

The background of the entire page is a photograph of a large solar farm. The solar panels are arranged in neat rows, receding into the distance. The sky is bright blue with some light, wispy clouds. The sun is visible in the upper left, creating a lens flare effect across the scene.

# EAM SOLAR ASA **Q1 REPORT 2021**

Interim condensed consolidated financial statements for the period ended 31 March 2021

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# HIGHLIGHTS

## Q1 2021

- EBITDA for the quarter was minus EUR 483 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of minus EUR 15 thousand for the quarter equivalent to an adjusted EBITDA margin of minus 6 per cent.
- Cost of operations and SG&A were EUR 46 thousand and EUR 230 thousand for the quarter respectively.
- Legal costs were EUR 467 thousand in the quarter.
- On 20 January 2021, the Criminal Appeal Court of Milan revoked the first instance judgement of the Criminal Court of Milan, acquitting Mr Akhmerov and Mr Giorgi for fraud against the State of Italy and EAM Solar ASA.
- EAM Solar ASA learned in January that the Bolzano Public Prosecutor requested the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) search the Company offices in relation to a new investigation for subsidy fraud. The Company is collaborating with Økokrim through a voluntary transfer of documents.
- EAM Solar ASA was informed on 3 March 2021 that the Criminal Court of Bolzano, on the request of the Public Prosecutor, has decided that the Company’s CEO, Viktor E Jakobsen, no longer is considered as a “person of interest” (suspect) in the ongoing investigation.

### Key figures

EUR 000'	Unaudited Q1 2021	Unaudited Q1 2020	Audited 2020	Audited 2019
<b>Revenues</b>	<b>261</b>	297	1 271	3 166
Cost of operations	(46)	(46)	(213)	(409)
Sales, general and administration expenses	(230)	(280)	(947)	(1 886)
Legal costs	(467)	(155)	(1 770)	(1 313)
<b>EBITDA</b>	<b>(483)</b>	(184)	(1 659)	(441)
Depreciation, amortizations and write downs	(141)	(141)	(556)	(1 289)
<b>EBIT</b>	<b>(623)</b>	(325)	(2 215)	(1 731)
Net financial items	(713)	1 786	2 197	1 798
<b>Profit before tax</b>	<b>(1 337)</b>	1 462	(18)	68
Income tax gain/(expense)	(16)	(10)	(155)	(304)
<b>Net income</b>	<b>(1 353)</b>	1 451	(173)	(236)
<b>Earnings per share (fully diluted):</b>	<b>(0.20)</b>	0.21	(0.03)	(0.03)
Distribution to shareholders per share	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85
<b>EBITDA adjusted</b>	<b>(15)</b>	(29)	111	871



# 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 in order to restore company values. The Company owns four power plants in Italy, which are located 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 2020 and stock exchange notices in the reporting period.

## Strategic review and outlook

The company is in its eighth 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.

Following the decision by the Criminal Appeal Court of Milan in January 2021, the Board and management of the company deemed it appropriate to conduct a strategic review of the litigation activities and its initial core business activities.

## Litigation activities

Although criminal complaints have been lodged in relevant jurisdictions against the involved parties in the P31 fraud, the various national police authorities seem to have a challenge in pursuing and investigating cross-border economic crime.

As of today, to our knowledge, no police authority has conducted an appropriate investigation of the fraud of EAM Solar ASA. Therefore, the Board and management is currently evaluating the alternative legal measures to be taken in order to hold the joint venture partners Enovos and Renova/ Avelar et.al. responsible for the P31 fraud.

The company will revert with more information when appropriate.

## Business development activities

Forty per cent of EAM Solar ASA is owned directly or indirectly by Energeia AS and its shareholders. Therefore, Energeia AS and EAM Solar ASA have initiated a preliminary discussion with the aim to ensure that all

shareholders in EAM Solar ASA can participate in the future business development and value creation of Energeia AS.

Before establishment of EAM Solar ASA in 2011, the CEO of Energeia AS had started investment activities within solar PV energy in the Netherlands.

As of year-end 2020, this activity has resulted in Energeia AS constructing, operating and owning a solar PV power plant in the Netherlands, and developed a prospective Dutch project pipeline, currently in excess of 500MW of potential solar PV power plants.

