



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Mette G. Stormyr
Dato for fastsettelse av årsregnskapet: 30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Revenue	2	529 449 000	193 618 000
Other income	3, 15	48 327 000	46 462 000
Sum inntekter		577 776 000	240 080 000
Kostnader			
Raw materials and consumables used	11, 15	302 192 000	69 848 000
Change in stock of self-produced fixed assets	4	-12 648 000	-39 062 000
Employee benefits expense	4, 5	214 867 000	145 716 000
Depreciation and amortisation expenses	6, 7	182 578 000	226 245 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6, 7	1 941 900 000	1 722 000
Other expenses	4, 8, 9	300 986 000	196 915 000
Other gains/losses	16	-36 782 000	-724 000
Sum kostnader		2 893 093 000	600 660 000
Driftsresultat		-2 315 317 000	-360 580 000
Finansinntekter og finanskostnader			
Annen renteinntekt		21 000	166 000
Gains/losses on exchange		-27 529 000	30 379 000
Sum finansinntekter		-27 507 000	30 546 000
Rentekostnad til foretak i samme konsern		13 988 000	17 893 000
Annen rentekostnad		1 540 000	1 067 000
Sum finanskostnader		15 528 000	18 960 000
Netto finans		-43 035 000	11 586 000
Ordinært resultat før skattekostnad		-2 358 352 000	-348 995 000
Income tax expense	10		
Ordinært resultat etter skattekostnad		-2 358 352 000	-348 995 000
Årsresultat		-2 358 352 000	-348 995 000
Årsresultat etter minoritetsinteresser		-2 358 352 000	-348 995 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Totalresultat		-2 358 352 000	-348 995 000
Overføringer og disponeringer			
Udekket tap		-2 358 352 000	-348 995 000
Sum overføringer og disponeringer		-2 358 352 000	-348 995 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
R&D, Software and licenses	6		24 438 000
Sum immaterielle eiendeler			24 438 000
Varige driftsmidler			
Buildings and land	7	22 592 000	1 370 300 000
Equipment, fixture and fittings, tools etc	7	12 264 000	719 706 000
Construction in progress	7	237 364 000	261 698 000
Sum varige driftsmidler		272 220 000	2 351 703 000
Other long-term receivables	17		
Sum anleggsmidler		272 220 000	2 376 141 000
Omløpsmidler			
Varer			
Sum varer	11	402 297 000	289 705 000
Fordringer			
Accounts receivables		79 109 000	10 266 000
Other short-term receivables	17	58 154 000	70 775 000
Konsernfordringer	15	31 868 000	46 164 000
Sum fordringer	17	169 131 000	127 205 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12	22 204 000	29 619 000
Sum bankinnskudd, kontanter og lignende		22 204 000	29 619 000
Sum omløpsmidler		593 632 000	446 528 000
SUM EIENDELER		865 852 000	2 822 669 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Share capital	13	992 315 000	150 140 000
Overkurs			1 983 461 000
Sum innskutt egenkapital		992 315 000	2 133 601 000
Opptjent egenkapital			
Udekket tap		375 143 000	
Sum opptjent egenkapital		-375 143 000	
Sum egenkapital	14	617 173 000	2 133 601 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	5	3 736 000	3 126 000
Sum avsetninger for forpliktelser		3 736 000	3 126 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17		
Other non-current liabilities	15, 17	119 842 000	547 478 000
Sum annen langsiktig gjeld		119 842 000	547 478 000
Sum langsiktig gjeld		123 578 000	550 604 000
Kortsiktig gjeld			
Leverandørgjeld		67 757 000	80 971 000
Public duties payable		14 616 000	11 455 000
Kortsiktig konserngjeld	15	7 734 000	26 893 000
Other current liabilities		34 995 000	19 145 000
Sum kortsiktig gjeld		125 102 000	138 464 000
Sum gjeld		248 680 000	689 068 000
SUM EGENKAPITAL OG GJELD		865 852 000	2 822 669 000



Skattedirektoratet

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

ELKEM SOLAR AS
Postboks 8040 Vaagsbygd
4675 KRISTIANSAND S

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Financial statement

Rec Solar Norway AS

2021



Rec Solar Norway AS

The Boards annual statement for 2021

Business scope

Rec Solar Norway AS business objective is to produce and sell high purity silicon and silicon blocks to the solar industry at a lower production cost than alternative production technologies and engage in business related to this.

The company's business address is Fiskåveien 100, 4621 Kristiansand. REC Solar Norway AS has two plants located at Fiskå in Kristiansand and Herøya in Porsgrunn.

REC Solar Norway AS is fully owned by REC Solar Holdings AS, which is under the control of Reliance Industries Limited. Reliance Industries Limited is an Indian multinational conglomerate company, headquartered in the city of Mumbai, India, founded by Dhirubhai Ambani.

Market and Operations in 2021

The photovoltaic sector was booming worldwide last year, despite significant logistics challenges and supply chain disruptions. Global installations increased by 27% to 184 GW in 2021 relative to 2020. This high demand caused silicon shortage and was one of the main reasons for a huge price increase in 2021 from about 10USD/kg to in the beginning of the year to about 35 USD/kg in the end of the year.

