



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: Solfrid Hitreskog
Dato for fastsettelse av årsregnskapet: 31.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 07.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Revenue	2	1 024 138 000	529 449 000
Other income	3, 15	47 467 000	48 327 000
Sum inntekter		1 071 605 000	577 776 000
Kostnader			
Raw materials and consumables used	11, 15	700 730 000	302 192 000
Change in stock of self-produced fixed assets	4	-1 918 000	-12 648 000
Employee benefits expense	4, 5	192 604 000	214 867 000
Depreciation and amortisation expenses	6, 7	4 082 000	182 578 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6, 7		1 941 900 000
Other expenses	4, 8, 9	480 044 000	300 986 000
Other gains/losses	16	-32 635 000	-36 782 000
Sum kostnader		1 342 908 000	2 893 093 000
Driftsresultat		-271 303 000	-2 315 317 000
Finansinntekter og finanskostnader			
Annen renteinntekt		728 000	21 000
Gains/losses on exchange		-49 153 000	-27 529 000
Sum finansinntekter		-48 425 000	-27 507 000
Rentekostnad til foretak i samme konsern		15 182 000	13 988 000
Annen rentekostnad		800 000	1 540 000
Sum finanskostnader		15 982 000	15 528 000
Netto finans		-64 408 000	-43 035 000
Ordinært resultat før skattekostnad		-335 710 000	-2 358 352 000
Income tax expense	10		
Ordinært resultat etter skattekostnad		-335 710 000	-2 358 352 000
Årsresultat		-335 710 000	-2 358 352 000
Årsresultat etter minoritetsinteresser		-335 710 000	-2 358 352 000



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Totalresultat		-335 710 000	-2 358 352 000
Overføringer og disponeringer			
Udekket tap		-335 710 000	-2 358 352 000
Sum overføringer og disponeringer		-335 710 000	-2 358 352 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
R&D, Software and licenses	6		
Varige driftsmidler			
Buildings and land	7	21 206 000	22 592 000
Equipment, fixture and fittings, tools etc	7	9 567 000	12 264 000
Construction in progress	7	259 068 000	237 364 000
Sum varige driftsmidler		289 842 000	272 220 000
Other long-term receivables	17		
Sum anleggsmidler		289 842 000	272 220 000
Omløpsmidler			
Varer			
Sum varer	11	311 300 000	402 297 000
Fordringer			
Accounts receivables		49 841 000	79 109 000
Other short-term receivables	17	53 849 000	58 154 000
Konsernfordringer	15		31 868 000
Sum fordringer	17	103 691 000	169 131 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12	23 127 000	22 204 000
Sum bankinnskudd, kontanter og lignende		23 127 000	22 204 000
Sum omløpsmidler		438 117 000	593 632 000
SUM EIENDELER		727 959 000	865 852 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: NOK	Note	2022	2021
Innskutt egenkapital			
Share capital	13	992 315 000	992 315 000
Sum innskutt egenkapital		992 315 000	992 315 000
Opptjent egenkapital			
Udekket tap		710 947 000	375 143 000
Sum opptjent egenkapital		-710 947 000	-375 143 000
Sum egenkapital	14	281 368 000	617 173 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	5	3 978 000	3 736 000
Sum avsetninger for forpliktelser		3 978 000	3 736 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17		
Other non-current liabilities	15, 17	398 594 000	119 842 000
Sum annen langsiktig gjeld		398 594 000	119 842 000
Sum langsiktig gjeld		402 572 000	123 578 000
Kortsiktig gjeld			
Leverandørgjeld		15 881 000	67 757 000
Public duties payable		6 005 000	14 616 000
Kortsiktig konserngjeld	15	4 583 000	7 734 000
Other current liabilities		17 550 000	34 995 000
Sum kortsiktig gjeld		44 019 000	125 102 000
Sum gjeld		446 591 000	248 680 000
SUM EGENKAPITAL OG GJELD		727 959 000	865 852 000



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

2022



REC Solar Norway AS

The Boards annual statement for 2022

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 2022

The demand side for polysilicon was strong throughout 2022, with increase in demand and record installation of solar modules. Despite increasing capacity coming onstream the price remained high well into 2023. However, additional capacity will continue to be installed and a gradual fall in price is expected by the end of the year.

