

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

eam

# EAM SOLAR ASA **Q2 REPORT 2020**

Interim condensed consolidated financial statements for the period ended 30 June 2020

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# HIGHLIGHTS

## Q2 2020

- EBITDA for the quarter was minus EUR 100 thousand and accumulated for the year minus EUR 277 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 41 thousand for the quarter and EUR 17 thousand for the year, equivalent to an adjusted EBITDA margin of 10 per cent and 2 per cent, respectively.
- Cost of operations and SG&A were EUR 44 thousand and EUR 303 thousand for the quarter and EUR 90 thousand and EUR 578 thousand accumulated for the year respectively.
- Legal costs were EUR 141 thousand in the quarter and EUR 294 thousand accumulated for the year respectively.
- EAM Solar ASA has obtained the necessary documents from the criminal court in Italy to enforce the provisional damages award of EUR 5 million towards Aveleos in Luxembourg. Aveleos has appealed the award and a hearing has been scheduled at 19 August 2020 in Milano on the matter of the provisional award.

### Key figures

EUR 000'	Unaudited Q2 2020	Unaudited Q2 2019	Unaudited 6M 2020	Unaudited 6M 2019	Audited 2019
<b>Revenues</b>	<b>388</b>	1 208	685	2 154	3 166
Cost of operations	(44)	(86)	(90)	(229)	(409)
Sales, general and administration expenses	(303)	(444)	(578)	(801)	(1 886)
Legal costs	(141)	(195)	(294)	(471)	(1 313)
<b>EBITDA</b>	<b>(100)</b>	483	(277)	653	(441)
Depreciation, amortizations and write downs	(141)	(501)	(283)	(967)	(1 289)
<b>EBIT</b>	<b>(242)</b>	(18)	(560)	(314)	(1 731)
Net financial items	(692)	(159)	1 073	(807)	1 798
<b>Profit before tax</b>	<b>(933)</b>	(177)	513	(1 121)	68
Income tax gain(/expense)	(11)	(53)	(21)	(118)	(304)
<b>Net income</b>	<b>(944)</b>	(230)	492	(1 238)	(236)
<b>Earnings per share (fully diluted):</b>	<b>(0.14)</b>	(0.03)	0.07	(0.18)	(0.03)
Distribution to shareholders per share	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85	6.85
<b>EBITDA adjusted</b>	<b>41</b>	678	17	1 124	871



# INTERIM REPORT

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

This interim report should be read in conjunction with the Annual Report for 2019, published on 21 April 2020 and the stock exchange notices in the reporting period.

## Operational review and outlook

### Power plants in operation

EAM ASA operated 4 power plants in the quarter. EAM ASA’s own operation and maintenance team conducted normal operational inspections and maintenance work during the quarter.

The 4 power plants have a combined installed capacity of 4.0 MW with an average annual power production of 6.7 GWh (P50 production).

### Power production

Power production in the quarter was 1 600 MWh, 3.7 per cent below estimated production. Accumulated for the year the power production was 2 869 MWh, 4.6 per cent above estimated production. The main reason for the lower power production in the quarter was related to lower solar irradiation.

### FIT revenues

FIT revenues in the quarter were EUR 355 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 222. Accumulated for the year the FIT revenues were EUR 603 thousand and the average FIT contract price revenue was EUR 210 per MWh.

### Market price development

Market price revenues in the quarter were EUR 32 thousand. This represents an average market price for electricity of EUR 20 per MWh. Accumulated for the year, market price revenues were EUR 79 thousand. This represents an average market price for electricity of EUR 27 per MWh for the period.

### Sale of shares and power plants 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 Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA, ensuring EAM Solar ASA’s capability to continue its litigation activities.

The financial take-over date was 1 August 2019. The final sales price has been subject to post-closing adjustments to the valuation of the net working capital in the Company following an audit of the opening balance of the Company.

The audit conducted post-closing increases the value of total assets to NOK 225.7 million and subtracted by the debt of NOK 89 million the preliminary adjusted sales price of the equity is NOK 136.8 million.

Cash payment for the shares will be NOK 79 million, when the debt that EAM Solar ASA owes EAM Solar Norway Holding AS of NOK 56.5 million and payments made in the period after financial take-over of NOK 1.2 million are subtracted from the purchase price.

The book value of the shares was NOK 83.8 million, the sale thus represented a capital gain for the parent company of approximately NOK 52.9 million, and on a group level a gain of approximately NOK 25.7 million.

On 30 April Energeia AS confirmed that the power plants had been sold onwards to third parties. If the plants were sold in the period prior to the end of 2020 at a higher value than the current sales valuation, EAM Solar ASA has the right to receive 75 per cent of the value uplift above current sales valuation.

### Purchase price achieved and payment to EAM Solar ASA

On 16 April 2020 Energeia AS sold the shares and shareholder loans in the special purpose

companies that owns the Varmo & Codroipo power plants for a gross consideration of approximately EUR 20.5 million.

The transaction was conducted based on financial take-over date 31 December 2019.

