

REC US HOLDINGS, INC.

Financial Statements

For the year ended 31st December, 2022

INDEPENDENT AUDITOR'S REPORT**THE BOARD OF DIRECTORS - REC US HOLDINGS, INC.****Opinion**

We have audited the financial statements of REC US Holdings, Inc. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 11.

In our opinion, the accompanying financial statements of the Company for the year ended 31 December 2022 are prepared, in all material aspects, in accordance with the Company's significant accounting policies stated in Note 3 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Statutory Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 Accounting and Restriction on Distribution and Use

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The non-statutory financial statements are prepared for the sole purpose of the Company's Board of Directors' internal reporting of the Company's financial position as at 31 December 2022, and the financial performance, and statement of cash flows to its intermediate and ultimate holding companies, Reliance New Energy Limited and Reliance Industries Limited. As a result, the financial statements and report may, therefore, not be suitable for another purpose.

Our report is intended solely for the Board of Directors of the Company for the internal reporting to the Company's intermediate and ultimate holding companies, Reliance New Energy Limited and Reliance Industries Limited, respectively, and should not be used by, or distributed to, any of its components, or any other third party. This report, including the conclusion, has been prepared for and only for the Company in accordance to the terms of our engagement letter and for no other purpose. We do not accept or assume any responsibility for any other purpose or to anyone other than the Board of Directors of the Company for our work, for our report, or for the conclusions we have reached in our report.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT**THE BOARD OF DIRECTORS - REC US HOLDINGS, INC.****Other Matter**

The non-statutory financial statements of the Company for the year ended 31 December 2021 were unaudited.

Information Other than the Non-Statutory Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 1.

Our opinion on the non-statutory 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 non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Non-Statutory Financial Statements

Management is responsible for the preparation of the non-statutory financial statements in accordance with the accounting policies stated in Note 3 of the non-statutory financial statements, and for such internal control as management determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Statutory Financial Statements Our objectives are to obtain reasonable assurance about whether the non-statutory 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

INDEPENDENT AUDITOR'S REPORT**THE BOARD OF DIRECTORS - REC US HOLDINGS, INC.****Auditor's Responsibilities for the Audit of the Non-Statutory Financial Statements (cont'd)**

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

- (a) Identify and assess the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error, 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 controls.
- (b) Obtain an understanding of internal controls 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 controls.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (d) Conclude on the appropriateness of the 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 non-statutory 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.

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

Public Accountants and

Chartered Accountants

Singapore

31 March 2023

REC US HOLDINGS, INC.

STATEMENT OF FINANCIAL POSITION

31 December 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
		(unaudited)	
<u>Current asset</u>			
Investment in subsidiary	5	100	100
Total asset		100	100
<u>Equity</u>			
Share capital	6	100	100
Total equity		100	100

REC US HOLDINGS, INC.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	<u>Note</u>	2022	2021
		\$	\$
			(unaudited)
Profit for the year		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-

There were no changes in the equity of the Company for the years ended 31 December 2022 and 31 December 2021, hence no separate statement of changes in equity is presented.

REC US HOLDINGS, INC.

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
			(unaudited)
Cash flows from operating activity			
Increase in amount due from the holding company		-	-
Net cash used in operating activity		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December	4	-	-

REC US HOLDINGS, INC.**NOTES TO FINANCIAL STATEMENTS****Year ended 31 December 2022**

These notes form an integral part of the non-statutory financial statements (“financial statements”).

1 PURPOSE OF THE NON-STATUTORY FINANCIAL STATEMENTS

The non-statutory financial statements (“financial statements”) of REC US Holdings, Inc. (the “Company”) are prepared for the sole purpose of the Company’s Board of Directors’ internal reporting of the Company’s financial position as at 31 December 2022, and the financial performance, and statement of cash flows to its intermediate and ultimate holding companies, Reliance New Energy Limited and Reliance Industries Limited (“Group”).

2 GENERAL

REC US Holdings, Inc. is a company incorporated under the laws of the State of Delaware. The address of the Company’s registered office is 330 James Way Suite 150, Pismo Beach, CA 93449.

The principal activity of the Company is to act as a holding company and has one wholly-owned subsidiary, REC Americas LLC, which is incorporated in the State of Delaware. REC Americas LLC is a distributor of solar panels principally to companies in the United States.

The Company’s immediate holding company is REC Solar Holdings AS, a holding company incorporated in Norway.

The financial statements have been prepared on a going concern basis, which assumes the Company will be able to meet its obligations and make repayment on its liabilities during foreseeable future.

The financial statements were authorised for issue by the Board of Directors on 28 March 2023.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Statement of compliance**

The non-statutory financial statements of the Company have been prepared in accordance with the Company’s significant accounting policies as listed in Note 3 of the financial statements.

3.2 Basis of preparation

The financial statements have been prepared on a historical cost convention except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3.3 Functional and presentation currency

The financial statements are presented in United States Dollars, which is the Company’s functional currency.

REC US HOLDINGS, INC.**NOTES TO FINANCIAL STATEMENTS****Year ended 31 December 2022****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with the Company's significant accounting policies requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3.5 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3.6 Financial instruments

All financial assets and financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Share capital

Ordinary shares are classified as equity.

REC US HOLDINGS, INC.**NOTES TO FINANCIAL STATEMENTS****Year ended 31 December 2022****4 CASH AND CASH EQUIVALENTS**

The Company has Nil cash balances on hand as at year-end (2021 : Nil).

5 INVESTMENT IN SUBSIDIARY

The amounts are capital injection from its immediate holding company, REC Solar Holdings AS which then invested directly into the Company's wholly-owned subsidiary, REC Americas LLC.

6 SHARE CAPITAL

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	No. of shares	No. of shares (unaudited)	\$	\$ (unaudited)
Fully paid ordinary shares, with US\$1 par value:				
At January 1 and December 31	100	100	100	100

The Company has authorised 3,000 ordinary shares. 100 ordinary shares are issued and fully paid.

Capital management

The Company defines capital as share capital and retained earnings.

The primary objective of the Company's capital management is to ensure that it maintains capital in order to support its business.

The Company manages its capital structure and make alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirement.

7 PROFIT FOR THE YEAR

In accordance with the practice normally adopted by the Group, all income and expenses relating to the Company have been taken up in the financial statements of its immediate holding company, REC Solar Holdings AS except for income tax which is accounted for by its subsidiary, REC Americas LLC as disclosed in Note 8. Accordingly, a "Nil" statement of comprehensive income has been drawn up.

The Company does not have any employees on its payroll.

The financial risk management of the Company is undertaken by its immediate holding company, and it follows the policies and processes of REC Solar Holdings AS.

REC US HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2022

8 INCOME TAXES

The Company and its wholly-owned subsidiary, REC Americas LLC, have formed a tax-consolidated group and are taxed as a single entity.

REC Americas LLC is not subject to federal income taxes as it is a Limited Liability Company (“LLC”). The members of REC Americas LLC are individually taxed on their proportionate share of the taxable income and the income taxes have been disclosed in the financial statements of REC Americas LLC. While REC Americas LLC pays no federal income taxes, it does pay a minimum tax to the State of California and may be subject to an additional fee based on annual gross revenues.

The income tax has been accounted and paid for by REC Americas LLC on behalf of the Company.