

REC Solar Holdings AS

Financial Statements

For the year ended 31 December 2023

REC SOLAR HOLDINGS AS**INDEPENDENT AUDITOR'S REPORT****To the General Meeting of REC Solar Holdings AS*****Opinion***

We have audited the financial statements of Rec Solar Holdings AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway 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.

Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the 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 and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

REC SOLAR HOLDINGS AS**INDEPENDENT AUDITOR'S REPORT****To the General Meeting of REC Solar Holdings AS**

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 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 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.

Kristiansand, 06 May 2024
Deloitte AS

Olav Kr. Stokkenes
State Authorised Public Accountant

REC SOLAR HOLDINGS AS

Balance Sheet Statement as at 31st December 2023

| | Note | 31/12/2023 | 31/12/2022 |
|--------------------------------------|------|----------------------|----------------------|
| | | USD | USD |
| ASSETS | | | |
| FIXED ASSETS | | | |
| Financial fixed assets | | | |
| Investments in subsidiaries | 5 | 42,805,373 | 102,512,244 |
| Loans to group companies | 4 | 17,804,620 | 38,900,000 |
| Total financial fixed assets | | 60,609,993 | 141,412,244 |
| TOTAL FIXED ASSETS | | 60,609,993 | 141,412,244 |
| CURRENT ASSETS | | | |
| Receivables | | | |
| Trade receivables on group companies | 4 | 7,832 | 2,827,949 |
| Other receivables on group companies | 4 | 4,195,381 | 1,547,736 |
| Other short-term receivables | 8 | 1,890 | 15,193 |
| Total receivables | | 4,205,103 | 4,390,878 |
| Bank deposits, cash in hand, etc. | 9 | 46,811 | 296,345 |
| TOTAL CURRENT ASSETS | | 4,251,914 | 4,687,223 |
| TOTAL ASSETS | | 64,861,907 | 146,099,467 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Paid-in equity | | | |
| Share capital | 7 | 197,553,143 | 197,553,143 |
| Share premium reserve | 7 | 197,992,143 | 197,992,143 |
| Other paid-in equity | 7 | 54,860,027 | 54,860,027 |
| Total paid-in equity | | 450,405,313 | 450,405,313 |
| Retained earnings | | | |
| Uncovered loss | 7 | (633,405,815) | (532,165,906) |
| Total retained earnings | | (633,405,815) | (532,165,906) |
| TOTAL EQUITY | | (183,000,502) | (81,760,593) |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | | 9,986 | 37,597 |
| Liabilities to group companies | 4 | 247,712,931 | 227,639,913 |
| Other current liabilities | 8 | 139,492 | 182,550 |
| TOTAL CURRENT LIABILITIES | | 247,862,409 | 227,860,060 |
| TOTAL LIABILITIES | | 247,862,409 | 227,860,060 |
| TOTAL EQUITY AND LIABILITIES | | 64,861,907 | 146,099,467 |

Cemil Seber
Board Chairman

Thor Kenneth Sørensen
Board Member

REC Solar Holdings AS

Income Statement for the year ended 31st December 2023

| | Note | <u>2023</u> | <u>2022</u> |
|--|------|-----------------------------|---------------------------|
| | | USD | USD |
| OPERATING INCOME AND EXPENSES | | | |
| Other operating income | 2 | 35,875 | 5,025,949 |
| Total operating income | | <u>35,875</u> | <u>5,025,949</u> |
| Operating expenses | | | |
| Other operating expenses | 3 | 271,476 | 413,816 |
| Total operating expenses | | <u>271,476</u> | <u>413,816</u> |
| Operating profit | | <u>(235,601)</u> | <u>4,612,133</u> |
| FINANCIAL INCOME AND EXPENSES | | | |
| Financial income | | | |
| Interest received from group companies | 4 | 2,647,644 | 1,547,736 |
| Other interest income | | 7,736 | 7,102 |
| Other financial income | | - | 1,407,979 |
| Foreign exchange loss | | (347,980) | - |
| Total financial income | | <u>2,307,400</u> | <u>2,962,817</u> |
| Financial expenses | | | |
| Write-down on financial fixed assets | 4, 5 | 89,102,250 | - |
| Interest paid to group companies | 4 | 14,204,212 | 6,793,452 |
| Other interest expense | | - | 673 |
| Other financial expense | | 5,246 | 465 |
| Total financial expenses | | <u>103,311,708</u> | <u>6,794,590</u> |
| NET FINANCIAL INCOME AND EXPENSES | | <u>(101,004,308)</u> | <u>(3,831,773)</u> |
| ORDINARY RESULT BEFORE TAXES | | <u>(101,239,909)</u> | <u>780,360</u> |
| Tax on ordinary result | 6 | - | - |
| NET PROFIT OR LOSS | | <u>(101,239,909)</u> | <u>780,360</u> |
| ALLOCATION | | | |
| Transfers to/from uncovered loss | 7 | (101,239,909) | 780,360 |
| Total allocation | | <u>(101,239,909)</u> | <u>780,360</u> |

