

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

eam

The background of the entire page is a close-up, low-angle shot of solar panels. The panels are arranged in a grid pattern, with the lines of the panels creating a strong sense of perspective and depth. The lighting is bright, creating a high-contrast, blue-tinted scene.

EAM SOLAR ASA  
**ANNUAL REPORT 2020**



# CONTENTS

<b>EAM Solar in brief</b>	5
<b>Directors' report</b>	9
<b>Corporate governance and ESG reporting</b>	16
<b>Financial statements</b>	24
<b>Consolidated financial statement</b>	
Consolidated statement of profit and loss and comprehensive income	25
Consolidated statement of financial position	26
Consolidated statement of cash flow	27
Consolidated statement of changes in equity	28
Notes to the consolidated financial statement	29
<b>Parent company financial statement</b>	
Statement of comprehensive income	43
Statement of financial position	44
Statement of cash flow	45
Notes to the parent company financial statement	46
<b>Power production</b>	52
<b>Power plant capacity</b>	53
<b>Responsibility statement</b>	54
<b>Auditor's report</b>	55



# EAM SOLAR ASA IN BRIEF

EAM Solar ASA (EAM or the Company) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Bryggetorget 7, 0250 Oslo, Norway.

Energeia AS established EAM on 5 January 2011. The Company was established with the purpose of owning Solar PV power plants under long-term electricity sales contracts and distributing dividends on a regular basis to its shareholders. The Company was listed on the Oslo Stock Exchange under the ticker EAM in March 2013, becoming the world's first publicly listed pure solar PV "YieldCo".

EAM has no employees and is managed by Energeia AS. Energeia AS conducts all administrative and technical tasks with own employees and subcontractors. The annual general meeting of EAM elects the Company's board of directors, who make all material investments, divestments and contractual decisions.

EAM acquired the first power plant in Italy in 2011. At the end of 2020 EAM owned and operated 4 power plants with a combined capacity of 4.0 MW generating an average annual production of 5.4 GWh annually (P50 production).

EAM entered into a Share Purchase Agreement with Aveleos S.A. in July 2014 to acquire 31 PV power plants in Italy, for a total consideration of EUR 115 million. One week after the transfer of 21 of the 31 power plants, it appeared that 27 of 31 power plants comprised

by the Share Purchase Agreement, and two directors of the sellers, were already the targets of a criminal investigation conducted by the Prosecutor's Office of Milan.

Based on the criminal proceedings, the companies contractual counterparty for purchase of electricity, the state-owned utility company Gestore dei Servizi Energetici (GSE), firstly suspended and then terminated the long-term electricity sales contract for 17 of the 21 PV power plants transferred to EAM in July 2014. The Administrative Court of Lazio legalized GSE's decision to terminate in June 2016.

EAM's calculated loss of revenues due to terminated FIT contracts and permanent closure of power plants because of lacking technical certification, amounts to an amount in excess of EUR 300 million. This has resulted in the bankruptcy of the SPVs affected by the criminal proceedings in 2016.

The annual accounts of 2020 have identified a profit after tax of minus EUR 173 thousand, the negative result is stemming mainly from extensive legal costs.

On the basis of the fundamental breach of contract and contractual guarantees in the Share Purchase Agreement, resulting in losses now suffered by EAM, and the lack of will-

ingness from the seller to remedy the flawed sale, EAM has been forced to initiate legal proceedings against the sellers to recover losses and damages in excess of EUR 300 million. This situation has effectively changed EAM from a YieldCo to a large listed lawsuit.

As a consequence of the fraud, EAM's market valuation dropped to EUR 10 million in the beginning of 2016, 80 per cent below the invested equity capital of EUR 55 million. During 2016, 2017 and 2018 the market value increased to EUR 27 million. In 2019 the market value decreased to EUR 8 million. In 2020 the market value further decreased to EUR 6 million.

## Strategic review and outlook

The company is in its seventh 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

Valuation  
(EUR million)



joint venture partners Enovos and Renova/Avelar et.al. responsible for the P31 fraud.

### 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 the 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 is currently working on the 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 the first half of 2021.

Throughout 2020 the Company has continued to fight for its rights in various legal venues. It can be summarized as follows:

### 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 conjunc-

tion with the sale of the P31 portfolio and sentenced them to prison terms and provisional damages of EUR 5 million in favour of EAM. 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 is 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 that form the base for the decision by the Criminal Appeal Court are expected to be made public within 90 days from the date of the decision.

The Criminal Appeal Courts decision is not final and will be appealed.

### Bankruptcy Court Luxembourg

Based on the provisional damages awarded to EAM Solar ASA in 2019, the Bailiff of Luxembourg conducted a formal collection procedure in Luxembourg 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 the auditing and accounting firm 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 was 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 of-

fices 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.

### Arbitration

Following the final legal ruling by the Administrative Court of Lazio in June 2016, stating 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 not yet been conducted.

### 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 of 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.

### 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 Company's 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 reimburse any previously received revenues from GSE.

Please also see the Annual Report from previous year for further information on the legal processes.



# DIRECTORS' REPORT

## The 2020 annual report

EAM Solar ASA (EAM or the Company) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Bryggetorget 7, 0250 Oslo, Norway. Energeia AS established EAM on 5 January 2011.

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.

The geographical focus of EAM has since its inception been to acquire power plants under long-term contracts in Europe. EAM acquired its first power plant in Italy in 2011. Since then, EAM has acquired in total 25 power plants with a combined capacity of 27.1 MW generating 38.3 GWh annually, representing annual revenue of EUR 13.5 million.

At the beginning of 2015, EAM had EUR 110 million in capital employed, EUR 180 million in contractual revenue reserve, EUR 50 million in future market price sales and an expected EBITDA from the 17-year contract period of EUR 200 million.

However, the period from 2014-2016 became very challenging for EAM on the back of the flawed acquisition of 21 PV power plants from Enovos Luxembourg S.A. and Avelar Energy Ltd. through their jointly owned single purpose vehicle Aveleos S.A.

Seventeen of the 21 PV power plants transferred to EAM in July 2014 did not have valid long-term feed-in-tariff contracts (FIT) according to the contractual counterparty Gestore dei Servizi Energetici GSE S.p.A, owned by the State of Italy, as warranted by Enovos Luxembourg S.A. and Avelar Energy Ltd under the Share Purchase Agreement.

In the fourth quarter 2015, GSE terminated the FIT contracts, which had been suspended since August 2014, and demanded a repayment of previously received FIT from 5 of the 7 companies acquired by EAM.

Due to Enovos Luxembourg S.A. and Ave-

lar Energy Ltd lack of willingness to assume what the Company believes is their contractual obligation as owners of Aveleos S.A. and to remedy the situation, EAM has been forced to initiate legal proceedings in Italy, Luxembourg and Norway.

The events following the so-called "P31 acquisition" have effectively transformed EAM from a dividend paying "YieldCo" to a large lawsuit. Consequently, the share price of EAM Solar ASA on the Oslo Stock Exchange has dropped considerably.

The board of directors and the management are directing all their effort and attention to resolve this challenging situation in the appropriate legal venues as fast as possible in order to restore the value of the Company and return the outcome to the shareholders.

Information on Corporate Governance is presented in a separate document below.

## Strategic review and outlook

EAM's strategy was in the outset to create value by acquiring operational power plants and, through an active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield.

The company is in its seventh 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 the 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 is currently working on the 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 the first half of 2021.

## Operational review

### Power production

Throughout 2020 EAM Solar ASA owned and operated 4 power plants. 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).

Accumulated for the year the power production was 5 432 MWh, 0.2 per cent below estimated production.

### Additional profit from sale of shares to Energeia AS

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Di-

rectors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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 for 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 end of specific indemnification mechanisms. The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 96.6 million, of which NOK 45 million was received at year-end 2020.

## Corporate status

### Legal proceedings

#### *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 in favour of EAM. 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 is 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 that form the base for the decision by the Criminal Appeal Court are expected to be made public within 90 days from the date of the decision.

The Criminal Appeal Courts decision is not final and will be appealed.

#### *Bankruptcy Court Luxembourg*

Based on the provisional damages awarded to EAM Solar ASA in 2019, the Bailiff of Luxembourg conducted a formal collection procedure in Luxembourg 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 de-

clare 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 the 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 was 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.

#### **Arbitration**

Following the final legal ruling by the Administrative Court of Lazio in June 2016, stating 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 not yet been conducted.

#### **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.

#### **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**

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 Company's 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 for 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 reimburse any previously received revenues from GSE.

Please also see the Annual Report 2019 and previous years for further information on the legal processes.

#### **Business operations in 2020**

At the end of 2020 EAM owned or controlled 4 power plants operating under normal conditions, with a combined installed capacity of

4.0 MW with an average annual power production of 5.4 GWh (P50 production).

The financial statements and annual report are prepared under the assumption of going concern. It is the board's opinion that the Group has sufficient liquidity to support operations for the next twelve months.

Accumulated extraordinary costs related to the fraudulent sale amounted to approximately EUR 1.8 million in 2020.

### Financial review

In 2020 EAM Solar ASA has continued the legal processes to restore the shareholder values. The legal processes are expensive and are heavily contributing to the loss in 2020.

### Consolidated statement of profit and loss and comprehensive income

#### Revenue and production

All 4 power plants owned or controlled by EAM produced electricity and delivered this to the grid in 2020. Total electricity production in 2020 was 5 432 MWh, 0.2 per cent below estimated production. Accumulated for the year revenues were EUR 1 271 thousand, of which EUR 1 067 thousand was received from FIT contracts and EUR 195 thousand from markets sales of electricity. EUR 9 thousand were other revenues.

All EAM's electricity sales are made under 20-year sale agreements in the feed-in-tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty.

The fixed price sales contracts (FIT) accounts for 83.9 per cent of revenues, with electricity sales at market prices accounting for 15.3 per cent. Other revenues accounts for the remaining 0.7 per cent.

FIT revenues for 2020 were EUR 1 067 thousand and the average FIT contract price revenue was EUR 196 per MWh

Market price contracts are renewed yearly. Market prices achieved for electricity dropped from a year average of EUR 50.0 per MWh in 2019 to EUR 36 per MWh in 2020. Total market price revenues for 2020 were EUR 195 thousand.

#### Operating costs

Total cost of operations in 2020 amounted to EUR 213 thousand. The cost of operations consisted mainly of operating and maintenance costs, and insurance. SG&A expenses amounted to EUR 947 thousand for the year.

#### Legal costs

The cost item consists almost entirely of

legal costs. Accumulated for the year the legal costs amounted to EUR 1 770 thousand. Legal costs are presented net of funds from Therium.

#### Operational earnings

Earnings before interest, depreciation, amortisation and taxes (EBITDA) amounted to minus EUR 1 659 thousand for 2020.

Accumulated for the year depreciation and amortisation were EUR 556 thousand, resulting in an operating profit (EBIT) of minus EUR 2 215 thousand.

#### Net financial items

Net financial items amounted to EUR 2 197 thousand for the full year 2020. 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 for EAM Solar ASA is estimated to be EUR 1.7 million at year-end 2020. The gain from the sale is calculated with the average exchange rate used for 12M 2020.

#### Profit before tax and net income after tax

Profit before tax amounted to minus EUR 18 thousand for 2020. Net tax amounted to EUR 155 thousand.

Reported net income after tax was minus EUR 173 thousand for 2020 and reported loss per share were EUR -0.03 on a fully diluted basis.

#### Cash flow and balance sheet statements

**Consolidated statement of financial position**  
Total assets amounted to EUR 16.7 million on 31 December 2020. This was down by EUR 2.6 million over the year.

Total equity amounted to EUR 9.7 million on 31 December 2020, a decrease by EUR 1.28 million over the year. The change is mainly related to currency translation differences. The equity ratio was positive with 57.8 per cent on 31 December 2020, up from 56.8 per cent on 31 December 2019. Net working capital amounted to EUR 7 166 thousand on 31 December 2020.

#### Cash flow

Net cash flow from operating activities was negative with EUR 3 755 thousand in 2020. Net cash flow from investing activities was positive with EUR 4 379 thousand. Net cash flow from financing activities was negative with EUR 516 thousand. Cash and cash equivalents amounted to EUR 473 thousand on 31 December 2020, of which 370 thousand

was restricted at year-end and 62 was seized (see [note 17](#)).

#### EAM Solar ASA (parent company)

##### Profit and loss statement

Revenues are management services provided to subsidiaries (see [note 3](#)). Other operating expenses consist mainly of purchased services. Net Financial items for 2020 were positive with NOK 2.1 million.

##### Balance sheet

Total assets amounted to NOK 137.6 million, of which NOK 73.1 million is intercompany. Cash amounted to NOK 474 thousand at year-end. Total equity amounted to NOK 122.7 million equal to 89 per cent of total assets, compared to 88 per cent in 2019. Current liabilities amounted to NOK 7.7 million.

##### Cash flow

Net cash flow from operational activities was positive at NOK 19 million and borrowings to group companies were negative with NOK 18.8 million.

##### Allocation of net income

The board has proposed that the net income of minus NOK 2 597 669 is transferred from share premium, and minus NOK 989 866 is transferred from other equity, making total transfers of minus NOK 3 587 535.

##### Going concern

The financial statements and annual report are made under the assumption of going concern. The basis for this assumption is that the Company has cash to continue the legal proceedings for the foreseeable future, and that the revenue contribution from the 4 power plants in the fixed contract period to 2031 is, sufficient to cover the long-term lease obligation and operational costs relating to these assets.

##### Covid-19

The outbreak of Covid-19 has during 2020 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.

## Market overview

### Power prices in Italy

The average wholesale power price in Italy for 2020 was EUR 40 per MWh. The price fluctuated mainly between EUR 20 and EUR 80 per MWh during the year. The lowest and highest price observed was EUR 6 and EUR 100 respectively. The average electricity market price in the northern part of Italy accumulated for the year was EUR 41 per MWh and in the southern part of Italy EUR 40 per MWh.

### Events after the balance sheet date

#### Criminal proceedings in Milan

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 is 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 are expected to be made public within 90 days from the date of the decision.

The Criminal Appeal Courts decision is not final and will be appealed.

#### Arbitration

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.

#### 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 on 20 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.

#### Bankruptcy Court Luxembourg

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 the 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

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.

#### Risk factors

The Company is exposed to a number of risk factors.

The largest risk to our current operation is regulatory (political) risk in Italy, i.e. retroactive changes in government incentives schemes, changes to regulatory framework

for operation and changes in taxation of assets and renewable energy operations.

