138,934	70,771
Accounting fees	40,120	33,270
Other operating expenses	97,392	76,695
Total operating expenses	840,206	278,557

Note 5 - Income tax

Income tax payable on the income statement

	2021	2020
Profit (loss) before income tax	-328,561,592	-67,201,176
Permanent and other differences	336,554,287	70,102,014
Non-deductible interest	0	0
Currency conversion effect	964,529	7,080,807
Applied tax loss carryforward	-8,957,224	-9,981,645
Tax base	0	0

Tax expense for the year

	2021	2020
Tax payable	0	0
Change in deferred tax	0	0
Correction of prior year tax expense	0	0
Total tax expense for the year	0	0

Temporary differences

	2021	2020
Taxable loss carried forward	753,543	8,836,351
Interest cost deduction carried forward	26,014,790	26,889,206
Total negative taxable differences	26,768,332	35,725,557
Not included in the calculation of deferred tax*	26,768,332	35,725,557

**Deferred tax assets are not recognised in the balance sheet as it is uncertain whether the company will come in a taxable position in future years.*

Note 6 - Equity and shareholder information

	Share Capital	Share Premium	Other Paid-in Equity	Other Equity	Total Equity
Equity at 01.01.2021	23,143	197,992,143	54,860,027	-204,384,675	48,490,638
Capital increase	197,530,000				197,530,000
Net profit (loss)				-328,561,592	-328,561,592
Equity at 31.12.2021	197,553,143	197,992,143	54,860,027	-532,946,267	-82,540,953

In November 2021, the company share capital was increased by USD 197 530 000. The capital increase was settled by a conversion of a loan novated from REC Singapore Ltd.

Shareholder information

The sole shareholder of REC Solar Holdings AS at 31 December 2021 is:

	Share Holding	Nom. Value (NOK)	Ownership	Located
Reliance New Energy Limited	1000	1,683,531.91	100%	India

Note 7 - Investments in subsidiaries and other shares

Subsidiary	Ownership	Office Location	Profit (loss) 2021	Equity at 31.12.21	Book value at 31.12.21
REC Solar Pte Ltd	100.00%	Singapore	-135,488,959	106,377,696	37,186,511
REC Solar EMEA GmbH	100.00%	Germany	1,031,028	10,561,853	5,068,998
REC Solar Norway AS	100.00%	Norway	-274,091,118	70,012,368	59,706,871
REC ScanModule Sweden	100.00%	Sweden	296,672	5,990,614	201,278
REC Solar Japan Co Ltd	100.00%	Japan	118,482	2,608,251	348,586
Total investments in subsidiaries					102,512,244

The company also has a 100% ownership of shares in REC US Holdings Inc, based in U.S.A. The book value of the investment is 0.

On 5th November 2021, the company booked a USD 98 824 848 investment in shares in REC Solar Norway AS. The investment was done through a novation of loan which was converted into shares.

In December 2021, the company booked a write-down of USD 330 746 000 on the shares in REC Solar Norway AS. In 2020, a write-down of USD 60 500 000 was booked on the same shares.

In November 2021, the company sold all shares in Renewable Energy Corporation (India) Private Ltd to Unitrec Pte Ltd.

Note 8 - Related party transactions

Transactions and balances with related parties are specified on the income statement and balance sheet.

Royalties

Royalties related to royalty fee charged in return for granting the license to use the corporate trademarks owned by REC Solar Holdings AS.

Loans to Group companies

Financial current assets

Debtor	Currency	Nominal	Cumulative write-down	Book value at 31.12.2021
REC Americas LLC	USD	1,000	0	1,000
REC Solar Pte Ltd	USD	4,197,000	0	4,197,000
Total trade receivables on group companies				4,197,000

Debtor	Currency	Nominal	Cumulative write-down	Book value at 31.12.2021
REC Solar Norway AS	USD	13,600,000	0	13,600,000
Total non-current receivables on group companies				13,600,000

Short term liabilities

Short-term borrowings from Group companies

Creditor	Currency	Nominal Local Curr.	Book value at 31.12.2021
ScanModule Sweden	SEK	73,702,728	8,136,781
REC Solar Pte Ltd	USD	157,111,462	157,111,462
REC America LLC	USD	33,878,540	33,878,540
REC Solar Norway AS	NOK	31,351,456	3,558,390
Total current liabilities on group companies			202,685,173

Note 9 - Other current receivables, other short-term liabilities

Other current receivables per 31.12.20 consist of prepaid loan arrangement fees. The remaining prepaid loan arrangement fee of USD 1,047,810 has been recognised as a financial expense in 2021.

Other short-term liabilities consist of accrued cost for professional services (accounting, audit and tax agent fees) and accrued interest on non-current liabilities to financial institutions.

Note 10 - Bank deposits and cash equivalents

Bank deposits at 31 December 2021 are mainly denominated in USD, NOK and EUR. The company has no restricted funds.

Note 11 - Other financial income and expenses

Other financial income	2021	2020
Interest	0	0
Unrealized FX Gains	836,663	0
Gains from realization of shares	1	70,221
Total	836,664	70,221

Other financial expenses	2021	2020
Unrealized FX losses	0	1,117,576
Bank fees	7,128	7,170
Agency and arrangement fees external loan	1,047,810	601,095
Total	1,054,938	1,725,841

Note 12 – Liabilities to financial institutions

On 03 October 2019, REC Solar Holdings AS entered into a Syndicated Green Loan Facility Agreement for an amount of USD150million, with Credit Agricole Corporate and Investment Bank (as Agent), Shanghai Pudong Development Bank Co.Ltd, DnB Bank ASA and First Abu Dhabi Bank with three years tenure. As at 31 December 2020, the company was drawn down USD 150 million with interest rate at 1.75450 % (LIBOR include margin) and accrued interest payable is USD570,212

On 1st December 2021, the Company fully repaid USD 150 million principal outstanding and accrued interest payable of USD105,333.

Note 13 - Financial support in subsidiary

REC Solar Holdings AS, the owner of REC Solar Norway AS has agreed to always provide an adequate financial support, either in the form of contribution, of a loan or another form of support, so as to ensure its business continuity and to meet its obligations at all times

Note 14 - Subsequent events

With the global uncertainties from COVID-19, the management continue to monitor 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. The module business is expanding production capacity in Singapore by 600MW cost funding to USD85m, this investment is funded with the help from RIL.