

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

eam

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EAM Solar ASA

# Q1 REPORT 2024

Interim condensed consolidated financial statements for the period ended 31 March 2024



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# HIGHLIGHTS

## Q1 2024

- EBITDA for the quarter was minus EUR 3 thousand. Adjusted for legal costs the EBITDA was EUR 39 thousand for the quarter, equivalent to an adjusted EBITDA margin of 18.6 per cent.
- Cost of operations and SG&A were EUR 58 thousand and EUR 114 thousand for the quarter. Legal costs were EUR 42 thousand in the quarter.
- In July 2023, Section V of the Criminal Appeal Court of Milan notified the parties that the appeal process for the criminal proceedings related to the P31 fraud case would continue and the first hearing took place on 30 November 2023. A final hearing was conducted 16 May 2024. The Court of Appeal has stated its intention to render its judgement in the case on 13 June 2024.
- The Milan Chamber of Arbitration's issued their decision in the arbitration between EAM Solar ASA and Aveleos SA on 29 February 2024. The arbitration court conclusion was a net amount in favour of EAM of approximately EUR 2.7 million after interest is applied. The arbitration decision may be appealed until the 18 June 2024.
- On 21 May Energeia AS issued a notice of termination of the management agreement of EAM Solar ASA. The termination period is 12 months. During this period Energeia AS will conduct the management tasks as defined by the prevailing management agreement and assist the Board of EAM Solar ASA in the establishment of a self-sufficient organisation.

### Key figures

EUR 000'	Unaudited Q1 2024	Unaudited Q1 2023	Audited 2023	Audited 2022
Revenues	210	209	993	1 221
Cost of operations	(58)	(53)	(237)	(814)
Sales, general and administration expenses	(114)	(347)	(743)	(950)
Legal costs	(42)	(125)	(983)	(1 387)
EBITDA	(3)	(315)	(971)	(1 929)
Depreciation, amortizations and write downs	(141)	(141)	(564)	(564)
EBIT	(144)	(457)	(1 535)	(2 493)
Net financial items	420	969	584	428
Profit before tax	276	512	(951)	(2 065)
Income tax gain/(expense)	(13)	-	(260)	(141)
Net income	263	512	(1 211)	(2 206)
<b>Earnings per share (fully diluted):</b>	<b>0.04</b>	<b>0.07</b>	<b>(0.18)</b>	<b>(0.32)</b>
Distribution to shareholders per share	-	-	-	-
Dividend yield	-	-	-	-
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85
EBITDA adjusted	39	(191)	12	(542)

# INTERIM REPORT

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

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

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

## Strategic review and outlook

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

## Litigation activities

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

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

The final hearing was held 16 May 2024 and a decision is expected on or before 13 June 2024.

## Business development activities

Apart from the dividend distributed to the company’s shareholders in October 2022 of 1 share in Energeia AS for each share in EAM Solar ASA, the Company does not foresee any business development activities beyond the litigation activities and operations of its four power plants in Italy until the litigation activities are finally resolved.

## Solar PV power plant operations and revenues

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

Power production in the quarter was 956 MWh, 11.6 per cent below estimated production due to lower capacity of the power plants caused by thefts. 1<sup>st</sup> quarter power production represents approximately 12 per cent of full year budget production.

FIT revenues in the quarter were EUR 131 thousand. Market price revenues in the quarter were EUR 78 thousand representing an average market price of EUR 82 per MWh.

## Litigation activity review

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

## Criminal proceedings in Milan

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

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

The 2019 ruling by the Criminal Court of Milan was appealed by several parties, and the appeal procedure in the Criminal Court of

Appeal of Milan commenced with one hearing in October 2020 and two hearings in December 2020, and on 20 January 2021, the Criminal Appeal Court of Milan revoked the first instance judgement of the Criminal Court of Milan.

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

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

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

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

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

In July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings would continue and the first hearing took place on 30 November 2023. A final hearing was conducted 16 May 2024. The Court of Appeal has stated its intention to render its judgement in the case on 13 June 2024.