EAM is also exposed to risk related to market power price fluctuations and general technical operational risks. The Company mitigate these risks as far as possible through long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

#### Regulatory risk

The unilateral and retroactive 8 per cent reduction of the long-term electricity price of the FIT contracts conducted by the State of Italy in 2015 through their wholly owned subsidiary, Gestore dei Servizi Energetici GSE S.p.A., is believed illegal and in a breach of the constitutional law of Italy by leading legal experts, law firms and courts of law in Italy. However, the state of Italy has made no attempt to amend this situation. The regulatory risk experienced in Italy is by far the largest risk to PV power plant financial return and operation at the current moment.

It is unfortunately impossible to hedge against this type of regulatory risk in Italy at this point in time. The international market for insurance against State Government risk only is possible to achieve for countries classified as "underdeveloped" or "developing" by the United Nations system through the World Bank Group insurance institute MIGA (MIGA underwrite insurance against state confiscation, unlawful punitive taxation etc.). Since Italy is classified as a developed country, insurance against regulatory risk in Italy is not possible to obtain.

The new regulatory environment of the operation of solar PV power plants in Italy, partially implemented in 2015, poses a significant risk to PV power plant owners since these rules may be exploited in order to reduce or revoke long-term FIT contracts for non-material or non-technical reasons. This creates significant risk for corruption in conjunction with administrative processes since the legal treatment of administrative decisions takes several years, in breach of Italy's administrative law, exposing owners to financial default and bankruptcy without having administrative measures judged in a court of law.

#### Financial risk

For the external financing contracts with floating interest rate there is an interest rate swap agreement in place until April 2021.

#### Litigation risk

The Company is involved in several legal

processes where the outcome is unknown. There is a risk that the Company might lose some or all of these processes and that it can result in a counter claim from the other party in such legal processes. It is also a risk that the counterpart is unable to settle an award in favour of the Company.

#### Credit risk

Under normal circumstances the risk of credit losses is considered low, since the main contractual counterparty is GSE, a state-owned entity. The Group has not made any set-off or other derivative agreements to reduce the credit risk against GSE.

The Company's gross credit risk exposure against GSE on 31 December 2020 was EUR 647 thousand. EAM has made no financial arrangements to limit the credit risk further.

#### Asset value risk

EAM's cash balance was EUR 473 thousand on 31 December 2020, of which the Prosecutors Office of Milan has seized EUR 62 thousand.

EAM has identified no indicators for impairment of the power plants as described in IAS 36 after write-downs conducted in 2015 and the second quarter of 2016. The assumptions used in the impairment test, when there are indicators present, represent business development scenarios EAM finds most likely at the reporting date, although the actual outcome may be materially different due to on-going legal processes.

#### Transactions with related parties

##### Related parties

Energeia AS is the manager of EAM. Energeia AS in Norway and Italy employs or subcontract all of the personnel conducting the technical and administrative services for EAM. Energeia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are 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 of 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.

Accumulated for the year Energeia AS' direct costs for the management of EAM was EUR 921 thousand, of which EUR 0 thousand was related to cost of operations, EUR 471 thousand was related to SG&A, and EUR 450 thousand was related to legal and litigation work in conjunction with the P31 Acquisition fraud.

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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 for 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 end of specific indemnification mechanisms. The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 96.6 million, of which NOK 45 million was received at year-end 2020.

#### Health, safety and the environment

EAM has no employees, and therefore no

statistics related to health issues, recruiting processes, salaries or working conditions.

The board of directors comprised at year end of two male and one female director.

Energeia AS and sub-suppliers to the manager provide all administrative, technical and commercial services. The manager is responsible for requirements related to gender neutrality, non-discrimination and equal opportunities. The manager recruits employees on a gender-neutral and non-discriminatory basis.

Solar power plants offer a power source that is environmentally superior to fossil fuels. The power plants do not expose the environment to any harm, other than by occupying land and possibly altering its visual appearance. EAM's power plants are built with silicon-based solar panels, and the power production facilities produce no harmful waste.

Activities related to the management of the business have no impact on the natural environment apart from effects related to normal office work.

#### Values and guidelines for business ethics and CSR

Honesty, transparency and trust are essential to the success of the Company. EAM is committed to transparency in its management practices, and in particular in the relationship between EAM and Energeia AS. The board of directors have at all times access to all information and assistance from the employees of the manager.

Separate guidelines for environmental, social and governance ("ESG") are presented below.

#### Presentation of the financial statements

Pursuant to Section 4-5 of the Norwegian Accounting Act, the board of directors of EAM confirms that the financial statements have been prepared under the assumption that the enterprise is a going concern, and that this assumption was appropriate at the date when the financial statements were approved.

Oslo, 20 April 2021

Stephan L Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Ragnhild M Wiborg  
Chair

Viktor E Jakobsen  
CEO



# CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

EAM Solar ASA is committed to pursuing environmental, social and governance practices that supports the trust in the Company, its directors and management, the way it operates its business and thereby contribute to value creation.

As defined in the Euronext ESG Guide: “Environmental, social and governance principles (ESG) are a set of standards by which a company and its investors can measure the wider impact of its operations and long-term strategy”

The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and management in a more comprehensive manner than is required by legislation.

## Implementation and reporting on corporate governance

### Implementation

EAM Solar ASA's board of directors is responsible for executing best practice corporate governance and has prepared and approved the Company's policy for corporate governance.

Through its board and management, the Company conducts a review and evaluation of its principles for corporate governance on an annual basis.

EAM Solar ASA is a Norwegian public limited company listed on the Oslo Stock Exchange. Section 3-3b of Norway's Accounting

Act requires the Company to provide an annual statement of its corporate governance principles and practices. These provisions also specify the minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code). Adherence to the code is based on the “comply or explain” principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

The Oslo Stock Exchange requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the code in force at the time. Rules on the continuing obligations of listed companies are available at [www.oslobors.no](http://www.oslobors.no).

EAM Solar ASA will comply with the above-mentioned rules and regulations, and the current code, issued on 17 October 2018 with the exception of the following:

1. Pursuant to the Company's articles of association, the manager has the right to recommend to the Company's nomina-

tion committee two of the directors in the board. The general meeting elects the Company's directors.

The manager's right of recommendation is intended to ensure good communication between the Company's board and the manager based on the fact that the Company has no employees and that all day-to-day management activities are conducted by the Manager.

At year-end 2020 the Manager had not recommended nor did it have representatives in the board of directors.

EAM Solar ASA provides a statement on its principles for corporate governance in its annual report, and this information is also available on its website at [www.eamsolar.no](http://www.eamsolar.no).

### Business

The business purpose of EAM is defined in article 3 of the Company's articles of association, which states that:

“The Company's business activities include identification, analysis, financing, operating, purchase and sale of Solar power plants outside Norway, and naturally related

activities, such as ownership in similar companies. In addition, the Company's business is lawsuits in relation to Solar power plants."

## Equity and dividends

### Equity

Total equity for the Group amounted to EUR 9.7 million at 31 December 2020, representing an equity ratio of 57.8 per cent.

The equity of the parent company amounted to EUR 11.7 million at 31 December 2020, representing an equity ratio of 89 per cent.

### Dividend policy

The Company's primary objective is to generate a capital return and distribute this to its shareholders through dividends.

Article 11 of the Company's articles of association specifies that the entire annual cash surplus will be distributed as dividend to the shareholders to the extent permitted by applicable law. Changes to, or exemptions from this article require the support of at least 90 per cent of the votes cast, of the share capital represented, at the general meeting.

Based on the status of the Company no dividend will be declared for 2020.

## Equal treatment of shareholders and transactions with close associates

### Equal treatment

All the shares in the Company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the Company's general meeting.

In the event that the board is mandated to buy the Company's own shares and decides to exercise this mandate, the transactions will be conducted through the stock exchange or at prevailing market prices if conducted in any other way.

### Transactions with related parties

EAM has a long-term management agreement with Energeia AS. The latter provides all administrative, technical, and operational services required by the Company. EAM has no employees.

The transactions between EAM and the manager in 2020 have been conducted both as part of ordinary operations in accordance with the management agreement, and also conducted by the manager in pursuing legal objectives in the various processes of the fraud case against EAM.

Any transactions, agreements or arrangements between the Company and its shareholders, directors, members of the executive management team or close associates

of any such parties will only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions will comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable.

### Transfer of shares

The Company's articles of association place no general restrictions on transfers of the Company's shares.

No provisions in the articles would have the effect of delaying, deferring or preventing a change of control of the Company, or would require disclosure of a level of ownership above any specified threshold, unless such transaction would be in violation of Norwegian law and in conjunction with criminal activities.

Transfers of shares in the Company do not require the consent of the board. Nor do they trigger any pre-emptive rights for other shareholders.

### General meetings

#### Annual general meeting

The annual general meeting (AGM) is the Company's highest authority. The board strives to ensure that the AGM is an effective forum for communication between the shareholders and the board, and encourages shareholders to attend.

#### Preparations for the AGM

The AGM will be held before 30 June, which is the latest date permitted by Norwegian company law. It will approve the annual report and annual accounts, including the distribution of any dividend, election of board, auditor and nomination committee and such other matters as may be set out in the notice of the meeting.

The AGM for 2021 will be held on 18 May 2021 at the Company offices in Oslo, Norway.

The board can call for extraordinary general meetings. It will also call for an extraordinary general meeting at the request in writing of the auditor or shareholders representing at least five per cent of the share capital in order to deal with a specific subject.

The board summons general meetings. Notice of a general meeting will be issued at the latest 21 days before the date of the meeting, and will include a proposed agenda. The notice will also be made available on the Company's website at [www.eamsolar.no](http://www.eamsolar.no).

A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in

writing to the board in time for the proposal to be entered in the agenda for the meeting.

The date of the next AGM is included in the Company's financial calendar. The financial calendar for the coming year will be published no later than 31 December in the form of a stock exchange announcement, and will also be made available on the Company's website.

### Participation in a general meeting

The Company's articles of association do not specify any requirements for giving notice of attending a general meeting.

Shareholders who are unable to attend the meeting are encouraged to appoint a proxy. The arrangements for appointing a proxy allow shareholders to specify how their proxy should vote on each matter to be considered. Directors attend the AGM, together with at least one member of the nomination committee and the auditor. The CEO represents the management at the AGM.

### Agenda and conduct of the AGM

The board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and article 9 of the articles of association of EAM.

The board will seek to propose a person independent of the Company and the board to chair general meetings, ensuring that the AGM has an independent chair as recommended by the code.

The board and the chair of the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's governing bodies.

The minutes of the AGM are published in the form of a stock exchange announcement, and are also made available on the Company's website at [www.eamsolar.no](http://www.eamsolar.no).

### Nomination committee

EAM will have a nomination committee consisting of three members. The Company's current nomination committee was elected for one year on the annual general meeting 18 May 2020 and consists of:

- Leiv Askvig, chair
- Nils Erling Ødegaard, member
- Georg Johan Espe, member

Members of the nomination committee will be shareholders or shareholder representatives.

The general meeting elects the members of the nomination committee, including its chair. These members will serve for one year unless the general meeting decides other-

wise. This term commences from the date of election unless otherwise decided. It terminates at the end of the annual general meeting in the year when the term expires. Even if the term has expired, the member must remain in their post until a new member has been elected.

Remuneration for members of the nomination committee is determined by the general meeting.

The nomination committee has the following responsibilities:

- To provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the provision that the manager has the right to recommend up to two directors
- To provide the general meeting with recommendations on the remuneration of directors
- To provide the general meeting with recommendations on members of the nomination committee
- To provide the general meeting with recommendations on the remuneration of the members of the nomination committee.

The general meeting may issue further guidelines for the nomination committee's work.

### Board of directors: composition and independence

#### Elections to the board

The general meeting elects directors. The Company's articles of association provide that the board will have no fewer than three members and no more than seven. In accordance with Norwegian law, the CEO and at least half the directors must be either resident in Norway or citizens of or resident in an EU/EEA country.

#### Composition of the board

On 31 December 2020, the board of EAM Solar ASA consisted of three directors, two men and one woman:

- Ragnhild Marta Wiborg, chair
- Stephan Lange Jervell, non-executive director
- Pål Hvammen, non-executive director

At the annual general meeting on 18 May 2020 Ragnhild Marta Wiborg was re-elected as chair of the board, and at the same date Stephan Lange Jervell and Pål Hvammen was re-elected as members of the board. The functioning period of the Board of Directors is until the annual general meeting in 2021.

Directors have been elected to serve for

a period of one year unless otherwise stated.

Directors represent varied and broad experience from relevant industries and areas of technical speciality, and contribute knowledge from both Norwegian and international companies. More information about the expertise and background of directors can be found on the Company's website.

#### Independence of the board

Ragnhild Marta Wiborg, Stephan Lange Jervell and Pål Hvammen are all independent of the Company's manager, material business contacts and largest shareholders.

The board included at year end 2020 no members proposed by the manager.

#### Work of the board of directors

##### Board's duties and responsibility

The board has the ultimate responsibility for managing the Company and for supervising management and make strategic decisions.

This includes participating in the development and approval of the Company's strategy, performing necessary monitoring functions, including supervision, to ensure that the Company manages its business and assets and carries out risk management in a prudent and satisfactory manner, and acting as an advisory body for the manager.

In the management agreement between the Company and the manager, the manager is effectively the CEO of the Company. Should an individual have to be appointed as the CEO, the manager will propose this person for approval by the board. The board of directors defines objectives, strategies and risk profiles for the company's business activities to facilitate that the company creates value for shareholders.

The board of directors ensures that its members and executive personnel make the Company aware of any material interests that they may have in items which are considered by the board.

#### Mandate for the board

In accordance with the provisions of Norwegian company law, the terms of reference for the board are set out in a formal mandate that includes specific rules and guidelines on the work of the board and decision-making. The chair is responsible for ensuring that the work of the board is carried out in an effective and proper manner in accordance with legislation.

#### Mandate for the CEO

The CEO is the representative of the manager. The manager is responsible for executive

management and day-to-day operations of the Company as defined in the management agreement.

#### Financial reporting

The board receives periodic reports on the Company's commercial and financial status. The Company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

#### Board meetings

The board holds regular meetings each year. Extraordinary board meetings are held when required to consider matters that cannot wait until the next regular meeting. The board has also appointed an audit committee.

