



**EAM Solar ASA**

# **Q2 REPORT 2023**

Interim condensed consolidated financial statements for the period ended 30 June 2023

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# HIGHLIGHTS

## Q2 2023

- EBITDA for the quarter was minus EUR 525 thousand and accumulated for the year minus EUR 834 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of minus EUR 66 thousand for the quarter, and minus EUR 253 thousand for the first half year, equivalent to an adjusted EBITDA margin of minus 27 per cent and minus 56 per cent respectively.
- Cost of operations and SG&A were EUR 47 thousand and EUR 264 thousand for the quarter, and EUR 99 thousand and EUR 608 thousand accumulated for the year respectively.
- Legal costs were EUR 459 thousand in the quarter and EUR 581 thousand accumulated for the year.
- The Company had a profit before tax of EUR 135 thousand for the first half year, mainly caused by foreign exchange gain due to currency fluctuations.
- The Annual General Meeting on 22 May 2023 elected Viktor E Jakobsen as Chairman of the Board of Directors and Stephan L Jervell and Gro P Hvammen as members of the Board of Directors.
- On 12 July 2023, Section V of the Criminal Appeal Court of Milan notified the parties that the appeal process for the criminal proceedings related to the P31 fraud case will continue with a first hearing set for 30 November 2023.

### Key figures

EUR 000'	Unaudited Q2 2023	Unaudited Q2 2022	Unaudited H1 2023	Unaudited H1 2022	Audited 2022
Revenues	245	350	454	656	1 221
Cost of operations	(47)	(56)	(99)	(116)	(814)
Sales, general and administration expenses	(264)	(219)	(608)	(458)	(950)
Legal costs	(459)	(413)	(581)	(711)	(1 387)
EBITDA	(525)	(338)	(834)	(629)	(1 929)
Depreciation, amortizations and write downs	(141)	(141)	(283)	(281)	(564)
EBIT	(666)	(479)	(1 117)	(910)	(2 493)
Net financial items	324	901	1 252	459	428
Profit before tax	(343)	422	135	(451)	(2 065)
Income tax gain/(expense)	(9)	(12)	(9)	(25)	(141)
Net income	(351)	409	126	(476)	(2 206)
<b>Earnings per share (fully diluted):</b>	<b>(0.05)</b>	0.06	0.02	(0.07)	(0.32)
Distribution to shareholders per share	-	-	-	-	-
Dividend yield	-	-	-	-	-
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85	6.85
EBITDA adjusted	(66)	75	(253)	82	(542)

# INTERIM REPORT

**EAM Solar ASA (“EAM”, “EAM ASA”, or “the Company”) is a company listed on the Oslo Stock Exchange under the ticker “EAM”. The Company’s primary business is to own solar power plants and sell electricity under long-term fixed price sales contracts, and to pursue legal proceedings to restore company values. The Company owns four power plants in Italy, which are in the Puglia and Basilicata regions in Southern Italy. Energeia AS manages EAM under a long-term management agreement.**

This interim report should be read in combination with the Annual Report 2022, the first quarter 2023 report and stock exchange notices in the reporting period.

The narrative on various legal proceedings have been reduced compared to previous interim reports.

## Strategic review and outlook

The company is in its ninth year of litigation activity following the P31 fraud. Consequently, the company have lost out on opportunities within its initial core business activity in renewable energy.

## Litigation activities

Criminal complaints have been lodged in relevant jurisdictions against the involved parties in the P31 fraud against EAM Solar ASA. However, as of today, no police authority in these jurisdictions have conducted any appropriate investigation of the fraud of EAM Solar ASA.

At current, the only ongoing criminal proceeding related to the fraud is the criminal proceedings in the Court of Milan. The criminal proceedings will recommence in the Criminal Court of Appeal of Milan in November 2023 following the Italian Supreme Courts annulment of the previous appeal court decision of 2021.

## Business development activities

Following the dividend distributed to the company’s shareholders in October 2022 of 1 share in Energeia AS for each share in EAM Solar ASA, the shareholders now have an investment in a litigation company and in a separate company operating within the Solar PV industry under normal business conditions.

Apart from this action in 2022, the Company does not foresee any business development activities beyond the litigation activities until the litigation activities are finally resolved.

## Solar PV power plant review and outlook

### Power plants in operation

EAM ASA operated 4 power plants in the quarter. The 4 power plants have a combined installed capacity of 4.0 MW with an average annual power production of 5.4 GWh (P50 production).

### Power production

Power production in the quarter was 1 191 MWh, 27 per cent below estimated production due to lower capacity of the power plants caused by thefts combined with a period of grid failure for one of the plants. Accumulated for the year power production was 2 176 MWh, 18 per cent below estimated production.

### Cap on the price of electricity from renewable energy sources in Italy

The Italian government proposed a cap on the price of electricity from renewable sources known as the “Sostegni-ter Decree” in 2022 (the “Decree”).