In 2020 Energeia AS also identified and are currently working on development of solar PV power plants in the Nordic region. This activity is still in an early stage of development but may result in significant power plant developments in the coming years.

It is expected that the conclusion of the strategic review processes will be decided on and communicated to the shareholders of EAM Solar ASA during first half 2021.

## 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 6.7 GWh (P50 production).

### Power production

Power production in the quarter was 1 036 MWh, 4.2 per cent below estimated production due to lower solar irradiation.

### FIT revenues

FIT revenues in the quarter were EUR 203 thousand with average FIT contract price in the quarter of EUR 196 per MWh.

## Market price development

Market price revenues in the quarter were EUR 57 thousand representing an average market price of EUR 55 per MWh.

## Profit from sale of shares to Energeia AS in 2019

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The sale was conducted to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consists of two elements; 1) a fixed price for the shares, and 2) a profit split if Energeia sold the power plants with a profit before yearend 2020. On 30 April 2020 Energeia AS sold the power plants indirectly owned by EAM Solar Norway Holding AS to a third party.

Since Energeia AS sold the power plants in 2020, EAM Solar ASA is entitled to receive 75 per cent of any net capital gains realized by Energeia AS above the purchase price from EAM Solar ASA. The provisional additional capital gain to EAM Solar ASA is estimated to be NOK 18 million at year-end 2020.

The total estimated sales price for EAM Solar ASA at year-end 2020 is NOK 155.1 million with a total capital gain of NOK 71.2 million. The final determination of the total sales price and capital gain will be established at the end of the warranty period of the sale by Energeia AS in 2022.

Approximately NOK 50 million of the gross proceeds received by Energeia AS are subject to possible future indemnification mechanisms under the sales contract and are consequently restricted. Restricted funds will be released over time in accordance with the specific indemnification mechanisms no longer applies. The estimated gross proceeds from the sale to be received by EAM

Solar ASA is NOK 96.6 million, of which NOK 51 million was received at end of the reporting period.

### Litigation activity review

The P31 Acquisition fraud transformed EAM from an operational Solar PV YieldCo to a company where a significant part of the activity and future value is dependent on various litigation processes.

In July 2014 EAM Solar ASA transferred EUR 30 million to Aveleos SA, a Joint Venture investment vehicle owned by the Enovos group in Luxembourg (59 per cent) and Renova/Avelar group in Switzerland/Cyprus (41 per cent).

The cash transfer was the initial payment in a EUR 114 million transaction of 31 Solar PV power plants constructed by Aveleos et.al in 2010 and 2011, operational since 2011 with long-term subsidised electricity contracts with the State of Italy.

In July 2014 ownership of shares in companies with 21 of the 31 power plants was transferred to EAM Solar ASA, with the remaining 10 power plants to be transferred by December 2014. This transfer was never conducted.

In August 2014, the State of Italy suspended payment of electricity delivered under the long-term subsidy contracts for 17 of the 21 transferred power plants. In June 2016 the competent Italian court ruled that it was a final legal fact that the 17 power plants did not have valid subsidized “feed in tariff” contracts and as such lost all its value.

During the criminal proceedings commencing in 2016, EAM received evidence that the Prosecutors office of Milan already in 2012 had initiated a broad investigation into Aveleos et.al. for fraud against the state of Italy in relation to subsidized electricity contracts. This fact was known to the directors of Aveleos prior to negotiating a sale of the power plants to EAM Solar ASA.

The Enovos/Renova/Aveleos group has failed to honour their contractual obligations and has as such dragged EAM Solar ASA into a prolonged and costly process of losses, litigations and lawsuits.

EAM Solar ASA filed criminal complaints for fraud to the national police authorities in Italy in 2014, Luxembourg 2016 and in Norway 2018/2019.

### 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 Court proceedings in Milan involved only the two Avelar appointed directors of Aveleos that was involved in the fraud against EAM. The four Enovos appointed directors active in negotiating with EAM has so far not been subject to any investigation or indictment.

In March 2016 the Criminal Court of Milan accepted the request for trial and decided that EAM Solar ASA should be included as a victim in the criminal proceedings.