During 2020, the board of directors had several meetings in addition to the formal meetings each quarter. In addition, both the board and individual directors held informal discussions and meetings on specific issues. In 2020 the board of directors met on 8 occasions, either in person or by circulation.

#### Audit committee

EAM is exempted from the obligation to have an audit committee since it satisfies the criteria in section 2.3.3 (3) no 4 of the Listing Rules and section 6-41 (2) of the Norwegian Public Limited Liability Companies Act.

The Company has nevertheless established an audit committee. Currently, the full board serves as the audit committee, and the Company believes that the audit committee satisfies the requirements in section 6-42 of the Norwegian Public Limited Liability Companies Act.

None of the members of the committee are employees of the Company. The audit committee will not make any decisions on behalf of the board, since it is effectively the board.

#### Board's evaluation of its own work

The board carries out an annual evaluation of its own performance, working arrangements and competence. The chair prepares a report on this evaluation, which is made available to the nomination committee.

#### Risk management and internal control

EAM's board is responsible for ensuring that the Company has a sound internal control and sufficient systems for risk management. The Company's systems for internal control and procedures for risk management are intended to ensure timely and correct financial reporting, as well as compliance with the legislation and regulations to which the Company is subject.

Follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, periodic reports to the board and the work of the audit committee.

The board carries out an annual review of the Company's most important areas of exposure to risk and its internal control procedures. In addition, the auditor presents an annual review of the Company's internal control procedures to the audit committee, including the Company's accounting principles, risk areas, internal control routines and proposals for improvement.

The size and activity of the Company does not support the establishment of an internal audit function.

#### Remuneration of the board of directors

The AGM determines the board's remuneration, based on a recommendation from the nomination committee. Remuneration of directors will be reasonable and based on the board's responsibilities, work, the time invested and the complexity of the enterprise. Compensation will be a fixed annual amount. The chair receives a higher compensation than the other directors.

The board will be informed if individual directors perform other tasks for the Company than their role as directors. Work in sub-committees may be remunerated in addition to the remuneration received for the directorship. The Company's annual accounts provide information about the board's compensation.

There are no share options issued to members of the board of directors.

#### Remuneration of the manager and the CEO

Pursuant to the management agreement, the CEO receives no direct remuneration from the Company. The CEO is receiving his remuneration from the manager, Energeia AS. Energeia AS will invoice all billable hours at a predetermined rate for each consultant working on the assignment. Out-of-pocket expenses will be 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.

The management agreement has been entered into for an initial term of 10 years. After the initial term, both parties may terminate the agreement by giving 12 months' notice, with effect at the earliest from 2021. Termination by the Company triggers a termination fee of five times the average fee for the two preceding fiscal years.

No member of the Company's board or other administrative or supervisory body has service contracts with the Company or any of its subsidiaries that provide benefits on the termination of employment. No loans or guarantees have been given to any members of the board or other company bodies.

#### Information and communications

EAM maintains regular dialogue with analysts and investors. The Company strives to publish relevant information continuously to the market in a timely, effective and non-discriminatory manner, and considers it very important to inform shareholders and investors about the Company's commercial and financial performance. All stock exchange announcements are made available both on the Company's website and on the Oslo Stock Exchange news website at [www.newsweb.no](http://www.newsweb.no).

#### Financial reports

EAM publishes its fourth quarter results by the end of February, and the full annual report, including approved and final financial statements and the directors' report, is available no later than 30 April each year as required by the Securities Trading Act. The complete annual report and financial statements are made available to shareholders no later than three weeks prior to the AGM.

Quarterly interim reports are published within eight weeks of the end of the quarter. The Company's financial calendar for the coming year is published as a stock exchange announcement and made available on the Company's website and on the Oslo Stock Exchange website in accordance with the continuing obligations for companies listed on the Oslo Stock Exchange. The Company will continue to publish quarterly reports in accordance with Oslo Børs Code of Practice for IR.

#### Other market information

EAM may give open presentations in conjunction with the publication of the Company's interim results. At these presentations, the manager will review and comment on the published results, market conditions and the company's future prospects.

#### Communication with shareholders

The manager gives high priority to communication with the investor market. Individual meetings are organised for major investors, investment managers and analysts. The Company also attends investor conferences.

The board has issued guidelines for the Company's investor relations' function,

including the designation of authorised spokespersons for the company.

#### Take-overs

The board endorses the principle of non-discrimination of shareholders. In the event of a take-over, the board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The board will seek to comply with the recommendations in the code relating to the board's responsibilities and duties in a take-over situation.

#### Auditor

EAM is audited by RSM Norge AS, Norway.

The auditor presents a plan annually to the board for the audit work and confirms that the auditor satisfies established requirements for independence and objectivity.

In connection with the auditor's presentation of the annual work plan to the board, the board will specifically consider whether the auditor also exercises a control function to a satisfactory extent. The auditor attends board meetings that deal with the annual accounts, and presents a review of the Company's internal control procedures to the audit committee, including the Company's accounting principles, risk areas, internal control routines and so forth, and proposals for improvement.

The board has established guidelines on the use of the auditor by the Company's executive management for services other than auditing. The board reports the remuneration paid to the auditor to the AGM, including details of fees paid for audit work and for other specific assignments.

## IMPLEMENTATION AND REPORTING ON SUSTAINABILITY

### ESG – Relevance and materiality

The information that investors and other stakeholders in the company consider material and relevant has changed drastically since the company went public in 2013.

At the outset, EAM's strategy was to create value by acquiring operational solar power plants and, through active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield. However, in light of the impact that the fraud and subsequent legal proceedings have had on the Company value, EAM has been forced to change from a YieldCo to a company primarily focused on litigation.

Consequently, when evaluating what information is considered relevant, meaning

information that influences the opinion or decision of users by helping them to evaluate past, present or future events or by confirming or correcting their past evaluations, such information will almost entirely be related to the legal proceedings and not to the renewable energy industry, as originally envisaged. Future value creation is not, at present, linked to traditional business development within renewable energy but rather to the restoration of lost values, stemming from the P31 fraud, via in-court legal proceedings in several jurisdictions or via out-of-court settlements.

The company has used the “Oslo Børs veiledning om rapportering av samfunns-

ansvar” and “Euronext Guidelines to Issuers for ESG Reporting” as a tool in preparing the report.

**Materiality analysis: identification and prioritisation**

When going deeper into the materiality analysis, which involves mapping the opportunities and risks the company faces, as well as identifying its most important stakeholders and their primary areas of interest, it becomes clear that many of the stakeholders one would expect to find, are less relevant or not present at all. Using a traffic light model, it looks like this:



Stakeholder group	Relevance	Expected of the company	Arena for dialog	Actions by the company
Investors – the Company is listed on Euronext Expand and has a broad investor base	High	Compliance with regulatory requirements for ESG reporting	Quarterly presentations, annual reporting and investor meetings	Comply with Oslo Stock Exchange guidelines
Customers – only 2 customers, the Italian state on 20-year feed-in-tariff contracts (85 per cent of revenue) and a local power trader on market price contracts (15 per cent of revenue)	Low	Corruption prevention	Meetings and dialogue. Written contracts	Formulate ethical guidelines
Suppliers – very limited, mainly law firms in Norway and abroad, only small amounts for other suppliers	Low	Corruption prevention	Meetings and dialog. Written contracts	Formulate ethical guidelines
Civil society – legal proceedings have no impact on society and the solar PV power plants are not located near populated areas and are located on private ground	Low	Minimise local waste. Fencing and security measures around power plants to prevent contact with high voltage equipment	E-mail or local meetings	Establish maintenance plans
Authorities – delivery of electricity to the grid is a very standardised commodity	Low	Compliance with regulatory requirements for electricity production	Inspections and reporting portals	Establish operational procedures and reporting procedures
Employees – there are no employees in the Company	None	None	None	None
Financial institutions -Three out of four power plants are financed by leasing	Medium	Corruption prevention	Questionnaires and Written contracts	Formulate ethical guidelines

The main opportunities and risks the Company faces are given a score (1-5) based on the significance for stakeholders and the impact they have, based on the matrixes below.

Risk and opportunity matrix			Significance for the Company’s impact on economic, social and environmental issues					
			Negligible	Minor	Moderate	Considerable	Major	Paramount
			0	1	2	3	4	5
Significance to the Company’s stakeholders	Negligible	0	0	0	0	0	0	0
	Minor	1	0	1	2	3	4	5
	Moderate	2	0	2	4	6	8	10
	Considerable	3	0	3	6	9	12	15
	Major	4	0	4	8	12	16	20
	Paramount	5	0	5	10	15	20	25

Legend: Negligible Low Moderate High Crucial

**Risks and opportunities for the legal activities:**

Risks:	Stakeholder score	Impact score	Total score	Opportunities:	Stakeholder score	Impact score	Total score
Not having enough liquidity to fund the legal strategy	5	4	20	Victory in court resulting in payment from the counterparties; out of court settlements	5	4	20
Lack of police investigation to collect evidence and prosecute	4	3	12				
Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings	4	4	16				
The counterparty evades payment for fraudulent actions even if sentenced in court either through continuous delays or even bankruptcy	4	3	12				
Risk that a case might be rejected by the courts due to statutory limitations, jurisdiction or other reasons	3	3	9				
Threats of physical injury or death towards individuals both internal and external representing the Company	3	3	9				

**Risks and opportunities for the solar PV energy production activities:**

Risks:	Stakeholder score	Impact score	Total score	Opportunities:	Stakeholder score	Impact score	Total score
Assets acquired are not built in accordance with standards and regulations and documents are falsified	2	2	4	New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system	4	4	16
Regulatory risk, change in regulations relating to the GSE and payment of feed-in-tariff	3	3	9				

**Summary of analysis**

Based on the score from the matrix above, two risks and two opportunities have been identified as significant and will form basis for the company’s ESG reporting. These are:

**Not having enough liquidity to fund the legal strategy**

In order to successfully pursue the legal strategy, EAM Solar ASA depends on having sufficient funds and liquidity to provide payment for the legal costs related to the various legal proceedings. The risk entails that the legal proceedings would stop or be delayed in the event the Company does not have these funds. Consequently, this would jeopardize the Company’s legal integrity, stall progress in the legal proceedings or ultimately prevent the Company from reaching the desired outcome or result. The legal proceedings, in which the Company is involved, are costly and require legal

expertise from legal professionals in several countries.

The Company defines the risk as whether or not available funds are held by either the Company itself and/or by the manager. Measures taken by the Company to monitor this risk are carried out in the form of monthly reports to the Board of Directors on available liquidity and accrued legal costs. The monthly reporting provides the tools for the management and the Board of Directors to continuously monitor the Company’s financial situation and the cost of the legal proceedings.

In order to minimize the risk of not having enough liquidity to fund the legal strategy, the Company conducted the sale of power plants Varmo and Codroipo in 2019. The sale provided the Company with a profit and removed the operational and administrative costs related to the ownership of these powerplants. In addition, the Company continu-

ously takes measures to reduce and optimize operational and administrative costs on a general basis to improve liquidity within the Company.

The reporting on the risk will be conducted by classifying the Company’s liquidity situation in one of the following three categories.

**Satisfactory:** The Company’s considers its liquidity to be good. The Company has sufficient liquidity to fund the legal strategy on a long-term basis.

**Unsatisfactory:** The Company considers its liquidity situation to be less than good. The Company has sufficient liquidity to fund the legal strategy on a short-term basis, but needs to take further measures to fund the legal strategy on a long-term basis

**Crucial:** The Company considers its financial situation to be crucial and does not have sufficient liquidity to fund the legal strategy on either a short-term or long-term basis.



**Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings**

There is an imminent risk that attempts could be made to influence, or that influence has already been exerted over, judges or arbitrators so as to alter the outcome of a procedure or a decision rendered. These attempts could take the form of monetary value or non-monetary value such as promotions or benefits given both inside and outside the courts. Typically, arbitrators will have their own legal practice where such

benefits could be received, while both judges and arbitrators could receive promotions that are not based on competence and experience. There could even be threats put forward to the same individuals. These risks are more likely to occur in jurisdictions where corruption is more common than in Norway.

In jurisdictions where the counterparty is a state-controlled entity there might be express or indirect pressure from the authorities to reach a specific outcome. There could also be pressure to do nothing, or to obstruct or hinder investigations.

The corruption risk is considered high in

Italy. Italy scores only 53 on the Transparency International Index for 2020 putting them in 52<sup>nd</sup> place out of a total of 180 countries, meaning that 51 countries in the world are considered less corrupt than Italy. In fact, according to the ENCJ's (European Network of Councils for the Judiciary) Report on Independence, Accountability and Quality of the Judiciary – performance indicators 2017, nearly half of Italian judges indicate they strongly believe that judges are being promoted on basis other than ability and experience. And further, as shown in the Global Competitiveness Report 2015-2016 issued by

the World Economic Forum, businesses do perceive that bribes or irregular payments in return for favourable judicial decisions sometimes occur.

Luxembourg, on the other hand, is considered a low-risk country when it comes to corruption finishing in 9<sup>th</sup> place with a score of 80 on the Transparency International Index for 2020. The risk with Luxembourg is that the country is very small with only 633 100 inhabitants ([www.britannica.com/place/Luxembourg](http://www.britannica.com/place/Luxembourg)), not much more than a small European city. In this context, everyone knows everyone. That makes it more likely that an outcome might be influenced when a foreign company is in a litigation against a state-controlled entity. Not as outright corruption but as a silent, or even outspoken, wish to receive a particular outcome, or for the police and prosecution to not take any action. According to the GAN Integrity Luxembourg Corruption Report ([www.ganintegrity.com/portal/country-profiles/luxembourg/](http://www.ganintegrity.com/portal/country-profiles/luxembourg/)), updated as of June 2020, corruption does not constitute a problem for businesses in Luxembourg in general. The country has a strong legal framework to curb corruption, and anti-corruption laws are effectively enforced. Nonetheless, some corruption cases have revealed conflicts of interest between the private and public sectors, tainting transparency in the country.

For comparison, Norway is in 7<sup>th</sup> place with a score of 84 on the Transparency International Index for 2020 and Norway ranks among the least corrupt countries in the world.

The company's ability to mitigate this kind of risk is very limited. The company's ability to change the behaviour of individuals in the most risk-associated jurisdictions is non-existent. What the company can do, is to monitor for indications of influence over judges, arbitrators, police and prosecutors and try to get the disputes in front of judges in countries that are less corrupt or influenced than Italy and Luxembourg. There are though legal limitations on which venues that are available to the company.