For metallurgical silicon the extremely high pricing experienced in 2021 started to fall during the first half of the year. The high energy prices in Europe have resulted in closed plants, both for silicon production and in the aluminum industry, leading to a standstill in silicon pricing for most of the year at the relatively a high level around 3,500 Euro/MT. Recently the drop in chemical demand has moved prices downward towards the 3,000 Euro level in Europe, and lower in unprotected markets outside EU.

The planned ramp-up went on in Q1 and Q2 – 2022. Full production and new production record was set in July and August. Our raw material, Kerf, has various quality. This has caused problems for a predictable and stabile process. It was therefore necessary to start Kerf testing, large scale, before shipping from Asia and has given good results. In August the, throughout the year, increasing power prices hit us hard and the company had to shut down production and temporarily lay off staff. A group of Key personnel (34) was held back to ensure start up as soon as conditions improved. Power price stayed high, and no governmental incentives did hit REC, despite numerous political involvements from REC. Staff was still temporarily laid off at year end.

Polysilicon manufacturing is highly power intensive. Towards the second half of 2022, operations at REC Norway had turned unviable due to high power prices in Norway (EUR 660/MWh peak on 30-Aug-2022). Thus, Norway plants were put under temporary shutdown from beginning of September 2022 till end of March 2023

Income Statement



Revenues (net) amounted to MNOK 1 024 in 2022 compared to MNOK 529 in 2021. The reason for the increase is that in 2022 we have not had any stops in productions due to covid as we had in 2021. Gross operating expenses to MNOK 1, 343. Operating loss for the year ended at MNOK 271 and net loss of MNOK 336. Depreciation amounted to MNOK 4. Net change in cash and cash equivalents amounted to MNOK 0.9.

Research and development costs amounted to MNOK 10.1, mostly related to further development and optimization of the production process.

Cash flow Statement

Cash flow from operating activities was MNOK -256 for the year, compared to MNOK -382 in 2021, mainly explained by temporary shut down. Cash flow from investing activities amounted to MNOK -22 for the year, compared to MNOK -21 in 2021. The cash flow from investing activities in 2022 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 279, compared to MNOK 395 in 2021. Net cashflow for 2022 ended at MNOK 0.9 compared to MNOK -7 in 2021.

Equity and debt

REC Solar Norway AS is financed by MNOK 281 in equity. The equity ratio amounts to 38,7% at 31 December 2022. The company had MNOK 23 in cash and cash equivalents 31 December 2022.

Going concern

The Board of Directors confirms that the financial statement have been prepared under the assumption that the company is a going concern and this assumption was realistic at the date of the accounts. Thus the conditions for a going concern was met by the company at the time the financial statement was completed.

Electricity prices have come down since the peak in August 22, but still remains on a high level of in 2023. Power contract for May-Dec'23 is at the moment available at EUR 98/Mwh. It was expected that Norwegian government will announce a proposal to support industries and reduce/cap power prices in Norway by December 22. While discussions are on-going, it is likely that support would be restricted only to small businesses. These initiatives have not materialised into something beneficial for REC so far.

The Polysilicon market has also been volatile with price fluctuations happening in the last two quarters. Furthermore, the polysilicon market is expected to be oversupplied over in 2023. REC Solar Norway will assess and optimize production capacity in 2023 in order to mitigate expected price pressures.

The company has a limited cash balance as of 31 December 2022 in line with cash management policies under the parent company REC Solar Holdings and its subsidiaries. REC Solar Holdings together with its subsidiaries has adequate financing facilities in place where cash can be deployed across the Group. REC Solar Holdings AS has provided the company with a letter of financial support for the company to have sufficient liquidity to continue its operations and meet its obligations for the next 12 months.