The criminal proceedings commenced in June 2016, and on 18 April 2019 the Criminal Court of Milan published its decision. The Criminal Court of Milan found it evidenced in 2019 that the indicted Aveleos directors, Mr Giorgi and Mr Akhmerov, was 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 Criminal Court of Milan published a 300-page long detailed reason for their ruling on 15 October 2019.

EAM received in July 2020 the documents necessary to enforce the provisional damages award against Aveleos in Luxembourg. Aveleos appealed the enforceability of the provisional award before the Holiday Criminal Section of the Milan Appeal Court, and in August 2020 the Court rejected Aveleos' application to suspend the enforceability of the provisional damage award (see comment on Bankruptcy court In Luxembourg).

The 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.

On 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan. Consequently, Akhmerov and Giorgi were acquitted by the Court for all points of indictment related to fraud against the State of Italy and EAM Solar ASA, including the ruling to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court's decision was a two-page notice identifying the decisions without presenting arguments or explanations for the revocation of the Criminal Court of Milan decision of April 2019. The arguments and evidence base for the decision by the Criminal Appeal Court was made available to the parties on 20 April 2021, 90 days from the date of the decision.

The Company is currently, together with its legal counsel, analysing both the grounds for the decision issued by the Criminal Appeal as well as on which basis the decision will be appealed.

### Bankruptcy Court Luxembourg

Based on the provisional damages awarded to EAM Solar ASA in 2019, the Bailiff in Luxembourg conducted a formal collection procedure in 2020. Aveleos SA defaulted on the payment demand from the Bailiff. Consequently, EAM Solar ASA filed a petition to the Bankruptcy Court in Luxembourg in November 2020 to declare the bankruptcy of Aveleos SA.

In January 2021, the Bankruptcy Court in Luxembourg ruled that it could not declare Aveleos SA bankrupt due to lack of final certainty of the claim. In addition, the Bankruptcy Court stated that it was unable to solely rely on reports from auditing and accounting firms RSM Luxembourg and RSM Oslo, which suggested that Aveleos SA is de facto bankrupt and operating at the creditors expense. The Court argued that RSM Luxembourg and Oslo had been commissioned unilaterally and not by the court itself.

### New criminal investigation for subsidy fraud in Italy

On 28 October 2020, EAM Solar ASA was informed that the Prosecutor of the Criminal Court of Bolzano had ordered Guardia Di Finanza (the financial police) to perform a “search and seizure” of documents from 57 Italian companies owning 58 Solar PV power plants with subsidized electricity sales contracts towards the State of Italy (GSE). The search and seizure were conducted in relation to an ongoing investigation into subsidy fraud against the State of Italy.

The Milan office of EAM Solar ASA's Italian subsidiaries (ENS Solar One Srl, Energia Fotovoltaica 25 Srl and EAM Solar Italy Holding Srl) were visited by officers of Guardia Di Finanza who retrieved documentation related to the above-mentioned companies. In addition, the search and seizure order also identified Energia Fotovoltaica 14 Srl, which already is part of the criminal proceedings in Milan and was sent into bankruptcy in 2016.

The search and seizure order issued by the Prosecutor identified 79 individuals as persons of interest to the public prosecutor. Viktor E Jakobsen, CEO of EAM Solar ASA, holds the position as Sole Managing Director in ENS Solar One Srl, ENFO 14 Srl and ENFO 25 Srl, and is consequently named as one of the 79 individuals.

With this new investigation, and the existing criminal proceedings in Milan, all power plants sold to EAM Solar ASA by Enovos and Avelar through their Joint Venture Aveleos SA, are subject to criminal proceedings or under investigation for subsidy fraud against the state of Italy.

In January 2021, EAM Solar ASA learned that the Bolzano Public Prosecutor requested the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) to search the offices of EAM Solar ASA in relation to the above-mentioned investigation.

EAM Solar ASA has been in a continuous dialogue with Økokrim since 2017 in relation to the fraud conducted against the company in 2014.

Following the request from Bolzano, Økokrim was invited to EAM Solar ASA's offices for voluntary transfer of relevant documents. This was conducted on 21 January 2021. EAM Solar ASA will continue to support the investigation to the extent requested by Økokrim and the Prosecutors office of Bolzano.