#### **Victory in court resulting in payment from the counterparties, out of court settlements**

One of the most significant opportunities for the company is the possibility to receive a payment that restores lost values stemming from the fraud and subsequent lost opportunities. Such payment might either be awarded by a competent court and enforced towards the counterparty or could be

reached in an out-of-court agreement where the parties agree on fair settlement.

The company is actively pursuing a restoration of values in various venues and jurisdictions and will continue to do so until all such possibilities are exhausted. Any possible settlement talks would be conducted through our legal representation and be evaluated if presented.

The outcome is binary, either you have an award or settlement, or you do not. Once an award has been irrevocably granted or a settlement reached, the company may also measure the outcome on a monetary scale, either in comparison with costs incurred and values lost or as a value per share issued in the company.

#### **New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system**

EAM Solar ASA's strategy was, at the outset, to create value by acquiring operational power plants and, through active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations and highest possible dividend yield. In light of the legal proceedings and their impact on the Company's value, EAM has been forced to change from a YieldCo to a company primarily focused on litigation. The company is in its seventh 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.

The Company's manager, Energeia AS is currently investing and developing business opportunities 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 in the development of 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.

Forty per cent of EAM Solar ASA is owned directly or indirectly by Energeia AS and its shareholders. Therefore, Energeia AS and the Company 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. 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 the first half of 2021.

The opportunity would provide additional value creation for the Company's shareholders and an opportunity to take part in new development within the renewable energy sector. The outcome of this opportunity is binary. Should the outcome of the preliminary discussions be positive, the Company may quantify and further define the outcome.

#### **Findings**

##### **Not having enough liquidity to fund the legal strategy**

The Company considers its liquidity situation to be satisfactory.

##### **Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings**

Observations in the period 2016-2020 give reason to believe that decisions given in courts in Italy involving the company have been influenced, although this has not been proven.

Observations in the period 2016-2020 give reason to believe that the lack of police investigations and prosecution could stem from the result of influence or informal pressure, although this has not been proven.

EAM Solar ASA has filed criminal fraud complaints to police authorities in Italy (2014), Luxembourg (2016) and Norway (2018/2019). So far, no investigation of the fraud has been conducted to our knowledge. The Company is therefore evaluating alternative legal measures to be taken.

##### **Victory in court resulting in payment from the counterparties, out of court settlements**

No irrevocable payment has yet been granted in court, nor have the parties agreed on any settlement.

##### **New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system**

No outcome of the preliminary discussion has been reached yet.

# FINANCIAL STATEMENTS

## **Consolidated financial statement**

<b>Consolidated statement of profit and loss and comprehensive income</b>	25
<b>Consolidated statement of financial position</b>	26
<b>Consolidated statement of cash flow</b>	27
<b>Consolidated statement of changes in equity</b>	28
<b>Notes to the consolidated financial statement</b>	29

## **Parent company financial statement**

<b>Statement of comprehensive income</b>	43
<b>Statement of financial position</b>	44
<b>Statement of cash flow</b>	45
<b>Notes to the parent company financial statement</b>	46

<b>Power production</b>	52
-------------------------	----

<b>Plant capacity</b>	53
-----------------------	----

<b>Responsibility statement</b>	54
---------------------------------	----

<b>Auditor's report</b>	55
-------------------------	----

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

EUR	Note	2020	2019
Revenue	<a href="#">9</a>	1 271 084	3 166 304
<b>Total revenue</b>		<b>1 271 084</b>	<b>3 166 304</b>
Cost of operations		(212 744)	(409 428)
Sales, general and administration expenses	<a href="#">5, 6</a>	(947 426)	(1 885 525)
Legal costs		(1 769 672)	(1 312 577)
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<a href="#">7, 9, 10</a>	<b>(1 658 758)</b>	<b>(441 226)</b>
Depreciation, amortisations and write-downs	<a href="#">13, 22</a>	(556 471)	(1 289 339)
<b>Operating profit (EBIT)</b>		<b>(2 215 228)</b>	<b>(1 730 565)</b>
Finance income	<a href="#">8</a>	4 058 170	3 487 083
Finance costs	<a href="#">7, 8</a>	(1 861 061)	(1 688 813)
<b>Profit before tax</b>		<b>(18 119)</b>	<b>67 704</b>
Income tax gain/(expense)	<a href="#">11</a>	(154 888)	(303 583)
<b>Profit after tax</b>		<b>(173 007)</b>	<b>(235 879)</b>
<b>Other comprehensive income<sup>1</sup></b>			
Translation differences		(1 108 462)	(518 110)
<b>Other comprehensive income for the year, net of tax</b>		<b>(1 108 462)</b>	<b>(518 110)</b>
<b>Total comprehensive income for the year</b>		<b>(1 281 469)</b>	<b>(753 989)</b>
Profit for the year attributable to:			
Equity holders of the parent company		(173 007)	(235 879)
<b>Equity holders of the parent company</b>		<b>(173 007)</b>	<b>(235 879)</b>
Total comprehensive income attributable to:			
Equity holders of the parent company		(1 281 469)	(753 989)
<b>Equity holders of the parent company</b>		<b>(1 281 469)</b>	<b>(753 989)</b>
<b>Earnings per share</b>		<b>2020</b>	<b>2019</b>
Continued operation			
- Basic	<a href="#">12</a>	(0.03)	(0.03)
- Diluted	<a href="#">12</a>	(0.03)	(0.03)

<sup>1</sup> Other comprehensive income that may be reclassified to profit and loss in subsequent periods.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<a href="#">13</a>	7 099 936	7 655 709
Intangible assets	<a href="#">22</a>	10 501	11 203
Other long term assets		542 544	690 968
Deferred tax assets	<a href="#">11</a>	109 147	159 332
<b>Total non-current assets</b>	<a href="#">9</a>	<b>7 762 128</b>	<b>8 517 212</b>
<b>Current assets</b>			
Trade and other receivables	<a href="#">7, 16</a>	7 879 195	9 934 267
Other current assets		624 081	481 322
Cash and cash equivalents	<a href="#">17</a>	473 322	365 687
<b>Total current assets</b>		<b>8 976 598</b>	<b>10 781 276</b>
<b>TOTAL ASSETS</b>		<b>16 738 726</b>	<b>19 298 488</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>Total paid in capital</b>	<a href="#">18</a>	<b>35 729 986</b>	<b>35 729 986</b>
<b>Other equity</b>			
Translation differences		(8 002 179)	(6 893 717)
Other equity		(18 056 042)	(17 883 034)
<b>Total other equity</b>		<b>(26 058 221)</b>	<b>(24 776 751)</b>
<b>Total equity</b>		<b>9 671 765</b>	<b>10 953 235</b>
<b>Non-current liabilities</b>			
Leasing	<a href="#">13</a>	4 180 849	4 569 303
Deferred tax liabilities	<a href="#">11</a>	682 785	623 308
Other non current liabilities	<a href="#">20</a>	393 083	531 033
<b>Total non-current liabilities</b>	<a href="#">19</a>	<b>5 256 717</b>	<b>5 723 644</b>
<b>Current liabilities</b>			
Leasing	<a href="#">13</a>	388 455	369 031
Trade and other payables	<a href="#">19</a>	1 421 789	2 252 578
<b>Total current liabilities</b>	<a href="#">19</a>	<b>1 810 244</b>	<b>2 621 609</b>
<b>Total liabilities</b>		<b>7 066 961</b>	<b>8 345 253</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16 738 726</b>	<b>19 298 488</b>

Oslo, 20 April 2021

Stephan L Jervell  
Non-executive  
director

Pål Hvammen  
Non-executive  
director

Ragnhild M Wiborg  
Chair

Viktor E Jakobsen  
CEO

# CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	2020	2019
<b>Cash flow from operations</b>			
Profit before income taxes		(18 119)	67 704
Gain/loss from sale of subsidiaries	<a href="#">3, 8</a>	(1 680 472)	(2 627 023)
Depreciation	<a href="#">13, 22</a>	556 471	1 289 341
Change in trade debtors	<a href="#">16</a>	(255 274)	489 219
Change in trade creditors	<a href="#">19</a>	(746 814)	(421 041)
Effect of exchange fluctuations		(1 111 469)	(24 604)
Change in other provisions		(499 072)	1 812 262
<b>Net cash flow from operations</b>		<b>(3 754 749)</b>	<b>585 858</b>
<b>Cash flow from investments</b>			
Purchase of fixed assets	<a href="#">13</a>	-	(12 288)
Payment of short term loan /receivables		2 698 067	-
Proceeds from sale of shares and investments in other companies		1 680 472	-
Cash effect sale of subsidiaries	<a href="#">3</a>	-	(453 516)
<b>Net cash flow from investments</b>		<b>4 378 539</b>	<b>(465 804)</b>
<b>Cash flow from financing</b>			
Repayment of long term loans		(369 030)	(346 816)
Interest paid		(147 125)	(251 139)
<b>Net cash flow from financing</b>	<a href="#">13</a>	<b>(516 155)</b>	<b>(597 955)</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		107 635	(477 901)
Cash and cash equivalents at the beginning of the period		365 688	843 589
<b>Cash and cash equivalents at the end of the period</b>	<a href="#">17</a>	<b>473 323</b>	<b>365 688</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Issued capital	Share premium fund	Other equity	Translation differences	Total equity
<b>Equity as at 1 January 2019</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 647 156)</b>	<b>(6 375 607)</b>	<b>11 707 223</b>
Profit (loss) After tax			(235 879)		(235 879)
Other comprehensive income				(518 110)	(518 110)
<b>Equity as at 31 December 2019</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 883 035)</b>	<b>(6 893 717)</b>	<b>10 953 234</b>
<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>10 953 234</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>9 671 765</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## Contents

Note 01 Summary of significant accounting policies	29
Note 02 Alternative Performance Measures "APMs"	32
Note 03 List of subsidiaries	33
Note 04 Significant accounting judgements, estimates, assumptions and comparable figures	33
Note 05 Other operating expenses	33
Note 06 Salary and personnel expense and management remuneration	34
Note 07 Transactions with related parties	34
Note 08 Financial income and expenses	35
Note 09 Segment information	35
Note 10 Operational costs breakdown 2020	35
Note 11 Income tax	36
Note 12 Earnings per share	37
Note 13 Property, plant and equipment	37
Note 14 Other contractual obligations	39
Note 15 Financial risk management	39
Note 16 Trade receivables	39
Note 17 Cash and cash equivalents	39
Note 18 Share capital, shareholder information and dividend	40
Note 19 Debt	40
Note 20 Hedging	41
Note 21 Impairment	41
Note 22 Intangible assets	41
Note 23 Events after the balance sheet date	42

## NOTE 01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of EAM for the year ending 31 December 2020 were authorised for issuance by the board on 20 April 2021.

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, NO-0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013. EAM Solar ASA is the parent company of the Group. 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 through a holding company and 2 subsidiaries in Italy. The Company has no employees.

### 01.01 Basis for preparation of the financial statement

The EAM Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and mandatory for financial years beginning on or after 1 January 2020.

The consolidated financial statements are based on historical cost. In addition, interest rate swaps used for hedging is measured at fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under similar circumstances.

The Group's presentation currency is Euro (EUR) and the parent company's functional currency is Norwegian Krone (NOK). The majority of the Group's revenue and cost are in Euro, thus the group accounts are presented in Euro. Balance sheet items in the Group companies with a functional currency other than EUR are converted to Euro by applying the currency rate applicable on the balance sheet date. Currency translation differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

The financial statements and figures presented in the directors' report are prepared under the assumption of going concern. The reason for preparing the financial statements as going concern is due to the board's opinion that the Group has sufficient liquidity for the next twelve months. The board and manager are placing all their effort into operating the Company in a prudent manner, pending the legal proceedings that is expected to ultimately solve the situation for EAM.

### 01.02 Consolidation principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The acquisition method is applied when accounting for business com-

binations. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative transaction differences recorded in equity
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### 01.03 Use of estimates in the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities. Due to the termination of the FIT contracts, the accounts reflect fully loss of values, but not reduction of debt obligations, although these obligations are disputed due to the criminal fraud.

Future events may lead to estimates being changed, and estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is accounted for prospectively. See also [note 4](#).

### 01.04 Foreign currency

The Group's consolidated financial statements are presented in EUR. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions in foreign currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchanges at the date when the fair value is determined. Change in exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period.

#### Foreign operations

On consolidation, the assets and liabilities of operations with a functional currency other than the EUR are translated to EUR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions.

The average exchange rates are used as an approximation of the transaction exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the accumulated translation differences relating to the subsidiary are recognised in the statement of comprehensive income.

Translation differences arising from the translation of a net investment in foreign operations are specified as translation differences in the statement of equity.

### 01.05 Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services.

#### Sale of solar power

EAM owns and operates four solar power plants in Italy, which generate electricity. Revenue from the sale of electricity is recognised in the

statement of comprehensive income once delivery has taken place and the risk and return have been transferred.

All EAM's electricity sales are made under 20-year sale agreements in the feed-in-tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty.

The fixed price sales contracts (FIT) accounts for approximately 80 per cent of revenues, with electricity sales at market prices accounting for approximately 20 per cent.

Market price contracts are renewed yearly.

#### Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate which exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

### 01.06 Segments

The Group's activities are uniform, where the business strategy is to operate solar power plants in different European countries. For management purposes, the Group is organised into segments related to the individual solar power plants and when they were purchased. Financial information relating to segments is presented in [note 9](#).

Internal gains on sales between the various segments are eliminated in the segment reporting.

### 01.07 Income tax

Income tax consists of tax payable and changes to deferred tax. Deferred tax liability/tax asset is calculated on all differences between the carrying and tax value of assets and liabilities, with the exception of temporary differences related to investments in subsidiaries where the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the deferred tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax liability and deferred tax asset are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax liability and deferred tax asset are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet. Tax payable and deferred tax are recognised directly in equity to the extent that they relate to equity transactions.

### 01.08 Property, plant and equipment

All property, plant and equipment (including solar power plants) are valued at their cost less accumulated depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income as incurred, while other costs expected to provide future financial benefits are capitalised.

Depreciation is calculated using the straight-line method over the following useful lives:

- Movers, modules and cable connectors 20 years
- Land lease rights 25 years

The depreciation period and method are assessed each year. A residual

value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

#### 01.09 Leases

The Group has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases.

##### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

##### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### 01.10 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and at the amount of any non-controlling interest in the acquired company. For each business combination, the Group elects whether it measures the non-controlling interest in the acquired company either at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired company.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired company is measured to fair value at the acquisition date through profit and loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as profit or loss.