The planned ramp-up of the production with the new process did not go as planned. We expected to be at full capacity by end of Q1, but during the ramp-up we experienced that the new equipment did not work as intended and needed significant design changes. Specifically, the design changes of graphite parts in our new melting furnaces had a very long lead time, and we were not able to solve all the equipment challenges before November. The consequence was that the production at our plant in Fiskå did only manage 34% of planned production

Income Statement

Revenues (net) amounted to MNOK 529 in 2021 compared to MNOK 194 in 2020. The reason for the increase is that in 2021 we have not had any stops in productions due to covid as we had in 2020. Gross operating expenses amounted to MNOK 2.893. Operating loss for the year ended at MNOK 2.315 and net loss of MNOK 2.358. Depreciation amounted to MNOK 183. Write down amounted to MNOK 1.942, related to the impairment performed by end November. The impairment is a result of the recoverable amount of CGU is assessed to be lower than the carrying values of CGU. Net change in cash and cash equivalents amounted to MNOK -7.

Research and development costs amounted to MNOK 14.3, mostly related to further development and optimization of the production process.

Cash flow Statement

Cash flow from operating activities was MNOK -382 for the year, compared to MNOK -195 in 2020, mainly explained by lower operating profit. Cash flow from investing activities amounted to MNOK -21 for the year, compared to MNOK -176 in 2020. The cash flow from investing activities in 2021 is mainly related to the strategic investment in new production technology related to recycling of kerf. Cash flow from financing activities was positive with MNOK 395, compared to MNOK 365 in 2020. The increase is related to short term loans from REC Solar Pte. Ltd. Net cashflow for 2021 ended at MNOK -7, compared to MNOK -6 in 2020.

Equity and debt

Rec Solar Norway AS is financed by MNOK 617 in equity. The equity ration amount to 71,3% pr 31/12/2021.



The company had MNOK 22 in cash and cash equivalents 31/12/2021.

Going concern

The Board of Directors confirms that the financial statements have been prepared under the assumption the company is a going concern and this assumption was realistic at the date of the accounts. Covid-19 has left its mark in 2021 with unrest in the world market. An unexpected result was a significant increase in commodity prices. On the positive side, the price increase is offset by the fact that the prices of both metallurgical silicon and solar silicon have had a very large and unexpected increase at the same time. On the production side, the company has struggled with the fact that the 2 new process steps have not worked, and there has been a need for modifications that have been time-consuming. At the end of December, we see that the bottleneck in 2021, which was the new smelting department, has been resolved. The global situation with a deficit in container and transport capacity, combined with the Covid situation in Central Europe, meant that we did not receive the expected quantities of raw materials in December, which in turn led to a significant reduction in production in December. This will be resolved during the first weeks of January, and the company will build a buffer warehouse in Norway during February that will ensure that we are not in the same situation again. A new temporary bottleneck has arisen in the new Pellet Factory, but measures are underway to solve this. These measures are scheduled to be completed by the end of January. The price of kerf is at full speed against normal, and we expect that it will give the company an upside in relation to the budget for 2022. On the other hand, there is a greater concern that power prices have increased unparalleled. The company works politically with other energy-intensive industries and NHO to achieve national measures to remedy the situation. The company expects, and has received signals that, the new regulations for CO2 compensation will be adopted. The calculated compensation based on the proposal that has been out for consultation shows that this will be able to compensate for the high power prices.

The company has limited cash reserves as at 31 December 2021. However, the parent company Rec Solar Holdings AS and ultimate shareholder Reliance Ind Ltd has provided the company with a financial guarantee that the company will have sufficient liquidity to continue its operations and ensure financing of the ongoing projects in new technology and production methods for the next 12 months.

Prospects

REC Solar Norway AS has a unique technology not replicable to any competitors and is the producer with, by far, the lowest carbon footprint. In addition, our process is close to 100% circular, which is expected to be the next global focus for sustainable production.

The development on the low carbon footprint market for our products is moving well forward for customers operating in the French market, while we have experienced a temporary setback for the Korean market. Now, the hurdle for Korea is to make the Korean certification authorities accept our internationally acknowledges EPD (Environmental Product Declaration) and Life Cycle Assessment done by a third certification party. In the meantime, 2 new markets are developing for our polysilicon that will compensate for the potentially loss of the Korean market opportunities. One is a customers that is asking for products "Made In Norway" for Taiwan and USA, where we experience increasing requests. The other "market" is to use our products for internal consumption in our modules produced in Singapore. REC Solar Group have developed our product and downstream processes, and as a result we will produce TwinPeak4 panels in Singapore based on 100% Norwegian poly. Further, we have demonstrated that we can use up to 75% in our n-peak modules and 25% in our Alpha modules. This development will continue aiming at introducing Norwegian polysilicon to our modules.

A consequence of our development mentioned here, we have now started to work with the Norwegian company Norsun carrying test production and aiming to supply Norsun up to 2000 mt/year.