### **Arbitration proceedings in Milan of 2016**

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

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

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

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

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

The Milan Chamber of Arbitration's final decision in the arbitration between EAM Solar ASA and Aveleos SA was received 29 February 2024. The arbitration court conclusion was a net amount in favour of EAM of between EUR 2 616 810 and EUR 2 939 814 after interest is applied.

A range is stated above due to a possible clerical error made in the Final Award. Aveleos has requested the Arbitration Chamber to correct the error and revise the stated interests. Aveleos has further challenged the application of other interest rates. The Tribunal resolved the issue by ruling dated 16 May 2024 determining the new amount in favour of EAM to be EUR 2 729 796 after interest as of 22 May 2024.

Further, Aveleos has until 18 June 2024 to submit an appeal of the Final Award.

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

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

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

The final hearing in this matter was heard on 4 March 2024. A decision is expected in May or June 2024.

No provisions are made in the accounts on this matter.

#### **Civil Court Luxembourg**

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

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

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

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

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 1 060 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA. How and when GSE will restore their contractual obligations is not yet determined.

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

Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company has not recognised Feed-In-Tariff revenues for ENFO 25.

In the first quarter 2024 EAM has instructed its lawyers to find a solution to this matter with GSE. The outcome of this effort remains to be seen.

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

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

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

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

#### **Subsequent events**

##### **Risk associated with external factors**

The Group is to a little extent affected by increased interest rates impact through the external leasing debt.

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations.

##### **Ending of management agreement**

On 21 May Energeia AS issued a notice of termination of the management agreement of EAM Solar ASA. The termination period is 12 months. During this period Energeia AS will conduct the management tasks as defined by the prevailing management agreement and assist the Board of EAM Solar ASA in the establishment of a self-sufficient organisation.

##### **New board directors**

In the extraordinary general meeting on 10 May 2024, Pål Hvammen and Elisabeth Dragseth was elected new members of the board of directors. They are elected as interim board members until the ordinary general meeting to be held 27 June 2024.

## Financial review

### Revenues

Revenues in the quarter were EUR 210 thousand, of which FIT revenues were EUR 131 thousand, EUR 78 thousand were from market sales of electricity and EUR 0.99 thousand were other revenues.

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

### Cost of operations

Cost of operations in the quarter was EUR 58 thousand.

### SG&A costs

SG&A costs in the quarter were EUR 114 thousand.

### Legal costs

In the quarter legal costs stemming from the P31 Acquisition were EUR 42.

### EBITDA

EBITDA in the quarter was minus EUR 3 thousand, representing an EBITDA margin of minus 1.43 per cent.

### EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 144 thousand.

### Net financial items

Net financial items in the quarter were positive with EUR 420 thousand.

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

Pre-tax profit in the quarter was positive with EUR 276 thousand. Taxes in the quarter were 13 thousand. Reported net income in the quarter was EUR 263 thousand.

### Cash flow

Cash flow from operations in the reporting period was positive with EUR 314 thousand. Investment activities were zero in the period and financing activities were negative with EUR 449 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 257 thousand, of which EUR 176 thousand is restricted and EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

### Balance sheet

On a group level total assets at the end of the quarter were EUR 8.1 million with book equity of EUR 1.6 million representing an equity ratio of 19.4 per cent.

### Shares and share capital

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

### Going concern

The first quarter 2024 report are prepared under the assumption of going concern.

However, although the Group's asset base and operating revenues covers ordinary operations, administration and service of operating assets debt obligations, the Group's liquidity is strained due to the significant legal costs relating to the litigation activities.

In the final award of 29 February 2024 in the Milan arbitration, EAM Solar ASA was awarded an estimated net compensation payable by Aveleos SA of EUR 2 729 796 after interest is applied as of 22 May 2024. However, the Company does not foresee to receive such amounts without further legal procedures in conjunction with international collection procedures.

The final award in the arbitration does, however, open for the possibility of releasing pledges relating to Aveleos on the SPV ENS1, thus enabling EAM Solar ASA to sell the four remaining power plants in Italy. Such sale will release a significant amount of liquidity for the Company. However, such sale may take between 9 and 18 months to conclude.