After initial recording, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units which are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

##### Bargain purchase transactions

If the net of the acquisition-date fair values of identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred (measured at acquisition-date fair value), the excess amount is recognised as a gain in the statement of comprehensive income on the acquisition date. Having done so, the company has reviewed the procedures used to measure all of the following:

- the identifiable assets acquired and liabilities assumed
- the non-controlling interest in the acquired, if any
- the consideration transferred.

#### 01.11 Classification and measurement of financial assets and liabilities

##### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days for the feed-in-tariff contracts, and 15 days for the market price contracts.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

##### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### 01.12 Cash and cash equivalents

Cash includes cash in hand, at the bank or cash seized by the Prosecutors Office of Milan.

Cash equivalents are short-term liquid investments which can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

#### 01.13 Equity

##### Costs of equity transactions

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

#### 01.14 Provisions

A provision is recognised when the Group has an obligation (legal or constructive) as a result of a previous event, it is probable (more likely

than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax which reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Restructuring provisions are recognised when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

Provisions for loss-making contracts are recognised when the Group's estimated revenues from a contract are lower than unavoidable costs that were incurred to meet the obligations pursuant to the contract.

#### 01.15 Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

#### 01.16 Current/non-current classification

Assets and liabilities are presented on the basis of current and non-current classification.

An asset is classified as current when it is expected to be sold or utilised or sold in the consolidated entity's normal operating cycle, or within 12 months after the reporting period, all other assets are classified as non-current.

A liability is classified as current when it is expected to be paid in the consolidated entity's normal operating cycle or within 12 months after the reporting period, all other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### 01.17 Derivative financial instruments and hedging activities

Derivatives at fair value not classified as hedging instruments are carried in the statement of financial position at fair value with net changes in fair value in profit and loss statement.

The categories include foreign exchange contracts and interest rate swaps.

#### 01.18 Earnings per share

Earnings per share are calculated by dividing the majority shareholders'

share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

#### 01.19 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

#### 01.20 Events after the reporting period

New information on the Company's financial position at the end of the reporting period, which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period which do not affect the Company's financial position at the end of the reporting period but which will affect the Company's financial position in the future are disclosed if significant. See [note 23](#).

#### 01.21 Application of new IFRS requirements

For the preparation of these consolidated financial statements, no new standards were adopted from 1 January 2020.

#### 01.22 New standards and interpretations not yet adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## NOTE 02 ALTERNATIVE PERFORMANCE MEASURES "APMS"

EAM uses financial performance measures not within the applicable financial reporting framework also referred to as Alternative performance measures or APMs. These are used to give the reader relevant figures for comparison, analysis and additional information. The Company uses the APMs in a consistent and transparent manner to make it understandable to users of the financial reports.

In order to provide a basis for analysis the Company presents EBITDA, EBIT, equity ratio and working capital.

#### Definitions:

EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation

EBIT - Earnings Before Interest and Tax

Equity ratio - Total equity divided by total assets

Working capital - Total current assets minus total current liabilities

### NOTE 03 LIST OF SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements.

Company	Country	Principal activity	Ownership	Vote	Profit	Equity
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(2 406 326)	(2 291 326)
Ens Solar One Srl	Italy	Solar power plant	100%	100%	(42 598)	(42 697)
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	66 692	195 466

All subsidiaries based in Italy have registered office at Piazza Cinque Giornate 10, 20129 Milano, Italy.



### NOTE 04 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS AND COMPARABLE FIGURES

In the process of applying the Group's accounting policies in accordance 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 year. The Company's most important accounting estimates are the following items:

#### Revenue and receivables

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

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

The full recognition of revenue is based on the arguments in the appeal of the decision to suspend, together with the likelihood of success, if the Company is unsuccessful in its appeal the revenue for ENFO 25 can be reduced or lost in its entirety.

The yearly revenue for ENFO 25 is approximately EUR 350 000. The Company may lose future revenue until the end of the contract period as well as being asked to repay earlier revenue received.

There is an institute of amnesty whereby companies may apply for a reduced tariff if GSE wins forward in their arguments and that is the more likely outcome should the Company not win forward with its arguments. The reduced tariff is subject to negotiations with GSE.

#### Tax assets

The Group has recognised deferred tax asset because it is considered that it is probable that future taxable amounts will be available to utilise those temporary differences. If such assumption proves to be incorrect the tax can be lost partly or in its entirety. Total recognised tax asset at the reporting date is EUR 109 147.

### NOTE 05 OTHER OPERATING EXPENSES

VAT is not included in the fees specified below.

Specification of auditor's fee (EUR)	2020	2019
Statutory audit	71 274	23 626
Other non-assurance services	6 313	990
Tax consultant services	-	-
Other services	26 151	24 993
Other services from RSM Italy	10 259	-
Other services RSM Luxembourg	17 926	-
<b>Total fee to auditor's</b>	<b>131 922</b>	<b>49 609</b>

**NOTE 06 SALARY AND PERSONNEL EXPENSE AND MANAGEMENT REMUNERATION**

Board of directors year-end 2020:

- Ragnhild Marta Wiborg (chair)
- Stephan Lange Jervell (non-executive director)
- Pål Hvammen (non-executive director)

The CEO in 2020, Viktor Erik Jakobsen, is hired and remunerated by the manager (see [note 7](#) for description of transactions with related parties).

Ragnhild Marta Wiborg, has received in 2020 NOK 450 000 in remuneration for her work as Chair. Stephan Lange Jervell has received NOK 275 000 in 2020. Pål Hvammen has received NOK 275 000 in 2020. At year

end 2020 Ragnhild Marta Wiborg held directly or through companies she controls 3 765 shares in EAM Solar ASA, no shares were held by other directors or CEO.

No member of the management receives remuneration or financial benefits from other companies in the Group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director. No loans or guarantees have been given to any members of the Group management, the board of directors or other company bodies.

**NOTE 07 TRANSACTIONS WITH RELATED PARTIES****Related parties**

Energeia AS is the manager of EAM. Energeia AS in Norway and Italy employs or subcontract all of the personnel conducting the technical and administrative services for EAM. Energeia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are 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 of 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.

In 2020 Energeia direct costs of the management of EAM was EUR 0.9 m (2019: EUR 1.5 m). For 2020 the direct cost was EUR 0.16 per kWh based on full year figures. (against EUR 0.14 per kWh in 2019).

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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 for 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 end of specific indemnification mechanisms. The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 96.6 million, of which NOK 45 million was received at year-end 2020.

On 31 December 2020 the Group had net receivables from related parties (Energeia AS) of EUR 5 351 thousand.

**Energeia AS ownership**

Company/owner	Ownership	Person	Position year-end 2020
Jakobsen Energia AS	26.28%	Viktor E Jakobsen	Chief Exexecutive Officer of EAM Solar ASA
Sundt AS	26.28%	Family office	Shareholder of EAM Solar ASA
Naben AS	14.45%	Audun W Iversen	Shareholder of EAM Solar ASA
Canica AS	6.96%	Family office	Shareholder of EAM Solar ASA
Chold AS	9.07%	Christian Hagemann	Acting Chief Operating Officer of EAM Solar ASA
Jemma Invest AS	5.00%	Jarl Egil Markussen	Acting Chief Administrative Officer of EAM Solar ASA
Others	11.96%		

**NOTE 08 FINANCIAL INCOME AND EXPENSES**

<b>Financial income (EUR)</b>	2020	2019
Interest income	216 352	252
Foreign exchange gain	2 161 345	337 065
Other financial income	-	-
Gain from sale <sup>2</sup>	1 680 472	2 607 052
Redistribution of OCI <sup>1</sup>	-	542 714
<b>Total financial income</b>	<b>4 058 170</b>	<b>3 487 083</b>
<b>Financial expenses (EUR)</b>	2020	2019
Interest expense	(147 125)	(1 058 324)
Foreign exchange losses	(1 666 118)	(540 876)
Other financial expenses	(47 817)	(89 613)
<b>Total financial expenses</b>	<b>(1 861 061)</b>	<b>(1 688 813)</b>
<b>Net financial income (expenses)</b>	<b>2 197 109</b>	<b>1 798 270</b>

<sup>1</sup> Redistribution from Other Comprehensive Income to Profit and Loss as a result of the disposal of EAM Solar Norway Holding AS Group in 2019.

<sup>2</sup> Gain from sale is calculated with the average exchange rate used for 12M 2020.

Gain from sale relates to Varmo and Codroipo being sold by Energeia before the end of 2020 at a higher value than the sales valuation between EAM Solar ASA and Energeia in 2019, and an adjustment of previous year's gain calculation. EAM Solar ASA has the right to receive 75 per cent of the value uplift above the original sales valuation. A provision for an additional estimated gain of NOK 18 million has been recognised at year-end 2020.

The average exchange rate used for 12M 2020 is EUR/NOK 10.7207 (12M 2019 EUR/NOK 9.8527), whereas the exchange rate used on 31 December 2020 is EUR/NOK 10.4703 (31 December 2019: EUR/NOK 9.8638)

**NOTE 09 SEGMENT INFORMATION**

The Group owns and operates four solar PV power plants in Italy as of year-end 2020. 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 year ended 31 December 2020 approximately EUR 1 067 thousand (2019: EUR 2 633 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 195 thousand (2019: EUR 519 thousand) of the Group's external revenue was derived from sales to an international commodities trading house for the market price contracts.

**NOTE 10 OPERATIONAL COSTS BREAKDOWN 2020**

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>1 271 084</b>	<b>1 271 084</b>	-
<b>Cost of operations</b>	<b>(212 744)</b>	<b>(175 559)</b>	<b>(37 185)</b>
Land rent	-	-	-
Insurance	(85 822)	(48 637)	(37 185)
Operation & Maintenance	(57 060)	(57 060)	-
Energeia operating costs	-	-	-
Other operations costs	(69 862)	(69 862)	-
<b>Sales, General &amp; Administration</b>	<b>(947 426)</b>	<b>(205 072)</b>	<b>(742 354)</b>
Accounting, audit & legal fees	(174 293)	(36 872)	(137 421)
IMU tax	(12 898)	(12 898)	-
Energeia direct costs	(470 555)	(39 563)	(430 992)
Other administrative costs	(289 679)	(115 739)	(173 940)
<b>Legal costs</b>	<b>(1 769 672)</b>	<b>(44 181)</b>	<b>(1 725 490)</b>
Legal costs	(1 318 774)	(44 120)	(1 274 654)
Energeia legal costs	(450 897)	(61)	(450 836)
<b>EBITDA</b>	<b>(1 658 758)</b>	<b>846 272</b>	<b>(2 505 029)</b>

**NOTE 11** INCOME TAX

The basis for the recognition of a deferred tax asset is forecasted results in the operating segments. There are no expiry dates on any of the losses carried forward. Property tax payable is expensed as an operating expense under SG&A.

<b>Income tax expense (EUR)</b>	<b>2020</b>	<b>2019</b>
Current taxes	12 282	148 300
Changes in deferred taxes	142 606	155 283
Correction for previous years tax	-	-
<b>Total income tax expense</b>	<b>154 888</b>	<b>303 583</b>
Income tax net income	154 888	303 583
Income tax other comprehensive income	-	-
<b>Total income tax expense</b>	<b>154 888</b>	<b>303 583</b>
<b>Tax payable (EUR)</b>	<b>2020</b>	<b>2019</b>
Tax payable for the year	(12 282)	(148 300)
Prepaid tax	12 282	148 300
<b>Total payable tax</b>	<b>-</b>	<b>-</b>
<b>Temporary differences Norway</b>		
Receivables	-	-
Intercompany interest	(4 551 901)	(4 155 388)
<b>Total temporary differences</b>	<b>(4 551 901)</b>	<b>(4 155 388)</b>
Tax losses carried forward	649 910	1 358 047
Tax losses carried forward not recognised as an asset	(649 910)	(1 358 047)
<b>Basis for deferred tax</b>	<b>(4 551 901)</b>	<b>(4 155 388)</b>
<b>Deferred tax</b>	<b>(682 785)</b>	<b>(623 308)</b>
<b>Temporary differences Italy</b>		
Tangible assets	51 623	51 623
Intangible assets	-	-
Leasing	351 696	390 337
Cash flow hedge	49 195	145 276
<b>Total temporary differences</b>	<b>452 515</b>	<b>587 236</b>
Tax losses carried forward	10 303 102	8 509 777
Tax losses carried forward not recognised as an asset	(10 300 845)	(8 433 356)
<b>Basis for deferred tax asset</b>	<b>454 772</b>	<b>663 657</b>
<b>Deferred tax asset</b>	<b>109 147</b>	<b>159 332</b>
<b>Tax expense reconciliation (EUR)</b>	<b>2020</b>	<b>2019</b>
<b>Profit before tax</b>	<b>(18 119)</b>	<b>67 705</b>
Corporation tax charge thereon at 22% (2019: 22%)	(3 986)	14 895
<i>Adjusted for the effects of:</i>		
Expenses not deductible for tax purposes	151 874	56 480
Gain from sale, not taxable	(369 704)	(573 551)
Change in temporary differences	29 639	49 741
Change in tax rates	-	-
Different tax rates in foreign jurisdictions		
Change in tax loss not carried forward	255 058	593 368
Change in deferred tax	-	-
Withholding tax on intercompany interest	94 686	40 843
Adjustments to tax in respect of previous periods	-	-
Translation differences	-	119 397
Other minor items	(2 678)	2 411
<b>Income tax expense for the year</b>	<b>154 888</b>	<b>303 584</b>
<i>Effective tax rate</i>	<i>(855%)</i>	<i>448%</i>

## NOTE 12 EARNINGS PER SHARE

Basic earnings per share is calculated as the ratio of the profit for the year due to the shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding. The Company had 6 852 210 shares outstanding on 31 December 2020. There is no dilutive potential on the ordinary shares, so the earnings will be the same for both basic and diluted basis.