Prospects



In view of uncertain market conditions, REC Solar Norway does not intend to resume full Poly Si production in 2023, and adopt a reduced operational scale of MG Si and pellets production only (which is the first step in conversion of kerf to Poly Si). This plan may be reviewed again if market conditions stabilize.

Due to the reduced operational scale in the partial restart, REC Solar Norway plans to reduce staffing requirements. The remaining retained employees will be spread across functions such as production of MG Si and Pellets, administration, maintenance and R&D.

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 EU's new state aid rules

On Thursday 9 March, it became clear that the EU is softening the rules for state aid to companies that create renewable energy, such as the production of electricity, or engage in carbon capture and storage, but also to companies that make batteries, solar panels, wind turbines, heat pumps and electrolyzers.

The softening allows Member States to provide government funding for this green industry until the end of 2025, both in the form of grants, government loans, guarantees and tax cuts. As long as Norway are part of the EEA, REC Solar Norway AS can benefit from this provision.

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 further 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 220 fulltime employees at the end of 2022. 187 men and 33 women. The number of employees has decreased by 56 compared to 2021, mainly related to temporary close of the plant at Fiskå and Herøya. Part time employees were 0 at the end of 2022. Apprentice employees were 0 by the end of 2022.

Total sick leave was 2.58 % in 2022, of which the long-term sick leave (more than 16 days) was 3.16 %.

The working environment is considered good and the company has a strong focus on the employees safety and health. There were five injuries to employees during 2022, four of which required medical treatment. At the end of 2022, the percentage of women amounted to 15%. The company aim for equality for opportunities and treatment for both women and men, and has implemented a policy to ensure that no discrimination based on gender take 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.

Transparency Act

REC Solar Norway AS is establishing systems and routines for the handling of transparency act. This is done to make sure we are imperative to achieve the goals of transparency and respect for fundamental rights and decent working conditions envisaged by the Transparency Act.

The documentations is accessible in our documentations system Inosa, and will also be public on our website [DIRECT - DIRECT Homepage \(sharepoint.com\)](#) by June 30 2023.

Environment

The production at REC Solar Norway AS has been carried out with no significant environmental deviations from concessions in 2022.



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 loss for the year 2022.

Transferred from other equity: MNOK -336

Date:

Steve O'Neil
Chairman of the
Board

Jan Enno Bicker
Member of the Board

Rune Almaas
Member of the Board

Shankar Gauri
Sridhara
Member of the Board

Andreas Hadland
Member of the Board

Rune Norheim
Member of the Board



INCOME STATEMENT

REC SOLAR NORWAY AS

REVENUES AND OPERATING EXPENSES (Amount in NOK 1000)	Note	2022	2021
REVENUE			
Revenue	2	1 024 138	529 449
Other income	3, 15	47 467	48 327
Total income		1 071 605	577 776
OPERATING EXPENSES			
Raw materials and consumables used	11, 15	700 730	302 192
Change in stock of self-produced fixed assets	4	-1 918	-12 648
Employee benefits expense	4, 5	192 604	214 867
Depreciation and amortisation expenses	6, 7	4 082	182 578
Impairment loss	6, 7	0	1 941 900
Other expenses	4, 8, 9	480 044	300 986
Other gains/losses	16	-32 635	-36 782
Gross operating expenses		1 342 908	2 893 093
Operating profit/loss		-271 303	-2 315 317
FINANCIAL INCOME AND EXPENSES			
Interest income		728	21
Gains/losses on exchange		-49 153	-27 529
Interest expense to group companies		-15 182	-13 988
Interest expenses		-800	-1 540
Net finance		-64 408	-43 035
Profit/loss before income tax		-335 710	-2 358 352
Income tax expense	10	0	0
Net profit/loss		-335 710	-2 358 352
ATTRIBUTABLE TO:			
Other Equity		335 710	2 358 352
Total allocated		-335 710	-2 358 352