On 27 January 2022, Law Decree No. 4 was published in the Italian Official Journal and entered into force on the same date, to mitigate, among others, the impact of the recent energy price increases and to protect consumers. One of the most significant measures introduced by the Decree is the limitation of the windfall profits of certain renewable power plants that have been able to benefit from rising energy prices, set out under Article 16.

On 29 March 2022, Law no. 25 (Sostegni ter Decree) entered into force. The Decree was initially intended to apply from February 2022 to the end of the year, but it has later been extended to 30 June 2023. Following the Decree, the achieved market price of electricity has

been limited to EUR 56 per MWh for the Company's power plants in the South of Italy. Based on the information received from GSE and the Decree, the Company has had an estimated electricity sales revenue reduction of EUR 90 thousand for the period from 1 January 2023 to 30 June 2023.

### **FIT revenues**

FIT revenues in the quarter were EUR 122 thousand including the reduction in revenue following the implementation of the Sostegni Ter Decree, and accumulated for the year, they were EUR 205 thousand.

### **Market price development**

Market price revenues in the quarter were EUR 122 thousand representing an average market price of EUR 102 per MWh. Accumulated for the year, market price revenues were EUR 247 thousand. This represents an average market price for electricity of EUR 113 per MWh for the period.

### **Litigation activity review**

The P31 Acquisition fraud transformed EAM from an operational Solar PV YieldCo to a company where most activity and value depends on the outcome of various litigation processes.

The following is a short status of ongoing litigation activities.

### **Criminal proceedings in Milan**

In January 2015 the prosecutor's Office of Milan filed a request for trial to the Criminal Court of Milan against 9 individuals for fraud against the State of Italy in conjunction with subsidized electricity sales contracts.

The criminal proceedings commenced in June 2016, and in April 2019 the Criminal Court of Milan published its decision, where the indicted Aveleos directors, Mr Giorgi, and Mr Akhmerov, was found guilty of criminal contractual fraud against EAM Solar ASA in conjunction with the sale of the P31 portfolio and sentenced them to prison terms and provisional damages of EUR 5 million. Aveleos S.A., as civil liable party, was condemned to be financially responsible for the same provisional damage.

The 2019 ruling by the Criminal Court of Milan was appealed by several parties, and the appeal procedure in the Criminal Court of Appeal of Milan commenced with one hearing in October 2020 and two hearings in December 2020, and on 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan.

EAM Solar ASA decided to join with the Prosecutor's Office in Milan in appealing the Criminal Appeal Court of Milan decision to the Italian Supreme Court of Cassation in 2021.

On 7 October 2021 the Supreme Court of Italy decided to annul the acquittal decision of by the Criminal Appeal Court of Milan in its entirety.

In November 2021 the Supreme Court issued its full grounds for the annulment decision of the acquittal ruling. The Supreme Court found that the Criminal Appeal Court of Milan did not fulfil its obligation to conduct a correct and comprehensive review of the factual evidence in the criminal case, resulting in an erroneous evaluation of the evidence with the effect that the acquittal decision was based on obvious inconsistent and illogical arguments.

The Supreme Court sent the criminal proceedings back to a different chamber of the Criminal Appeal Court of Milan for new proceedings to be conducted, with the requirement that the new court proceedings must be based on a complete review of the evidence, making correct application of the principles of law and the rules of logic as formulated in the Supreme Court decision.

On the fraud of EAM, the Supreme Court concluded that the evidenced withholding of essential information during the contractual negotiations constitutes a contractual fraud.

In July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings will continue with a hearing date for 30 November 2023. Based on the timeline from the previous appeal proceedings in 2020/2021, EAM anticipates a final appeal decision in 2024.

### **Arbitration proceedings in Milano of 2016**

Following the final legal ruling by the Administrative Court of Lazio (TAR) in June 2016 that the 17 terminated FIT contracts were invalid, the Company summoned Aveleos S.A. to the Milan Chamber of Arbitration requesting the Share Purchase Agreement between the parties to be declared null and void based on fundamental breach of contract.

On 2 April 2019 a final award was made by the Arbitral Tribunal of the Milan Chamber of Arbitration. The Arbitration decision was not unanimous, with one of three arbitrators dissenting to dismissing the claims brought by EAM Solar ASA. The dissenting opinion was published together as an integrated part of the of the arbitration ruling.

On 4 July 2019 EAM Solar ASA filed an appeal against the Arbitration Tribunal decision in the civil Court of Appeal of Milan asking the court to annul the arbitration award of 2 April 2019 based on 12 different accounts of breach of Italian law in its conclusions and the basis for the arbitration award. On 23 June 2021 the Civil Court of Appeal of Milan decided to dismiss the request for the annulment of the Arbitration award. However, The Arbitration decision of 2019 is not yet final since EAM decided to appeal the dismissal by the Civil Appeal Court in Milan to the Supreme Court in Italy within the deadline on 22 September 2021.