Earnings per share (EUR)	2020	2019
Profit for holders of ordinary shares	(173 007)	(235 879)
<b>Basis for earnings per share</b>	<b>(173 007)</b>	<b>(235 879)</b>
<b>Earnings per share (EUR)</b>	<b>2020</b>	<b>2019</b>
- Basic	(0.03)	(0.03)
- Diluted	(0.03)	(0.03)
<b>Earnings per share in NOK<sup>1</sup></b>	<b>2020</b>	<b>2019</b>
<b>Continued operation</b>		
- Basic	(0.27)	(0.34)
- Diluted	(0.27)	(0.34)
<b>Total shares outstanding at period end</b>	<b>6 852 210</b>	<b>6 852 210</b>
Weighted average number of ordinary shares outstanding	6 852 210	6 852 210
Weighted average number of shares adjusted for dilutive shares	6 852 210	6 852 210
<sup>1</sup> Average NOK/EUR exchange rate	10.721	9.853

## NOTE 13 PROPERTY, PLANT AND EQUIPMENT

2020 (EUR)	Solar power plants	Solar power plants under lease	Leashold improvements	Total
<b>Carrying value 1 January 2020</b>	1 692 619	5 581 526	381 566	<b>7 655 710</b>
Depreciation	(108 051)	(412 999)	(34 726)	<b>(555 776)</b>
<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>
<b>2019 (EUR)</b>	<b>Solar power plants</b>	<b>Solar power plants under lease</b>	<b>Leashold improvements</b>	<b>Total</b>
<b>Carrying value 1 January 2019</b>	14 369 839	5 902 286	416 288	<b>20 688 413</b>
Additions	12 288	-	-	<b>12 288</b>
Effect of IFRS 16	-	926 013	-	<b>926 013</b>
Depreciation	(803 507)	(450 412)	(34 722)	<b>(1 288 640)</b>
Disposals	(11 886 002)	(796 362)	-	<b>(12 682 364)</b>
<b>Carrying value 31 December 2019</b>	<b>1 692 619</b>	<b>5 581 526</b>	<b>381 566</b>	<b>7 655 710</b>

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

The implementation of IFRS 16 (2019) relates to land rent and surface rights.

Solar power plants under lease include a plot of land, that is not being depreciated since the land has an unlimited useful life, with a carrying amount of EUR 572 thousand.

2020 (EUR)	Amount	2019 (EUR)	Amount
Plant and equipment - at cost	2 771 466	Plant and equipment - at cost	2 771 466
Less: Accumulated depreciation	(1 186 897)	Less: Accumulated depreciation	(1 078 846)
	<b>1 584 569</b>		<b>1 692 620</b>
Plant and equipment under lease	8 041 834	Plant and equipment under lease	8 041 834
Less: Accumulated depreciation	(2 873 308)	Less: Accumulated depreciation	(2 460 308)
	<b>5 168 526</b>		<b>5 581 526</b>
Leasehold improvements - at cost	503 869	Leasehold improvements - at cost	503 869
Less: Accumulated depreciation	(157 029)	Less: Accumulated depreciation	(122 303)
	<b>346 840</b>		<b>381 566</b>

## Leasing

### Balance sheet

Total obligation	Contracts identified as leases applying IFRS 16	Contracts that were previously identified as leases applying IAS 17	Total
ENS Solar One	84 873	4 484 430	<b>4 569 304</b>
<b>Total obligation 31 December 2020</b>	<b>84 873</b>	<b>4 484 430</b>	<b>4 569 304</b>

Long term obligation	Amount	Amount	Total
ENS Solar One	81 102	4 099 747	<b>4 180 849</b>
<b>Total long term obligation 31 December 2020</b>	<b>81 102</b>	<b>4 099 747</b>	<b>4 180 849</b>

Short term obligation	Amount	Amount	Total
ENS Solar One	3 771	384 683	<b>388 455</b>
<b>Total short term obligation 31 December 2020</b>	<b>3 771</b>	<b>384 683</b>	<b>388 455</b>

The interest rate used for the recognition of contracts identified as leases applying IFRS 16 and contracts that were previously identified as leases applying IAS 17 is 4.92 per cent p.a., equal to the interest rate of the underlying agreements with the financial institution for obligations measured as of 31 December 2019. The contracts identified as leases applying IFRS 16 run to 2035. The contracts that were previously identified as leases applying IAS 17 run to 2030. The lease contracts recognized in applying IFRS 16 is the land rent and surface rights for ENS One, and the lease contracts that were previously identified as leases applying IAS 17 are leases of the solar power plants of ENS One. The "Right Of Use" is calculated as the same value as the lease obligation at the time of initial application.

## Undiscounted lease liabilities and maturity of cash outflows

Year (EUR)	Amount
2021	697 000
2022	697 000
2023	697 000
2024	697 000
2025	697 000
After 2025	3 525 000
<b>Total undiscounted lease liabilities at 31 December 2020</b>	<b>7 010 000</b>

Summary of the lease liabilities	Contracts identified as leases applying IFRS 16	Contracts that were previously identified as leases applying IAS 17	Total
At initial application 1 January 2020	88 645	4 849 689	<b>4 938 334</b>
New lease liabilities recognised in the year	-	-	-
Cash payments lease	(7 759)	(608 465)	<b>(616 224)</b>
Interest expense on lease liabilities	3 987	243 206	<b>247 193</b>
Disposal	-	-	-
<b>Total lease liabilities at 31 December 2020</b>	<b>84 873</b>	<b>4 484 430</b>	<b>4 569 304</b>

## NOTE 14 OTHER CONTRACTUAL OBLIGATIONS

The Group has the following contractual obligations not recognized in the balance sheet relating to operations and maintenance, and insurance for ENS 1 and ENFO 25 (All amounts are undiscounted).

Year (EUR)	Amount
2021	106 000
2022	106 000
2023	106 000
2024	106 000
2025	106 000
After 2025	643 000
<b>Total</b>	<b>1 173 000</b>

## NOTE 15 FINANCIAL RISK MANAGEMENT

### Regulatory risk

The largest risk to the Company's operations and profitability are regulatory risk relating to changes in agreements, taxation or operational regulations made by the State of Italy. This risk is difficult to hedge against apart from securing that operations at all times are in compliance with the prevailing rules and regulations.

### Financial risk

The Group has different financial instruments; a) trade and other receivables and trade accounts payable, b) project finance (bank loan at amortised cost), c) leasing. In addition, the Group has derivative financial instruments in the form of interest rate swaps, swapping from floating to fixed interest.

### Credit risk

Under normal circumstances the risk for losses is considered to be low, as the counterparts will be sovereign states in Western Europe. The Group has not made any offsets or other derivative agreements to reduce the credit risk in EAM.

### Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's debt with floating interest rates. For the leasing debt the Group has entered into a derivative instrument hedging 80 per cent of the interest.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Surplus liquidity is primarily placed on a bank deposit account.

### Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains an acceptable capital ratio in order to support its business operations and the ongoing legal proceedings.

The financial statement is prepared on the basis of going concern. It is the board's opinion that the Group has sufficient liquidity for the next twelve months.

## NOTE 16 TRADE RECEIVABLES

Trade and other receivables (EUR)	2020	2019
Accounts receivables	-	-
Deferred revenue towards GSE	646 593	391 319
Receivable from sale	5 350 917	8 048 984
Other receivables	1 881 686	1 493 963
<b>Accounts receivables</b>	<b>7 879 195</b>	<b>9 934 267</b>

The substantial amount of the receivable outstanding is the receivable from the sale of EAM Solar Norway Holding AS. 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 for EAM Solar ASA is estimated to be NOK 18 million at year-end 2020 (2019: 0). The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 96.6 million, of which NOK 45 million was received at year-end 2020.

The receivable against GSE is mainly receivable for the incentive on ENFO 25 that has been suspended awaiting the outcome of the legal proceedings. Please see [note 4](#) for further information.

GSE normally has 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12-month delayed payment on 10 per cent of the expected annual revenues, thereby being paid in June the following year.

Other receivables are mainly receivable on VAT for Italian subsidiaries that does not expire and can be utilised against other taxes, or cashed out in the event the companies ceases to exist.

## NOTE 17 CASH AND CASH EQUIVALENTS

EUR	2020	2019
Cash Norway	45 245	22 761
Cash Italy	428 077	342 926
Seized cash in the period	-	-
<b>Cash and cash equivalents</b>	<b>473 322</b>	<b>365 687</b>
Restricted cash	370 285	296 881
Seized cash Italy	61 616	61 616

Restricted cash at year end 2020 is mainly related to the debt service reserve account of ENS 1. The seized cash of EUR 62 is taken from companies not included in the criminal proceedings. The Group had no undrawn credit facilities at 31 December 2020.

## NOTE 18 SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

The 20 main shareholders as at 31 December 2019 are:

Shareholder	Shares	Ownership
SUNDT AS	1 054 580	15.4%
CANICA AS	886 762	12.9%
ENERGEIA AS	650 956	9.5%
MP PENSJON PK	276 283	4.0%
DNB LIVSFORSIKRING AS	269 086	3.9%
PARK LANE FAMILY OFFICE AS	237 300	3.5%
MELLEM NES INVEST AS	156 928	2.3%
NORDNET LIVSFORSIKRING AS	144 104	2.1%
SANDBECH, SVEIN TERJE OLIMB	126 000	1.8%
AKA AS	125 000	1.8%
IMENES, ANDERS GRAVIR	118 763	1.7%
ALDEN AS	108 398	1.6%
GC RIEBER FORTUNA AS	65 000	0.9%
EIDE, ØYVIND	63 555	0.9%
BRUNSBICA AS	62 078	0.9%
VIRO AS	61 156	0.9%
JESEM AS	60 000	0.9%
VERPENTANGEN AS	52 950	0.8%
Nordnet Bank AB	50 486	0.7%
RO INVEST AS	50 000	0.7%
<b>Total of the 20 main shareholders</b>	<b>4 619 385</b>	<b>67.4%</b>

Share capital	1 Jan 2020	31 Dec 2020
No of shares	6 852 210	6 852 210
Nominal value (NOK)	10	10
Share capital	68 522 100	68 522 100

All the shares in the Company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the Company's general meeting.

Share premium is the difference between nominal value of the Company's shares and the total amount the Company received for shares issued.

Due to the financial situation of the Company the board of directors propose no dividend payments for 2020.

## NOTE 19 DEBT

EUR	2020	2019
Interest bearing debt	-	-
Other non current liabilities	393 083	531 033
Obligations under finance leases	4 180 849	4 569 303
Deferred tax	682 785	623 308
<b>Total non-current liabilities</b>	<b>5 256 717</b>	<b>5 723 644</b>
Trade payables	1 027 292	1 774 106
Other payables	264 688	403 771
Social security	7 104	7 541
Taxes other than income taxes	47 260	34 156
Accrued liabilities	75 445	33 004
<b>Trade and other payables</b>	<b>1 421 789</b>	<b>2 252 578</b>
Current leasing	388 455	369 031
Tax payable	-	-
<i>Related to ordinary operations</i>	<i>1 810 244</i>	<i>2 621 609</i>
<b>Total current liabilities</b>	<b>1 810 244</b>	<b>2 621 609</b>
<b>Total liabilities</b>	<b>7 066 961</b>	<b>8 345 253</b>

The change in "Other non current liabilities" are mainly related to change of the derivative financial instruments (interest rate swap) (EUR 96 thousand) and payments of debt to third parties (EUR 42 thousand).

### 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 fraud against the State of Italy, a decision which has been confirmed by the competent Administrative Court, TAR Lazio. EAM has been acknowledged as victims of contractual fraud. It is EAM's belief that an important motive behind the fraud conducted against EAM by the directors of Aveleos, was in order for Aveleos and their respective shareholders to escape their debt repayment responsibilities by transferring this to EAM through the sale of the companies. Consequently, EAM considers the patronage letter/ equity contribution agreement as an integrated part of the contractual fraud, thus being void.

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 is 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 are expected to be made public within 90 days from the date of the decision. The Criminal Appeal Courts decision is not final and will be appealed.

The Company still estimates its total claim against Aveleos 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.

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 the 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.

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.

### Litigation funding agreement with Therium

The funding being received from Therium is a contribution to lower the legal costs incurred in pursuing the claim, and legal costs are reduced with the contribution from Therium, and any subsequent repayment to Therium is conditional on EAM receiving a claim award. Therefore, there is no liability to recognise a payment to Therium at this stage in the financial statements. EAM will recognise a claim award after having reimbursed Therium of their amount. Unused litigation funding at the end of the year was EUR 59 thousand. Therium has committed to invest a maximum amount of up to EUR 2.3 million. The agreement entitles Therium to receive the invested amount plus a contingency fee of 3X the committed funds under any incepted tranche of funding as a first priority payment from any litigation claim awarded to the Company.

### NOTE 20 HEDGING

The table below details the consolidated entity's assets and liabilities measured or disclosed at fair value using a three-level hierarchy. The interest rate swap where we pay fixed and receive variable interest is categorised within level 2 and based on information received from the financial institution where the underlying financing is placed.

Derivatives Current portion (EUR)	Liabilities	
	Fair value	Notional amount
Interest rate swap	49 195	3 681 018
<b>Derivatives year-end</b>	<b>49 195</b>	<b>3 681 018</b>
<b>Total non-current debt</b>	<b>49 195</b>	<b>3 681 018</b>
<b>Current portion</b>	-	-

Purpose of the derivative: hedging of the variable interest rate of the leasing debt. Risk coverage: 80% of the debt. Fixing rate (swap rate): 2.34%. Duration: The interest swap will expire on 10 April 2021.

### NOTE 21 IMPAIRMENT

EAM has not identified indicators for impairment of the power plants as described in IAS 36 at year end.

### NOTE 22 INTANGIBLE ASSETS

2020	Intangible assets
<b>Carrying value 1 January 2020</b>	<b>11 202</b>
Additions	-
Write-downs	-
Depreciation	(700)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 December 2020</b>	<b>10 502</b>

2019	Intangible assets
<b>Carrying value 1 January 2019</b>	<b>11 903</b>
Additions	-
Write-downs	-
Depreciation	(701)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 December 2019</b>	<b>11 202</b>

Intangible assets are depreciated linear over the lifetime of the FIT contracts. The FIT contract period is running to 2031.

**NOTE 23** EVENTS AFTER THE BALANCE SHEET DATE**Criminal proceedings in Milan**

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 is 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 are expected to be made public within 90 days from the date of the decision.

The Criminal Appeal Courts decision is not final and will be appealed.

**Arbitration**

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.