REC SOLAR NORWAY AS

SIDE 6



BALANCE SHEET

REC SOLAR NORWAY AS

ASSETS	Note	31.12.2022	31.12.2021
(Amount in NOK 1000)			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
TANGIBLE ASSETS			
Buildings and land	7	21 206	22 592
Equipment, fixture and fittings, tools etc	7	9 567	12 264
Construction in progress	7	259 068	237 364
Total property, plant and equipment		289 842	272 220
NON-CURRENT FINANCIAL ASSETS			
Total non current assets		289 842	272 220
CURRENT ASSETS			
Inventories	11	311 300	402 297
DEBTORS			
Accounts receivables		49 841	79 109
Other short-term receivables	17	53 849	58 154
Receivables from group companies	15	0	31 868
Total receivables	17	103 691	169 131
Cash and cash equivalents	12	23 127	22 204
Total current assets		438 117	593 632
Total assets		727 959	865 852



BALANCE SHEET

REC SOLAR NORWAY AS

EQUITY AND LIABILITIES (Amount in NOK 1000)	Note	31.12.2022	31.12.2021
EQUITY			
OWNERS EQUITY			
Share capital	13	992 315	992 315
Total owners equity		992 315	992 315
RETAINED EARNINGS			
Uncovered loss		-710 947	-375 143
Total retained earnings		-710 947	-375 143
Total equity	14	281 368	617 173
LIABILITIES			
PROVISIONS			
Employee benefit obligations	5	3 978	3 736
Total provisions		3 978	3 736
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	15, 17	398 594	119 842
Total non-current liabilities		398 594	119 842
Total long term liabilities		402 572	123 578
CURRENT LIABILITIES			
Accounts payable		15 881	67 757
Public duties payable		6 005	14 616
Liabilities to group companies	15	4 583	7 734
Other current liabilities		17 550	34 995
Total current liabilities		44 019	125 102
Total liabilities		446 591	248 680
Total equity and liabilities		727 959	865 852



BALANCE SHEET

REC SOLAR NORWAY AS
Kristiansand, 27.03.2023
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

Odd-Håvard Thraning

Roy Arne Aslaksen



CASH FLOW STATEMENT

REC SOLAR NORWAY AS

(Amount in NOK 1000)	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		-335 710	-2 358 352
Ordinary depreciation		4 082	182 578
Impairment of fixed assets		0	1 941 900
Change in inventory		90 997	-112 592
Change in accounts receivable		29 268	-68 843
Change in accounts payable		-51 876	-13 214
Pension expense without cash effect		148	357
Change in other accrual items		6 966	45 927
Net cash flows from operating activities		-256 124	-382 238
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Purchase of tangible non current assets		-21 704	-20 558
Net cash flows from investment activities		-21 704	-20 558
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of new intragroup loan		278 752	395 381
Net cash flows from financing activities		278 752	395 381
Net change in cash and cash equivalents		924	-7 415
Cash and cash equivalents at the start of the period		22 204	29 619
Cash and cash equivalents at the end of the period		23 127	22 204



ACCOUNTING PRINCIPLES

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 2022.

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 290 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 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)

	2022	2021
Business area		
Sj99	280 831	176 640
ESS	174 765	144 898
Block	509 288	171 165
Other	59 255	36 746
Total	1 024 138	529 449
Per geographic area		
Nordic countries	324 440	199 303
EU ex. nordic countries	112 628	45 768
The world ex EU and nordic countries	587 071	284 379
Total	1 024 138	529 449

Note 3 Other income (Amount in NOK 1000)

	2022	2021
Other Income consists of:		
CO2 compensation	36 454	31 501
Governments grants on R&D Projects	4 667	11 061
Other Income (rental, manpower etc.)	6 346	5 765
Total	47 467	48 327



Note 4 Salary costs and benefits, remuneration to the chief executive, board and auditor
(Amount in NOK 1000)

Salary costs	2022	2021
Salaries	154 421	175 408
Employment tax	23 602	25 680
Pension costs	12 420	12 496
Other benefits	2 161	1 282
Total	192 604	214 867
Self-produced fixed assets (capitalization of costs relating to projects)	-1 918	-12 648

In 2022 the company employed 220 full time equivalents. In 2021 the number of full time equivalents was 224.