#### **New Arbitration in Milan of 2020**

On 5 October 2020, the Arbitration Chamber of Milan notified EAM Solar ASA and its subsidiary EAM Solar Italy Holding Srl that Aveleos SA had filed for two new arbitration proceedings in relation to the P31 SPA with reference to shareholder loans and corporate guarantees. The two proceedings have later been merged into one proceeding.

Final briefs and rebuttals have been submitted and the final hearing for the arbitration proceedings is scheduled for 13 September 2023.

#### **Civil Court Italy; UBI**

In November 2018 EAM Solar ASA was served with a notice that UBI Leasing had requested the Court of Brescia for an injunction of EUR 6 million on EAM assets. The court of Brescia granted a preliminary non-enforceable injunction. EAM challenged the injunction. Court hearings in this matter has been ongoing since 2019 until this day.

EAM has requested UBI to provide both witnesses and documentation of the banks handling of the leasing financing activities of the Solar PV power plants in 2010 and 2011 in the proceedings. On

10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

No provisions are made in the accounts on this matter.

#### **Civil Court Luxembourg**

EAM Solar ASA filed a civil lawsuit in Luxembourg in July 2019 against the Aveleos shareholder, Enovos, along with the four Enovos-employed directors of Aveleos. This civil claim is subordinate to the original criminal complaint with civil action filed in 2016.

#### **Administrative Court Italy – ENFO 25**

In September 2019, the Company received notice from GSE that they had suspended payments of electricity delivered under the feed-in-tariff contracts for ENFO 25. The Company appealed the order before the Administrative Court “TAR” in Lazio (Rome). Subsequent hearings in this matter have been conducted in TAR since in 2019.

In July 2021 TAR decided in a court ruling that the termination decision made by GSE on the FIT contract for ENFO25 in September 2019 is invalid and consequently cancelled.

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 950 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA. How and when GSE will restore their contractual obligations is not yet determined.

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end 2022, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable was written down and the net amount recognised as an operating cost, write down of trade receivables amounting to EUR 569 thousand at year-end 2022. Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company will not recognise Feed-In-Tariff revenues for ENFO 25.

No further provisions are made in the accounts on this matter.

#### **Breach of standstill agreement proceedings against Aveleos S.A. in the Court of Luxembourg.**

In a ruling communicated in March 2017 the court decided that the Luxembourg civil proceedings regarding the standstill agreement shall be put to a halt until the award before the Arbitration Court of Milan is finalized.

In October 2022 the matter was brought for a renewal. The Judge reconfirmed stay of any proceedings.

On 25 April 2023, Aveleos requested permission from the Court to appeal the 2022 stay of the standstill proceedings. Aveleos alleged that its human rights had been violated by the court's decision to stay proceedings. On 2 May 2023, the Court heard arguments and on 5 May 2023 decided to reject Aveleos' appeal on the merits. Consequently, the 2022 decision remains in effect.

## Administrative events

### New board of directors

The Annual General Meeting on 22 May 2023 elected Viktor E Jakobsen as Chairman of the Board of Directors and Stephan L Jervell and Gro P Hvammen as members of the Board of Directors.

For a period, there has been no CEO (which is not in accordance with the articles of association nor the Public Limited Liability Companies Act), however the Board of Directors is in process to search for a new CEO of the Company.

## Subsequent events

### Criminal proceedings in Milan

In July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings will continue with a hearing date set for 30 November 2023.

### Risk associated with the economic situation in Europe.

Throughout 2022 and so far in 2023 markets in Europe have been characterised by surging energy prices, increasing interest rates and price increases in general. The Group has to a very little extent been affected by this.

With the Decree in Italy that has limited the market price dramatically there has been no windfall profit for the Group. Increased interest rates impact the group to a certain extent through the external leasing debt. Increased prices in general does not impact the Group substantially.

### The War in Ukraine and sanctions against Russia

The war in Ukraine and the sanctions against Russia has had no

direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2023.

## Financial review

### Revenues

Revenues in the quarter were EUR 245 thousand, of which FIT revenues were EUR 122 thousand including the reduction in revenue following the implementation of the Sostegni Ter Decree. EUR 122 thousand were from market sales of electricity and EUR 1.5 thousand were other revenues.

Accumulated for the year revenues were EUR 454 thousand, of which of which FIT revenues were EUR 205 thousand including the reduction in revenue following the implementation of the Sostegni Ter Decree. EUR 247 thousand were from market sales of electricity and EUR 2.5 thousand were other revenues.

Based on the information received from GSE and the Decree, the Company has had an estimated electricity sales revenue reduction of EUR 90 thousand for the period from 1 January 2023 to 30 June 2023.

The quarterly revenues represent approximately 18.2 per cent of the expected annual revenues of EUR 1 350 thousand.

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end 2022, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable was written down and the net amount recognised as an operating cost, write down of

trade receivables amounting to EUR 569 thousand at year-end 2022. Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company will not recognise Feed-In-Tariff revenues for ENFO 25.

### Cost of operations

Cost of operations in the quarter was EUR 47 thousand and accumulated for the year cost of operations was EUR 99 thousand.