EAM Solar ASA was informed on 3 March 2021 that the Criminal Court of Bolzano, on the request of the Public Prosecutor, has decided that the Company's CEO, Viktor E Jakobsen, no longer is considered as a “person of interest” (suspect) in the ongoing investigation.

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) is fully informed of the change in status of the Company's CEO.

No provisions are made in the accounts on this matter.

### Arbitration

Following the final legal ruling by the Administrative Court of Lazio in June 2016 that the 17 terminated FIT contracts were invalid, the Company summoned Aveleos S.A. in September 2016 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.

The majority of the Tribunal decided to dismiss EAM's claims for the annulment and

termination of the SPA. However, the Tribunal declared the right of the Company to be compensated for losses suffered in connection with the breach of the Representation and Warranties under the SPA within the limits of the liability cap of approximately EUR 3.7 million as defined in the SPA.

On 4 July 2019 EAM Solar ASA filed an appeal against the Arbitration Tribunal decision. The appeal was filed in the civil Court of Appeal of Milan. EAM Solar ASA asks the Civil Court of Appeal of Milan 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.

The first hearing in the appeal proceedings was held in January 2020, and the Appeal Court accepted the request for appeal. The first hearing of the appeal process was scheduled to take place in February 2021, but the Appeal Court decided that the hearing would be replaced by submission of briefs by the parties.

### New Arbitration in Milan

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.

Each party has appointed an arbitrator that together has appointed a chairman. A first hearing after the formation of the arbitration panel has been conducted. The proceedings have by the court been scheduled to end on or about the end of the first quarter 2022.

No provisions are made in the accounts on this matter.

### Civil Court Italy Aveleos

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 is expected to take place in June 2021 subject to final confirmation by the court.

No provisions are made in the accounts on this matter.

### 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 and the first hearing was scheduled in May 2019. A summary hearing was held, and the case was postponed until November 2019. In December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have a provisionally enforceable injunction against the Company.

A further hearing was held in January 2020. In this hearing the judge enabled the parties to submit further briefs in the period until mid-April and the next hearing was set for May 2020. This hearing and filing of briefs were postponed due to Covid-19.

Briefs were filed in May and June 2020 and a hearing was held in September 2020. An order was issued in November 2020 where the Judge accepted EAM Solar ASA's request to examine witnesses. The Judge scheduled the next hearing for 1 June 2021.

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 Enovosemployed directors of Aveleos. This civil claim is subordinate to the original criminal complaint with civil action filed in 2016.

A hearing had been scheduled for 12 May 2020 in the commercial court of Luxembourg regarding the Standstill Agreement. However, this hearing has been postponed several times since the Court has decided to stay the proceedings awaiting the final outcome of the Arbitration proceedings, and the arbitration appeal procedure.

### 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 shortly thereafter the aforementioned order before the Administrative Court “TAR” in Lazio (Rome).

The hearing held before TAR Lazio in December 2019 was a precautionary hearing in order to evaluate whether there are urgent reasons for GSE to resume payments while waiting for the court hearing of the merits. TAR Lazio denied the request for GSE to resume payments.

The Company consequently decided to appeal the TAR Ordinance before the second instance Court (i.e. Consiglio di Stato) which upheld the appeal.

The lawsuit has been sent back to the TAR waiting the merit phase, and a hearing has been scheduled on 4 June 2021. In the meantime, in this case, the GSE will not pay for electricity delivered until the merit phase and ENFO 25 will not have to reimbursement any previously received revenues from GSE.

No provisions are made in the accounts on this matter.

Please also see the Annual Report 2020 and previous years for further information on the legal processes.

### Subsequent events

Subsequent events are related to the legal processes and are described in the chapter above, hereunder the issuance of the grounds for the decision by the Criminal Appeal Court of Milan.

### Financial review

#### Revenues

Revenues in the quarter were EUR 261 thousand, of which EUR 203 thousand was received from FIT contracts and EUR 57 thou-

sand from market sales of electricity. EUR 0.3 thousand were other revenues.

The quarterly revenues represent approximately 19 per cent of the expected annual revenues of EUR 1 350 thousand.