Remuneration to senior executives

Remuneration to executives	General manager
Salaries	1 152
Severance Pay	2 824
Pension expenses	406
Other remuneration	4

CEO left the company 30.06.2022. All figures above relate to this period. In the period 01.07-31.12.22 the CEO has been employed and received his salary from another group company

Loans and guarantees for employees

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

Audit and other services

	2022
Audit	2 024
Other assurance services	120

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 111 477 as at 1 May 2022. 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 2022 is equal to 2021.

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)

	2022	2021
Current service cost	25	256
Net periodic pension cost	25	256
Defined contribution plan, payments to Storebrand	9 133	9 055
Early retirement plan "AFP"	3 262	3 178
Pension Cost total	12 420	12 490
Additional interest cost for the year	136	136
The net total of pension liability		
Present value of pension obligation	-3 978	-3 736
Net pension obligation	-3 978	-3 736

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.

2 employees are covered by the benefit plan for pension on salary above 12G pr 31/12/2022



Note 6 Intangible assets

(Amount in NOK 1000)

	EDP Programs	Development of new technology	Construction in progress	Total
Historic cost 01.01.2022	32 397	111 927	9 068	153 392
Additions 2022	0	0	0	0
Disposals 2022	0	0	0	0
Historic cost 31.12.2022	32 397	111 927	9 068	153 392
Acc. depreciation 31.12.2022	22 253	100 161	0	122 414
Acc. writedowns 31.12.2022	10 144	11 766	9 069	30 979
Net booked value 31.12.2022	0	0	0	0
The year's depreciation	0	0	0	0
The year's write-downs	0	0	0	0
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 01.01.2022	2 385 294	3 093 226	299 077	5 777 596
Additions 2022	0	0	21 704	21 704
Disposals 2022	0	0	0	0
Historic cost 31.12.2022	2 385 294	3 093 226	320 780	5 799 300
Acc. depreciation 31.12.2022	1 087 049	2 341 813	0	3 428 862
Acc. writedowns 31.12.2022	1 277 039	741 846	61 713	2 080 597
Net booked value 31.12.2022	21 206	9 567	259 068	289 840
The year's depreciation	1 386	2 697	0	4 082
The year's write-downs	0	0	0	0
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 290mill kroner (Note 7), intangible assets with 0 mill. kroner (note 6) and net work capital of 83 mill. kroner, in total 373 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 five-year period. Currency rates and power prices are based on market data and historical average prices. Beyond the explicit forecast period of five years, terminal value has been used based on historical EBITDA multiples of comparable companies.

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 with different products generating one CGU. Key assumptions used in calculation of FVLCD are selling prices, production costs, capital expenditure and discount rates. Both production and sales volumes are also considered key assumptions.

Selling prices are forecasted based on widely used third-party forecast, value-added products from proposed 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 expansion of current 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. Company has considered historical long term power prices as it believes current elevated power prices are not sustainable in the longer term. Changes to raw material prices (including power prices) may affect future production cash costs and estimated EBITDA levels.

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 computed post-tax WACC of 8,6% 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 higher than the carrying values of CGU.

SENSITIVITY OF ESTIMATED CASH FLOWS

An increase of 1 percentage point in WACC will still result in the expected fair value of the CGU to be higher than the carrying values of CGU and accordingly will not result in any impairment. An individual change of 5% in future selling price and power prices will result in a change in fair value for REC Solar Norway AS between US\$11m to US\$55m.



