

The logo for EAM, consisting of the lowercase letters 'eam' in white on a dark blue square background.

eam

A low-angle, perspective view of a large array of solar panels, showing the grid lines and the curvature of the structure against a clear blue sky.

EAM SOLAR ASA **Q1 REPORT 2022**

Interim condensed consolidated financial statements for the period ended 31 March 2022

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HIGHLIGHTS

Q1 2022

- EBITDA for the quarter was minus EUR 293 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 6 thousand for the quarter, equivalent to an adjusted EBITDA margin of 2 per cent.
- Cost of operations and SG&A were EUR 60 thousand and EUR 240 thousand for the quarter respectively.
- Legal costs were EUR 299 thousand in the quarter.
- A hearing in the private criminal pro-

ceedings against Enovos Luxembourg SA took place in Oslo District Court on 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected. A decision was expected in the first half of May but has not yet been announced.

- On 29 March 2022, Law no. 25 (Sostegni ter Decree) entered into force. 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. The Company has still not received any information from GSE. The Company estimates that market price revenues will be reduced by EUR 130 thousand in the first quarter due to the new decree, and have made a provision in the accounts for this amount.

Key figures

EUR 000'	Unaudited Q1 2022	Unaudited Q1 2021	Audited 2021	Audited 2020
Revenues	306	261	1 334	1 271
Cost of operations	(60)	(46)	(237)	(213)
Sales, general and administration expenses	(240)	(230)	(890)	(947)
Legal costs	(299)	(467)	(2 499)	(1 770)
EBITDA	(293)	(483)	(2 292)	(1 659)
Depreciation, amortizations and write downs	(141)	(141)	(562)	(556)
EBIT	(434)	(623)	(2 854)	(2 215)
Net financial items	(454)	(713)	(836)	2 197
Profit before tax	(888)	(1 337)	(3 690)	(18)
Income tax gain/(expense)	(12)	(16)	(85)	(155)
Net income	(900)	(1 353)	(3 774)	(173)
Earnings per share (fully diluted):	(0.13)	(0.20)	(0.55)	(0.03)
Distribution to shareholders per share	-	-	-	-
Dividend yield	-	-	-	-
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85
EBITDA adjusted	6	(15)	207	111



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 2021 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 has 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, where the appeal court decided to revoke the first instance judgement of the Criminal Court of Milan, 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. The decision in the appeal court was later overturned by the supreme court, see more details below.

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 has over a period been evaluating the alternative legal measures to be taken to hold the joint venture partners Enovos and Renova/Avelar et.al. responsible for the P31 fraud. As a result of this evaluation the Company has decided to file a private criminal proceeding against the company Enovos Luxembourg SA in Oslo District Court.

On Friday 28 May 2021, EAM Solar ASA filed a private criminal proceeding for the crime of serious fraud against the company Enovos Luxembourg SA in Oslo District Court. The private criminal proceeding is initiated in accordance with section 402 of the Norwegian Criminal Procedure Act.

The criminal proceedings are formally initiated by the Oslo District Court. Originally a hearing was set for January 31 and February 1 2022, but it was later postponed due to illness at the court. A new hearing date was set for April 21 and April 22 2022. Following the hearing, the Court will decide if the fraud charges shall go to main trial proceedings or be rejected.

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 2021, this activity had resulted in Energeia AS constructing, operating and owning a solar PV power plant in the Netherlands, and developed a prospective Dutch project pipeline.

In 2021 Energeia AS also identified and is currently working on the development of solar PV power plants in Norway. This activity is still in an early stage of development but may result in significant power plant developments in the coming years.

There are several concession applications

in preparation, which entails the construction and operation of between 530 MWp to 990 MWp in installed capacity of Solar PV power plants.

Energeia has entered into a strategic partnership with Eidsiva to develop large-scale solar power in Norway, with the ambition of building and operating jointly owned solar power plants in combination with agricultural activities. Eidsiva is one of Norway’s largest energy and infrastructure groups as owner of Norway’s largest grid company Elvia, as part owner of the hydropower producer Hafslund Eco Vannkraft AS and as a major player in bioenergy and fiber in the counties of Innlandet, Oslo and Viken.

Energeia’s first grid connected energy storage project is under development in the Netherlands. The project is relevant for similar projects in the Norwegian electricity market.

Energeia AS intend to include the EAM Solar ASA shareholders in this development through a directed equity issue, and the current plan, subject to approval by shareholders in Energeia and EAM Solar ASA, is that EAM Solar ASA shareholders will receive one share in Energeia for each share in ASA as a dividend.