The design changes of our new melting furnaces were finalized with results exceeding our expectations. Going full production revealed the need for modifications in our new pellets plant where we pre-process the kerf. Modifications have been done and are still ongoing. We expect to be at 100% capacity utilization in the pellets plant in April 2022. In the end of March there has been several days with new records on production volumes. As we see that our improvements in the melt department has resulted in higher



capacity than the original design capacity, we will work on further modifications in the pellet plant to improve the robustness of the process and also increase the capacity to match the increased capacity in the melt department.

Financial Risk

REC Solar Norway AS is exposed to changes in sales prices influenced by the supply and demand balance for solar grade silicon. Raw materials and power purchases as well as sales of finished goods are in USD and EUR, hence REC Solar Norway AS is exposed to currency fluctuations. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises principally from the companies receivables from related parties. At the balance sheet date, credit risk is concentrated in the outstanding receivables from sister company and no significant risk exposure is expected to arise.

The carrying amount of financial assets in the statement of financial position represents the company's maximum exposure to credit risk.

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages its liquidity risk through intercompany loans to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

Working environment, Equality

REC Solar Norway AS had 276 fulltime employees at the end of 2021. 226 men and 50 women. Number of employees has increased by 57 compared to 2020, mainly related to ramp up of the plant at Fiskå. Part time employees were 13 at the end of 2021. 11 Men and 2 women. Apprentice employees were 18 by the end of 2021. 13 men and 5 women.

Total sick leave was 2,86 % in 2021, of which the long-term sick leave (more than 16 days) was 4,88 %.

The working environment is considered good and the company has a strong focus on the employees safety and health. There were three injuries to employees during 2021 that required medical treatment.

At the end of 2021, percentage of women amounted to 18%. The company aims for equality for opportunities and treatment for both women and men, and has implemented a policy to ensure that no discrimination based on gender takes place.

Measures to prevent discrimination

For a long time, the company's policy has been to facilitate gender equality in the company. In this connection, the company implements continuous measures to promote this objective. The company's employment conditions are non-discriminatory, including with regard to remuneration in relation to job categories and working hours, as well as personnel policy matters in general. In the company, HR and the employee representatives work together to identify various discrimination risks associated with all aspects of the employment relationship. The work includes the areas of recruitment, pay and working conditions, promotion and development opportunities. The company works to create a corporate culture that involves everyone. No one in the company shall be directly or indirectly discriminated against on the basis of gender, age, orientation or ethnicity. Our employee surveys show that our employees experience very little discrimination.

The company complies with the Working Environment Act, which is intended to ensure equal treatment



and an inclusive working life. The work must be open to adaptations to people's conditions and life situation, and not be hazardous to health. Appointments are based on an assessment of competence and personality - regardless of gender, age, religion, orientation or ethnic origin. This practice helps to ensure diversity.

Environment

The production at REC Solar Norway AS has been carried out with no significant environmental deviations from concessions in 2021.

Insurance

There is an insurance that is towards Directors and Officers Liability coverage for entire REC Group which are in line with market standards. Primary layer Insurer is Allianz.

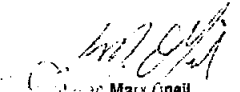
Net income and Dispositions


The Board of Directors propose the following coverage of the negative net profit for the year

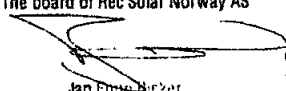
Transferred from other equity: MNOK -2.358

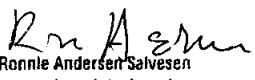
Kristiansand, 30.03.2022


The board of Rec Solar Norway AS

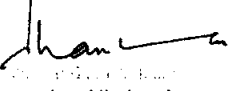

Mark Oneil
chairman of the board


David Juan Verdu
member of the board / general manager


Jan Erna Bicker
member of the board


Ronle Andersen Salvesen
member of the board


Rune Norheim
member of the board


member of the board



INCOME STATEMENT

REC SOLAR NORWAY AS

REVENUES AND OPERATING EXPENSES (Amount in NOK 1000)	Note	2021	2020
REVENUE			
Revenue	2	529 449	193 618
Other income	3, 15	48 327	46 462
Total income		577 776	240 080
OPERATING EXPENSES			
Raw materials and consumables used	11, 15	302 192	69 848
Change in stock of self-produced fixed assets	4	-12 648	-39 062
Employee benefits expense	4, 5	214 867	145 716
Depreciation and amortisation expenses	6, 7	182 578	226 245
Impairment loss	6, 7	1 941 900	1 722
Other expenses	4, 8, 9	300 986	196 915
Other gains/losses	16	-36 782	-724
Gross operating expenses		2 893 093	600 660
Operating profit/loss		-2 315 317	-360 580
FINANCIAL INCOME AND EXPENSES			
Interest income		21	166
Gains/losses on exchange		-27 529	30 379
Interest expense to group companies		-13 988	-17 893
Interest expenses		-1 540	-1 067
Net finance		-43 035	11 586
Profit/loss before income tax		-2 358 352	-348 995
Income tax expense	10	0	0
Net profit/loss		-2 358 352	-348 995
ATTRIBUTABLE TO:			
Other Equity		2 358 352	348 995
Total allocated		-2 358 352	-348 995