EAM Solar ASA sold the shares in EAM Solar Norway Holding AS to Energeia AS for a share price of NOK 136 million. At year end 2019 the seller’s credit issued by EAM Solar ASA against Energeia AS was NOK 79.4 million. In addition, EAM Solar ASA has the right to receive 75 per cent of any value-uplift achieved by Energeia AS if the SPVs’ are sold before the end of 2020. A preliminary assessment is that EAM Solar ASA is entitled to receive an additional amount in the range NOK 15 to 20 million above the initial sales price of NOK 136 million under the profit split arrangement.

Some of the proceeds from the transaction are subject to specific potential future indemnification mechanisms under the sales contract and are consequently restricted. Restricted funds will be released over time in accordance with the specific indemnification mechanisms no longer applying.

### Legal processes

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

### Criminal proceedings

On 18 April 2019 the Criminal Court of Milan published its ruling in the criminal proceedings where EAM Solar ASA has been included as a civil damaged party.

The Criminal Court found it evidenced and consequently decided that Both Mr Giorgi and Mr Akhmerov are guilty of criminal contractual fraud against EAM Solar ASA

in conjunction with the sale of the so-called P31 portfolio, i.e. both are found guilty according to the State Prosecutors Office of Milano's Indictment point F.

The Criminal Court also decided that Aveleos S.A. must pay EAM Solar ASA provisional damages of EUR 5 million immediately, not awaiting appeal or the final damages decision.

On Tuesday 15 October 2019, the Criminal Court of Milan released the grounds for the ruling published on 18 April 2019.

The Company has received the necessary documentation from the Criminal Court of Milan to serve the decision upon Aveleos SA., where by Aveleos SA was sentenced to pay damages in favour of the companies EAM Solar Italy Holding Srl and EAM Solar ASA, to be paid separately, with provisional payment determined at EUR 5 million, as well as reimbursement of court costs, which totalled EUR 15 840 plus VAT and CPA, and 15 per cent in the form of flat-rate reimbursement of expenses. The order will be served by the bailiff in Luxembourg.

The Criminal Court ruling in favour of EAM Solar ASA, as published on 18 April 2019 is repeated in the grounds published by the Court, and the Company published on 25 February 2020 a translation of the grounds for the ruling on its web page.

The Criminal Court of Milano found the two Aveleos Directors Igor Akhmerov and Marco Giorgi guilty for criminal contractual fraud against EAM Solar ASA, and sentenced them to prison terms and a provisional damage;

"Sentences Akhmerov and Giorgi, along with the civilly liable party Aveleos S.A., to the compensation for damages in favour of the companies EAM Solar Italy Holding srl and EAM Solar ASA, to be paid separately, with payment of a provisional amount determined in euros 5 000 000.00, as well as to the reimbursement of court expenses that corresponds to euros 15 840.00, plus VAT and CPA, and 15 percent of said amount as a lump-sum reimbursement of expenses".

After the end of the quarter EAM has received the necessary documents to enforce the provisional award of EUR 5 million against Aveleos in Luxembourg. Aveleos has appealed the provisional award and a hearing has been scheduled at 19 August 2020 to deal with the matter of the provisional award.

In addition, the Criminal Court;

"Rejects the claims for damage formulated against the civilly liable parties Avelar Energy Ltd and Enovos Luxemburg S.A.." as also stated in the court decision of 18 April 2019.

On the matter of the civil responsibility for economic damages versus Enovos and Avelar,

the Court chose in its decision on 18 April 2019 to reverse previous court resolutions on the financial liability based on the lack of autonomy of Aveleos SA versus its shareholders Enovos and Avelar in conjunction with financial liability. In the grounds published on 15 October 2019 the Court in its reasoning describes that in the preliminary questions, the Court had rejected the request for exclusion, as civil managers, of the two companies, noting that, in light of the elements offered by the parties, it had to be considered, with the obvious limitations of the preliminary ruling, that it was not possible to see a distinct subjectivity of Aveleos with respect to the integrally holding companies of its social capital and its actual administrators (Enovos Luxembourg for about 59 per cent and Avelar Energy for about 41 per cent, as stated above); this resulted in subsistence of an indicative framework indicative of the responsibility of Enovos Luxemburg and Avelar Energy for the obligations assumed by Aveleos through their managers, as they refer to them. As a result of the judgment, the hypothesis formulated by the Court has not found the necessary confirmation, as elements of denial, or at least doubt, have emerged which do not allow the court to believe that proof has been reached that Aveleos was a mere legal shield of its members.

The Criminal Court proceedings in Milan involved only two out of six directors of Aveleos involved in the fraudulent sale to EAM. The Enovos appointed directors, that are subject to a criminal complaint filed by EAM in Luxembourg in 2016 together with Enovos Luxembourg et.al., has so far, to our knowledge, not been subject to any investigation or equivalent process.

As previously reported, EAM filed a civil lawsuit against the Enovos directors and Enovos et.al. subordinated the criminal complaint in July 2019.