### SG&A costs

SG&A costs in the quarter were EUR 264 thousand and accumulated for the year SG&A costs were EUR 608 thousand.

### Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 459 thousand and accumulated for the year EUR 581 thousand.

### EBITDA

EBITDA in the quarter was minus EUR 525 thousand, representing an EBITDA margin of minus 214 per cent. Accumulated for the year EBITDA was minus EUR 834 thousand, representing and EBITDA margin of minus 184 per cent.

### EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 666 thousand. Accumulated for the year depreciation and amortization were EUR 283 thousand, resulting in an operating profit of minus EUR 1 117 thousand in the period.

**Net financial items**

Net financial items in the quarter were positive with EUR 324 thousand. Accumulated for the year net financial items were positive with EUR 1 252 thousand.

**Pre-tax profit, taxes, and net profit**

Pre-tax profit in the quarter was negative with EUR 343 thousand and accumulated for the year pre-tax profit was positive with EUR 135 thousand.

Taxes in the quarter were 9 thousand. Accumulated for the year tax cost was EUR 9 thousand.

Reported net income in the quarter was minus EUR 351 thousand and accumulated for the year net income was EUR 126 thousand.

**Cash flow**

Cash flow from operations in the reporting period was negative with

EUR 623 thousand. Investment activities were positive with EUR 180 thousand in the period. Financing activities were negative with EUR 370 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 650 thousand, of which EUR 343 thousand is restricted and EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

**Balance sheet**

On a group level total assets at the end of the quarter were EUR 8.8 million with book equity of EUR 2.6 million representing an equity ratio of 29.4 per cent.

**Shares and share capital**

The Company's registered share capital at the end of the quarter was NOK 68 522 100 divided into 6 852 210 shares, each with a nominal value of NOK 10.

Oslo, 16 August 2023

Stephan Lange Jervell  
*Non-executive director*

Gro Prødel Hvammen  
*Non-executive director*

Viktor Erik Jakobsen  
*Chairman & acting CEO*





# CONSOLIDATED INTERIM FINANCIAL INFORMATION

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q2 2023	Unaudited Q2 2022	Unaudited H1 2023	Unaudited H1 2022	Audited 2022
Revenues	<a href="#">5, 12</a>	245 403	350 152	454 162	656 418	1 221 073
Cost of operations	<a href="#">12</a>	(47 066)	(55 817)	(99 146)	(115 761)	(813 734)
Sales, general and administration expenses	<a href="#">12</a>	(264 489)	(219 177)	(608 322)	(458 374)	(949 613)
Legal costs	<a href="#">12</a>	(459 080)	(413 429)	(580 953)	(711 356)	(1 386 837)
EBITDA	<a href="#">5</a>	(525 232)	(338 272)	(834 258)	(629 073)	(1 929 111)
Depreciation, amortizations and write downs	<a href="#">9</a>	(141 115)	(140 666)	(282 594)	(281 331)	(563 575)
EBIT	<a href="#">5</a>	(666 347)	(478 938)	(1 116 853)	(910 404)	(2 492 686)
Finance income	<a href="#">6</a>	355 372	941 869	1 352 283	943 972	1 192 570
Finance costs	<a href="#">6</a>	(31 692)	(41 093)	(100 104)	(485 039)	(764 986)
Profit before tax		(342 666)	421 839	135 326	(451 472)	(2 065 101)
Income tax gain/(expense)		(8 774)	(12 443)	(9 158)	(24 575)	(140 582)
Profit after tax		(351 441)	409 397	126 169	(476 047)	(2 205 683)

EUR	Note	Unaudited Q2 2023	Unaudited Q2 2022	Unaudited H1 2023	Unaudited H1 2022	Audited 2022
<b>Other comprehensive income</b>						
Translation differences		(337 597)	(1 071 196)	(1 390 280)	(601 498)	(686 065)
Other comprehensive income net of tax		(337 597)	(1 071 196)	(1 390 280)	(601 498)	(686 065)
Total comprehensive income		(689 037)	(661 799)	(1 264 111)	(1 077 545)	(2 891 748)
<b>Profit for the year attributable to:</b>						
Equity holders of the parent company		(351 441)	409 397	126 169	(476 047)	(2 205 683)
Equity holders of the parent company		(351 441)	409 397	126 169	(476 047)	(2 205 683)
<b>Total comprehensive income attributable to:</b>						
Equity holders of the parent company		(689 037)	(661 799)	(1 264 111)	(1 077 545)	(2 891 748)
Equity holders of the parent company		(689 037)	(661 799)	(1 264 111)	(1 077 545)	(2 891 748)
<b>Earnings per share:</b>						
Continued operation						
- Basic		(0.05)	0.06	0.02	(0.07)	(0.32)
- Diluted		(0.05)	0.06	0.02	(0.07)	(0.32)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited H1 2023	Audited 2022
<b>ASSETS</b>			
Property, plant and equipment	<a href="#">9</a>	5 711 035	5 987 981
Intangible assets		8 751	9 101
Other long term assets		291 318	324 297
Deferred tax assets		52 673	64 018
Non-current assets		6 063 777	6 385 396
<b>Current assets</b>			
Trade and other receivables	<a href="#">8</a>	1 490 169	2 174 744
Other current assets		632 035	634 662
Cash and cash equivalents	<a href="#">7</a>	649 764	1 464 397
Current assets		2 771 969	4 273 803
<b>TOTAL ASSETS</b>		<b>8 835 746</b>	<b>10 659 199</b>