#### Cost of operations

Cost of operations in the quarter was EUR 46 thousand.

#### SG&A costs

SG&A costs in the quarter were EUR 230 thousand.

#### Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 467 thousand.

#### EBITDA

EBITDA in the quarter was minus EUR 483 thousand, representing an EBITDA margin of minus 185 per cent.

#### EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 623 thousand.

#### Net financial items

Net financial items in the quarter were negative with EUR 713 thousand.

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

Pre-tax profit in the quarter was negative with EUR 1 337 thousand.

Taxes in the quarter were EUR 16 thousand.

Reported net income in the quarter was minus EUR 1 353 thousand.

#### Cash flow

Cash flow from operations in the reporting period was negative with EUR 240 thousand. Investment activities were positive with EUR 418 thousand in the period. Financing activities were negative with EUR 151 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 500 thousand, of which EUR 413 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 16 million with book equity of EUR 9.2 million representing an equity ratio of 57.5 per cent.

The parent company had total assets at the end of the quarter of NOK 205 million with book equity of NOK 192 million representing an equity ratio of 94 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, 19 May 2021

Stephan Lange Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Ragnhild Marta Wiborg  
Chair

Viktor Erik Jakobsen  
CEO





# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q1 2021	Unaudited Q1 2020	Audited 2020	Audited 2019
<b>Revenues</b>	<a href="#">5, 12</a>	<b>260 564</b>	296 682	1 271 084	3 166 304
Cost of operations	<a href="#">12</a>	(46 330)	(45 766)	(212 744)	(409 428)
Sales, general and administration expenses	<a href="#">12</a>	(229 645)	(279 812)	(947 426)	(1 885 525)
Legal costs	<a href="#">12</a>	(467 445)	(154 622)	(1 769 672)	(1 312 577)
<b>EBITDA</b>	<a href="#">5</a>	<b>(482 856)</b>	(183 519)	(1 658 758)	(441 226)
Depreciation, amortizations and write downs	<a href="#">9</a>	(140 594)	(141 333)	(556 471)	(1 289 339)
<b>EBIT</b>	<a href="#">5</a>	<b>(623 451)</b>	(324 852)	(2 215 228)	(1 730 565)
Finance income	<a href="#">6</a>	10 604	2 162 836	4 058 170	3 487 083
Finance costs	<a href="#">6</a>	(723 684)	(376 433)	(1 861 061)	(1 688 813)
<b>Profit before tax</b>		<b>(1 336 531)</b>	1 461 551	(18 119)	67 705
Income tax gain/(expense)		(16 451)	(10 055)	(154 888)	(303 583)
<b>Profit after tax</b>		<b>(1 352 982)</b>	1 451 496	(173 007)	(235 878)
<b>Other comprehensive income</b>					
Translation differences		883 522	(2 953 326)	(1 108 462)	(518 110)
<b>Other comprehensive income net of tax</b>		<b>883 522</b>	(2 953 326)	(1 108 462)	(518 110)
<b>Total comprehensive income</b>		<b>(469 460)</b>	(1 501 830)	(1 281 469)	(753 988)
<b>Profit for the year attributable to:</b>					
Equity holders of the parent company		(1 352 982)	1 451 496	(173 007)	(235 878)
<b>Equity holders of the parent company</b>		<b>(1 352 982)</b>	1 451 496	(173 007)	(235 878)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent company		(469 460)	(1 501 830)	(1 281 469)	(753 988)
<b>Equity holders of the parent company</b>		<b>(469 460)</b>	(1 501 830)	(1 281 469)	(753 988)
<b>Earnings per share:</b>					
<b>Continued operation</b>					
- Basic		(0.20)	0.21	(0.03)	(0.03)
- Diluted		(0.20)	0.21	(0.03)	(0.03)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 3M 2021	Audited 2020
<b>ASSETS</b>			
Property, plant and equipment	<a href="#">9</a>	6 959 516	7 099 936
Intangible assets		10 326	10 501
Other long term assets		568 315	542 544
Deferred tax assets		95 767	109 147
<b>Non-current assets</b>		<b>7 633 924</b>	<b>7 762 128</b>
<b>Current assets</b>			
Trade and other receivables	<a href="#">8</a>	7 179 255	7 879 195
Other current assets		683 419	624 081
Cash and cash equivalents	<a href="#">7</a>	500 140	473 322
<b>Current assets</b>		<b>8 362 814</b>	<b>8 976 598</b>
<b>TOTAL ASSETS</b>		<b>15 996 738</b>	<b>16 738 726</b>
<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
<b>Paid in capital</b>		<b>35 729 986</b>	<b>35 729 986</b>
<b>Other equity</b>			
Translation differences		(7 118 657)	(8 002 179)
Other equity		(19 409 022)	(18 056 042)
<b>Other equity</b>		<b>(26 527 679)</b>	<b>(26 058 221)</b>
<b>Total equity</b>		<b>9 202 306</b>	<b>9 671 765</b>
<b>Non-current liabilities</b>			
Leasing		4 064 908	4 180 849
Deferred tax liabilities		715 936	682 785
Other non current liabilities		368 528	393 083
<b>Total non-current liabilities</b>	<a href="#">10</a>	<b>5 149 372</b>	<b>5 256 717</b>
<b>Current liabilities</b>			
Leasing		409 097	388 455
Trade and other payables		1 233 652	1 421 789
Tax payables		2 310	-
<b>Total current liabilities</b>	<a href="#">10</a>	<b>1 645 059</b>	<b>1 810 244</b>
<b>Total liabilities</b>		<b>6 794 431</b>	<b>7 066 961</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15 996 738</b>	<b>16 738 726</b>