The Criminal Court of Milan has not given any statement concerning the total amount of damages award apart from the provisional, now enforceable, amount of EUR 5 million. To EAMs knowledge the final damages award shall be determined in a civil court proceeding following a final ruling.

Following the publication of the grounds for the ruling in the Criminal Court the parties had 45 days to decide and prepare on a possible appeal. EAM Solar ASA and its subsidiary EAM Solar Italy Holding Srl filed an appeal before the deadline.

There have been no hearings or court filings during Q2 2020 in regard to the criminal case and associated appeal in the criminal

matter before the courts of Milan. No hearing has yet been scheduled for the appeal.

EAM received during the second and third quarter 2019 requests from Aveleos to make payments to them in relation to the SPA. EAM contests Aveleos' requests, both in their principle and in their quantum.

The requests by Aveleos ignore the decision rendered by the Criminal Court of Milan on 18 April 2019 condemning Aveleos' directors for contractual fraud at the expense of EAM. Consequently, the requests are considered as an attempt to further profit of the established crime and as such EAM regards these requests as a continuation of the fraud, as well as a new attempt to harm EAM's interests.

No provisions are made in the accounts.

### Arbitration

In the third quarter 2016 the Company summoned Aveleos S.A. to the Milan Chamber of Arbitration in order to have the Share Purchase Agreement entered into in 2014 declared null and void based on the alleged fundamental breach of contract conducted by Aveleos S.A. and its directors.

On 3 April 2019 the Company received the final award made by the Arbitral Tribunal under the rules of the Chamber of Arbitration of Milan.

The Tribunal decided to dismiss EAM's claims for the annulment based on the claim of fraud and for the 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 as defined in the SPA. The liability cap in the SPA is defined to be approximately EUR 3.7 million.

The Arbitration decision was not unanimous, with one out of three arbitrators dissenting from dismissing the claims brought by EAM Solar ASA and EAM Solar Italy Holding Srl. The dissent to the ruling was substantiated in a separate dissenting opinion published together with the arbitration ruling.

The Tribunal also decided that the ascertainment of any fraudulent act or behaviour of Messrs Giorgi and Akhmerov falls outside of the scope of the Arbitral Tribunal's jurisdiction, thus concluding that the arbitration decision was without any prejudice of any additional amount that might be found due because of any fraudulent act or behaviour of Mr Giorgi or Mr Akhmerov.

EAM Solar ASA filed on 4 July 2019 an appeal against the decision conducted by the

Arbitration Tribunal of the Chamber of arbitration of Milan in the arbitration case no. 8816, where EAM Solar ASA and EAM Solar Italy Holding Srl filed a number of claims against Aveleos SA including the annulment of the purchase contract of 31 power plants in 2014. 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 on 15 January 2020. In the hearing the appeal court accepted our request for appeal, and we have been granted an expedited track. The first hearing in this appeal process will occur on 3 February 2021. Under normal circumstances we would have expected a hearing date 2 years from now.

#### Civil Court Italy

On 21 November 2018 EAM Solar ASA was served with a notice that UBI Leasing had applied to the court of Brescia for an injunction over EUR 6 million of EAM assets. The court of Brescia granted a preliminary injunction, only enforceable upon further ruling. EAM challenged this decision and the first hearing in this matter was scheduled for 30 May 2019. A summary hearing was held, and the case was further postponed until 6 November 2019. No ruling was announced in the hearing that was held on 6 November 2019. On 8 December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have an injunction against the Company declared as provisionally enforceable.

The decision refers to the petition for the provisional enforceability only and follows a summary judgement on the introductory briefs and documents. That means that the final decision at the end of the full proceedings may differ from the present order. For the time being, UBI cannot start any enforcement procedure against EAM Solar ASA

A further hearing was held on 21 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 originally set for 12 May 2020, but later the court postponed both the filing of briefs and the hearing due to the Covid-19 outbreak. Briefs were filed in May and June while the hearing is set for 29 September 2020.

#### Civil Court Luxembourg

In Luxembourg, EAM Solar ASA filed on 11

July 2019 a civil lawsuit 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 from 2016, meaning that it can only proceed if the 2016 claim is dismissed.

A hearing had been scheduled for 12 May 2020 in the commercial court of Luxembourg regarding the Standstill Agreement. Aveleos requested this hearing be postponed. Such postponement was granted, and the new date was set for 7 July 2020. The case was not heard on 7 July but only rescheduled to 14 October 2020.

#### Administrative Court Italy

On 10 September 2019, the Company received a GSE order of to suspend the incentives and relevant payments of feed-in-tariff to ENFO 25. The Company appealed shortly thereafter the aforementioned order before the Administrative Court "TAR" in Lazio (Rome).

The hearing held before TAR Lazio on 20 December 2019 was a precautionary hearing which is necessary to evaluate whether there are urgent reasons for suspending the claimed order, waiting for the hearing on the merits. Unfortunately, TAR Lazio has denied the precautionary request of suspension.

