

REC Solar Norway AS

Financial Statements

For the year ended 31st December 2023

To the General Meeting of Rec Solar Norway AS
INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Rec Solar Norway 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. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. 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.

Responsibilities of Management for the Financial Statements

The Board of Directors (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.

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, 22 February 2024
Deloitte AS

Olav Kr. Stokkenes
State Authorised Public Accountant

REC SOLAR NORWAY AS
INCOME STATEMENT
For the year ended 31st December, 2023

REVENUES AND OPERATING EXPENSES	Note	2023	2022
(Amount in NOK 1000)			
REVENUE			
Revenue	2	29 978	1 024 138
Other income	3, 4	26 738	47 467
Total income		56 716	1 071 605
OPERATING EXPENSES			
Raw materials and consumables used	4, 5	174 334	700 730
Change in stock of self-produced fixed assets	6	-642	-1 918
Employee benefits expense	6, 7	100 210	192 604
Depreciation and amortisation expenses	8, 9	10 708	4 082
Impairment loss	8, 9	81 210	0
Other expenses	6, 10, 11	247 468	480 044
Other gains/losses	12	-2 595	-32 634
Gross operating expenses		610 693	1 342 908
Operating profit/loss		-553 977	-271 303
FINANCIAL INCOME AND EXPENSES			
Interest income		711	728
Gains/losses on exchange		-4 595	-49 153
Interest expense to group companies		-28 036	-15 182
Interest expenses		-338	-800
Net finance		-32 258	-64 407
Profit/loss before income tax		-586 235	-335 710
Income tax expense	13	0	0
Net profit/loss		-586 235	-335 710
ATTRIBUTABLE TO:			
Other Equity		586 235	335 710
Total allocated		-586 235	-335 710

REC SOLAR NORWAY AS
BALANCE SHEET
As at 31st December 2023

ASSETS	Note	31.12.2023	31.12.2022
(Amount in NOK 1000)			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
R&D, Software and licenses	8	10 960	0
Total intangible assets		10 960	0
TANGIBLE ASSETS			
Buildings and land	9	60 357	21 206
Equipment, fixture and fittings, tools etc	9	135 202	9 568
Construction in progress	9	859	259 068
Total property, plant and equipment		196 418	289 842
NON-CURRENT FINANCIAL ASSETS			
Total non current assets		207 378	289 842
CURRENT ASSETS			
Inventories	5	35 866	311 300
DEBTORS			
Accounts receivables		3 531	49 841
Other short-term receivables		8 184	53 849
Receivables from group companies	4	700	0
Total receivables		12 415	103 690
Cash and cash equivalents	15	14 582	23 127
Total current assets		62 863	438 117
Total assets		270 241	727 959

REC SOLAR NORWAY AS
BALANCE SHEET
As at 31st December 2023

EQUITY AND LIABILITIES (Amount in NOK 1000)	Note	31.12.2023	31.12.2022
EQUITY			
OWNERS EQUITY			
Share capital	16	992 315	992 315
Total owners equity		992 315	992 315
RETAINED EARNINGS			
Uncovered loss		-1 296 780	-710 947
Total retained earnings		-1 296 780	-710 947
Total equity	17	-304 465	281 368
LIABILITIES			
PROVISIONS			
Employee benefit obligations	7	3 751	3 978
Total provisions		3 751	3 978
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	4, 14	0	398 594
Total non-current liabilities		0	398 594
Total long term liabilities		3 751	402 572
CURRENT LIABILITIES			
Accounts payable		8 184	15 881
Public duties payable		7 285	6 005
Liabilities to group companies	4	531 003	4 583
Other current liabilities		24 483	17 550
Total current liabilities		570 955	44 019
Total liabilities		574 706	446 591
Total equity and liabilities		270 241	727 959