Oslo, 19 May 2021

Stephan Lange Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Ragnhild Marta Wiborg  
Chair

Viktor Erik Jakobsen  
CEO

# CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	3M 2021	2020
<b>Cash flow from operations</b>			
Profit before income taxes		(1 336 531)	(18 119)
Gain/loss from sale of subsidiaries		-	(1 680 472)
Depreciation	<a href="#">9</a>	140 595	556 471
Change in trade debtors	<a href="#">8</a>	46 152	(255 274)
Change in trade creditors	<a href="#">10</a>	(22 721)	(746 814)
Effect of exchange fluctuations		1 117 687	(1 111 469)
Change in other provisions		(185 603)	(499 072)
<b>Net cash flow from operations</b>		<b>(240 423)</b>	<b>(3 754 749)</b>
<b>Cash flow from investments</b>			
Payment of short term loan/receivables		418 279	2 698 067
Proceeds from sale of shares and investments in other companies		-	1 680 472
<b>Net cash flow from investments</b>		<b>418 279</b>	<b>4 378 539</b>
<b>Cash flow from financing</b>			
Repayment of long term loans		(95 299)	(369 030)
Interest paid		(55 740)	(147 125)
<b>Net cash flow from financing</b>		<b>(151 039)</b>	<b>(516 155)</b>
<b>Exchange gains/(losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		26 817	107 635
Cash and cash equivalents at the beginning of the period		473 323	365 688
<b>Cash and cash equivalents at the end of the period</b>	<a href="#">7</a>	<b>500 140</b>	<b>473 323</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
<b>Equity as at 1 January 2020</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 883 035)</b>	<b>(6 893 717)</b>	<b>10 953 235</b>
Profit (loss) After tax	-	-	(173 007)	-	(173 007)
Other comprehensive income	-	-	-	(1 108 462)	(1 108 462)
<b>Equity as at 31 December 2020</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(18 056 042)</b>	<b>(8 002 179)</b>	<b>9 671 766</b>
<b>Equity as at 1 January 2021</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(18 056 042)</b>	<b>(8 002 179)</b>	<b>9 671 766</b>
Profit (loss) After tax	-	-	(1 352 982)	-	(1 352 982)
Other comprehensive income	-	-	-	883 522	883 522
<b>Equity as at 31 March 2021</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(19 409 024)</b>	<b>(7 118 657)</b>	<b>9 202 306</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

## 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 in order 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 through the use of 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 2020 that was published on 20 April 2021 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 2020.

### Financial risk

For the external leasing contracts with floating interest there is an interest rate swap hedging fluctuation in floating interest rate.

### Credit risk

Under normal circumstances the risk for losses is considered to be low, since the main commercial counterparty is GSE, owned by the Ministry of Finance in Italy. The Group has not made any set-off or other derivative agreements to reduce the credit risk in EAM.