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 the incentives until the merit phase and ENFO 25 will not have make a reimbursement of those so far incentives so far received.

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

#### Subsequent events

Subsequent events are related to the legal processes and are described in the chapter above.

#### Financial review

##### Revenues

Revenues in the quarter were EUR 388 thousand, of which EUR 355 thousand was received from FIT contracts and EUR 32 thousand from market sales of electricity. EUR 2 thousand were other revenues.

The quarterly revenues represent approximately 29 per cent of the expected annual revenues of EUR 1 350 thousand.

Accumulated for the year revenues were EUR 685 thousand, of which EUR 603 thousand was received from FIT contracts and EUR 79 thousand from market sales of electricity. EUR 3 thousand were other revenues.

#### Cost of operations

Cost of operations in the quarter was EUR 44 thousand, and accumulated for the year cost of operations was EUR 90 thousand.

#### SG&A costs

SG&A costs in the quarter were EUR 303 thousand, and accumulated for the year SG&A costs were EUR 578 thousand.

#### Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 141 thousand and accumulated for the year EUR 294 thousand. Legal costs are presented net of funds from Therium.

#### EBITDA

EBITDA in the quarter was minus EUR 100 thousand, representing an EBITDA margin of minus 26 per cent. Accumulated for the year EBITDA was minus EUR 277 thousand, representing an EBITDA margin of minus 40 per cent.

#### EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 242 thousand. Accumulated for the year depreciation and amortization were EUR 283 thousand, resulting in an operating profit of minus EUR 560 thousand in the period.

#### Net financial items

Net financial items in the quarter were negative with EUR 692 thousand. Accumulated for the year net financial items were positive with EUR 1 073 thousand.

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

Pre-tax profit in the quarter was negative with EUR 933 thousand and accumulated for the year pre-tax profit was positive with EUR 513 thousand.

Taxes in the quarter were EUR 11 thousand. Accumulated for the year the tax cost was EUR 21 thousand.

Reported net income in the quarter was minus EUR 944 thousand and accumulated for the year net income was EUR 492 thousand.

### Cash flow

Cash flow from operations in the reporting period was negative with EUR 1 999 thousand. Investment activities were positive with EUR 3 000 thousand in the period. Financing activities were negative with EUR 182 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 1 185 thousand,

of which EUR 345 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

Total assets at the end of the period were EUR 16.3 million, while book equity was EUR

9.6 million representing an equity ratio of 58.9 per cent.