A final factor with regards to the assessment of going concern is the outcome of the ongoing criminal proceedings in Milan, scheduled for a decision on 13 June 2024. A court decision upholding the original

court decision of 2019 will secure going concern, an unfavourable decision for EAM Solar ASA may challenge the going concern assumption.

These circumstances imply that there will be a need for additional capital infusion. If this is not attainable, there will be a material uncertainty regarding the group's ability to continue as a going concern.

Oslo, 24 May 2024

Pål Hvammen  
Non-executive director

Elisabeth Dragseth  
Non-executive director

Viktor Erik Jakobsen  
Chair

Christian Hagemann  
CEO





# CONSOLIDATED INTERIM FINANCIAL INFORMATION

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q1 2024	Unaudited Q1 2023	Audited 2023	Audited 2022
Revenues	<a href="#">5, 12</a>	210 470	208 760	992 716	1 221 073
Cost of operations	<a href="#">12</a>	(57 966)	(52 515)	(237 408)	(813 734)
Sales, general and administration expenses	<a href="#">12</a>	(113 766)	(347 130)	(743 296)	(949 613)
Legal costs	<a href="#">12</a>	(42 110)	(124 568)	(982 772)	(1 386 837)
EBITDA	<a href="#">5</a>	(3 373)	(315 452)	(970 760)	(1 929 111)
Depreciation, amortizations and write downs	<a href="#">9</a>	(141 071)	(141 479)	(564 108)	(563 575)
EBIT	<a href="#">5</a>	(144 443)	(456 932)	(1 534 869)	(2 492 686)
Finance income	<a href="#">6</a>	489 703	1 025 692	1 404 806	1 192 570
Finance costs	<a href="#">6</a>	(69 428)	(56 857)	(820 867)	(764 986)
Profit before tax		275 832	511 903	(950 929)	(2 065 101)
Income tax gain/(expense)		(13 298)	(383)	(260 378)	(140 582)
Profit after tax		262 534	511 519	(1 211 308)	(2 205 683)

EUR	Note	Unaudited Q1 2024	Unaudited Q1 2023	Audited 2023	Audited 2022
<b>Other comprehensive income</b>					
Translation differences		(444 230)	(1 052 683)	(896 286)	(686 065)
Other comprehensive income net of tax		(444 230)	(1 052 683)	(896 286)	(686 065)
Total comprehensive income		(181 696)	(541 164)	(2 107 594)	(2 891 748)
<b>Profit for the year attributable to:</b>					
Equity holders of the parent company		262 534	511 519	(1 211 308)	(2 205 683)
Equity holders of the parent company		262 534	511 519	(1 211 308)	(2 205 683)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent company		(181 696)	(541 164)	(2 107 594)	(2 891 748)
Equity holders of the parent company		(181 696)	(541 164)	(2 107 594)	(2 891 748)
<b>Earnings per share:</b>					
Continued operation					
- Basic		0.04	0.07	(0.18)	(0.32)
- Diluted		0.04	0.07	(0.18)	(0.32)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 3M 2024	Audited 2023	Audited 2022
<b>ASSETS</b>				
Property, plant and equipment	<a href="#">9</a>	5 288 974	5 429 870	5 987 981
Intangible assets		8 226	8 401	9 101
Other long term assets		187 547	200 290	324 297
Deferred tax assets		40 002	40 002	64 018
Non-current assets		5 524 749	5 678 563	6 385 396
<b>Current assets</b>				
Trade and other receivables	<a href="#">8</a>	1 701 976	1 733 201	2 174 744
Other current assets		657 417	649 876	634 662
Cash and cash equivalents	<a href="#">7</a>	257 047	391 720	1 464 397
Current assets		2 616 440	2 774 798	4 273 803
<b>TOTAL ASSETS</b>		<b>8 141 189</b>	<b>8 453 361</b>	<b>10 659 199</b>