EUR	Note	Unaudited H1 2023	Audited 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid in capital</b>			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
Paid in capital		35 729 986	35 729 986
<b>Other equity</b>			
Translation differences		(9 205 175)	(7 814 895)
Other equity		(23 922 923)	(24 049 092)
Other equity		(33 128 098)	(31 863 987)
<b>Total equity</b>		<b>2 601 888</b>	<b>3 865 999</b>
<b>Non-current liabilities</b>			
Leasing		3 104 885	3 340 536
Deferred tax liabilities		722 465	804 250
Other non current liabilities		343 887	343 887
Total non-current liabilities	<a href="#">10</a>	4 171 236	4 488 674
<b>Current liabilities</b>			
Leasing		453 731	430 836
Trade and other payables		1 603 012	1 873 690
Tax payables		5 878	-
Total current liabilities	<a href="#">10</a>	2 062 621	2 304 526
<b>Total liabilities</b>		<b>6 233 858</b>	<b>6 793 200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 835 746</b>	<b>10 659 199</b>

Oslo, 16 August 2023

Stephan Lange Jervell  
*Non-executive director*Gro Prødel Hvammen  
*Non-executive director*Viktor Erik Jakobsen  
*Chairman & acting CEO*

## CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	H1 2023	2022
<b>Cash flow from operations</b>			
Profit before income taxes		135 326	(2 065 101)
Depreciation	<a href="#">9</a>	282 595	563 576
Change in trade debtors	<a href="#">8</a>	104 680	536 899
Change in trade creditors	<a href="#">10</a>	53 632	(449 978)
Effect of exchange fluctuations		(1 403 064)	(656 901)
Change in other provisions		202 945	1 383 856
Net cash flow from operations		(623 885)	(687 649)

EUR	Note	H1 2023	2022
<b>Cash flow from investments</b>			
Purchase of fixed assets	<a href="#">9</a>	(5 300)	(12 600)
Payment of short term loan /receivables		185 000	2 213 757
Net cash flow from investments		179 700	2 201 157
<b>Cash flow from financing</b>			
Repayment of long term loans		(212 757)	(409 291)
Interest paid		(157 691)	(221 516)
Net cash flow from financing		(370 448)	(630 807)
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		(814 633)	882 701
Cash and cash equivalents at the beginning of the period		1 464 397	581 696
Cash and cash equivalents at the end of the period	<a href="#">7</a>	649 764	1 464 397

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
Equity as at 1 January 2022	8 126 110	27 603 876	(21 830 374)	(7 128 830)	<b>6 770 782</b>
Profit (loss) After tax			(2 205 683)		<b>(2 205 683)</b>
Dividend in kind			(13 035)		<b>(13 035)</b>
Other comprehensive income				(686 065)	<b>(686 065)</b>
Equity as at 31 December 2022	8 126 110	27 603 876	(24 049 092)	(7 814 895)	<b>3 865 999</b>
Equity as at 1 January 2023	8 126 110	27 603 876	(24 049 092)	(7 814 895)	<b>3 865 999</b>
Profit (loss) After tax			126 169		<b>126 169</b>
Other comprehensive income				(1 390 280)	<b>(1 390 280)</b>
Equity as at 30 June 2023	8 126 110	27 603 876	(23 922 923)	(9 205 175)	<b>2 601 888</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 01 BASIS FOR PREPARATION

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### General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, 0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker “EAM” in 2013.

The primary business activity of EAM is both to own solar photovoltaic power plants and sell electricity under long-term fixed price sales contracts, and to pursue legal proceedings to restore company values. EAM was structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM is dependent on the future outcome of litigation activities.

EAM currently owns 4 photovoltaic power plants and 2 subsidiaries in Italy. The Company has no employees.

Energeia AS manages the Company under a long-term management agreement. Energeia AS conducts the day-to-day operational tasks with own employees and using subcontractors.

These interim condensed consolidated financial statements for the quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group’s Annual Report 2022 that was published on 25 April 2023 and the stock exchange notices in the reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

### Financial risk

The external leasing contracts has a floating interest rate.

### Credit risk

Under normal circumstances the risk for losses is low, as the counterpart is the Italian state, but given the unpaid FIT amounts on ENFO 25, have the management at year end decided to make a provision and write down the receivable against GSE, see [note 2](#) and [8](#). The Group has not made any offsets or other derivative agreements to reduce the credit risk in EAM.