### Shares and share capital

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

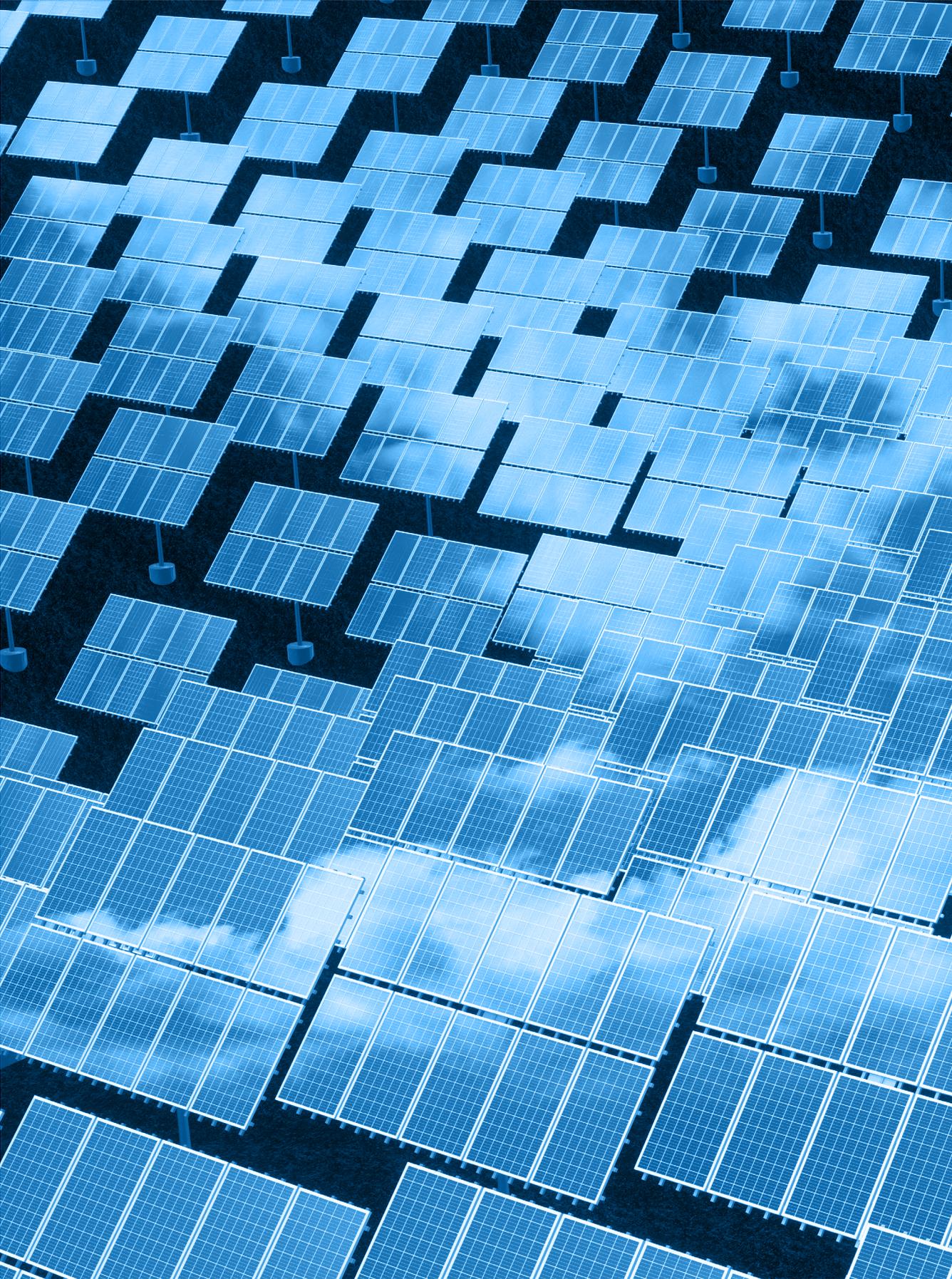
Oslo, 18 August 2020

Stephan L Jervell  
*Non-executive director*

Pål Hvammen  
*Non-executive director*

Ragnhild M Wiborg  
*Chair*

Viktor E Jakobsen  
*CEO*



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q2 2020	Unaudited Q2 2019	Unaudited 6M 2020	Unaudited 6M 2019	Audited 2019
<b>Revenues</b>	<a href="#">5, 12</a>	<b>388 127</b>	1 207 674	684 809	2 154 437	3 166 304
Cost of operations	<a href="#">12</a>	(44 428)	(86 170)	(90 035)	(229 233)	(409 428)
Sales, general and administration expenses	<a href="#">12</a>	(303 075)	(443 544)	(577 834)	(801 057)	(1 885 525)
Legal costs	<a href="#">12</a>	(141 000)	(195 136)	(294 021)	(470 994)	(1 312 577)
<b>EBITDA</b>	<a href="#">5</a>	<b>(100 375)</b>	482 824	(277 081)	653 153	(441 226)
Depreciation, amortizations and write downs	<a href="#">9</a>	(141 333)	(501 036)	(282 666)	(967 220)	(1 289 339)
<b>EBIT</b>	<a href="#">5</a>	<b>(241 708)</b>	(18 212)	(559 747)	(314 067)	(1 730 565)
Finance income	<a href="#">6</a>	153 212	59 518	2 261 294	60 634	3 487 083
Finance costs	<a href="#">6</a>	(844 882)	(218 343)	(1 188 567)	(867 208)	(1 688 813)
<b>Profit before tax</b>		<b>(933 378)</b>	(177 037)	512 980	(1 120 642)	67 705
Income tax gain(/expense)		(11 021)	(52 795)	(21 076)	(117 706)	(303 583)
<b>Profit after tax</b>		<b>(944 399)</b>	(229 832)	491 904	(1 238 348)	(235 878)
<b>Other comprehensive income</b>						
Translation differences		1 141 115	(36 832)	(1 812 211)	275 506	(518 110)
Cash flow hedges		-	-	-	-	-
Income tax related to cash flow hedge		-	-	-	-	-
<b>Other comprehensive income net of tax</b>		<b>1 141 115</b>	(36 832)	(1 812 211)	275 506	(518 110)
<b>Total comprehensive income</b>		<b>196 716</b>	(266 664)	(1 320 307)	(962 842)	(753 988)
<b>Profit for the year attributable to:</b>						
Equity holders of the parent company		(944 399)	(229 832)	491 904	(1 238 348)	(235 878)
<b>Equity holders of the parent company</b>		<b>(944 399)</b>	(229 832)	491 904	(1 238 348)	(235 878)
<b>Total comprehensive income attributable to:</b>						
Equity holders of the parent company		196 716	(266 664)	(1 320 307)	(962 842)	(753 988)
<b>Equity holders of the parent company</b>		<b>196 716</b>	(266 664)	(1 320 307)	(962 842)	(753 988)
<b>Earnings per share:</b>						
<b>Continued operation</b>						
- Basic		(0.14)	(0.03)	0.07	(0.18)	(0.03)
- Diluted		(0.14)	(0.03)	0.07	(0.18)	(0.03)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 6M 2020	Audited 2019
<b>ASSETS</b>			
Property, plant and equipment	<a href="#">9</a>	7 373 392	7 655 709
Intangible assets		10 850	11 203
Other long term assets		624 642	690 968
Deferred tax assets		139 761	159 332
<b>Non-current assets</b>		<b>8 148 645</b>	<b>8 517 212</b>
<b>Current assets</b>			
Trade and other receivables	<a href="#">8</a>	6 504 958	9 934 267
Other current assets		503 237	481 322
Cash and cash equivalents	<a href="#">7</a>	1 184 993	365 687
<b>Current assets</b>		<b>8 193 188</b>	<b>10 781 276</b>
<b>TOTAL ASSETS</b>		<b>16 341 833</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>Paid in capital</b>		<b>35 729 986</b>	<b>35 729 986</b>
<b>Other equity</b>			
Translation differences		(8 705 928)	(6 893 717)
Other equity		(17 391 129)	(17 883 034)
<b>Other equity</b>		<b>(26 097 057)</b>	<b>(24 776 751)</b>
<b>Total equity</b>		<b>9 632 928</b>	<b>10 953 235</b>
<b>Non-current liabilities</b>			
Leasing	<a href="#">10</a>	4 367 730	4 569 303
Long term loan – interest bearing	<a href="#">10</a>	-	-
Deferred tax liabilities	<a href="#">10</a>	564 058	623 308
Other non current liabilities	<a href="#">10</a>	452 239	531 033
<b>Total non-current liabilities</b>		<b>5 384 026</b>	<b>5 723 644</b>
<b>Current liabilities</b>			
Leasing		388 455	369 031
Trade payables	<a href="#">10</a>	923 151	2 252 578
Tax payables	<a href="#">10</a>	935	-
<b>Total current liabilities</b>		<b>1 324 878</b>	<b>2 621 609</b>
<b>Total liabilities</b>		<b>6 708 904</b>	<b>8 345 253</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16 341 833</b>	<b>19 298 488</b>