REC Solar Holdings AS

Cash Flow Statement for the year ended 31st December 2023

| | <u>31/12/2023</u> | <u>31/12/2022</u> |
|--|----------------------------|----------------------------|
| | USD | USD |
| Cash flow from operating activities | | |
| Profit before tax | (101,239,909) | 780,360 |
| +/- Taxes received/paid | - | - |
| +/- Write-down/loss financial non-current assets | 89,102,250 | - |
| +/- Change in accounts payable | (27,610) | 33,264 |
| +/- Change in other receivables & liabilities | 142,718 | 1,197,784 |
| = Net cash flow from operating activities | <u>(12,022,551)</u> | <u>2,011,408</u> |
| Cash flow from investing activities | | |
| +/- Payments on loans to Group companies | (8,300,000) | (26,847,736) |
| = Net cash flow from investing activities | <u>(8,300,000)</u> | <u>(26,847,736)</u> |
| Cash flow from financing activities | | |
| +/- Payments on loan payables to Group companies | 20,073,017 | 24,954,740 |
| = Net cash flow from financing activities | <u>20,073,017</u> | <u>24,954,740</u> |
| = Net change in cash and cash equivalents | (249,534) | 118,412 |
| + Cash etc. at 01.01. | 296,345 | 177,933 |
| = Cash etc. at 31.12. | <u>46,811</u> | <u>296,345</u> |
| Cash etc. appears as follows: | | |
| Cash and bank deposits in USD at 31.12. | 4,358 | 231,820 |
| + Cash and bank deposits in currency at 31.12. | 42,453 | 64,525 |
| = Cash etc. at 31.12. | <u>46,811</u> | <u>296,345</u> |

REC Solar Holdings AS**Notes to the Financial Statement for the year ended 31st December 2023****Note 1 - Important accounting principles and general information**

REC Solar Holdings AS is a holding company. At year-end 2023, Reliance New Energy 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 2023. 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.

The company does not prepare consolidated financial statements pursuant to section 3-7 in the Norwegian Accounting Act, as it is a subsidiary itself. Reliance Industries Limited, which has its registered offices at Maker Chambers IV, 3rd Floor, 222 Nariman Point, Mumbai 400 021, India, prepares the consolidated accounts for 2023. The consolidated accounts may be obtained from the same address.

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.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are valued at cost. Write down to fair value will be carried out if fair value is considered to be materially lower than cost and the impairment is not considered temporary.

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 and 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.

REC Solar Holdings AS**Notes to the Financial Statement for the year ended 31st December 2023****Note 2 - Operating revenue**

Operating revenue in 2023 was related to recharge of expenses to REC Solar Pte Ltd.

Note 3 - Other operating expense

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

| | 2023 | 2022 |
|--------------------------------------|----------------|----------------|
| | USD | USD |
| Statutory audit | 24,931 | 26,564 |
| Other services | 118,006 | 139,926 |
| Total remuneration to auditor | 142,937 | 166,490 |

Specification of other operating expenses, incl VAT:

| | 2023 | 2022 |
|---------------------------------|----------------|----------------|
| | USD | USD |
| Audit fees | 142,937 | 166,490 |
| Advisory fees | 7,479 | 4,965 |
| Legal fees | 7,682 | 37,297 |
| Accounting fees | 38,431 | 49,890 |
| Other operating expenses | 74,947 | 155,174 |
| Total operating expenses | 271,476 | 413,816 |

Note 4 - Related party transactions

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

Loans to Group companies

| Debtor | Currency | Nominal | Cumulative write-down | Book value at 31.12.2023 |
|---|-----------------|----------------|------------------------------|---------------------------------|
| REC Solar Norway AS | USD | 47,200,000 | 29,395,380 | 17,804,620 |
| Total other current receivables on group companies | | | | 17,804,620 |

In December 2023, the company booked a write-down of USD 29 395 380 on the loan to REC Solar Norway AS.

REC Solar Holdings AS

Notes to the Financial Statement for the year ended 31st December 2023

Note 4 - Related party transactions (cont'd)

Trade receivables on group companies

| Debtor | Currency | Nominal | Cumulative write-down | Book value at 31.12.2023 |
|---|----------|---------|-----------------------|--------------------------|
| REC Solar Pte Ltd | USD | 7,832 | - | 7,832 |
| Total trade receivables on group companies | | | | 7,832 |

Other current receivables on group companies

| Debtor | Currency | Nominal | Cumulative write-down | Book value at 31.12.2023 |
|---|----------|-----------|-----------------------|--------------------------|
| REC Solar Norway AS | USD | 4,195,381 | - | 4,195,381 |
| Total other current receivables on the group companies | | | | 4,195,381 |