EUR	Note	Unaudited 3M 2024	Audited 2023	Audited 2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid in capital</b>				
Issued capital		8 126 110	8 126 110	8 126 110
Share premium		27 603 876	27 603 876	27 603 876
Paid in capital		35 729 986	35 729 986	35 729 986
<b>Other equity</b>				
Translation differences		(9 155 411)	(8 711 181)	(7 814 895)
Other equity		(24 997 866)	(25 260 400)	(24 049 092)
Other equity		(34 153 277)	(33 971 581)	(31 863 987)
<b>Total equity</b>		<b>1 576 709</b>	<b>1 758 405</b>	<b>3 865 999</b>
<b>Non-current liabilities</b>				
Leasing		2 751 176	2 886 601	3 340 536
Deferred tax liabilities		937 504	974 368	804 250
Other non current liabilities		343 887	343 887	343 887
Total non-current liabilities	<a href="#">10</a>	4 032 567	4 204 856	4 488 674
<b>Current liabilities</b>				
Leasing		477 842	453 731	430 836
Trade and other payables		2 046 374	2 035 127	1 873 690
Tax payables		7 696	1 242	
Total current liabilities	<a href="#">10</a>	2 531 912	2 490 100	2 304 526
<b>Total liabilities</b>		<b>6 564 479</b>	<b>6 694 956</b>	<b>6 793 200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 141 189</b>	<b>8 453 361</b>	<b>10 659 199</b>

Oslo, 24 May 2024

Pål Hvammen  
Non-executive directorElisabeth Dragseth  
Non-executive directorViktor Erik Jakobsen  
ChairChristian Hagemann  
CEO

## CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	3M 2024	2023
<b>Cash flow from operations</b>			
Profit before income taxes		275 832	(950 930)
Depreciation	<a href="#">9</a>	141 070	564 109
Change in trade debtors	<a href="#">8</a>	24 992	86 181
Change in trade creditors	<a href="#">10</a>	22 198	517 169
Effect of exchange fluctuations		(478 220)	(961 289)
Change in other provisions		328 104	257 583
Net cash flow from operations		313 976	(487 178)

EUR	Note	3M 2024	2023
<b>Cash flow from investments</b>			
Purchase of fixed assets	<a href="#">9</a>	-	(5 300)
Payment of short term loan /receivables		-	185 000
Net cash flow from investments		-	179 700
<b>Cash flow from financing</b>			
Repayment of long term loans		(111 313)	(431 041)
Interest paid		(337 339)	(334 158)
Net cash flow from financing		(448 652)	(765 199)
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		(134 676)	(1 072 677)
Cash and cash equivalents at the beginning of the period		391 720	1 464 397
Cash and cash equivalents at the end of the period	<a href="#">7</a>	257 044	391 720



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
Equity as at 1 January 2023	8 126 110	27 603 876	(24 049 092)	(7 814 895)	3 865 999
Profit (loss) After tax			(1 211 308)		(1 211 308)
Other comprehensive income				(896 286)	(896 286)
Equity as at 31 December 2023	8 126 110	27 603 876	(25 260 400)	(8 711 181)	1 758 405
Equity as at 1 January 2024	8 126 110	27 603 876	(25 260 400)	(8 711 181)	1 758 405
Profit (loss) After tax			262 534		262 534
Other comprehensive income				(444 230)	(444 230)
Equity as at 31 March 2024	8 126 110	27 603 876	(24 997 866)	(9 155 411)	1 576 709

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 01 BASIS FOR PREPARATION

### General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Cort Adelers gate 33, 0254 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker “EAM” in 2013.

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

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

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

These interim condensed consolidated financial statements for the quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group’s Annual Report 2023 that was published on 30 April 2024 and the stock exchange notices in the reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those

followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

### Financial risk

The external leasing contracts has a floating interest rate.

### Credit risk

Under normal circumstances the risk for losses is low, as the counterpart is the Italian state, but given the unpaid FIT amounts on ENFO 25, the management at year end 2022 decided to make a provision and write down the receivable against GSE, see [note 2](#) and [8](#). The Group has not made any offsets or other derivative agreements to reduce the credit risk in EAM.

### Asset value risk

EAM Group’s cash balance was EUR 257 thousand on 31 March 2024, of which EUR 176 thousand are restricted and EUR 62 thousand are seized by the Italian state.

### Market and regulatory risk

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

### Risk associated with external factors

The Group is to a little extent affected by increased interest rates impact through the external leasing debt.

## NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

### Revenue and receivables

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

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

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

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 1 060 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.