Oslo, 18 August 2020

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	Unaudited 6M 2020	Audited 2019
<b>Cash flow from operations</b>			
Profit before income taxes		501 959	67 704
Taxes paid in the period		-	-
Gain/loss from sale of subsidiaries		-	(2 627 023)
Depreciation	<a href="#">9</a>	282 316	1 289 341
Change in trade debtors	<a href="#">8</a>	(162 104)	489 219
Change in trade creditors	<a href="#">10</a>	(873 818)	(421 041)
Effect of exchange fluctuations		(1 871 461)	(24 604)
Change in other provisions		124 561	1 812 262
<b>Net cash flow from operations</b>		<b>(1 998 546)</b>	<b>585 858</b>
<b>Cash flow from investments</b>			
Purchase of fixed assets	<a href="#">9</a>	-	(12 288)
Proceeds from sale of shares and investments in other companies		3 000 000	-
Cash effect sale of subsidiaries		-	(453 516)
<b>Net cash flow from investments</b>		<b>3 000 000</b>	<b>(465 804)</b>
<b>Cash flow from financing</b>			
Repayment of long term loans		(182 149)	(346 816)
Interest paid		-	(251 139)
<b>Net cash flow from financing</b>		<b>(182 149)</b>	<b>(597 955)</b>
<b>Exchange gains/(losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		819 305	(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="#">7</a>	<b>1 184 993</b>	<b>365 688</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
<b>Equity as at 1 January 2019</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 647 156)</b>	<b>(6 375 607)</b>	<b>11 707 224</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>10 953 235</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>10 953 235</b>
Profit (loss) after tax	-	-	491 904	-	491 904
Other comprehensive income	-	-	-	(1 812 211)	(1 812 211)
<b>Equity as at 30 June 2020</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 391 131)</b>	<b>(8 705 928)</b>	<b>9 632 928</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

## NOTE 01 BASIS FOR PREPARATION

### General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Dronningen 1, NO-0287 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013.

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

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

Energieia AS manages the Company under a long-term management agreement. Energieia AS conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

These interim condensed consolidated financial statements for the quarter has 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 2019 that was published on 21 April 2020 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 2019.

### Financial risk

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

### Credit risk

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

### Asset value risk

EAM Group's cash balance was EUR 1 185 thousand on 30 June 2020, of which EUR 345 thousand are restricted and EUR 62 thousand are seized by the Italian state.

### Market and regulatory risk

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

## NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

### Going concern

Given the sale of the Varmo and Codroipo power plants, the board and management consider the Company's ability to operate as a going concern for the next 12 months as secured. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

## NOTE 03 CURRENCY EXPOSURE

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

## NOTE 04 TRANSACTIONS WITH RELATED PARTIES

### Related parties

Energieia AS is the manager of EAM. Energieia AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM. Energieia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are large shareholders in EAM. They are also shareholders in Energieia AS, but not involved in the day-to-day operations of Energieia AS. Sundt AS is represented on the board of directors of Energieia AS. Certain key personnel managing the day-to-day operations of EAM are also investors in Energieia AS.

### Transactions with related parties

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

An addendum to the management agreement between Energieia AS and EAM Solar ASA was entered into on 9 December 2019 where the calculation of management fee was changed. The parties agreed to change the calculation of management fee in order for it to be at market standard for these kinds of services. This means that Energieia 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 calculation of management fee in accordance with the above-mentioned change has been done retrospectively from 1 January 2019.