BALANCE SHEET

REC SOLAR NORWAY AS

ASSETS	Note	31.12.2021	31.12.2020
(Amount in NOK 1000)			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
R&D, Software and licenses	6	0	24 438
Total intangible assets		0	24 438
TANGIBLE ASSETS			
Buildings and land	7	22 592	1 370 300
Equipment, fixture and fittings, tools etc	7	12 264	719 706
Construction in progress	7	237 364	261 698
Total property, plant and equipment		272 220	2 351 703
NON-CURRENT FINANCIAL ASSETS			
Total non current assets		272 220	2 376 141
CURRENT ASSETS			
Inventories	11	402 297	289 705
DEBTORS			
Accounts receivables		79 109	10 266
Other short-term receivables	17	58 154	70 775
Receivables from group companies	15	31 868	46 164
Total receivables	17	169 131	127 205
Cash and cash equivalents	12	22 204	29 619
Total current assets		593 632	446 528
Total assets		865 852	2 822 669



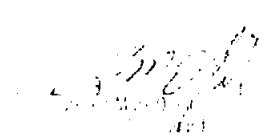
BALANCE SHEET

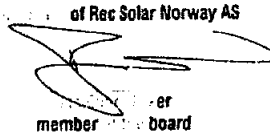
REC SOLAR NORWAY AS

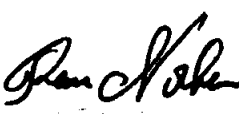
EQUITY AND LIABILITIES (Amount in NOK 1000)	Note	31.12.2021	31.12.2020
EQUITY			
OWNERS EQUITY			
Share capital	13	992 315	150 140
Other Equity		0	1 983 461
Total owners equity		992 315	2 133 601
RETAINED EARNINGS			
Uncovered loss		-375 143	0
Total retained earnings		-375 143	0
Total equity	14	617 173	2 133 601
LIABILITIES			
PROVISIONS			
Employee benefit obligations	5	3 736	3 126
Total provisions		3 736	3 126
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	15, 17	119 842	547 478
Total non-current liabilities		119 842	547 478
Total long term liabilities		123 578	550 604
CURRENT LIABILITIES			
Accounts payable		67 757	80 971
Public duties payable		14 616	11 455
Liabilities to group companies	15	7 734	26 893
Other current liabilities		34 995	19 145
Total current liabilities		125 102	138 464
Total liabilities		248 680	689 068
Total equity and liabilities		865 852	2 822 669

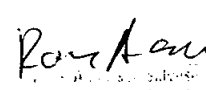


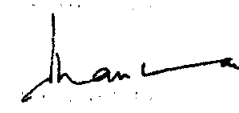
REK SOLAR NORWAY AS
Kristiansand, 30.09.2022
of Rec Solar Norway AS


David Juan Verdu
member of the board / general manager


member of the board


member of the board


member of the board


member of the board



CASH FLOW STATEMENT

REC SOLAR NORWAY AS

(Amount in NOK 1000)	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		-2 358 352	-348 995
Ordinary depreciation		182 578	226 245
Impairment of fixed assets		1 941 900	1 722
Change in inventory		-112 592	-71 815
Change in accounts receivable		-68 843	-23
Change in accounts payable		-13 214	19 416
Pension expense without cash effect		357	235
Change in other accrual items		45 927	-21 775
Net cash flows from operating activities		-382 238	-194 990
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of tangible non current assets		-20 558	-176 125
Net cash flows from investment activities		-20 558	-176 125
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of new intragroup loan		395 381	365 140
Net cash flows from financing activities		395 381	365 140
Net change in cash and cash equivalents		-7 415	-5 975
Cash and cash equivalents at the start of the period		29 619	35 593
Cash and cash equivalents at the end of the period		22 204	29 619



Rec Solar Norway AS is a company located in Norway, producing high-purity silicon (Elkem Solar Silicon) for the solar industry. The company is fully owned by REC Solar Holdings AS.

Figures are in NOK thousands unless otherwise specified.

Note 1 Accounting principles

The financial statement have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounts are prepared on the basis of a going concern assumption.

Changes in accounting policies

Changes in accounting policies are recognized directly in the equity, and the opening balance is adjusted as if the new accounting policy had always been applied. Last years figures are changed correspondingly, for comparative purposes. There has been no change in accounting policies in 2021.

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 272 MNOK, note 7), intangible assets (net book value of 0 MNOK, note 6). The estimated fair value, based on estimated discounted cash flows, for these assets, did not lead to impairment. For additional information, see "Assessment of fair value on intangible assets, fixed assets and operating material and spare parts" in note 7.

Foreign currency

Rec Solar Norway AS's functional currency is Norwegian Kroner (NOK). Transactions in foreign currencies are converted to functional currency using the exchange rate at the dates of the transactions. At the end of each reporting period foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rates are recognized continuously in the accounting period.

