



EAM Solar ASA

Q3 REPORT 2023

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

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HIGHLIGHTS

Q3 2023

EBITDA for the quarter was EUR 34 thousand and accumulated for the year minus EUR 798 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 161 thousand for the quarter, and minus EUR 91 thousand accumulated for the year, equivalent to an adjusted EBITDA margin of 49 per cent and minus 12 per cent respectively.

Cost of operations and SG&A were EUR 50 thousand and EUR 121 thousand for the quarter, and EUR 150 thousand and EUR 728 thousand accumulated for the year respectively.

Legal costs were EUR 128 thousand in the quarter and EUR 707 thousand accumulated for the year.

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.

Regarding the new arbitration in Milan of 2020, the final hearing in this arbitration took place on 13 September 2023. The arbitration tribunal has set a term until 26 January 2024 to deliver their final decision.

Key figures

EUR 000'	Unaudited Q3 2023	Unaudited Q3 2022	Unaudited 9M 2023	Unaudited 9M 2022	Audited 2022
Revenues	333	344	787	1 001	1 221
Cost of operations	(50)	(70)	(150)	(186)	(814)
Sales, general and administration expenses	(121)	(216)	(728)	(674)	(950)
Legal costs	(128)	(18)	(707)	(728)	(1 387)
EBITDA	34	39	(798)	(587)	(1 929)
Depreciation, amortizations and write downs	(141)	(141)	(424)	(422)	(564)
EBIT	(107)	(101)	(1 222)	(1 009)	(2 493)
Net financial items	(590)	151	620	592	428
Profit before tax	(698)	50	(602)	(417)	(2 065)
Income tax gain/(expense)	(130)	(13)	(139)	(37)	(141)
Net income	(827)	37	(740)	(454)	(2 206)
Earnings per share (fully diluted):	(0.12)	0.01	(0.11)	(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	161	58	(91)	141	(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, 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 1 345 MWh, 21.3 per cent below estimated production due to lower capacity of the power plants caused by thefts. Accumulated for the year power production was 3 521 MWh, 20.9 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 during the first half of 2023 had an estimated electricity sales revenue reduction of EUR 90 thousand.

FIT revenues

FIT revenues in the quarter were EUR 195 thousand, and accumulated for the year they were EUR 400 thousand including the reduction in revenue following the implementation of the Sostegni Ter Decree.

Market price development

Market price revenues in the quarter were EUR 135 thousand representing an average market price of EUR 101 per MWh. Accumulated for the year, market price revenues were EUR 382 thousand. This represents an average market price for electricity of EUR 108 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 Milan 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.

The final hearing in this arbitration took place on 13 September 2023. The arbitration tribunal has set a term until 26 January 2024 to deliver their final decision.

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 bank's 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 1 020 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

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.

Since the Decree in Italy has limited the market price during the first half of 2023 there has been no windfall profit for the Group in this period. Increased interest rates impact the group to a certain extent through the external leasing debt.

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 333 thousand, of which FIT revenues were EUR 195 thousand, EUR 135 thousand were from market sales of electricity and EUR 2.6 thousand were other revenues.

Accumulated for the year revenues were EUR 787 thousand, of which of which FIT revenues were EUR 400 thousand including the reduction in revenue following the implementation of the Sostegni Ter Decree. EUR 382 thousand were from market sales of electricity and EUR 5.1 thousand were other revenues.

Based on the information received from GSE and the Decree, the Company has during the first half of 2023 had an estimated electricity sales revenue reduction of EUR 90 thousand.

The quarterly revenues represent approximately 24.6 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 50 thousand and accumulated for the year cost of operations was EUR 150 thousand.

SG&A costs

SG&A costs in the quarter were EUR 121 thousand and accumulated for the year SG&A costs were EUR 728 thousand.

Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 128 thousand and accumulated for the year EUR 707 thousand.

EBITDA

EBITDA in the quarter was EUR 34 thousand, representing an EBITDA margin of 10 per cent. Accumulated for the year EBITDA was minus EUR 798 thousand, representing an EBITDA margin of minus 101 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 107 thousand. Accumulated for the year depreciation and amortization were EUR 424 thousand, resulting in an operating profit of minus EUR 1 222 thousand in the period.

Net financial items

Net financial items in the quarter were negative with EUR 590 thousand. Accumulated for the year net financial items were positive with EUR 620 thousand.

Pre-tax profit, taxes, and net profit

Pre-tax profit in the quarter was negative with EUR 698 thousand and accumulated for the year pre-tax profit was negative with EUR 602 thousand.

Taxes in the quarter were 130 thousand. Accumulated for the year tax cost was EUR 139 thousand.

Reported net income in the quarter was minus EUR 827 thousand and accumulated for the year net income was minus EUR 740 thousand.