**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 on 20 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.

**Bankruptcy Court Luxembourg**

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 the 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**

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

# PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

NOK	Note	2020	2019
Revenue	<a href="#">3</a>	17 666 134	15 823 945
<b>Total revenue</b>	<a href="#">3</a>	<b>17 666 134</b>	<b>15 823 945</b>
Personnel expenses	<a href="#">5, 11</a>	(1 182 656)	(1 203 755)
Other operating expenses	<a href="#">4, 6, 11</a>	(21 191 829)	(24 658 697)
<b>Total operating expenses</b>		<b>(22 374 485)</b>	<b>(25 862 452)</b>
<b>Operating profit</b>		<b>(4 708 351)</b>	<b>(10 038 507)</b>
<b>Financial income and financial expense</b>			
Interest income from group companies		4 088 999	3 207 875
Other interest income		2 319 449	2 456
Gain from sale of subsidiaries	<a href="#">6</a>	18 015 837	52 896 090
Other financial income		23 171 133	2 850 490
Write-down of long term investments and receivables	<a href="#">13</a>	(27 271 968)	(41 892 402)
Other interest expense		(14 613)	(1 435 949)
Other financial expense		(18 196 635)	(4 197 325)
<b>Net financial items</b>		<b>2 112 202</b>	<b>11 431 235</b>
<b>Profit before tax</b>		<b>(2 596 149)</b>	<b>1 392 728</b>
Income tax gain/(expense)	<a href="#">7</a>	(991 386)	(402 863)
<b>Profit after tax</b>		<b>(3 587 535)</b>	<b>989 865</b>
<b>Attributable to</b>			
Other equity			989 865
Transferred from share premium		(2 597 669)	
Transferred from other equity		(989 866)	
<b>Total Transfers</b>	<a href="#">10</a>	<b>(3 587 535)</b>	

# PARENT COMPANY STATEMENT OF FINANCIAL POSITION

NOK	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Investment in subsidiaries	<a href="#">2, 13</a>	1 044 924	1 044 924
Intercompany loan	<a href="#">8, 13</a>	69 930 577	51 891 535
Other long term receivables		5 680 598	6 816 096
<b>Total financial assets</b>		<b>76 656 099</b>	<b>59 752 555</b>
<b>Total non-current assets</b>		<b>76 656 099</b>	<b>59 752 555</b>
<b>Current assets</b>			
<b>Receivables</b>			
Short term receivables group companies	<a href="#">13</a>	2 153 017	3 031 198
Other current receivables	<a href="#">6</a>	58 280 412	81 322 952
<b>Total receivables</b>	<a href="#">8</a>	<b>60 433 428</b>	<b>84 354 150</b>
Cash and cash equivalents	<a href="#">9</a>	473 727	224 507
<b>Total current assets</b>		<b>60 907 155</b>	<b>84 578 657</b>
<b>TOTAL ASSETS</b>		<b>137 563 254</b>	<b>144 331 212</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid in capital</b>			
Issued capital		68 522 100	68 522 100
Share premium		54 209 594	56 807 263
<b>Total paid in capital</b>		<b>122 731 694</b>	<b>125 329 363</b>
Other equity		-	989 866
<b>Total retained earnings</b>		<b>-</b>	<b>989 866</b>
<b>Total equity</b>	<a href="#">10</a>	<b>122 731 693</b>	<b>126 319 228</b>
<b>Liabilities</b>			
<b>Allowances for liabilities</b>			
Deferred tax liabilities	<a href="#">7</a>	7 139 574	6 148 188
<b>Total allowances for liabilities</b>		<b>7 139 574</b>	<b>6 148 188</b>
<b>Current liabilities</b>			
Trade payables		5 392 009	8 590 188
Public dues		249 485	242 409
Other current liabilities		2 050 493	3 031 199
<b>Total current liabilities</b>	<a href="#">8</a>	<b>7 691 987</b>	<b>11 863 796</b>
<b>Total liabilities</b>		<b>14 831 561</b>	<b>18 011 984</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>137 563 254</b>	<b>144 331 212</b>

Oslo, 20 April 2021

Stephan L Jervell  
Non-executive  
director

Pål Hvammen  
Non-executive  
director

Ragnhild M Wiborg  
Chair

Viktor E Jakobsen  
CEO

# PARENT COMPANY STATEMENT OF CASH FLOW

NOK	Note	2020	2019
<b>Cash flow from operations</b>			
Profit before income taxes		(2 596 149)	1 392 728
Gain/loss from sale of shares in subsidiaries		(18 015 837)	(52 896 090)
Impairment of fixed assets	13	27 271 968	41 892 402
Change in trade creditors	8	(3 198 179)	2 531 319
Change in other provisions		15 533 646	19 529 006
<b>Net cash flow from operations</b>		<b>18 995 450</b>	<b>12 449 365</b>
<b>Cash flow from investments</b>			
Payment of short term loan/receivables		7 670 761	-
Change in intercompany balances		(44 432 828)	(12 382 823)
Purchase of shares and investments in other companies		18 015 837	-
<b>Net cash flow from investments</b>		<b>(18 746 230)</b>	<b>(12 382 823)</b>
<b>Cash flow from financing</b>			
Group contribution received		-	-
<b>Net cash flow from financing</b>		<b>-</b>	<b>-</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		249 220	66 542
Cash and cash equivalents at the beginning of the period		224 507	157 965
<b>Cash and cash equivalents at the end of the period</b>	9	<b>473 727</b>	<b>224 507</b>

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENT

## Contents

Note 01 Accounting principles	46
Note 02 Group entities	47
Note 03 Revenue	47
Note 04 Other operating expenses	47
Note 05 Salary and personnel expense	47
Note 06 Transactions with related parties	48
Note 07 Income taxes	48
Note 08 Liabilities and receivables	49
Note 09 Cash and cash equivalents	49
Note 10 Equity	49
Note 11 Operational costs breakdown	49
Note 12 Subsequent events	50
Note 13 Subsidiaries and intercompany balances	51
Note 14 Provisions	51

## NOTE 01 ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. EAM Solar ASA is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, NO-0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013. EAM Solar ASA is the parent company of the Group. 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 through a holding company and 2 subsidiaries in Italy. The Company has no employees.

### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

The impairment analysis of goodwill and tangible and other intangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use is primarily based on discounted cash flow models which require the Company to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of the cash flows.

### Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated into NOK using an exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

### Revenue recognition

The Company's revenues consist of management services provided to the subsidiaries. Management services have been presented as incurred in the profit and loss statement. Revenue is recognised once delivery has taken place and most of the risk have been transferred.

### Income tax

Tax expense consists of tax payable and changes to deferred tax. Deferred tax/tax asset are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% of temporary differences and tax effect of tax losses carried forward. Deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

#### Balance sheet classification

Current assets and liabilities consist of receivables and payables falling due within one year. Other balance sheet items are classified as non-current assets.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at nominal value.

Non-current assets consist of investments in subsidiaries, intercompany loans and intangible assets and fall due after one year or more.

Non-current assets are valued at the lower of cost and fair value.

#### Subsidiaries

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for the impairment disappears in a later period.

Dividends and other contributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

#### Trade receivables and other receivables

Trade receivables and other receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provision for doubtful accounts is based on an individual assessment of different receivables. For the remaining receivables, a general provision is estimated on the basis of expected loss.

#### Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments that can be converted to a known amount of cash within three months.

#### Cash flow statement

The cash flow statement is presented using the indirect method.

#### Provisions

Where, at the reporting date, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

### NOTE 02 GROUP ENTITIES

See [note 3](#) in the consolidated accounts and [note 13](#).

### NOTE 03 REVENUE

By business area (NOK)	2020	2019
Management services to subsidiaries	17 666 134	15 823 945
<b>Net revenue</b>	<b>17 666 134</b>	<b>15 823 945</b>

Geographical distribution	2020	2019
Norway	-	-
Italy	17 666 134	15 823 945
<b>Net revenue</b>	<b>(17 666 134)</b>	<b>(15 823 945)</b>

### NOTE 04 OTHER OPERATING EXPENSES

Specification auditor's fee (NOK)	2020	2019
Statutory audit	501 450	223 750
Tax consultant services	-	-
Other assurance services	67 683	9 750
Other services	280 352	140 528
Other services from RSM Italy	109 980	91 160
Other services RSM Luxembourg	192 179	-
<b>Total</b>	<b>1 151 644</b>	<b>465 188</b>

VAT is not included in the fees specified above.

### NOTE 05 SALARY AND PERSONNEL EXPENSE

The Company does not have any employees and is not required to have any pension plan.

#### Board of Directors year-end 2020:

- Ragnhild Marta Wiborg (chair)
- Pål Hvammen (non-executive director)
- Stephan Lange Jervell (non-executive director)

The CEO in 2020, Viktor Erik Jakobsen, is hired and remunerated by the manager (see [note 6](#) for description of transactions with related parties).

There are no agreements for severance pay, bonus, profit sharing or similar arrangements to neither CEO nor Board of Directors.

Ragnhild Marta Wiborg, has received in 2020 NOK 450 000 in remuneration for her work as Chair. Stephan Lange Jervell has received NOK 275 000 in 2020 which was invoiced directly to Wiersholm. Pål Hvammen received NOK 275 000 in 2020. At year end 2020 Ragnhild Marta Wiborg held directly or through companies she controls 3 765 shares in EAM Solar ASA, no shares were held by other directors or CEO.

## NOTE 06 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 technical and administrative services for EAM.

Sundt AS and Canica AS are among the 2 largest shareholders in EAM. They are also shareholders in Energeia, but not involved in the day-to-day operations of Energeia AS.

### Transactions with related parties

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

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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 year-end 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 for 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 end of specific indemnification mechanisms. The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 96.6 million, of which NOK 45 million was received at year-end 2020.

In 2020 Energeia direct costs of the management of the parent Company was NOK 8.6 million. (2019: NOK 8.7 million). Approximately NOK 4.8 million of the direct costs charged in 2020 was related to extraordinary costs incurred due to the legal processes in conjunction with the P31 fraud.

### Energeia AS ownership

Company/owner	Ownership	Person	Position year-end 2020
Jakobsen Energia AS	26.28%	Viktor E Jakobsen	Chief Exececutive Officer of EAM Solar ASA
Sundt AS	26.28%	Family office	Shareholder of EAM Solar ASA
Naben AS	14.45%	Audun W Iversen	Shareholder of EAM Solar ASA
Canica AS	6.96%	Family office	Shareholder of EAM Solar ASA
Chold AS	9.07%	Christian Hagemann	Acting Chief Operating Officer of EAM Solar ASA
Jemma Invest AS	5.00%	Jarl Egil Markussen	Acting Chief Administrative Officer of EAM Solar ASA
Others	11.96%		

## NOTE 07 INCOME TAXES

Income tax expense (NOK)	2020	2019
Tax payable	-	-
Changes in deferred tax	991 386	(1 304 470)
Change as a result of sale of subsidiaries	-	1 707 333
<b>Income tax expense</b>	<b>991 386</b>	<b>402 863</b>

Tax base calculation	2020	2019
Profit before income tax	(2 596 149)	1 392 728
Permanent differences	9 261 722	(11 003 688)
<b>Tax base</b>	<b>6 665 573</b>	<b>(9 610 960)</b>

Temporary difference	2020	2019
Intercompany interest	(47 597 160)	(40 987 920)
Tax losses carried forward	(6 729 926)	(13 395 500)
<b>Total temporary difference</b>	<b>(54 327 086)</b>	<b>(54 383 420)</b>

Tax losses carried forward not recognised as an asset	6 729 926	13 395 500
<b>Total</b>	<b>(47 597 160)</b>	<b>(40 987 920)</b>

<b>Deferred tax</b>	<b>7 139 574</b>	<b>6 148 188</b>
---------------------	------------------	------------------

This year's income tax expense only refers to change in deferred tax. The change in deferred tax is in its entirety related to withholding tax in Italy, with an unchanged tax rate of 15 per cent.

**NOTE 08 LIABILITIES AND RECEIVABLES**

Receivables (NOK)	2020	2019
Short term receivables group companies	2 153 017	3 031 198
Other current receivables	58 280 412	81 322 952
<b>Total receivables</b>	<b>60 433 428</b>	<b>84 354 150</b>
Liabilities (NOK)	2020	2019
Trade payables	5 392 009	8 590 188
Social security	74 385	74 384
Advance tax withholdings	175 100	168 025
Other current liabilities	2 050 492	3 031 199
<b>Total liabilities</b>	<b>7 691 986</b>	<b>11 863 796</b>
Receivables (NOK) falling due after one year	2020	2019
Intercompany loan	69 930 577	51 891 535
<b>Total receivables falling due after one year</b>	<b>69 930 577</b>	<b>51 891 535</b>

**Intercompany transactions**

A mark-up on 5% is calculated on intercompany transactions on management services from EAM Solar ASA to its subsidiaries.

**NOTE 09 CASH AND CASH EQUIVALENTS**

NOK	2020	2019
Cash	297 237	55 190
Restricted cash	176 490	169 317
<b>Cash and cash equivalents</b>	<b>473 727</b>	<b>224 507</b>

The Company had no credit facilities at 31 December 2020.

**NOTE 10 EQUITY**

The 20 main shareholders as at 31 December 2020 are:

Shareholder	Shares	Ownership
SUNDT AS	1 054 580	15.4%
CANICA AS	886 762	12.9%
ENERGEIA AS	650 956	9.5%
MP PENSJON PK	276 283	4.0%
DNB LIVSFORSIKRING AS	269 086	3.9%
PARK LANE FAMILY OFFICE AS	237 300	3.5%
MELLEM NES INVEST AS	156 928	2.3%
NORDNET LIVSFORSIKRING AS	144 104	2.1%
SANDBECH, SVEIN TERJE OLIMB	126 000	1.8%
AKA AS	125 000	1.8%
IMENES, ANDERS GRAVIR	118 763	1.7%
ALDEN AS	108 398	1.6%
GC RIEBER FORTUNA AS	65 000	0.9%
EIDE, ØYVIND	63 555	0.9%
BRUNSBICA AS	62 078	0.9%
VIRO AS	61 156	0.9%
JESEM AS	60 000	0.9%
VERPENTANGEN AS	52 950	0.8%
Nordnet Bank AB	50 486	0.7%
RO INVEST AS	50 000	0.7%
<b>Total of the 20 main shareholders</b>	<b>4 619 385</b>	<b>67.4%</b>

	No of shares	Nominal value	Share capital	
<b>Share capital 2020</b>				
<b>Ordinary shares outstanding</b>	<b>6 852 210</b>	<b>10</b>	<b>68 522 100</b>	
NOK	Share capital	Share premium	Other equity	Total equity
<b>Equity as at 1 Jan 2020</b>	<b>68 522 100</b>	<b>56 807 263</b>	<b>989 866</b>	<b>126 319 228</b>
Profit (loss) after tax		(2 597 669)	(989 866)	(3 587 535)
<b>Equity as at 31 Dec 2020</b>	<b>68 522 100</b>	<b>54 209 594</b>	<b>-</b>	<b>122 731 693</b>

**NOTE 11 OPERATIONAL COSTS BREAKDOWN**

NOK	2020	2019
<b>Revenues</b>	<b>17 666 134</b>	<b>15 823 945</b>
<b>Cost of operations</b>	<b>(398 654)</b>	<b>(226 435)</b>
Insurance	(398 654)	(226 435)
<b>Sales, General &amp; Administration</b>	<b>(7 648 192)</b>	<b>(12 459 079)</b>
Personnel expenses	(1 182 656)	(1 203 755)
Accounting, audit & legal fees	(959 465)	(383 728)
Financial & tax fees	(513 787)	(485 613)
Energeia direct costs	(3 761 031)	(2 843 744)
Other administrative expenses	(1 231 253)	(7 542 240)
<b>Legal costs</b>	<b>(14 327 639)</b>	<b>(13 176 938)</b>
Litigation costs	(9 494 357)	(7 330 378)
Energeia legal costs	(4 833 282)	(5 846 561)
<b>EBITDA</b>	<b>(4 708 351)</b>	<b>(10 038 507)</b>

**NOTE 12** SUBSEQUENT EVENTS**Criminal proceedings in Milan**

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 is 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 are expected to be made public within 90 days from the date of the decision.