Revenue recognition and costing principles

Sales revenues are presented net of VAT and discounts. Revenues from goods sold are recognized when the significant risk and reward of the ownership of the goods is transferred to the buyer, according to actual delivery term for each sale. Revenues and sales expenses, related to the same transaction, are recognized in the same period. Revenues from sales of services are recognized according to completion. Provision for loss on receivables is booked when ascertained.

Goods and services bought and sold in foreign currencies are recorded with the exchange rate on the transaction date.

Income from insurance settlements are recognized in the profit and loss when there is reasonable assurance Rec Solar Norway AS will receive the compensation. Interest income is recognized on accrual basis. Dividend is recognized when a shareholder's right to receive dividend is resolved by the shareholders meeting.

Operating expenses and maintenance

Direct maintenance cost is expensed under operating expenses as and when it is incurred. Expenditure on major maintenance, refits, repairs or upgrades are capitalized as investment.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. The classification of



current and long-term debt is equivalent when criteria is applied.

Fixed assets are valued at cost, but written down to its recoverable amount if this is lower than book value, and the impairment is not expected to be temporary. Fixed assets with finite useful life are amortized.

Current assets are valued at the lower of cost and fair value. Other long-term liabilities and current liabilities are valued at nominal value.

Intangible assets

Expenses relating to the manufacture of intangible assets, including expenditure on research and development, are expensed as incurred, and capitalized when it is probable that future economic benefits associated with the assets will flow to the company, and the cost can be measured reliably.

Intangible assets acquired individually, are capitalized at cost. Intangible assets acquired through acquisitions, are capitalized at cost when the criteria for capitalization is met.

Intangible assets with finite useful life are amortized.

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation and impairment. Construction in progress is presented as a separate category, and transferred to the relevant group when construction is finished and ready for depreciation. Depreciation is distributed evenly over the expected lifetime.

Impairment of intangible and fixed assets

Book value of fixed assets are reviewed at each period end, based on internal and external impairment indicators, such as profitability, operations, technological development, market development etc. If such evidence exists, recoverable amount will be calculated. If the recoverable amount (calculated from FVLCD) is lower than book value, the asset is written down. The impaired amount is reversed at a later date, to the extent that the loss no longer exists.

Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risk and reward of ownership to the lessee. All other leases are classified as operational leases. Assets held under finance leases are initially recognized as assets at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the obligation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a regulated market. They are recognized at amortised cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process. An impairment loss is recognized when the carrying amount exceeds the estimated recoverable amount.

The category includes operating receivables, deposits, guarantees and loans. These assets are classified in the balance 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.



Hedge accounting

Rec Solar Norway AS may designate certain derivatives as hedging instruments for fair cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, are recognized in the equity and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gain/losses recognized in the equity are reclassified into Profit or Loss in the same period(s) as the hedged assets/liabilities.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the equity at that time remains in equity, and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are valued at the lower of cost or fair value, i.e. net realizable value. To determine the acquisition cost, a specific mapping is used when possible. For operating materials and spare parts average cost is used. For other items, where direct assignment or averaging method is not practical or appropriate, FIFO is used. Full production cost is used to set the cost of manufactured goods, which includes direct materials and salaries, plus a proportionate share of indirect and fixed costs based on normal capacity utilization.

Net realizable value is based on estimated selling price, less costs necessary for completion and sales. For raw materials and work in progress, the net realizable value is calculated based on the sales value of finished products deducted for remaining production costs.

Changes in inventories relating to work in progress and finished goods are recorded on a separate line in the income statement. Change in inventories for raw materials are recognized in cost of goods sold.

Operating equipment and spare parts are classified as inventories. Inventory change of operating materials are recognized as other operating expenses.

Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Current tax payable includes any adjustment to tax payable in respect of previous years.

Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Income tax relating to items recognized directly in equity is recognized in equity, not in the income statement.

Uncertain tax positions are included when it is probable that the tax position will be sustained in a tax-review, and provisions are made relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed when the disputed tax position is settled in favour of the entity and can no longer be appealed.

Deferred tax

Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the financial statement, including tax losses carried forward. Deferred tax relating to items outside profit and loss is recognized outside profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit and loss or directly in equity.

If the temporary difference arises from the initial recognition of goodwill, the deferred tax assets and liabilities are not recognized.



Deferred tax assets are recognized in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rate at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets

Retirement benefits

Defined benefit plans are valued at the present value of accrued future pension benefits at the balance sheet date. The related net pension cost for the period is classified as payroll expenses. Multi-employer plans lacking sufficient information to enable the company's liability to be calculated, are accounted for as a defined contribution scheme. Defined contribution plans are plans where the company make monthly contributions to the employee's individual pension plans, and where the future pensions are determined by the amount of contribution and the return on each individual plan. The payments to the contribution plans are expensed as incurred and classified as a part of the payroll expenses.

Government grants

Government grants are recognized when it is virtually certain that the company will comply with the conditions attaching them, and the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. The grant is recognized as income over the lifetime of a depreciable asset by reducing the depreciation charge. Grants related to expenses are classified as other operating income.