An investment memorandum will be issued as part of the decision process in EAM Solar ASA, and Energeia AS is planned listed on the Oslo Stock Exchange (Euronext Growth) following the equity issue.

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 1 023 MWh, 5.5 per cent below estimated production due to lower capacity of the power plants caused by thefts.

FIT revenues

FIT revenues in the quarter were EUR 201 thousand with average FIT contract price in the quarter of EUR 197 per MWh.

Market price development

Market price revenues in the quarter were EUR 233 thousand representing an average market price of EUR 228 per MWh. However, due to the new Sostegni ter Decree, entered into force on 29 March 2022, the Company estimates that market price revenues will be reduced by EUR 130 thousand in the first quarter, and have made a provision in the accounts for this amount.

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 Oslo

On Friday 28 May 2021, EAM Solar ASA filed a private criminal proceeding for the crime of serious fraud against the company Enovos Luxembourg SA in Oslo District Court. The private criminal proceeding is initiated in accordance with section 402 of the Norwegian Criminal Procedure Act.

The criminal proceedings are formally initiated by the Oslo District Court. The parties filed their arguments in briefs to the Court.

The Oslo District Court has decided to conduct a court hearing in the fraud case against Enovos Luxembourg SA. The hearing was expected to take place in Oslo District Court on 31 January and 1 February 2022.

Oslo District Court will decide if the fraud charges shall go to main trial proceedings following the hearing.

On 28 January 2022 EAM Solar ASA was informed by the Oslo District Court administration that the hearing in the private criminal proceedings against Enovos Luxembourg SA in Oslo District Court scheduled for Monday 31 January and Tuesday 1 February 2022 had been postponed due to sickness. A new hearing date was set for 21 April and 22 April 2022.

The hearing took place as scheduled and Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected. A decision was expected in the first half of May but has not yet been announced.

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.

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.

Following the reception of the full judgement from the Milan Criminal Court of Appeal, EAM Solar ASA decided to join with the Prosecutor's Office in Milan in appealing to the Italian Supreme Court of Cassation. The appeal was submitted on 1 June 2021 to the Supreme Court of Cassation.

EAM Solar ASA seeks to reinstate the convictions of Igor Akhmerov and Marco Giorgi for the crime of fraud against EAM.

The appeal was based on several cases of misinterpretation of facts in the grounds for judgment by the Milan Criminal Court of Appeal.

The Supreme Court of Italy held a hearing on 6 October 2021 on the appeal of the acquittal sentence decided by the Milan Crimi-

nal Court of Appeal issued 20 January 2021.

On 7 October 2021, the Company was informed that the Supreme Court of Italy decided to annul the 20 January 2021 judgment of acquittal by the Milan Criminal Court of Appeal in the subsidy fraud case against the State of Italy and contractual fraud against EAM Solar ASA.

Late November 2021 the Supreme Court issued its full decision for the annulment of the acquittal ruling. The short summary of the reason for the Supreme Court to annul the Milan Appeal Court acquittal decision in its entirety is that the Supreme Court found that the Milan Appeal Court 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 is sending the criminal case back to a different chamber of the Milan Appeal Court for a new proceeding in the criminal case with the requirement that the new court proceedings must proceed with 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 concludes that the evidenced withholding of essential information during the contractual negotiations in itself constitute a contractual fraud.

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.

On 23 June 2021 the Civil Court of Appeal of Milan decided to dismiss the request for the annulment of the Arbitration award from 2019.

The Arbitration decision of 2019 is still not 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

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 were originally scheduled by the court to end on or about the first quarter 2022. This was later extended by 6 months until the end of September 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 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.

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 first witness hearing in this matter was held 1 June 2021. The court set a second hearing to resume the examination of witnesses on 10 November 2021, but this hearing was postponed and held on 31 March 2022.

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.

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 was 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 reimburse any previously received revenues from GSE.

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 700 000 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.

Due to the unwillingness by GSE to settle the outstanding amount and resume payment of the Feed-In-Tariff in accordance with the decision by the administrative court of Lazio (TAR), the Company has decided to

summon GSE to the higher administrative court (Consiglio di Stato), asking the court to order GSE to immediately resume payment of the Feed-In-Tariff and the outstanding amount. No hearing date has yet been set.

No provisions are made in the accounts on this matter.

Please also see the Annual Report 2021 and previous years for further information on the legal processes.

Subsequent events

Criminal Proceedings in Oslo

A hearing in the private criminal proceedings against Enovos Luxembourg SA took place in Oslo District Court on 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected. A decision was expected in the first half of May but has not yet been announced.