REC SOLAR NORWAY AS
BALANCE SHEET

Kristiansand, 16.02.2024
The board of Rec Solar Norway AS

Steven Mark Oneil
chairman of the board

Jan Enno Bicker
member of the board

Rune Norheim
member of the board

Shankar Gauri Sridhara
member of the board

Rune Håvard Almaas
member of the board

Andreas Hadland
member of the board

REC SOLAR NORWAY AS
CASH FLOW STATEMENT
For the year ended 31st December, 2023

(Amount in NOK 1000)	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		-586 235	-335 710
Ordinary depreciation		10 708	4 082
Impairment of fixed assets		81 210	0
Change in inventory		275 434	90 997
Change in accounts receivable		46 310	29 268
Change in accounts payable		-7 697	-51 876
Pension expense without cash effect		175	148
Accrued interest on loans		32 729	0
Change in other accrual items		58 686	6 966
Net cash flows from operating activities		-88 680	-256 125
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of tangible non current assets		-9 454	-21 704
Net cash flows from investment activities		-9 454	-21 704
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of new intragroup loan		89 589	278 752
Net cash flows from financing activities		89 589	278 752
Net change in cash and cash equivalents		-8 545	923
Cash and cash equivalents at the start of the period		23 127	22 204
Cash and cash equivalents at the end of the period		14 582	23 127

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

ACCOUNTING PRINCIPLES

Rec Solar Norway AS is a company located in Norway, producing high-purity 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 2023.

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 196 MNOK, note 9), intangible assets (net book value of 11 MNOK, note 8). The estimated fair value for these assets, based on implicit market value derived from a share purchase agreement entered into with Elkem ASA by the shareholder of the company on 14 January 2024, lead to impairment in 2023. For additional information, see "Assessment of fair value on intangible assets, fixed assets and operating material and spare parts" in note 9.

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.

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

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.

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

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.

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

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

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.

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 2 Income per business area**

(Amount in NOK 1000)

	2023	2022
Business area		
Si99	518	280 831
ESS	7 963	174 765
Block	6 886	509 288
Other	14 611	59 254
Total	29 978	1 024 138
Per geographic area		
Nordic countries	12 439	324 440
EU ex. nordic countries	2 175	112 628
The world ex EU and nordic countries	15 364	587 070
	29 978	1 024 138

Note 3 Other income

(Amount in NOK 1000)

	2023	2022
Other Income consists of:		
CO2 compensation	16 236	36 454
Governments grants on R&D Projects	5 042	4 667
Other Income (rental, manpower etc.)	5 460	6 346
Total	26 738	47 467

Note 4 Related parties

Rec Solar Norway AS is a subsidiary of REC Solar Holding AS. The ultimate parent company is Reliance Industries Limited in India.

REC Solar Norway AS provided consultancy services to Reliance New Energy Ltd in the amount of MNOK 0,7 million in 2023. Sales to REC Trading, Shanghai, amounted to MNOK 2,6 in 2022.

During 2023, REC Solar Pte Ltd re-charged REC Solar Norway AS for insurance and bank guarantee fees in total amount of MNOK 0,1. During 2022, REC Solar Pte Ltd charged REC Solar Norway AS a management fee of MNOK 0,6 and costs related to warehouse in Shanghai of MNOK 0,9. REC Solar Norway AS also purchased kerf from REC Trading, Shanghai for a total amount of MNOK 167,0 in 2022.

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

REC Solar Holding AS has provided a loan to REC Solar Norway AS of MNOK 520,9 in 2023 (MNOK 398,6 in 2022). There are no mortgage related to the loan. Interest expense incurred for the loan in 2023 is MNOK 28,0 (MNOK 15,4 in 2022). The loan has been classified as short term as of 31.12.2023 as it is intended to be settled and converted to equity prior to closing of a Share Purchase Agreement entered into between REC Solar Holding AS and Elkem ASA on 14.01.2024. At the end of 2022, the loan was classified as long term.

REC Solar Norway AS has received a short term advance of MNOK 10,1 million from REC Solar Pte Ltd as at 31.12.2023. REC Solar Pte has a net receivable from REC Solar Holding AS in the amount of MNOK 0,1 as at 31.12.2023 for joint VAT registration.