CO2 emission quotas

CO2 emission quotas allocated from the government are classified as government grants, measured at nominal value (zero). The CO2 quotas are meant to cover CO2 emissions from the plant in Norway. If actual emissions exceed the allocated emission quotas, additional quotas are purchased. Purchased CO2 quotas are recognized at cost as other operating expenses, and any sale of CO2 quotas are recognized as other operating income, according to transaction price.

CO2 compensation

The Norwegian government has, from 2013, established a CO2 compensation scheme to compensate for CO2 costs included in power contracts for industry. The extent of the scheme may vary considerably from year to year depending on the future carbon price. This compensation scheme applies for the Norwegian plants, and is recognized as other operating income when there is reasonable assurance that the entity will comply with the conditions attached and the grants will be received.

Contingent liabilities

If it is likely that a liability will be settled, and the settlement value can be estimated reliably, the obligation is expensed in the income statement and included as a provision for liabilities.

Events after the reporting period

Events after the reporting period related to Rec Solar Norway AS's financial position at the end of the reporting period, are considered in the financial statement. Events after the reporting period that have no effect on the company's financial position at the end of the reporting period, but will have effect on future position, are disclosed if the future effect is material.



Note 2 Income per business area

(Amount in NOK 1000)

	2021	2020
Business area		
Sj99	176 640	89 069
ESS	144 898	56 449
Block	171 165	33 419
Other	36 746	14 681
Total	529 449	193 618
Per geographic area		
Nordic countries	199 303	86 645
EU ex. nordic countries	45 768	37 219
The world ex EU and nordic countries	284 379	69 754
	529 449	193 618

Note 3 Other income

(Amount in NOK 1000)

	2021	2020
Other Income consists of:		
CO2 compensation	31 501	31 647
Governments grants on R&D Projects	11 061	7 844
Other Income (rental, manpower etc.)	5 765	6 972
Total	48 327	46 462



Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor

(Amount in NOK 1000)

Salary costs	2021	2020
Salaries	175 408	117 134
Employment tax	25 680	17 676
Pension costs	12 496	9 374
Other benefits	1 282	1 532
Total	214 867	145 716
Self-produced fixed assets (capitalization of costs relating to projects)	-12 648	-39 062

In 2021 the company employed 224 full time equivalents. In 2020 the number of full time equivalents was 183.

Remuneration to senior executives

Remuneration to executives	General manager
Salaries	2 840
Pension expenses	155
Other remuneration	7

Loans and guarantees for employees

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

Audit and other services

	2021
Audit	775
Other assurance services	317

Fees to auditors are reported exclusive of VAT



Note 5 Retirement benefits

Defined contribution plans

REC Solar Norway AS' employees are mainly covered by pension plans that are classified as contribution plans.

Defined contribution plans comprise arrangements whereby the company makes annual contributions to the employee's pension plan, and where the employee's future pension is determined by the amount of the contributions and the return on the individual pension plan asset. In addition, multi-employer plans where sufficient information to calculate each participant's pension obligation is not available should be accounted for as it is a defined contribution plan.

The company's contributions to the employees individual pension plan assets constitutes 5% of base salary up to 7.1G and 15% between 7.1 and 12G. G refers to the national insurance scheme's basic amount in Norway, amounting to NOK 106 399 as at 1 May 2021. 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 2021 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 2021 is equal to 2020.

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)

	2021	2020
Current service cost	256	87
Net periodic pension cost	256	87
Defined contribution plan, payments to Storebrand	9 055	7 543
Early retirement plan "AFP"	3 178	1 744
Pension Cost total	12 490	9 374
Additional interest cost for the year	136	148
The net total of pension liability		
Present value of pension obligation	-3 736	-3 126
Net pension obligation	-3 736	-3 126

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 31/12/2021



Note 6 Intangible assets

(Amount in NOK 1000)

	EDP Programs	Development of new technology	Construction in progress	Total
Historic cost 01.01.2021	32 397	111 927	9 068	153 392
Additions 2021	0	0	0	0
Disposals 2021	0	0	0	0
Historic cost 31.12.2021	32 397	111 927	9 068	153 392
Acc. depreciation 31.12.2021	22 253	100 161	0	122 414
Acc. writedowns 31.12.2021	10 144	11 766	9 069	30 979
Net booked value 31.12.2021	0	0	0	0
The year's depreciation	55	3 548	0	3 603
The year's write-downs	0	11 766	9 068	20 834
Expected lifetime	5 - 12 years	8 - 20 years		
Depreciation plan	Linear	Linear	None	

Intangible assets are mainly related to the pilot plant for development of new technology.