### Asset value risk

EAM Group’s cash balance was EUR 650 thousand on 30 June 2023, of which EUR 343 thousand are restricted and EUR 62 thousand are seized by the Italian state.

### Market and regulatory risk

One of the main risks of operations in Italy is related to regulatory risk. The contractual counterparty, the Government of Italy, has conducted unilateral and retroactive changes to the commercial electricity sales contracts to the detriment of the suppliers and they have also made changes to the operational regulatory regime governing power plants in Italy.

### Risk associated with the economic situation in Europe

Throughout 2022 and so far in 2023 have markets in Europe been characterised by surging energy prices, increasing interest rates and price increases in general. The Group has to a very little extent been affected by this.

With the Decree in Italy that has limited the market price dramatically there has been no windfall profit for the Group. Increased interest rates impact the group to a certain extent through the external leasing debt. Increased prices in general does not impact the Group substantially.

## NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

In the process of applying the Group's accounting policies according to IFRS, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity, and the profit for the period. The Company's most important accounting estimates are the following:

### Revenue and receivables

The Group has receivables against various parties including the Italian state and companies involved in the criminal proceedings in Milano. It is uncertainty regarding the willingness or ability for these parties to pay. To the extent the Company or its subsidiary is aware of any doubt in the likelihood of collecting such receivable a provision has been made. Significant judgement is required in estimating the soundness of such receivable.

In the case of ENFO 25 where the Company received a GSE order to suspend the incentives and relevant payments of feed-in-tariff, the Company has decided to recognise revenue in full.

The Administrative Court of Lazio (TAR) has decided in a court ruling on 12 July 2021 that the termination decision made by GSE on the FIT contract for ENFO25 in September 2019 is invalid and consequently cancelled.

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 950 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end 2022, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision

of payable was written down and the net amount recognised as an operating cost, write down of trade receivables amounting to EUR 569 thousand at year-end 2022. Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company will not recognise Feed-In-Tariff revenues for ENFO 25.

### Going concern

The board and management consider the Company's ability to operate as a going concern for the next 12 months as secured. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

### The war in Ukraine

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2023.

## NOTE 03 CURRENCY EXPOSURE

Most of EAM's economic activities (revenues and costs) are in EUR. Some of the cost base is in NOK. The functional currency for the parent company is NOK.

## NOTE 04 TRANSACTIONS WITH RELATED PARTIES

### Related parties

Energeia AS is the manager of EAM. Energeia AS in Norway and Italy employs most of the personnel conducting the administrative services for EAM, whereas the technical services are done by subcontractors. Energeia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are large shareholders in EAM. They are also shareholders in Energeia AS, but not involved in the day-to-day operations of Energeia AS. Sundt AS was represented on the board of directors of Energeia AS until 13 December 2022. Certain key personnel managing the day-to-day operations of EAM are also investors in Energeia AS.

### Transactions with related parties

All the transactions have been carried out as part of the ordinary operations and at arms-length prices.

Energeia AS invoice all billable hours at a predetermined rate for each consultant working on the assignment. Out-of-pocket expenses is billed separately at cost. The hourly rate per consultant will be adjusted yearly in conjunction with the budget process and approval in EAM Solar ASA.

Accumulated for the year Energeia AS' direct costs for the management of EAM was EUR 310 thousand, of which EUR 210 thousand was related to SG&A, and EUR 100 thousand was related to legal and litigation work in conjunction with the P31 Acquisition fraud.

**NOTE 05 SEGMENT INFORMATION**

The Group owns and operates four solar PV power plants in Italy at the end of the reporting period. They are reported as one business segment. The business is investing in and operating power plants that have similar economic characteristics.

During the period ended 30 June 2023 approximately EUR 205 thousand of the Group's external revenue was derived from sales to the Italian state, represented by GSE for the Feed in Tariff contracts.

Approximately EUR 247 thousand of the Group's external revenue was derived from sales to an international commodities trading house for the market price contracts. Due to the implementation of the Sostegni Ter Decree, which is applicable for companies with Feed-In-Tariff contracts, the achieved market price of electricity has been limited to EUR 56 per MWh for the Company's power plants in the South of Italy.

Based on the information received from GSE and the Decree, the Company has had an estimated electricity sales revenue reduction of EUR 90 thousand for the period from 1 January 2023 to 30 June 2023.

**NOTE 06 FINANCIAL INCOME AND EXPENSES**

EUR	H1 2023	H1 2022
<b>Financial income</b>		
Interest income	4 818	46
Foreign exchange gain	1 347 465	943 926
<b>Total financial income</b>	<b>1 352 283</b>	943 972
<b>Financial expenses</b>		
Interest expense	(128 497)	(75 458)
Foreign exchange losses	30 035	(407 705)
Other financial expenses	(1 642)	(1 877)
<b>Total financial expenses</b>	<b>(100 104)</b>	(485 040)
<b>Net financial income (expenses)</b>	<b>1 252 179</b>	458 932

The average exchange rate used for the reporting period is EUR/NOK 11.3074, whereas the exchange rate used on 30 June 2023 is EUR/ NOK 11.704.