Short term liabilities

Short-term borrowings from Group companies

| Creditor | Currency | Nominal Local Curr. | Book value at 31.12.2023 |
|---|----------|---------------------|--------------------------|
| ScanModule Sweden | SEK | 72,416,048 | 7,258,261 |
| REC Solar Pte Ltd | USD | 240,449,180 | 240,449,180 |
| REC Solar Norway AS | NOK | 55,642 | 5,490 |
| Total current liabilities on group companies | | | 247,712,931 |

Note 5 - Investments in subsidiaries and other shares

| Subsidiary | Ownership | Office Location | Profit (loss) 2023 USD | Equity at 31.12.23 USD | Book Value at 31.12.23 USD |
|--|-----------|-----------------|---------------------------|---------------------------|-------------------------------|
| REC Solar Pte Ltd | 100.00% | Singapore | (143,895,116) | (58,592,100) | 37,186,511 |
| REC Solar EMEA GmbH | 100.00% | Germany | 993,662 | 12,742,046 | 5,068,998 |
| REC Solar Norway AS | 100.00% | Norway | (56,644,075) | (30,039,770) | - |
| REC ScanModule Sweden | 100.00% | Sweden | 363,355 | 5,896,236 | 201,278 |
| REC Solar Japan Co Ltd | 100.00% | Japan | 22,678 | 2,141,804 | 348,586 |
| Total investments in subsidiaries | | | | | 42,805,373 |

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.

In December 2023, the company booked a write-down of USD 59 706 870 on the shares in REC Solar Norway AS. The total write-down on the REC Norway shares as at 31.12.2023 amounts to USD 540 952 870.

REC Solar Holdings AS

Notes to the Financial Statement for the year ended 31st December 2023

Note - 6 – Income tax

Income tax based

| | 2023 | 2022 |
|---------------------------------|--------------------|---------------------|
| | USD | USD |
| Profit (loss) before income tax | (101,239,909) | 780,360 |
| Permanent and other differences | 89,102,251 | - |
| Non-deductible interest | 11,548,832 | 5,238,669 |
| Currency conversion effect | (5,248,998) | (19,501,923) |
| Applied tax loss carryforward | - | - |
| Tax base | (5,837,824) | (13,482,894) |

Tax expense for the year

| | 2023 | 2022 |
|---------------------------------------|----------|----------|
| | USD | USD |
| Tax payable | - | - |
| Change in deferred tax | - | - |
| Correction of prior year tax expense | - | - |
| Total tax expense for the year | - | - |

Temporary differences

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | USD | USD |
| Taxable loss carried forward | 19,556,388 | 14,157,094 |
| Interest cost deduction carried forward | 39,625,252 | 28,514,296 |
| Total negative taxable differences | 59,181,640 | 42,671,390 |

| | | |
|--|------------|------------|
| Not included in the calculation of deferred tax* | 59,181,640 | 42,671,390 |
|--|------------|------------|

**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 7 - Equity and shareholder information

| | Share Capital USD | Share Premium USD | Other Paid- inEquity USD | Other Equity USD | Total Equity USD |
|-----------------------------|-------------------------|-------------------------|--------------------------------|----------------------|----------------------|
| Equity at 01.01.2023 | 197,553,143 | 197,992,143 | 54,860,027 | (532,165,906) | (81,760,593) |
| Net profit (loss) | | | | (101,239,909) | (101,239,909) |
| Equity at 31.12.2023 | 197,553,143 | 197,992,143 | 54,860,027 | (633,405,815) | (183,000,502) |

REC Solar Holdings AS**Notes to the Financial Statement for the year ended 31st December 2023****Note 7 - Equity and shareholder information (cont'd)****Shareholder information**

The sole shareholder of REC Solar Holdings AS at 31 December 2023 is:

| | Share Holding | Nom. Value (NOK) | Ownership | Located |
|----------------------|--------------------------|-----------------------------|------------------|----------------|
| Equity at 01.01.2023 | 1,000 | 1,683,531.91 | 100% | India |

Note 8 - Other current receivables, other short-term liabilities

Other current receivables per 31.12.23 consist of VAT receivables.

Other short-term liabilities consists of accrued cost for professional services (accounting and audit fees)

Note 9 - Bank deposits and cash equivalents

Bank deposits at 31 December 2023 are mainly denominated in USD, NOK and EUR. The company has no restricted funds.

Note 10 - 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 2023 or 2022.

Note 11 - 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, as long as REC Solar Norway AS is part of the REC Solar Group.

Note 12 - Subsequent events

On 14 January 2024, REC Solar Holdings AS entered into a Share Purchase Agreement ("SPA") with Elkem ASA for the sale of its 100% equity stake in RES Solar Norway AS for an aggregate cash consideration of USD 22 million. The transaction is expected to complete by May 2024.

In February 2024, the parent company, Reliance New Energy Limited has agreed to inject a total of USD 45,178,987 in a preference share issuance.