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

### Going concern

The first quarter 2024 report are prepared under the assumption of going concern.

However, although the Group's asset base and operating revenues covers ordinary operations, administration and service of operating assets debt obligations, the Group's liquidity is strained due to the significant legal costs relating to the litigation activities.

In the final award of 29 February 2024 in the Milan arbitration, EAM Solar ASA was awarded an estimated net compensation payable by Aveleos SA of EUR 2 729 796 after interest is applied as of 22 May 2024. However, the Company does not foresee to receive such amounts without further legal procedures in conjunction with international collection procedures.

The final award in the arbitration does, however, open for the possibility of releasing pledges relating to Aveleos on the SPV ENS1, thus enabling EAM Solar ASA to sell the four remaining power plants in Italy. Such sale will release a significant amount of liquidity for the Company. However, such sale may take between 9 and 18 months to conclude.

A final factor with regards to the assessment of going concern is the outcome of the ongoing criminal proceedings in Milan, scheduled for a decision on 13 June 2024. A court decision upholding the original court decision of 2019 will secure going concern, an unfavourable decision for EAM Solar ASA may challenge the going concern assumption.

These circumstances imply that there will be a need for additional capital infusion. If this is not attainable, there will be a material uncertainty regarding the group's ability to continue as a going concern.

### The war in Ukraine

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations.

## NOTE 03 CURRENCY EXPOSURE

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

## NOTE 04 TRANSACTIONS WITH RELATED PARTIES

### Related parties

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

### Transactions with related parties

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

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

Energeia AS' direct costs for the management of EAM was EUR 39 thousand in the first quarter of 2024, of which EUR 30 thousand was related to SG&A, and EUR 9 thousand was related to legal and litigation work in conjunction with the P31 Acquisition fraud.

**NOTE 05 SEGMENT INFORMATION**

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

During the period ended 31 March 2024 approximately EUR 131 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 78 thousand of the Group's external revenue was derived from sales to an international commodities trading house for the market price contracts.

**NOTE 06 FINANCIAL INCOME AND EXPENSES**

EUR	Q1 2024	Q1 2023
<b>Financial income</b>		
Interest income	445	3 237
Foreign exchange gain	489 258	1 022 454
<b>Total financial income</b>	<b>489 703</b>	<b>1 025 692</b>
<b>Financial expenses</b>		
Interest expense	(66 873)	(61 592)
Foreign exchange losses	(764)	5 586
Other financial expenses	(1 791)	(852)
<b>Total financial expenses</b>	<b>(69 428)</b>	<b>(56 857)</b>
<b>Net financial income (expenses)</b>	<b>420 275</b>	<b>968 834</b>

The average exchange rate used for the reporting period is EUR/NOK 11.411, whereas the exchange rate used on 31 March 2024 is EUR/ NOK 11.683.

**NOTE 07 CASH AND CASH EQUIVALENTS**

EUR	Q1 2024	2023
Cash Norway	24 595	73 255
Cash Italy	232 452	318 465
Cash and cash equivalents	257 047	391 720
Restricted cash Norway	-	16 378
Restricted cash Italy	175 800	228 804
Seized cash Italy	61 616	61 616

The Company had no unused credit facilities at the end of the quarter

The restricted cash in Italy of EUR 176 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings.



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

EUR	Q1 2024	2023
Deferred revenue towards GSE	106 948	131 940
Other receivables	1 595 027	1 601 261
Accounts receivables	1 701 976	1 733 201

Management evaluated the situation of ENFO 25 and its net receivable position against GSE at year end 2022, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable was written down and the net amount recognised as an operating cost, write down of trade receivables amounting to EUR 569 thousand at year-end 2022. Revenues recognition and reporting of revenues for 2022 remained unchanged, however from 1 January 2023 the Company has not recognised Feed-In-Tariff revenues for ENFO 25. Please see [note 2](#) for further information.