The War in Ukraine and sanctions against Russia

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

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

The Italian government has proposed a cap on the price of electricity from renewable sources known as the "Sostegni-ter Decree".

On 27 January 2022, Law Decree No. 4, known as the "Sostegni-ter Decree", (the "Decree") was published in the Italian Official Journal and entered into force on the same date, in order 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 Company has still not received any information from GSE. The Company estimates that market price revenues will be reduced by EUR 130 thousand in the first quarter due to the new decree and have made a provision in the accounts for this amount.

Financial review

Revenues

Revenues in the quarter were EUR 306 thousand, of which EUR 201 thousand was

received from FIT contracts and EUR 103 thousand from market sales of electricity. EUR 2 thousand were other revenues.

The quarterly revenues represent approximately 22.6 per cent of the expected annual revenues of EUR 1 350 thousand.

Cost of operations

Cost of operations in the quarter was EUR 60 thousand.

SG&A costs

SG&A costs in the quarter were EUR 240 thousand.

Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 299 thousand.

EBITDA

EBITDA in the quarter was minus EUR 293

thousand, representing an EBITDA margin of minus 95.8 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 434 thousand.

Net financial items

Net financial items in the quarter were negative with EUR 454 thousand.

Pre-tax profit, taxes and net profit

Pre-tax profit in the quarter was negative with EUR 888 thousand.

Taxes in the quarter were EUR 12 thousand.

Reported net income in the quarter was minus EUR 900 thousand.

Cash flow

Cash flow from operations in the reporting period was positive with EUR 69 thousand.

Investment activities were positive with EUR 83 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 582 thousand, of which EUR 402 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 13.6 million with book equity of EUR 6.3 million representing an equity ratio of 46.6 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, 24 May 2022

Stephan Lange Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild Märta Wiborg
Chair

Viktor Erik Jakobsen
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q1 2022	Unaudited Q1 2021	Audited 2021	Audited 2020
Revenues	5, 12	306 265	260 564	1 333 522	1 271 084
Cost of operations	12	(60 019)	(46 330)	(236 682)	(212 744)
Sales, general and administration expenses	12	(239 874)	(229 645)	(889 894)	(947 426)
Legal costs	12	(299 279)	(467 445)	(2 498 623)	(1 769 672)
EBITDA	5	(292 907)	(482 856)	(2 291 678)	(1 658 758)
Depreciation, amortizations and write downs	9	(140 666)	(140 594)	(562 378)	(556 471)
EBIT	5	(433 573)	(623 451)	(2 854 055)	(2 215 228)
Finance income	6	2 112	10 604	255 118	4 058 170
Finance costs	6	(456 571)	(723 684)	(1 090 812)	(1 861 061)
Profit before tax		(888 032)	(1 336 531)	(3 689 749)	(18 119)
Income tax gain/(expense)		(12 132)	(16 451)	(84 583)	(154 888)
Profit after tax		(900 164)	(1 352 982)	(3 774 332)	(173 007)
Other comprehensive income					
Translation differences		469 698	883 522	873 349	(1 108 462)
Other comprehensive income net of tax		469 698	883 522	873 349	(1 108 462)
Total comprehensive income		(430 466)	(469 460)	(2 900 983)	(1 281 469)
Profit for the year attributable to:					
Equity holders of the parent company		(900 164)	(1 352 982)	(3 774 332)	(173 007)
Equity holders of the parent company		(900 164)	(1 352 982)	(3 774 332)	(173 007)
Total comprehensive income attributable to:					
Equity holders of the parent company		(430 466)	(469 460)	(2 900 983)	(1 281 469)
Equity holders of the parent company		(430 466)	(469 460)	(2 900 983)	(1 281 469)
Earnings per share:					
Continued operation					
- Basic		(0.13)	(0.20)	(0.55)	(0.03)
- Diluted		(0.13)	(0.20)	(0.55)	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 3M 2022	Audited 2021
ASSETS			
Property, plant and equipment	9	6 400 766	6 538 257
Intangible assets		9 626	9 801
Other long term assets		468 035	455 020
Deferred tax assets		78 486	82 862
Non-current assets		6 956 913	7 085 939
Current assets			
Trade and other receivables	8	5 480 475	5 450 336
Other current assets		587 782	540 782
Cash and cash equivalents	7	582 359	581 696
Current assets		6 650 616	6 572 814
TOTAL ASSETS		13 607 529	13 658 754
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		(6 659 132)	(7 128 830)
Other equity		(22 730 537)	(21 830 374)
Other equity		(29 389 669)	(28 959 204)
Total equity		6 340 316	6 770 782
Non-current liabilities			
Leasing		3 649 465	3 771 567
Deferred tax liabilities		764 691	743 424
Other non current liabilities		343 887	343 887
Total non-current liabilities	10	4 758 043	4 858 878
Current liabilities			
Leasing		430 836	409 097
Trade and other payables		2 078 334	1 619 996
Total current liabilities	10	2 509 170	2 029 093
Total liabilities		7 267 212	6 887 971
TOTAL EQUITY AND LIABILITIES		13 607 529	13 658 754