Note 8 Other operating Expenses

	2022	2021
Travel and meeting expense	1 000	316
Machinery, inventory and material	151 382	162 138
Repair and maintance	5 484	29 426
Audit, consultants and other services	49 506	46 980
Telecom office, transportation	1 958	1 372
Additives used in production	15	6 216
Insurance premium	7 999	7 416
Rental costs	26 460	24 823
Transportation expenses	6 626	3 971
Other expenses	229 614	18 330
Total	480 044	300 986

Note 9 Operational leasing (Amount in NOK 1000)

	Machines	Property and plant	Fixture and fitting vehicles	Total
Expenses 2022	8 183	17 151	21	25 355
Contractual leasing to maturity				
2023	3 018	8 194	45	11 257
2024 - 2026	4 991	16 851	83	21 925
Total future lease cost	8 008	25 045	128	33 182



Note 10 Tax

This year's tax expense	2022	2021
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	-335 710	-2 358 352
Permanent differences	57	-1 860
Changes temporary differences	-68 539	1 973 708
Cut interest deduction	15 249	15 445
Taxable income	-388 943	-371 059
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:

	2022	2021	Difference
Tangible assets	-1 346 337	-1 453 991	-107 654
Long-term receivables and liabilities in foreign currency	0	-15 601	-15 601
Stock	-47 224	4 952	52 176
Accounts receivable	0	0	0
Profit and loss account	9 187	11 484	2 297
Pension premium / liabilities	-3 978	-3 736	242
Total	-1 388 352	-1 456 892	-68 540
Commodity contracts	0	0	0
Accumulated loss to be brought forward	-4 561 623	-4 172 700	388 923
Cut interest deduction	-296 969	-281 720	15 249
Not included in the deferred tax calculation	6 246 944	5 911 312	-335 632
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)

	2022	2021
Raw materials	159 831	120 010
Work in progress	13 530	44 722
Finished goods	25 710	134 711
Operating equipment	112 229	102 854
Total	311 300	402 297

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

Pr 31/12/2022 raw materials is written down by 0,0 MNOK accumulated (2021: -31,0 MNOK). Finished goods are written down by 0,0 MNOK accumulated (2021: 0,0 MNOK). Work in progress is written down by 0,0 MNOK accumulated (2021: 0,0 MNOK), while operating materials is written down by -47,2 MNOK accumulated (2021: -47,2 MNOK).

Note 12 Restricted bank deposits

Restricted bank deposits consists of withheld employee taxes (2 764 867 kr), pension funds (3 660 412 kr) and deposits houseent (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 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 and with an office at Model Economic Township Limited 77B, 3rd Floor, IFFCO Road, Sector 18, Gurugam 122015, prepares the consolidated accounts for 2022. 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. 31.12.2021	992 315	0	-375 143	617 173
Actuarial losses pensions		0	-94	-94
Net profit 2022		0	-335 710	-335 710
Pr 31.12.2022	992 315	0	-710 947	281 368

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.

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

Sales to REC Trading, Shanghai amounted to 2,6 MNOK in 2022 (0,5MNOK in 2021).

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

Management fee to Rec Solar Pte Ltd in 2022 amounted to 1 MNOK (1 MNOK in 2021).

Rec Solar Holdings AS has provided a long term loan of MNOK 398,6 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)

	2022	2021
Receivables		
Group receivables	0	31 868
Sum Group receivables	0	31 868
Liabilities		
Group liabilities	4 583	7 734
Group long term loan	398 594	119 842
Sum	403 177	127 576



Note 16 Other gains/losses

(Amount in NOK 1000)

	2022	2021
Operating exchange gain/loss	-32 635	-36 782
Sum other gains/losses	-32 635	-36 782

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

	2022	2021
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 dramatic electricity price increase in summer 2022 REC Norway suffered heavy losses. To manage the situation and minimize losses, the production of E+/E2MR and Si99 was completely stopped early September 2022. Production personnel was laid off temporarily affecting both the company's sales and cost. The shutdown period is expected to end by March 26 2023. The company will then proceed with a partial restart while electricity price are still high. This will enable REC Norway to ramp up quickly when market conditions turn favorable again.



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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 2022, 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 2022, 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 and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

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

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Social Responsibility.

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Independent Auditor's Report -
REC Solar Norway AS

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 28 March 2023
Deloitte AS

Olav Kr. Stokkenes
State Authorised Public Accountant