Company balances

(Amount in NOK 1000)

	2023	2022
Receivables		
Group receivables	700	0
Sum Group receivables	700	0
Liabilities		
Group short term loan	531 003	4 583
Group long term loan	0	398 594
Sum	531 003	403 177

Note 5 Inventory

(Amount in NOK 1000)

	2023	2022
Raw materials	18 698	159 831
Work in progress	6 108	13 530
Finished goods	6 907	25 710
Operating equipment	4 153	112 229
Total	35 866	311 300

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

Pr 31/12/2023 raw materials is written down by -74,2 MNOK accumulated (2022: 0,0 MNOK). Finished goods are written down by -20,5 MNOK accumulated (2022: 0,0 MNOK). Work in progress is written down by -9,5 MNOK accumulated (2022: 0,0 MNOK), while operating materials is written down by -176,0 MNOK accumulated (2022: -47,2 MNOK).

Included in write down of operating materials is write down of operating equipment related to the plant at Herøya with -35.6 MNOK.

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 6 Salary costs and benefits, remuneration to the chief executive, board and auditor**

(Amount in NOK 1000)

Salary costs	2023	2022
Salaries	79 879	154 435
Employment tax	11 929	23 602
Pension costs	7 143	12 420
Other benefits	1 259	2 147
Total	100 210	192 604
Self-produced fixed assets (capitalization of costs relating to projects)	-642	-1 918

In 2023 the company employed 147 full time equivalents. In 2022 the number of full time equivalents was 220.

Remuneration to senior executives

Remuneration to executives	General manager
Salaries	0
Severance Pay	0
Pension expenses	0
Other remuneration	0

The role as General Manager was filled temporarily by Jan Enno Bicker who is employed as CEO of REC Solar Pte Ltd. He has not received any compensation from REC Solar Norway AS for this role in 2023.

Loans and guarantees for employees

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

Audit and other services

	2023
Audit	1 316
Other assurance services	0

Fees to auditors are reported exclusive of VAT

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

Note 7 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 118 620 as at 1 May 2023. 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 2023 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 2023 is equal to 2022.

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)

	2023	2022
Current service cost	57	25
Net periodic pension cost	57	25
Defined contribution plan, payments to Storebrand	4 802	9 133
Early retirement plan "AFP"	701	3 262
Pension Cost total	5 560	12 420
Additional interest cost for the year	125	136
The net total of pension liability		
Present value of pension obligation	-3 751	-3 978
Net pension obligation	-3 751	-3 978

Pension obligation is calculated based on salary in August + expected salary payout rest of the year + return on funds earned based on 5,40%, which is the rate of appropriations interest rate pension on wages above 12G.

3 employees are covered by the benefit plan for pension on salary above 12G pr 31/12/2023

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 8 Intangible assets**

(Amount in NOK 1000)

	EDP Programs	Development of new technology	Construction in progress	Total
Historic cost 01.01.2023	32 397	111 927	9 068	153 392
Additions 2023	19 648	0	0	19 648
Disposals 2023	0	0	0	0
Historic cost 31.12.2023	52 045	111 927	9 068	173 040
Acc. depreciation 31.12.2023	23 349	100 161	0	123 510
Acc. writedowns 31.12.2023	17 736	11 766	9 068	38 570
Net booked value 31.12.2023	10 960	0	0	10 960
The year's depreciation	1 096	0	0	1 096
The year's write-downs	7 592	0	0	7 592
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 and IT projects.