Accumulated for the year Energieia AS' direct costs for the management of EAM was EUR 402 thousand, of which EUR 0 was related to cost of operations, EUR 257 thousand was related to SG&A, and EUR 146 thousand was related to legal and litigation work in conjunction with the P31 Acquisition fraud.

## NOTE 05 SEGMENT INFORMATION

The Group owns and operates four solar PV power plants in Italy at the end of the reporting period. EAM Solar Italy 1 and EAM Solar Italy 2 have been sold during last year, and only one business segment remains. The business is investing in and operating power plants that have similar economic characteristics.

During the period ended 30 June 2020 approximately EUR 602 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 79 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

	6M 2020	6M 2019
<b>Financial income</b>		
Interest income	328 457	51
Foreign exchange gain	1 932 837	60 583
<b>Total financial income</b>	<b>2 261 294</b>	<b>60 634</b>
<b>Financial expenses</b>		
Interest expense	(75 175)	(314 468)
Foreign exchange losses	(903 259)	(492 516)
Other financial expenses	(210 133)	(60 224)
<b>Total financial expenses</b>	<b>(1 188 567)</b>	<b>(867 208)</b>
<b>Net financial income (expenses)</b>	<b>1 072 727</b>	<b>(806 574)</b>

The average exchange rate used for the reporting period is EUR/NOK 10.7267, whereas the exchange rate used on 30 June 2020 is EUR/NOK 10.912.

## NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q2 2020	Q2 2019
Cash Norway	796 603	53 141
Cash Italy	388 389	688 765
<b>Cash and cash equivalents</b>	<b>1 184 993</b>	<b>741 906</b>
<b>Restricted cash Italy</b>	<b>345 240</b>	<b>573 280</b>
<b>Seized cash Italy</b>	<b>61 616</b>	<b>61 616</b>

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM have started to draw upon the third tranche. Unused litigation funding at the end of the quarter was EUR 59 thousand.

The restricted cash of EUR 345 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. The rest are funds dedicated to dismantling and restoration costs.

## NOTE 08 ACCOUNTS RECEIVABLES

Receivables	Q2 2020	Q2 2019
Accounts receivables	-	-
Deferred revenue towards GSE	553 423	1 094 933
Receivable from sale	4 345 033	-
Other receivables	1 606 502	899 322
<b>Accounts receivables</b>	<b>6 504 958</b>	<b>1 994 255</b>

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

The receivable from sale has its origin from the transaction on 15 August 2019 where EAM Solar ASA sold the shares in the company EAM Solar Norway Holding AS to Energeia AS. The cash payment of the shares is subject to a seller's credit issued by EAM Solar ASA to Energeia AS with final due date on 31 December 2020. The seller's credit yields an annual interest of 9 per cent, from 1 January 2020, equivalent to the discount rate used in the valuation of the Company.

**NOTE 09** PROPERTY, PLANT AND EQUIPMENT

<b>Q2 2020</b>	Solar power plants	Solar power plants under lease	Leashold improvements	Total
<b>Carrying value 1 January 2020</b>	<b>1 692 619</b>	<b>5 581 526</b>	<b>381 566</b>	<b>7 655 710</b>
Depreciation	(58 456)	(206 500)	(17 361)	(282 316)
<b>Carrying value 30 June 2020</b>	<b>1 634 163</b>	<b>5 375 026</b>	<b>364 205</b>	<b>7 373 394</b>

<b>2019</b>	Solar power plants	Solar power plants under lease	Leashold improvements	Total
<b>Carrying value 1 January 2019</b>	<b>14 369 839</b>	<b>5 902 286</b>	<b>416 288</b>	<b>20 688 413</b>
Additions	12 288	-	-	12 288
Effect of IFRS 16	-	926 013	-	926 013
Depreciation	(803 507)	(450 412)	(34 722)	(1 288 640)
Disposals	(11 886 002)	(796 362)	-	(12 682 364)
<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 relates to land rent and surface rights for ENS 1.

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

EUR	Q2 2020	Q2 2019
Interest bearing debt	-	6 737 722
Deferred tax liabilities	452 239	999 698
Other non current liabilities	4 367 730	619 471
Obligations under finance leases	564 058	5 914 298
<b>Total non-current liabilities</b>	<b>5 384 027</b>	<b>14 271 189</b>
Trade and other payables	900 290	2 898 822
Other payables	22 863	-
Social security	-	-
Taxes other than income taxes	-	-
Accrued liabilities	-	-
Deferred income	-	-
<b>Trade and other payables</b>	<b>923 154</b>	<b>2 898 822</b>
Current interest bearing loans	12 337	-
Current leasing	388 455	-
Tax payable	935	125 436
<i>Related to ordinary operations</i>	<i>1 324 880</i>	<i>3 024 258</i>
<b>Total current liabilities</b>	<b>1 324 880</b>	<b>3 024 258</b>
<b>Total liabilities</b>	<b>6 708 907</b>	<b>17 295 447</b>

**Equity contribution agreement and patronage letter**

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

The FIT contracts of the SPVs have been terminated by GSE due to a criminal fraud against the State of Italy. EAM has been acknowledged as victims of contractual fraud. It is EAMs 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 criminal contractual fraud, thus being void.