### Asset value risk

EAM Group's cash balance was EUR 500 thousand on 31 March 2021, of which EUR 414 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.

## 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:

### Going concern

Given the sale of the Varmo and Codroipo power plants, 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.

### Covid-19

The outbreak of Covid-19 has during 2020 and so far in 2021 not resulted in any major business interruptions or losses, but it has resulted in some delays of the legal processes the Company is involved in. The board of directors does not expect as a result of Covid-19 neither loss of customers nor loss on receivables. The access to spare parts and the ability to maintain the power plants are also expected to be satisfactory due to energy supply being of crucial importance. None of the above-mentioned events are expected to significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

## 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 is represented on the board of directors in Energeia AS. 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.

In the quarter Energeia AS' direct costs for the management of EAM was EUR 310 thousand, of which EUR 128 thousand was related to SG&A, and EUR 182 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. EAM Solar Italy 1 and EAM Solar Italy 2 have been sold during last year, and only one business segment remains. The business is investing in and operating power plants that have similar economic characteristics.

During the period ended 31 March 2021 approximately EUR 203 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 57 thousand of the Group's external revenue was derived from sales to an international commodity trading house for the market price contracts.

**NOTE 06** FINANCIAL INCOME AND EXPENSES

	Q1 2021	Q1 2020
<b>Financial income</b>		
Interest income	-	166 647
Foreign exchange gain	10 604	1 996 189
<b>Total financial income</b>	<b>10 604</b>	<b>2 162 836</b>
<b>Financial expenses</b>		
Interest expense	(33 251)	(39 599)
Foreign exchange losses	(681 424)	(136 159)
Other financial expenses	(9 009)	(200 675)
<b>Total financial expenses</b>	<b>(723 684)</b>	<b>(376 433)</b>
<b>Net financial income (expenses)</b>	<b>(713 080)</b>	<b>1 786 403</b>

The average exchange rate used for the reporting period is EUR/NOK 10.2640, whereas the exchange rate used on 31 March 2021 is EUR/NOK 9.9955.

**NOTE 07** CASH AND CASH EQUIVALENTS

EUR	Q1 2021	2020
Cash Norway	38 757	45 245
Cash Italy	461 384	428 077
<b>Cash and cash equivalents</b>	<b>500 140</b>	<b>473 322</b>
<b>Restricted cash Italy</b>	<b>413 636</b>	<b>370 285</b>
<b>Seized cash Italy</b>	<b>61 616</b>	<b>61 616</b>

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 of EUR 414 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

Receivables	Q1 2021	2020
Accounts receivables	-	-
Deferred revenue towards GSE	600 441	646 593
Receivable from sale	4 932 638	5 350 917
Other receivables	1 646 176	1 881 686
<b>Accounts receivables</b>	<b>7 179 255</b>	<b>7 879 195</b>

The substantial amount of the receivable outstanding towards GSE relates to delayed payment on 10 per cent of expected annual revenues.

**NOTE 09** PROPERTY, PLANT AND EQUIPMENT

<b>2021</b>	Solar power plants	Solar power plants under lease	Leashold improvements	<b>Total</b>
Carrying value 1 January 2021	1 584 568	5 168 526	346 840	7 099 934
Depreciation	(28 489)	(103 250)	(8 680)	(140 420)
<b>Carrying value 31 March 2021</b>	<b>1 556 078</b>	<b>5 065 276</b>	<b>338 160</b>	<b>6 959 515</b>

<b>2020</b>	Solar power plants	Solar power plants under lease	Leashold improvements	<b>Total</b>
Carrying value 1 January 2020	1 692 619	5 581 526	381 566	7 655 710
Depreciation	(108 051)	(412 999)	(34 726)	(555 776)
<b>Carrying value 31 December 2020</b>	<b>1 584 568</b>	<b>5 168 526</b>	<b>346 840</b>	<b>7 099 934</b>