Note 9 Tangible assets

(Amount in NOK 1000)

	Property and plant	Equipment, fixture and fitting	Construction in progress	Total
Historic cost 01.01.2023	2 385 294	3 093 226	320 780	5 799 300
Additions 2023	68 944	222 241	0	291 185
Disposals 2023	0	0	-301 379	-301 379
Historic cost 31.12.2023	2 454 238	3 315 467	19 401	5 789 106
Acc. depreciation 31.12.2023	1 088 860	2 349 613	0	3 438 473
Acc. writedowns 31.12.2023	1 305 021	830 652	18 542	2 154 215
Net booked value 31.12.2023	60 357	135 202	859	196 418
The year's depreciation	1 812	7 800	0	9 612
The year's write-downs	27 981	88 807	-43 170	73 618
Expected lifetime	8 - 40 years	3 - 30 years		
Depreciation plan	Linear	Linear	None	

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****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 MNOK 196,4 (Note 9), intangible assets of MNOK 11,0 (note 8) and current assets of MNOK 62,9 mill. kroner, in total MNOK 270,2. Book value of these assets are considered in relation to their recoverable amount. Current assets are assessed separately.

In November 2023, the board of the company decided to shut down the production of solar silicon in Norway on a permanent basis. On 14 January 2024, it was announced that the company's shareholder has entered into an agreement ("SPA") to sell the shares of the company to Elkem ASA subject to certain conditions being met. Consequently, the recoverable amount of the company's assets have been considered on the basis of these events. The fair value of fixed assets and intangible assets has been assessed based on the total purchase price of the company's shares as set out in the aforementioned agreement with relevant adjustments. The fair value of operating materials and spare parts have been assessed based on realizable values.

KEY ASSUMPTIONS

Impairment tests are performed by comparing the carrying amount for the relevant asset with the recoverable amount.

For tangible and intangible assets, the recoverable amount has been based on the implied value of such assets derived from the share purchase price agreed in the above mentioned SPA. Net working capital not been assigned any value when calculating such implied value, with the exception of raw material inventory which has been reserved by the buyer. Long term debt is also not taken into account, as such debt is assumed to be settled prior to closing of the SPA.

For operating materials and spare parts, the recoverable amount has been based on realizable value for such materials based on actual recent transactions, offers from customers or management's best estimates, as applicable.

IMPAIRMENT TEST RESULTS AND CONCLUSION

As a result of the assessment performed, the recoverable amount of fixed and intangible assets were found to be lower than the carrying value of these assets and an additional impairment of NOK 81.2 million has been recorded.

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 10 Other operating Expenses**
(Amount in NOK 1000)

	2023	2022
Travel and meeting expense	555	999
Machinery, inventory and material	147 142	151 382
Repair and maintance	3 394	5 484
Audit, consultants and other services	40 354	49 506
Telecom office, transportation	1 605	1 958
Additives used in production	0	15
Insurance premium	8 321	7 999
Rental costs	22 328	26 460
Transportation expenses	501	6 626
Other expenses	23 268	229 615
Total	247 468	480 044

Note 11 Operational leasing
(Amount in NOK 1000)

	Machines Property and plant	Fixture and fitting vehicles	Total	
Expenses 2023	6 431	15 099	376	21 906
Contractual leasing to maturity				
2024	4 102	10 441	29	14 572
2024 - 2026	3 484	12 454	28	15 966
Total future lease cost	7 586	22 895	57	30 538

Note 12 Other gains/losses
(Amount in NOK 1000)

	2023	2022
Operating exchange gain/loss	-2 595	-32 634
Sum other gains/losses	-2 595	-32 634

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 and Euro. A fluctuation on US dollar /Euro vs. NOK exposes the company to currency risk. This is partly offset by purchase of raw materials denominated in the same currency.