Cash flow

Cash flow from operations in the reporting period was negative with EUR 537 thousand. Investment activities were positive with EUR 180 thousand in the period. Financing activities were negative with EUR 565 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 542 thousand, of which EUR 287 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 8.7 million with book equity of EUR 2.3 million representing an equity ratio of 26.3 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, 14 November 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 Q3 2023	Unaudited Q3 2022	Unaudited 9M 2023	Unaudited 9M 2022	Audited 2022
Revenues	5, 12	332 701	344 336	786 864	1 000 753	1 221 073
Cost of operations	12	(50 450)	(70 304)	(149 507)	(185 968)	(813 734)
Sales, general and administration expenses	12	(120 859)	(216 423)	(728 288)	(674 004)	(949 613)
Legal costs	12	(127 809)	(18 255)	(707 132)	(727 577)	(1 386 837)
EBITDA	5	33 584	39 354	(798 062)	(586 797)	(1 929 111)
Depreciation, amortizations and write downs	9	(141 027)	(140 851)	(423 621)	(422 182)	(563 575)
EBIT	5	(107 443)	(101 497)	(1 221 684)	(1 008 979)	(2 492 686)
Finance income	6	4 209	259 044	1 352 492	1 200 278	1 192 570
Finance costs	6	(594 374)	(107 655)	(732 349)	(608 401)	(764 986)
Profit before tax		(697 608)	49 892	(601 541)	(417 102)	(2 065 101)
Income tax gain/(expense)		(129 601)	(12 759)	(138 758)	(37 333)	(140 582)
Profit after tax		(827 209)	37 134	(740 299)	(454 435)	(2 205 683)

EUR	Note	Unaudited Q3 2023	Unaudited Q3 2022	Unaudited 9M 2023	Unaudited 9M 2022	Audited 2022
Other comprehensive income						
Translation differences		537 243	(201 637)	(853 037)	(803 135)	(686 065)
Other comprehensive income net of tax		537 243	(201 637)	(853 037)	(803 135)	(686 065)
Total comprehensive income		(289 966)	(164 503)	(1 593 336)	(1 257 570)	(2 891 748)
Profit for the year attributable to:						
Equity holders of the parent company		(827 209)	37 134	(740 299)	(454 435)	(2 205 683)
Equity holders of the parent company		(827 209)	37 134	(740 299)	(454 435)	(2 205 683)
Total comprehensive income attributable to:						
Equity holders of the parent company		(289 966)	(164 503)	(1 593 336)	(1 257 570)	(2 891 748)
Equity holders of the parent company		(289 966)	(164 503)	(1 593 336)	(1 257 570)	(2 891 748)
Earnings per share:						
Continued operation						
- Basic		(0.12)	0.01	(0.11)	(0.07)	(0.32)
- Diluted		(0.12)	0.01	(0.11)	(0.07)	(0.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 9M 2023	Audited 2022
ASSETS			
Property, plant and equipment	9	5 570 183	5 987 981
Intangible assets		8 576	9 101
Other long term assets		302 979	324 297
Deferred tax assets		46 506	64 018
Non-current assets		5 928 244	6 385 396
Current assets			
Trade and other receivables	8	1 510 153	2 174 744
Other current assets		671 546	634 662
Cash and cash equivalents	7	541 787	1 464 397
Current assets		2 723 486	4 273 803
TOTAL ASSETS		8 651 730	10 659 199

EUR	Note	Unaudited 9M 2023	Audited 2022
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
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
Other equity			
Translation differences		(8 667 932)	(7 814 895)
Other equity		(24 789 391)	(24 049 092)
Other equity		(33 457 323)	(31 863 987)
Total equity		2 272 663	3 865 999
Non-current liabilities			
Leasing		2 996 443	3 340 536
Deferred tax liabilities		872 818	804 250
Other non current liabilities		343 887	343 887
Total non-current liabilities	10	4 213 147	4 488 674
Current liabilities			
Leasing		453 731	430 836
Trade and other payables		1 703 373	1 873 690
Tax payables		8 816	-
Total current liabilities	10	2 165 920	2 304 526
Total liabilities		6 379 067	6 793 200
TOTAL EQUITY AND LIABILITIES		8 651 730	10 659 199

Oslo, 14 November 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	9M 2023	2022
Cash flow from operations			
Profit before income taxes		(601 540)	(2 065 101)
Depreciation	9	423 622	563 576
Change in trade debtors	8	54 979	536 899
Change in trade creditors	10	302 196	(449 978)
Effect of exchange fluctuations		(850 254)	(656 901)
Change in other provisions		133 562	1 383 856
Net cash flow from operations		(537 435)	(687 649)

EUR	Note	9M 2023	2022
Cash flow from investments			
Purchase of fixed assets	9	(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
Cash flow from financing			
Repayment of long term loans		(321 199)	(409 291)
Interest paid		(243 675)	(221 516)
Net cash flow from financing		(564 874)	(630 807)
Exchange gains / (losses) on cash and cash equivalents			
Net change in cash and cash equivalents		(922 609)	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	7	541 788	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)	6 770 782
Profit (loss) After tax			(2 205 683)		(2 205 683)
Dividend in kind			(13 035)		(13 035)
Other comprehensive income				(686 065)	(686 065)
Equity as at 31 December 2022	8 126 110	27 603 876	(24 049 092)	(7 814 895)	3 865 999
Equity as at 1 January 2023	8 126 110	27 603 876	(24 049 092)	(7 814 895)	3 865 999
Profit (loss) After tax			(740 299)		(740 299)
Other comprehensive income				(853 037)	(853 037)
Equity as at 30 September 2023	8 126 110	27 603 876	(24 789 391)	(8 667 932)	2 272 663

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 01 BASIS FOR PREPARATION

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, the management at year end 2022 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 542 thousand on 30 September 2023, of which EUR 287 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.