**NOTE 07 CASH AND CASH EQUIVALENTS**

EUR	Q2 2023	2022
Cash Norway	96 288	937 904
Cash Italy	553 476	526 494
Cash and cash equivalents	649 764	1 464 397
Restricted cash Norway	-	294 851
Restricted cash Italy	342 883	331 541
Seized cash Italy	61 616	61 616

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM has nearly exhausted the third and final tranche.

The restricted cash in Italy of EUR 343 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings.



**NOTE 08 ACCOUNTS RECEIVABLES****TRADE AND OTHER RECEIVABLES**

EUR	Q1 2023	2022
Accounts receivables	1 565	-
Deferred revenue towards GSE	111 876	218 121
Receivable from sale of subsidiaries	-	305 017
Other receivables	1 376 729	1 651 606
Accounts receivables	1 490 169	2 174 744

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end 2022, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable was written down and the net amount recognised as an operating cost, write down of trade receivables amounting to EUR 569 thousand at year-end 2022.

Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company will not recognise Feed-In-Tariff revenues for ENFO 25. Please see [note 2](#) for further information.

**NOTE 09 PROPERTY, PLANT AND EQUIPMENT****2023**

EUR	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2023	1 356 652	4 342 529	288 800	5 987 981
Additions	1 750	-	3 550	5 300
Depreciation	(57 607)	(206 500)	(18 139)	(282 245)
Carrying value 30 June 2023	1 300 796	4 136 029	274 211	5 711 035

**2022**

EUR	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2022	1 470 610	4 755 529	312 119	6 538 257
Additions			12 600	12 600
Depreciation	(113 958)	(412 999)	(35 919)	(562 876)
Carrying value 31 December 2022	1 356 652	4 342 529	288 800	5 987 981

Economic life of 20–25 years and straight-line depreciation.

The implementation of IFRS 16 relates to land rent and surface rights for ENS 1.

**NOTE 10 SHORT- AND LONG-TERM DEBT**

EUR	Q2 2023	2022
Deferred tax liabilities	722 465	804 250
Other non current liabilities	343 887	343 887
Obligations under finance leases	3 104 885	3 340 536
<b>Total non-current liabilities</b>	<b>4 171 237</b>	<b>4 488 674</b>
Trade payables	681 098	627 466
Payables to GSE	846 317	756 355
Other payables	55 520	480 681
Taxes other than income taxes	13 847	6 677
Accrued liabilities	2 262	2 511
Trade and other payables	1 603 012	1 873 690
Current leasing	453 731	430 836
Tax payable	5 878	-
<i>Related to ordinary operations</i>	<i>2 062 621</i>	<i>2 304 526</i>
<b>Total current liabilities</b>	<b>2 062 621</b>	<b>2 304 526</b>
<b>Total liabilities</b>	<b>6 233 858</b>	<b>6 793 200</b>

**Payables to GSE**

On 29 March 2022, Law no. 25 (Sostegni ter Decree) entered into force. The Decree was initially intended to apply from February 2022 to the end of the year, but it has later been extended to 30 June 2023. Following the Decree, the achieved market price of electricity has been limited to EUR 56 per MWh for the Company's power plants in the South of Italy. Relevant provisions are made but not yet paid as the Company is awaiting final decision in the Italian judicial system on the lawfulness of the Decree.

**Equity contribution agreement and patronage letter**

In conjunction with the "P31 acquisition", EAM Solar Italy Holding Srl entered into a so-called patronage letter and an equity contribution agreement with UBI Leasing and UniCredit respectively. These agreements may under certain circumstances require EAM Solar Italy Holding Srl to inject additional equity into the debt financed SPVs to cover any shortfall or breach of the debt repayment obligations of the SPVs.

The FIT contracts of the SPVs have been terminated by GSE due to a fraud against the State of Italy.

In November 2018 EAM Solar ASA was served with a notice that UBI Leasing had requested the Court of Brescia for an injunction of EUR 6 million on EAM assets. The court of Brescia granted a preliminary non-enforceable injunction. EAM challenged the injunction. Court hearings in this matter has been ongoing since 2019 until this day.

EAM has requested UBI to provide both witnesses and documentation of the banks handling of the leasing financing activities of the Solar PV power plants in 2010 and 2011 in the proceedings. On 10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

No provisions are made in the accounts on this matter.

**Receivable and payable against Aveleos S.A., its directors and its two shareholders Enovos Luxembourg S.A. and Avelar Energy ltd.**

The 2019 ruling by the Criminal Court of Milan was appealed by several parties, and the appeal procedure in the Criminal Court of Appeal of Milan commenced with one hearing in October 2020 and two hearings in December 2020, and on 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan.

EAM Solar ASA decided to join with the Prosecutor's Office in Milan in appealing the Criminal Appeal Court of Milan decision to the Italian Supreme Court of Cassation in 2021.