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	Q1 2021	2020
Deferred tax liabilities	715 936	682 785
Other non current liabilities	368 528	393 083
Obligations under finance leases	4 064 908	4 180 849
<b>Total non-current liabilities</b>	<b>5 149 372</b>	<b>5 256 717</b>
Trade and other payables	1 004 571	1 027 292
Other payables	194 344	264 688
Social security	1	7 104
Taxes other than income taxes	6 677	47 260
Accrued liabilities	28 059	75 445
<b>Trade and other payables</b>	<b>1 233 652</b>	<b>1 421 789</b>
Current leasing	409 097	388 455
Tax payable	2 310	-
<i>Related to ordinary operations</i>	<i>1 645 059</i>	<i>1 810 244</i>
<b>Total current liabilities</b>	<b>1 645 059</b>	<b>1 810 244</b>
<b>Total liabilities</b>	<b>6 794 432</b>	<b>7 066 961</b>

**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 and the first hearing was scheduled in May 2019. A summary hearing was held, and the case was postponed until November 2019. In December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have a provisionally enforceable injunction against the Company.

A further hearing was held in January 2020. In this hearing the judge enabled the parties to submit further briefs in the period until mid-April and the next hearing was set for May 2020. This hearing and filing of briefs were postponed due to Covid-19.

Briefs were filed in May and June 2020 and a hearing was held in September 2020. An order was issued in November 2020 where the Judge accepted EAM Solar ASA's request to examine witnesses. The Judge scheduled the next hearing for 1 June 2021.

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.**

On 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan. Consequently, Akhmerov and Giorgi were acquitted by the Court for all points of indictment related to fraud against the State of Italy and EAM Solar ASA, including the ruling to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court's decision was a two-page notice identifying the decisions without presenting arguments or explanations for the revocation of the Criminal Court of Milan decision of April 2019. The arguments and evidence base for the decision by the Criminal Appeal Court was made available to the parties on 20 April 2021, 90 days from the date of the decision.

The Company is currently, together with its legal counsel, analysing both the grounds for the decision issued by the Criminal Appeal as well as on which basis the decision will be appealed.

The Company estimates its claim to be in excess of 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.

In January 2021, the Bankruptcy Court in Luxembourg ruled that it could not declare Aveleos SA bankrupt due to lack of final certainty of the claim. In addition, the Bankruptcy Court stated that it was unable to solely rely on reports from auditing and accounting firms RSM Luxembourg and RSM Oslo, which suggested that Aveleos SA is de facto bankrupt and operating at the creditors expense. The Court's argument was that RSM Luxembourg and Oslo had been commissioned unilaterally and not by the court itself.

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 is expected to take place in June 2021 subject to final confirmation by the court. 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%	(394 747)	(394 747)	(2 788 542)	14 387 966
Ens Solar One Srl	Italy	Solar power plant	100%	100%	116 562	4 457	(92 099)	4 400 637
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	36 306	7 816	194 412	2 032 391

## NOTE 12 OPERATIONAL COSTS BREAKDOWN Q1 2021

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>260 564</b>	260 564	-
<b>Cost of operations</b>	<b>(46 330)</b>	(33 359)	(12 971)
Land rent	-	-	-
Insurance	(26 678)	(13 706)	(12 971)
Operation & Maintenance	(3 254)	(3 254)	-
Other operations costs	(16 399)	(16 399)	-
<b>Sales, General &amp; Administration</b>	<b>(229 645)</b>	(73 687)	(155 958)
Accounting, audit & legal fees	(55 660)	(9 648)	(46 012)
IMU tax	(1 263)	(1 263)	-
Energia adm costs	(128 190)	(20 698)	(107 492)
Other administrative costs	(44 532)	(42 078)	(2 454)
<b>Legal costs</b>	<b>(467 445)</b>	(650)	(466 795)
Legal costs	(285 133)	(650)	(284 483)
Energia legal costs	(182 311)	-	(182 311)
Other non-recurring items	-	-	-
<b>EBITDA</b>	<b>(482 856)</b>	152 867	(635 723)

## NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

### Criminal proceedings in Milan

The arguments and evidence base for the decision by the Criminal Appeal Court was made available to the parties on 20 April 2021, 90 days from the date of the decision.

The Company is currently, together with its legal counsel, analysing both the grounds for the decision issued by the Criminal Appeal as well as on which basis the decision will be appealed.



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