Since the Decree in Italy has limited the market price during the first half of 2023 there has been no windfall profit for the Group in this period. Increased interest rates impact the group to a certain extent through the external leasing debt.

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 1 020 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

Energieia AS is the manager of EAM. Energieia AS in Norway and Italy employs most of the personnel conducting the administrative services for EAM, whereas the technical services are done by subcontractors. Energieia 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 Energieia AS, but not involved in the day-to-day operations of Energieia AS. Sundt AS was represented on the board of directors of Energieia AS until 13 December 2022. Certain key personnel managing the day-to-day operations of EAM are also investors in Energieia AS.

Transactions with related parties

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

Energieia 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 Energieia AS' direct costs for the management of EAM was EUR 398 thousand, of which EUR 283 thousand was related to SG&A, and EUR 115 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 September 2023 approximately EUR 400 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 382 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 was limited to EUR 56 per MWh for the Company's power plants in the South of Italy until 30 June 2023.

Based on the information received from GSE and the Decree, the Company has during the first half of 2023 had an estimated electricity sales revenue reduction of EUR 90 thousand.

NOTE 06 FINANCIAL INCOME AND EXPENSES

EUR	9M 2023	9M 2022
Financial income		
Interest income	5 965	294
Foreign exchange gain	1 346 526	1 199 985
Total financial income	1 352 492	1 200 279
Financial expenses		
Interest expense	(197 722)	(118 045)
Foreign exchange losses	(532 006)	(486 574)
Other financial expenses	(2 621)	(3 782)
Total financial expenses	(732 349)	(608 401)
Net financial income (expenses)	620 143	591 878

The average exchange rate used for the reporting period is EUR/NOK 11.341, whereas the exchange rate used on 30 September 2023 is EUR/ NOK 11.254.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q3 2023	2022
Cash Norway	114 809	937 904
Cash Italy	426 978	526 494
Cash and cash equivalents	541 787	1 464 397
Restricted cash Norway	-	294 851
Restricted cash Italy	287 257	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 287 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	Q3 2023	2022
Accounts receivables	-	-
Deferred revenue towards GSE	163 142	218 121
Receivable from sale of subsidiaries	-	305 017
Other receivables	1 347 010	1 651 606
Accounts receivables	1 510 153	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	(86 140)	(309 750)	(27 208)	(423 097)
Carrying value 30 September 2023	1 272 263	4 032 779	265 142	5 570 183

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	Q3 2023	2022
Deferred tax liabilities	872 818	804 250
Other non current liabilities	343 887	343 887
Obligations under finance leases	2 996 443	3 340 536
Total non-current liabilities	4 213 148	4 488 674
Trade payables	929 662	627 466
Payables to GSE	610 405	756 355
Other payables	55 520	480 681
Social security	1	-
Taxes other than income taxes	6 677	6 677
Accrued liabilities	101 108	2 511
Trade and other payables	1 703 372	1 873 690
Current leasing	453 731	430 836
Tax payable	8 816	-
<i>Related to ordinary operations</i>	2 165 919	2 304 526
Total current liabilities	2 165 919	2 304 526
Total liabilities	6 379 067	6 793 200

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 bank's 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%	(1 239 401)	(1 239 401)	(3 276 223)	14 049 577
Ens Solar One Srl	Italy	Solar power plant	100%	100%	469 612	132 131	(37 194)	3 258 950
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	(9 163)	(95 302)	(361 207)	1 802 613

NOTE 12 OPERATIONAL COSTS BREAK-DOWN 9M 2023

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	786 864	786 864	-
Cost of operations	(149 507)	(109 709)	(39 798)
Land rent	-	-	-
Insurance	(69 716)	(29 918)	(39 798)
Operation & Maintenance	(31 892)	(31 892)	-
Other operations costs	(47 899)	(47 899)	-
Sales, General & Administration	(728 288)	(187 450)	(540 838)
Accounting, audit & legal fees	(123 903)	(23 523)	(100 380)
IMU tax	(9 674)	(9 674)	-
Energeia adm costs	(283 043)	(100 707)	(182 336)
Other administrative costs	(311 668)	(53 547)	(258 121)
Legal costs	(707 132)	(29 256)	(677 876)
Legal costs	(593 030)	(29 000)	(564 030)
Energeia legal costs	(114 700)	(54)	(114 646)
Other non-recurring items	598	(202)	800
EBITDA	(798 062)	460 450	(1 258 512)

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE**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.

Since the Decree in Italy has limited the market price during the first half of 2023 there has been no windfall profit for the Group in this period. Increased interest rates impact the group to a certain extent through the external leasing debt.

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.

EAM Solar ASA

Bryggetorget 7
NO-0250 Oslo
NORWAY

Phone: +47 916 11 009

E-mail: viktor@eam.no

Web: www.eam.no