Note 7 Tangible assets

(Amount in NOK 1000)

	Property and plant	Equipment, fixture and fitting	Construction in progress	Total
Historic cost 01.01.2021	2 385 294	3 093 226	278 519	5 757 039
Additions 2021	0	0	20 558	20 558
Disposals 2021	0	0	0	0
Historic cost 31.12.2021	2 385 294	3 093 226	299 077	5 777 596
Acc. depreciation 31.12.2021	1 085 663	2 339 116	0	3 424 779
Acc. writedowns 31.12.2021	1 277 039	741 846	61 713	2 080 597
Net booked value 31.12.2021	22 592	12 265	237 364	272 219
The year's depreciation	72 833	106 142	0	178 975
The year's write-downs	1 274 875	601 300	44 891	1 921 066
Expected lifetime	8 - 40 years	3 - 30 years		
Depreciation plan	Linear	Linear	None	

Assessment of fair value of intangible assets, fixed assets and operating materials and spare parts



Rec Solar Norway AS's assets consist primarily of fixed assets with 272 mill kroner (Note 7), intangible assets with 0 mill. kroner (note 6) and net work capital of 66 mill. kroner, in total 338 mill. kroner. Book value of these assets are considered in relation to its recoverable amount. Current assets are assessed separately.

Recoverable amount is calculated according to the methodology of fair value less costs of sell (FVLCD). Fair value is estimated by discounting expected future cash flows with WACC (Weighted Average Cost of Capital). Management has projected cash flows based on forecast and strategy plans covering a two-year period. Currency rates and power prices are based on external official sources such as Reuters and Nasdaq. Beyond the explicit forecast period of two years, the cash flows are extrapolated using constant nominal growth rates.

KEY ASSUMPTIONS

Impairment tests are performed by comparing the carrying amount for the asset or the Cash Generating unit (CGU) including goodwill, with the recoverable amount. The recoverable amount is based on the methodology of fair value less costs of sell (FVLCD). A CGU is the lowest level at which independent cash flows can be measured. The company has one integrated production process and one CGU. Key assumptions used in calculation of FVLCD are selling prices, production costs and discount rates. Both production and sales volumes are also considered key assumptions.

Selling prices are forecasted based on two widely used third-party forecasts, value-added products from committed investment into modifying production lines, inflation, market development in which the entity operates. Fluctuation in future sales prices may affect forecasted EBITDA levels.

Production cash costs takes into consideration maximum production capacity, budgeted operational efficiency programs, expected raw material prices, planned supply chain process improvements and synergies with REC Group which will further reduce raw material prices significantly with closed loop kerf recycling through obtaining raw material from the waste produced by the REC Group operations. Changes to raw material prices may affect future production cash costs and estimated EBITDA levels. A normalised capital expenditure is assumed in the long run.

Discount rates: The required rate of return was calculated by the WACC method. The cost of a company equity and debt, weighted to reflect the average capital structure of comparable companies, derives its weighted average cost of capital. The WACC rates used in discounting the future cash flows are based on 10-year risk-free interest rate. The discount rates take into account the debt premium, market risk premium, corporate tax rate and asset beta. The computed post-tax WACC of 9,5% is applied for impairment assessment.

IMPAIRMENT TEST RESULTS AND CONCLUSION

As a result of the assessment performed, the recoverable amount of CGU is assessed to be lower than the carrying values of CGU that led to impairment loss of 1.931 MNOK booked for the income statement on 30 November 2021.

SENSITIVITY OF ESTIMATED CASH FLOWS

An increase of 1 percentage point in WACC will result in an impairment for REC Solar Norway AS of US7.5M. An individual change of 5% in key assumptions will result in a change in impairment value for REC Solar Norway AS between US11.2m to US50.0m.



Note 8 Other operating Expenses

	2021	2020
Travel and meeting expense	316	780
Machinery, inventory and material	162 138	78 894
Repair and maintance	29 426	17 689
Audit, consultants and other services	46 980	45 298
Telecom office, transportation	1 372	1 151
Additives used in production	6 216	1 893
Insurance premium	7 416	5 915
Rental costs	24 823	21 740
Transportation expenses	3 971	2 142
Other expenses	18 330	21 414
Total	300 986	196 915

Note 9 Operational leasing

(Amount in NOK 1000)

	Machines	Property and plant	Fixture and fitting vehicles	Total
Expenses 2021	9 450	15 257	77	24 784
Contractual leasing to maturity 2022	3 455	8 751	55	12 261
2020 - 2023	7 920	23 415	128	31 463
Total future lease cost	11 375	32 166	183	43 724



Note 10 Tax

This year's tax expense	2021	2020
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	-2 358 352	-348 995
Permanent differences	-1 860	-2 144
Changes temporary differences	1 973 708	-64 453
Cut interest deduction	15 445	18 819
Taxable income	-371 059	-396 773
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:

	2021	2020	Difference
Tangible assets	-1 453 991	546 601	2 000 592
Long-term receivables and liabilities in foreign currency	-15 601	-15 601	0
Stock	4 952	-12 671	-17 623
Accounts receivable	0	-12 742	-12 742
Profit and loss account	11 484	14 355	2 871
Pension premium / liabilities	-3 736	-3 126	610
Total	-1 456 892	516 816	1 973 708
Commodity contracts	0	0	0
Accumulated loss to be brought forward	-4 172 700	-3 801 642	371 058
Cut interest deduction	-281 720	-266 273	15 447
Not included in the deferred tax calculation	5 911 312	3 551 099	-2 360 213
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



Note 11 Inventory

(Amount in NOK 1000)

	2021	2020
Raw materials	120 010	82 229
Work in progress	44 722	18 759
Finished goods	134 711	79 316
Operating equipment	102 854	109 401
Total	402 297	289 705

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

Pr 31/12/2021 raw materials is written down by -31,0 MNOK accumulated (2020: -23,5 MNOK). Finished goods are written down by 0,0 MNOK accumulated (2020: -1,4 MNOK). Work in progress is written down by 0,0 MNOK accumulated (2020: 0,0 MNOK), while operating materials is written down by -47,2 MNOK accumulated (2020: -41,9 MNOK).