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 13 Tax
(Amount in NOK 1000)**

	2023	2022
This year's tax expense		
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Prior year group contribution	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Ordinary result before tax	-586 235	-335 710
Permanent differences	19	-2 110
Changes temporary differences	186 236	-68 539
Cut interest deduction	27 662	15 249
Taxable income	-372 318	-391 110
Payable tax in the balance:		
Payable tax on this year's result	0	0
Payable tax on received Group contribution	0	0
Total payable tax in the balance	0	0

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

	2023	2022	Difference
Tangible assets	-1 305 452	-1 346 338	-40 886
Stock	-272 735	-47 223	225 512
Accounts receivable	0	0	0
Profit and loss account	7 350	9 187	1 837
Pension premium / liabilities	-3 751	-3 978	-227
Total	-1 574 588	-1 388 352	186 236
Commodity contracts	0	0	0
Accumulated loss to be brought forward	-4 963 769	-4 563 789	399 980
Cut interest deduction	-324 631	-296 969	27 662
Not included in the deferred tax calculation	6 862 988	6 249 110	-613 878
Basis for calculation of deferred tax	0	0	0
Deferred tax assets (22 %)	0	0	0
Effect of change in tax rate			

Deferred tax is not booked to the balance sheet

Rec Solar Norway AS**Notes to the financial statements for the year ended 31 December, 2023****Note 14 Long term liabilities**

	2023	2022
Long-term liabilities with a maturity later than 5 years		
Debt to credit institutions	0	0
Other long-term debt	0	0
Total	0	0
Liabilities secured by mortgage	0	0
Charged assets:		
Fixed Assets	0	0
Inventory	0	0
Trade debtors	0	0
Total	0	0
The assets are in addition placed as security for:		
Unutilised bank overdraft	0	0
Contractor guarantees	0	0
Total	0	0

Note 15 Restricted bank deposits

Restricted bank deposits consists of withheld employee taxes (MNOK 4,0), pension funds (MNOK 3,7) and deposits houserent (MNOK6,0).

Note 16 Shareholders**THE SHARE CAPITAL IN REC SOLAR NORWAY AS AS OF 31.12 CONSISTS OF:**

	Total	Face value	Entered
Ordinary shares	1	992 315 474	992 315

Ownership structure

The largest shareholders in % at year end:

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

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 their public website at www.ril.com.

Rec Solar Norway AS

Notes to the financial statements for the year ended 31 December, 2023

Note 17 Equity capital

(Amount in NOK 1000)

	Share capital	Share premium	Uncovered loss	Total equity capital
Pr. 31.12.2022	992 315	0	-710 947	281 368
Actuarial losses pensions		0	402	402
Net profit 2023		0	-586 235	-586 235
Pr 31.12.2023	992 315	0	-1 296 780	-304 465

See also note 16 for further information.

Note 18 Subsequent Events

REC Solar Norway AS has continued to suffer heavy losses during 2023 due to dramatic fall in prices for silicon because of significant overproduction of high-purity silicon on a worldwide basis. The production of E+/E2MR and Si99 was completely stopped early September 2022 due to high electricity prices. In March 2023, the company restarted partially its operations in Norway, with limited production. In parallel, work has been done on technology development and cost-saving measures. At the end of September 2023, production was stopped again, while retaining all employees.

REC implemented several measures in the last 12 months to maintain the business. Unfortunately, our measures were not sufficient to deal with the drastic oversupply and price drops for high-purity silicon. Norway has had special challenges with high production costs, while at the same time there is a large overproduction worldwide by 60%. Thus it was not possible to envisage operation at break-even for high-purity silicon production in Norway

As a result of the severe market conditions, the board of directors of the company made a decision on 22 November 2023 to close its factories in Norway permanently and reduce its workforce accordingly. Termination notices were issued to a majority of the staff by the end of November and a smaller team will be retained to ensure a proper shut-down.

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 REC Solar Norway AS for an aggregate cash consideration of MUSD 22,0. The transaction is subject to certain regulatory and other customary closing conditions and is expected to complete by April 2024. The cash consideration set out in the SPA has served as basis for impairment of fixed/intangible assets and inventories.

On 14 January 2024, REC Solar Norway AS entered into an agreement with REC Solar Pte Ltd for the sale of certain intellectual property belonging to REC Solar Norway AS for an aggregate consideration of MUSD 1,37 million.

These financial statements have been prepared on a going concern basis.