The Criminal Appeal Courts decision is not final and will be appealed.

**Arbitration**

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.

**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 on 20 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.

**Bankruptcy Court Luxembourg**

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 the 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**

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.

**NOTE 13** SUBSIDIARIES AND INTERCOMPANY BALANCES

Subsidiaries	Office	Ownership /Vote	Book value	Write-down during the period
EAM Solar Italy Holding Srl	Milan	100%	1 044 924	-
<b>Total</b>			<b>1 044 924</b>	<b>-</b>

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for impairment disappears in a later period.

**Intercompany:**

Receivables	2020	2019
Accounts receivables	2 153 017	3 031 198
Long term receivables	147 773 814	122 231 073
Accumulated write-downs of long term receivables	(77 843 237)	(70 339 538)
<b>Total receivables</b>	<b>72 083 593</b>	<b>54 922 733</b>
<b>Write-down during the period</b>	<b>(27 271 968)</b>	<b>(41 892 402)</b>

  

Liabilities	2020	2019
Other current liabilities	-	-
Long term liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>

**Assumptions for impairment write-down:**

The Company has identified indicators for impairment at year end. Based on this, the Company has conducted an impairment test to see if there is a need to write-down the investment and receivables in subsidiaries. The assumptions in the impairment test are made with scenarios that the management finds explanatory and relevant at the reporting date. The underlying cash flow from the power plants are the basis for the investment and for servicing the loans. The amount of impairment loss recognised for financial assets is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the weighted average cost of capital of 4.89 per cent.

**NOTE 14** PROVISIONS

The Company has not made any provisions for the legal proceedings described below, since the Company considers it more than 50% likely that the proceedings will not lead to any unfavourable ruling.

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 fraud against the State of Italy, a decision which has been confirmed by the competent Administrative Court, TAR Lazio. EAM has been acknowledged as victims of contractual fraud. It is EAM's belief that an important motive behind the fraud conducted against EAM by the directors of Aveleos, was in order for Aveleos and their respective shareholders to escape their debt repayment responsibilities by transferring this to EAM through the sale of the companies. Consequently, EAM considers the patronage letter/ equity contribution agreement as an integrated part of the contractual fraud, thus being void.

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.

# POWER PRODUCTION

<b>Reported production (MWh)</b>																																	
	2012	2013	2014	2015 YTD <sup>16</sup>	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	
EAM Solar Italy 1 Srl <sup>3</sup>	2571	2315	2219	2488	376	374	801	710	334	460	841	832	355	376	745	871	376	500	868	848	370	368	880	888	357	570	738	321	-	-	-	-	
EAM Solar Italy 2 Srl <sup>3</sup>	5237	4806	4565	4138	742	754	1616	1502	693	933	1275	1195	735	742	1449	1770	760	995	1803	1733	791	769	1807	1834	751	1195	1508	661	-	-	-	-	
EAM Solar Italy 3 Srl <sup>1</sup>		326	2160	2482	431	404	881	603	271	438	858	816	370	431	507	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Ens Solar One Srl		1882	4305	749			1115	767	797	1377	1349	781	749	1234	1242	754	860	1249	1177	674	695	1137	1218	652	862	1156	1228	706	944	1184	1239	677	
Energia Fotovoltaica 25			611	1395	268		357	254	251	443	417	284	268	428	442	266	266	434	431	275	239	375	416	221	296	395	434	242	324	416	425	221	
<b>MWh</b>	<b>7808</b>	<b>7447</b>	<b>11436</b>	<b>14808</b>	<b>2566</b>	<b>1533</b>	<b>3298</b>	<b>4287</b>	<b>2318</b>	<b>2879</b>	<b>4794</b>	<b>4610</b>	<b>2526</b>	<b>2566</b>	<b>4363</b>	<b>4325</b>	<b>2157</b>	<b>2621</b>	<b>4354</b>	<b>4189</b>	<b>2110</b>	<b>2071</b>	<b>4200</b>	<b>4357</b>	<b>1981</b>	<b>2922</b>	<b>3797</b>	<b>2645</b>	<b>947</b>	<b>1269</b>	<b>1600</b>	<b>1664</b>	<b>899</b>
<b>Actual production</b>																																	
	2012	2013	2014	2015 YTD <sup>16</sup>	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	
Varmo <sup>3</sup>	2571	2315	2219	2488	376	374	801	710	334	460	841	832	355	376	745	871	376	500	868	848	370	368	880	888	357	570	738	321	-	-	-	-	
Codroipo <sup>3</sup>	5237	4806	4565	4138	742	754	1616	1502	693	933	1275	1195	735	742	1449	1770	760	995	1803	1733	791	769	1807	1834	751	1195	1508	661	-	-	-	-	
Momo <sup>1</sup>		1219	990	1234	226	198	451	214	127	213	425	410	186	226	258																		
Callignaga <sup>1</sup>	1160	1170	1248	205	207	430	389	144	225	433	406	184	205	249																			
Lorusso	1407	1378	1420	234	274	421	444	238	250	470	443	258	234	380	396	225	282	390	375	201	247	421	448	229	304	413	441	245	351	441	468	238	
Brunedesini	1393	1427	1461	255	286	419	455	267	277	472	456	256	255	416	403	261	291	434	412	209	234	400	438	243	313	427	446	268	327	407	425	232	
Scardino	1352	1424	1424	259	286	426	451	261	270	436	450	268	259	437	443	268	286	425	390	265	214	317	332	181	245	315	342	192	266	336	346	207	
Enfo 25	1339	1367	1395	268	267	413	432	254	251	443	417	284	268	428	442	266	266	434	431	275	239	375	416	221	296	395	434	242	324	416	425	221	
<b>MWh</b>	<b>7808</b>	<b>14992</b>	<b>14537</b>	<b>14808</b>	<b>2566</b>	<b>2646</b>	<b>4977</b>	<b>4597</b>	<b>2318</b>	<b>2879</b>	<b>4794</b>	<b>4610</b>	<b>2526</b>	<b>2566</b>	<b>4363</b>	<b>4325</b>	<b>2157</b>	<b>2621</b>	<b>4354</b>	<b>4189</b>	<b>2110</b>	<b>2071</b>	<b>4200</b>	<b>4357</b>	<b>1981</b>	<b>2922</b>	<b>3797</b>	<b>2645</b>	<b>947</b>	<b>1269</b>	<b>1600</b>	<b>1664</b>	<b>899</b>
<b>Power plants affected by criminal proceedings and permanently shut down as of 18 June 2016</b>																																	
Selvaggi <sup>2</sup>	1347	1384	1303	261	277	420	438	249	174	444	417	269	261	325																			
Di Mauro <sup>2</sup>	1322	1382	1417	255	274	413	440	254	260	464	423	270	255	354																			
Ninivaggi <sup>2</sup>	1312	1384	1400	256	274	423	434	253	243	444	440	273	256	358																			
Lomurno <sup>2</sup>	1356	1348	1382	259	270	410	426	242	250	453	421	258	259	341																			
Giordano D. <sup>2</sup>	1330	1387	1412	242	280	419	441	247	239	472	436	265	242	350																			
Gagnazzi <sup>2</sup>	1374	1364	1416	244	276	412	430	246	259	459	430	267	244	177																			
Gentile <sup>2</sup>	1258	1334	1361	265	260	411	423	240	254	438	400	269	265	354																			
Lorusso <sup>2</sup>	1278	1300	1264	241	267	403	401	229	198	434	427	204	241	331																			
Cirasole <sup>2</sup>	1367	1461	1217	253	292	441	462	267	271	369	320	258	253	323																			
Scaltrito <sup>2</sup>	1335	1373	1411	267	278	405	435	256	262	449	436	263	267	338																			
Pasculli <sup>2</sup>	1395	1398	1375	244	283	412	448	255	252	459	415	249	244	305																			
Pisicoli N. <sup>2</sup>	1469	1396	1427	266	275	424	449	248	257	467	437	266	266	363																			
Pisicoli T. <sup>2</sup>	1327	1369	1318	143	272	414	439	244	248	446	433	191	143	310																			
Marulli <sup>2</sup>	934	1022	1045	203	197	312	330	183	194	348	326	177	203	268																			
Antonacci <sup>2</sup>	1310	1418	1419	124	285	430	454	249	269	471	410	269	124	273																			
Piangevino <sup>2</sup>	1183	1358	1380	142	273	415	425	246	255	457	443	225	142	291																			
Enfo 14 <sup>2</sup>	1313	1377	1417	243	280	415	417	265	262	456	430	269	243	228																			
<b>MWh</b>	<b>22207</b>	<b>23055</b>	<b>22964</b>	<b>3908</b>	<b>4613</b>	<b>6978</b>	<b>7290</b>	<b>4174</b>	<b>4147</b>	<b>7531</b>	<b>7045</b>	<b>4241</b>	<b>3908</b>	<b>5289</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total produced MWh</b>	<b>7808</b>	<b>37199</b>	<b>37593</b>	<b>37772</b>	<b>6474</b>	<b>7258</b>	<b>11955</b>	<b>11886</b>	<b>6493</b>	<b>7026</b>	<b>12325</b>	<b>11655</b>	<b>6766</b>	<b>6474</b>	<b>9652</b>	<b>4325</b>	<b>2157</b>	<b>2621</b>	<b>4354</b>	<b>4189</b>	<b>2110</b>	<b>2071</b>	<b>4200</b>	<b>4357</b>	<b>1981</b>	<b>2922</b>	<b>3797</b>	<b>2645</b>	<b>947</b>	<b>1269</b>	<b>1600</b>	<b>1664</b>	<b>899</b>

<sup>1</sup> Sold with financial takeover 1 June 2016.

<sup>2</sup> Derecognised with effect from 28 September 2016.

<sup>3</sup> Sold with financial takeover 1 August 2019.

# POWER PLANT CAPACITY

<b>Power plant</b>	Capacity kW	Annual production MWh	Location Province	Power plant design	Ownership company
Lorusso	984	1 403	Puglia	Fixed tilt	Ens Solar One Srl
Brundesini	994	1 477	Puglia	Fixed tilt	Ens Solar One Srl
Scardino	993	1 483	Puglia	Fixed tilt	Ens Solar One Srl
Enfo 25	983	1 430	Puglia	Fixed tilt	Energia Fotovaltaica 25 Srl
<b>MWh</b>	<b>3 954</b>	<b>5 792</b>			

# RESPONSIBILITY STATEMENT

From the board of directors and the CEO

We confirm, to our best knowledge that the financial statements for the period 1 January to 31 December 2020 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the board of directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties.

Oslo, 20 April 2021

**Stephan L Jervell**  
*Non-executive  
director*

**Pål Hvammen**  
*Non-executive  
director*

**Ragnhild M Wiborg**  
*Chair*

**Viktor E Jakobsen**  
*CEO*

**RSM Norge AS**Filipstad Brygge 1, 0252 Oslo  
Pb 1312 Vika, 0112 Oslo  
Org.nr: 982 316 588 MVA

T +47 23 11 42 00

F +47 23 11 42 01

[www.rsmnorge.no](http://www.rsmnorge.no)

To the General Meeting of EAM Solar ASA

**Independent Auditor's Report****Report on the Audit of the Financial Statements***Opinion*

We have audited the financial statements of EAM Solar ASA, which comprise:

- The financial statements of the parent company EAM Solar ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement showing a loss of NOK 3 587 535, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of EAM Solar ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement showing a loss of EUR 173 007, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

*Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**THE POWER OF BEING UNDERSTOOD**

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/is a member of Den norske Revisorforening.



## Independent Auditor's Report 2020 for EAM Solar ASA

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Ongoing lawsuits*

In conjunction with the ongoing criminal proceedings regarding the company's purchase of 31 solar power plants in 2014, the company has received both counterclaims, claims of injunctions for breach of contract and termination notice of the Feed-in-Tariff contract from GSE on one of the remaining power plants. Management's assessment of the possible impact on the financial statement is based on an evaluation of the possibility of a negative conclusion on these matters, both in regard to the possible effect on future cashflows and in regard to contingent liabilities.

The assessments are complex and involve significant use of management judgment, and due to the possible significant impact on the consolidated financial statements, the control assessments are considered a key audit matter.

We have evaluated management's assessment, as well as the statements from the attorneys representing the company in the lawsuits. We have compared the assessments with the requirements in IAS 37.

We evaluated the information provided in notes and that the description in note 19 and 23, and the Board of Directors' report, is consistent with the assessments performed by management.

### *Other information*

Management is responsible for the other information. The other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report 2020 for EAM Solar ASA

*Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditor's Report 2020 for EAM Solar ASA



- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements***Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 20 April 2021  
RSM Norge AS

A handwritten signature in blue ink, appearing to read 'Lars Løyning'.

Lars Løyning  
State Authorised Public Accountant



**EAM SOLAR ASA**  
Bryggetorget 7  
NO-0250 Oslo  
NORWAY

E-mail: [viktor@eam.no](mailto:viktor@eam.no)  
Web: [www.eam.no](http://www.eam.no)

Design: [Teigens Design](#)