Note 12 Restricted bank deposits

Restricted bank deposits consists of withheld employee taxes (7 569 824 kr), pension funds (3 406 023 kr) and deposits house rent (6 001 451 kr).

Note 13 Shareholders

THE SHARE CAPITAL IN REC SOLAR NORWAY AS AS OF 31.12 CONSISTS OF:

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

Ownership structure

The largest shareholders in % at year end:

	Ordinary	Owner interest
Rec Solar Holding 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 and with an office at Model Economic Township Limited 77B, 3rd Floor, IFFCO Road, Sector 18, Gurugam 122015, prepares the consolidated accounts for 2021. The consolidated accounts may be obtained from the same address.



Note 14 Equity capital

(Amount in NOK 1000)

	Share capital	Share premium	Uncovered loss	Total equity capital
Pr. 31.12.2020	150 140	1 983 461	0	2 133 601
Share Capital Increase	842 175	0	0	842 175
Actuarial losses pensions		-252	0	-252
Net profit 2021		-1 983 209	-375 143	-2 358 352
Pr 31.12.2021	992 315	0	-375 143	617 173

See also note 15 for further information.

Note 15 Related parties

Rec Solar Norway AS is a company of REC Solar Holding AS. In 2020 and the period up until 30.11.2021 the ultimate parent company of REC Solar Norway AS was China National Bluestar Co. Ltd. On 01.12.2021 there was a change of ownership, and the ultimate parent company is now Reliance Industries Limited i India.

In the period 01.01.21-30.11.21 Elkem ASA companies were group companies and related parties for this purpose. Rec Solar Norway's sale of goods to Elkem Companies in 2021 amounted to 166,7 MNOK (90,6MNOK in 2020). Sales to REC Trading, Shanghai amounted to 0,5MNOK in 2021.

Rec Solar Norway also provided administrative services to other Elkem companies. In 2021, Rec Solar Norway AS invoiced 5,3 MNOK for these services (5,6MNOK in 2020) .

Rec Solar Norway purchased kerf from REC Trading for use in production. Total purchases in 2021 amounted to 112,7 MNOK.

Rec Solar Norway purchased power, goods and administrative services from Elkem ASA. Total purchases in 2021 equal 195,8 MNOK (59MNOK in 2020).

Management fee to Rec Solar Pte Ltd in 2021 amounted to 1 MNOK (1MNOK in 2020).

Rec Solar Holdings AS has provided a long term loan of MNOK 119,8 to REC Solar Norway AS. There are no mortgage related to the loan.

In November 2021 REC Solar Holdings AS, as the parent company of REC Solar Norway AS, contributed with a capital increase of MNOK 842,1 to REC Solar Norway AS. The capital increase was done through a conversion of the Group long term loan owed by REC Solar Norway to its parent company at the time of the conversion.

Company balances

(Amount in NOK 1000)

	2021	2020
Receivables		
Group receivables	31 868	46 164
Sum Group receivables	31 868	46 164
Liabilities		
Group liabilities	7 734	26 893
Group long term loan	119 842	547 478
Sum	127 576	574 371



Note 16 Other gains/losses

(Amount in NOK 1000)

	2021	2020
Operating exchange gain/loss	-36 782	-724
Sum other gains/losses	-36 782	-724

Rec Solar Norway AS has revenue and operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US Dollar. A fluctuation on US dollar vs. NOK exposes the company to currency risk. This is partly offset by purchase of raw materials denominated in the same currency.

Note 17 Long term liabilities

	2021	2020
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 18 Subsequents Events

Due to the outbreak of war between Ukraine and Russia in first quarter of 2022 the transportation of goods with train to Shanghai is temporary stopped. We will stop to use the train transportation and continue to use boat as transportation, which takes 8 weeks instead of 4. This will not have a huge impact on sales from Shanghai.

There is a new outbreak of Covid in China, which has caused a new lockdown there. This might delay the transportation of Kerf from Shanghai to Norway. We have a good amount of Kerf already in stock in Norway and more on in transit on boats arriving in Norway in the beginning of April.

Poly pricing is very good in Q1 2022 at 33 usd/kg market price.



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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 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the 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 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 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.

Other Information

The Board of Directors and the Managing Director (management) are 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 legal requirements.

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

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Ållå	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



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.

Oslo, 31 March 2022
KPMG AS

Øyvind Skorgevik
State Authorised Public Accountant