Oslo, 24 May 2022

Stephan Lange Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild Märta Wiborg
Chair

Viktor Erik Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	3M 2022	2021
Cash flow from operations			
Profit before income taxes		(888 032)	(3 689 749)
Gain/loss from sale of subsidiaries		-	-
Depreciation	9	140 666	562 379
Change in trade debtors	8	(62 497)	(108 427)
Change in trade creditors	10	503 508	50 152
Effect of exchange fluctuations		469 699	1 129 784
Change in other provisions		(94 375)	365 494
Net cash flow from operations		68 969	(1 690 367)
Cash flow from investments			
Purchase of fixed assets	9	(3 000)	-
Payment of short term loan /receivables		86 075	2 405 121
Net cash flow from investments		83 075	2 405 121
Cash flow from financing			
Repayment of long term loans		(100 364)	(388 640)
Interest paid		(51 017)	(217 739)
Net cash flow from financing		(151 381)	(606 380)
Exchange gains / (losses) on cash and cash equivalents			
Net change in cash and cash equivalents		663	108 374
Cash and cash equivalents at the beginning of the period		581 696	473 322
Cash and cash equivalents at the end of the period	7	582 359	581 696

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
Equity as at 1 January 2021	8 126 110	27 603 876	(18 056 042)	(8 002 179)	9 671 766
Profit (loss) After tax			(3 774 332)		(3 774 332)
Other comprehensive income				873 349	873 349
Equity as at 31 December 2021	8 126 110	27 603 876	(21 830 374)	(7 128 830)	6 770 783
Equity as at 1 January 2022	8 126 110	27 603 876	(21 830 374)	(7 128 830)	6 770 783
Profit (loss) After tax			(900 164)		(900 164)
Other comprehensive income				469 698	469 698
Equity as at 31 March 2022	8 126 110	27 603 876	(22 730 538)	(6 659 132)	6 340 316

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 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 2021 that was published on 26 April 2022 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 2021.

Financial risk

The external leasing contracts has a 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 582 thousand on 31 March 2022, of which EUR 402 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

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, 2021 and so far in 2022 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. 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.

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 2022.

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.

For the quarter Energeia AS' direct costs for the management of EAM was EUR 284 thousand, of which EUR 125 thousand was related to SG&A, and EUR 159 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 31 March 2022 approximately EUR 201 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 233 thousand of the Group's external revenue was derived from sales to an international commodity trading house for the market price contracts. However, due to the new Sostegni ter Decree, entered into force on 29 March 2022, the Company estimates that market price revenues will be reduced by EUR 130 thousand in the first quarter, and have made a provision in the accounts for this amount.

NOTE 06 FINANCIAL INCOME AND EXPENSES

	Q1 2022	Q1 2021
Financial income		
Interest income	9	-
Foreign exchange gain	2 102	10 604
Total financial income	2 112	10 604
Financial expenses		
Interest expense	(37 554)	(33 251)
Foreign exchange losses	(418 114)	(681 424)
Other financial expenses	(904)	(9 009)
Total financial expenses	(456 571)	(723 684)
Net financial income (expenses)	(454 459)	(713 080)

The average exchange rate used for the reporting period is EUR/NOK 9.9327, whereas the exchange rate used on 31 March 2022 is EUR/ NOK 9.7110.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q1 2022	2021
Cash Norway	109 604	20 970
Cash Italy	472 755	560 726
Cash and cash equivalents	582 359	581 696
Restricted cash Italy	401 732	443 422
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 of EUR 402 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 2022	2021
Accounts receivables	-	324
Deferred revenue towards GSE	817 517	754 696
Receivable from sale	3 061 617	3 062 910
Other receivables	1 601 340	1 632 406
Accounts receivables	5 480 475	5 450 336

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

2022	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			3 000	3 000
Depreciation	(28 489)	(103 250)	(8 752)	(140 491)
Carrying value 31 March 2022	1 442 121	4 652 279	306 367	6 400 766