On 7 October 2021 the Supreme Court of Italy decided to annul the acquittal decision of by the Criminal Appeal Court of Milan in its entirety.

In November 2021 the Supreme Court issued its full grounds for the annulment decision of the acquittal ruling. The Supreme Court found that the Criminal Appeal Court of Milan did not fulfil its obligation to conduct a correct and comprehensive review of the factual evidence in the criminal case, resulting in an erroneous evaluation of the evidence with the effect that the acquittal decision was based on obvious inconsistent and illogical arguments.

The Supreme Court sent the criminal proceedings back to a different chamber of the Criminal Appeal Court of Milan for new proceedings to be conducted, with the requirement that the new court proceedings must be based on a complete review of the evidence, making correct application of the principles of law and the rules of logic as formulated in the Supreme Court decision.

On the fraud of EAM, the Supreme Court concluded that the evidenced withholding of essential information during the contractual negotiations constitutes a contractual fraud.

In July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings will continue with a hearing date for 30 November 2023.

The Company estimates its claim to be more than EUR 300 million. The claim is a contingent asset that will not be recognised in the balance sheet.

Based on the Share Purchase Agreement and the addendums, the Company is entitled to a payment from Aveleos due to the overpayment for ENS4 and the post-closing adjustments including interest. This amount has been confirmed by EY in a separate audit on the issue which later has been updated and reconfirmed by RSM.

In addition, the company has recognised a loan of EUR 2.5 million given by Aveleos in 2014.

EAM Solar Italy Holding Srl was on 10 December 2020 notified that Aveleos had filed a petition, without EAM's knowledge, to the Civil Court in Milano claiming payment of shareholder loans in the amount of EUR 12 683 721 under the Sale and Purchase Agreement of the P31 transaction.

EAM Solar ASA and its subsidiary is of the opinion that such claim does not exist and have third party expert opinions supporting this fact. The fact is that Aveleos SA owes EAM Solar ASA money following the SPA due to the non-transfer of 10 power plants.

EAM Solar Italy Holding Srl contested the decision in January 2021 and enrolled the case to Court. A hearing was expected to take place in June 2021 but ended up being scheduled for 7 September 2021. In the meantime, Aveleos adhered to our objection that an arbitration was already pending on the same issue, and accordingly decided to drop the case. This will bring the proceedings to an end.

No provisions are made in the accounts on this matter.

**NOTE 11 LIST OF SUBSIDIARIES**

The following subsidiaries are included in the interim consolidated financial statements.

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(1 064 194)	(1 064 194)	(2 927 520)	13 860 001
Ens Solar One Srl	Italy	Solar power plant	100%	100%	232 832	7 845	(84 654)	3 370 390
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	(16 241)	(73 847)	(336 289)	1 802 336

**NOTE 12 OPERATIONAL COSTS BREAK-DOWN 6M 2023**

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	454 162	454 162	-
Cost of operations	(99 146)	(69 031)	(30 115)
Land rent	-	-	-
Insurance	(49 951)	(19 836)	(30 115)
Operation & Maintenance	(16 476)	(16 476)	-
Other operations costs	(32 720)	(32 720)	-
Sales, General & Administration	(608 322)	(139 462)	(468 859)
Accounting, audit & legal fees	(114 171)	(16 055)	(98 115)
IMU tax	(6 449)	(6 449)	-
Energieia adm costs	(210 014)	(72 504)	(137 510)
Other administrative costs	(277 688)	(44 454)	(233 234)
Legal costs	(580 953)	(29 078)	(551 875)
Legal costs	(481 522)	(29 000)	(452 522)
Energieia legal costs	(100 207)	(54)	(100 153)
Other non-recurring items	776	(24)	800
EBITDA	(834 258)	216 591	(1 050 850)

## **NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE**

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### **Criminal proceedings in Milan**

On 12 July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings will continue with a hearing date set for 30 November 2023.

### **Risk associated with the economic situation in Europe**

Throughout 2022 and so far in 2023 markets in Europe have been characterised by surging energy prices, increasing interest rates and price increases in general. The Group has to a very little extent been affected by this.

With the Decree in Italy that has limited the market price dramatically there has been no windfall profit for the Group. Increased interest rates impact the group to a certain extent through the external leasing debt. Increased prices in general does not impact the Group substantially.

### **The War in Ukraine and sanctions against Russia**

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2022.

# RESPONSIBILITY STATEMENT

From the Board of Directors and the CEO

Today, the Board of Directors reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2023 and the first six months of 2023. The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

The interim consolidated financial statement for the first six months of 2023 has been prepared in accordance with applicable accounting standards. The information disclosed in the accounts provides a true and fair view of the Group's assets, liabilities, financial position, and profit as of 30 June 2023. The interim management report for the first six months of 2023 also includes a fair overview of key events during the reporting period and their effects on the financial statement for the first half-year of 2023. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo, 16 August 2023

Stephan Lange Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Viktor E Jakobsen  
Chairman & acting CEO

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