**NOTE 09 PROPERTY, PLANT AND EQUIPMENT****2024**

EUR	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2024	1 244 269	3 929 529	256 072	5 429 871
Additions	-	-	-	-
Depreciation	(28 577)	(103 250)	(9 069)	(140 896)
Carrying value 31 March 2024	1 215 692	3 826 279	247 003	5 288 975

**2023**

EUR	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2023	1 356 652	4 342 529	288 800	5 987 981
Additions	1 750	-	3 550	5 300
Depreciation	(114 133)	(412 999)	(36 277)	(563 409)
Carrying value 31 December 2023	1 244 269	3 929 529	256 072	5 429 871

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

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

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

EUR	Q1 2024	2023
Deferred tax liabilities	937 504	974 368
Other non current liabilities	343 887	343 887
Obligations under finance leases	2 751 176	2 886 601
<b>Total non-current liabilities</b>	<b>4 032 567</b>	<b>4 204 856</b>
Trade payables	1 166 833	1 144 635
Payables to GSE	610 405	610 405
Other payables	51 077	80 674
Social security	1	1
Taxes other than income taxes	6 677	6 677
Accrued liabilities	211 382	192 736
Trade and other payables	2 046 374	2 035 127
Current leasing	477 842	453 731
Tax payable	7 696	-
<i>Related to ordinary operations</i>	<i>2 531 912</i>	<i>2 490 100</i>
<b>Total current liabilities</b>	<b>2 531 912</b>	<b>2 490 100</b>
<b>Total liabilities</b>	<b>6 564 479</b>	<b>6 694 956</b>

**Payables to GSE**

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

**Equity contribution agreement and patronage letter**

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

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

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

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

The final hearing in this matter was heard on 4 March 2024. The Judgement is expected in May or June 2024.

No provisions are made in the accounts on this matter.

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

The 2019 ruling by the Criminal Court of Milan was appealed by several parties, and the appeal procedure in the Criminal Court of Appeal of

Milan commenced with one hearing in October 2020 and two hearings in December 2020, and on 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan.

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

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

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

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

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

In July 2023, Section V of the Court of Appeal in Milan notified the parties that the appeal proceedings would continue and the first hearing took place on 30 November 2023. A final hearing was conducted 16 May 2024. The Court

of Appeal has stated its intention to render its judgement in the case on 13 June 2024.

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

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

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

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

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

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

No provisions are made in the accounts on this matter.

## NOTE 11 LIST OF SUBSIDIARIES

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(29 825)	(29 825)	(2 033 814)	12 870 700
Ens Solar One Srl	Italy	Solar power plant	100%	100%	116 494	4 000	(41 676)	3 032 994
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	(5 429)	(34 006)	(481 082)	1 829 744



**NOTE 12 OPERATIONAL COSTS BREAK-DOWN Q1 2024**

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	210 470	210 470	-
Cost of operations	(57 966)	(54 770)	(3 195)
Land rent	-	-	-
Insurance	(19 657)	(9 945)	(9 712)
Operation & Maintenance	(16 983)	(16 983)	-
Other operations costs	(21 326)	(27 843)	6 516
Sales, General & Administration	(113 766)	(44 215)	(69 551)
Accounting, audit & legal fees	(41 613)	(8 312)	(33 301)
IMU tax	(3 225)	(3 225)	-
Energeia adm costs	(81 684)	(20 193)	(61 491)
Other administrative costs	12 755	(12 485)	25 240
Legal costs	(42 110)	(419)	(41 691)
Legal costs	(32 655)	-	(32 655)
Energeia legal costs	(9 036)	-	(9 036)
Other non-recurring items	(419)	(419)	-
EBITDA	(3 373)	111 065	(114 437)

**NOTE 13 SUBSEQUENT EVENTS****Risk associated with external factors**

The Group is to a little extent affected by increased interest rates impact through the external leasing debt.

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations.

**New board directors**

In the extraordinary general meeting on 10 May 2024, Pål Hvammen and Elisabeth Dragseth was elected new members of the board of directors. They are elected as interim board members until the ordinary general meeting to be held 27 June 2024.

**Ending of management agreement**

On 21 May Energeia AS issued a notice of termination of the management agreement of EAM Solar ASA. The termination period is 12 months. During this period Energeia AS will conduct the management tasks as defined by the prevailing management agreement and assist the Board of EAM Solar ASA in the establishment of a self-sufficient organisation.

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