2021	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2021	1 584 568	5 168 528	346 840	7 099 936
Depreciation	(113 958)	(412 999)	(34 722)	(561 679)
Carrying value 31 December 2021	1 470 610	4 755 529	312 119	6 538 257

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 2022	2021
Deferred tax liabilities	764 691	743 424
Other non current liabilities	343 887	343 887
Obligations under finance leases	3 649 465	3 771 567
Total non-current liabilities	4 758 043	4 858 878
Trade and other payables	1 580 952	1 077 444
Other payables	488 077	523 354
Social security	-	7 860
Taxes other than income taxes	6 677	6 677
Accrued liabilities	2 627	4 661
Trade and other payables	2 078 333	1 619 996
Current leasing	430 836	409 097
Tax payable	-	-
<i>Related to ordinary operations</i>	<i>2 509 169</i>	<i>2 029 093</i>
Total current liabilities	2 509 169	2 029 093
Total liabilities	7 267 212	6 887 971

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 first witness hearing in this matter was held 1 June 2021. The court set a second hearing to resume the examination of witnesses on 10 November 2021, but this hearing was postponed and held on 31 March 2022.

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.

Following the reception of the full judgement from the Milan Criminal Court of Appeal, EAM Solar ASA decided to join with the Prosecutor’s Office in Milan in appealing to the Italian Supreme Court of Cassation. The appeal was submitted on 1 June 2021 to the Supreme Court of Cassation.

EAM Solar ASA seeks to reinstate the convictions of Igor Akhmerov and Marco Giorgi for the crime of fraud against EAM.

The appeal was based on several cases of misinterpretation of facts in the grounds for judgment by the Milan Criminal Court of Appeal.

The Supreme Court of Italy held a hearing on 6 October 2021 on the appeal of the acquittal sentence decided by the Milan Criminal Court of Appeal issued 20 January 2021.

On 7 October 2021, the Company was informed that the Supreme Court of Italy decided to annul the 20 January 2021 judgment of acquittal by the Milan Criminal Court of Appeal in the subsidy fraud case against the State of Italy and contractual fraud against EAM Solar ASA.

Late November 2021 the Supreme Court issued its full decision for the annulment of the acquittal ruling. The short summary of the reason for the Supreme Court to annul the Milan Appeal Court acquittal decision in its entirety is that the Supreme Court found that the Milan Appeal Court 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 is sending the criminal case back to a different chamber of the Milan Appeal Court for a new proceeding in the criminal case with the requirement that the new court proceedings must proceed with 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 concludes that the evidenced withholding of essential information during the contractual negotiations in itself constitute a contractual fraud.

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.

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%	(358 606)	(358 606)	(3 433 185)	14 281 178
Ens Solar One Srl	Italy	Solar power plant	100%	100%	220 986	108 810	181 854	3 853 208
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	86 557	58 067	308 615	2 025 407

NOTE 12 OPERATIONAL COSTS BREAKDOWN Q1 2022

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	306 265	306 265	-
Cost of operations	(60 019)	(43 324)	(16 695)
Land rent	-	-	-
Insurance	(26 558)	(9 863)	(16 695)
Operation & Maintenance	(14 203)	(14 203)	-
Other operations costs	(19 258)	(19 258)	-
Sales, General & Administration	(239 874)	(84 970)	(154 904)
Accounting, audit & legal fees	(61 680)	(8 364)	(53 316)
IMU tax	(3 225)	(3 225)	-
Energieia adm costs	(125 306)	(43 957)	(81 349)
Other administrative costs	(49 663)	(29 424)	(20 239)
Legal costs	(299 279)	(429)	(298 850)
Legal costs	(139 865)	-	(139 865)
Energieia legal costs	(158 986)	-	(158 986)
Other non-recurring items	(429)	(429)	-
EBITDA	(292 907)	177 542	(470 449)

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

Criminal Proceedings in Oslo

A hearing in the private criminal proceedings against Enovos Luxembourg SA took place in Oslo District Court on 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected. A decision was expected in the first half of May but has not yet been announced.

The War in Ukraine and sanctions against Russia

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

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

The Italian government has proposed a cap on the price of electricity from renewable sources known as the "Sostegni-ter Decree".

On 27 January 2022, Law Decree No. 4, known as the "Sostegni-ter Decree", (the "Decree") was published in the Italian Official Journal and entered into force on the same date, in order 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 Company has still not received any information from GSE. The Company estimates that market price revenues will be reduced by EUR 130 thousand in the first quarter due to the new decree and have made a provision in the accounts for this amount.

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