On 21 November 2018 EAM Solar ASA was served with a notice that UBI Leasing had applied to the court of Brescia for an injunction over EUR 6 million of EAM assets. The court of Brescia granted a preliminary injunction, only enforceable upon further ruling. EAM challenged this decision and the first hearing in this matter was scheduled for 30 May 2019. A summary hearing was held, and the case was further postponed until 6 November 2019. No ruling was announced in the hearing that was held on 6 November 2019. On 8 December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have an injunction against the Company declared as provisionally enforceable.

The decision refers to the petition for the provisional enforceability

only and follows a summary judgement on the introductory briefs and documents. That means that the final decision at the end of the full proceedings may differ from the present order. For the time being, UBI cannot start any enforcement procedure against EAM Solar ASA.

A further hearing was held on 21 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 originally set for 12 May 2020, but later the court postponed both the filing of briefs and the hearing due to the Covid-19 outbreak. Briefs were filed in May and June while the hearing is set for 29 September 2020.

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

The Criminal Court also decided that Aveleos S.A. must pay EAM Solar ASA provisional damages of EUR 5 million immediately, not awaiting appeal or the final damages decision.

The Criminal Court found it evidenced and consequently decided that Both Mr Giorgi and Mr Akhmerov are guilty of criminal contractual fraud against EAM Solar ASA in conjunction with the sale of the so-called P31 portfolio, i.e. both are found guilty according to the State Prosecutors Office of Milano's Indictment point F.

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

The Criminal Court of Milan has not given any statement concerning the total amount of damages award apart from the provisional, now enforceable, amount of EUR 5 million. To EAMs knowledge the final damages award shall be determined in a civil court proceeding following a final ruling.

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.

The Company has received the necessary documentation from the Criminal Court of Milan to serve the decision upon Aveleos SA., where by Aveleos SA was sentenced to pay damages in favour of the companies EAM Solar Italy Holding Srl and EAM Solar ASA, to be paid separately, with provisional payment determined at EUR 5 million, as well as reimbursement of court costs, which totalled EUR 15 840 plus VAT and CPA, and 15 per cent in the form of flat-rate reimbursement of expenses. The order will be served by the bailiff in Luxembourg.

EAM has during the second and third quarter received requests from Aveleos to make payments to them in relation to the SPA. EAM contests Aveleos' requests, both in their principle and in their quantum.

The requests by Aveleos ignore the decision rendered by the Criminal Court of Milan on April 18, 2019 condemning Aveleos' directors for contractual fraud at the expense of EAM. Consequently, the requests are considered as an attempt to further profit of the established crime and as such EAM regards these requests as a continuation of the fraud, as well as a new attempt to harm EAM's interests. No provisions are made in the accounts.

## 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%	(444 247)	(444 247)	(517 746)	12 116 272
Ens Solar One Srl	Italy	Solar power plant	100%	100%	356 883	132 673	29 254	4 290 640
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	127 037	68 581	191 813	1 939 938

## NOTE 12 OPERATIONAL COSTS BREAKDOWN H1 2020

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>684 809</b>	684 809	-
<b>Cost of operations</b>	<b>(90 035)</b>	(61 592)	(28 442)
Land rent	-	-	-
Insurance	(35 268)	(17 269)	(17 999)
Operation & Maintenance	(20 371)	(14 766)	(5 605)
Other operations costs	(34 396)	(29 558)	(4 838)
<b>Sales, General &amp; Administration</b>	<b>(577 834)</b>	(487 786)	(90 049)
Accounting, audit & legal fees	(109 418)	(12 456)	(96 962)
IMU tax	(5 937)	(5 076)	(861)
Energieia adm costs	(256 607)	(56 840)	(199 767)
Other administrative costs	(205 872)	(413 414)	207 541
<b>Legal costs</b>	<b>(294 021)</b>	(110 452)	(183 569)
Legal costs	(148 390)	(110 347)	(38 043)
Energieia legal costs	(145 603)	(59)	(145 544)
Other non-recurring items	(28)	(47)	18
<b>EBITDA</b>	<b>(277 081)</b>	24 979	(302 060)

## NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

After the end of the quarter EAM has received the necessary documents to enforce the provisional award of EUR 5 million against Aveleos in Luxembourg. Aveleos has appealed the provisional award and a hearing has been scheduled at 19 August 2020 to deal with the matter of the provisional award.

# DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2020 and the first six months of 2020. The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

The interim consolidated financial statement for the first six months of 2020 has been prepared in accordance with applicable accounting standards. The information disclosed in the accounts provides a true and fair view of the Group's assets, liabilities, financial position, and profit as of 30 June 2020. The interim management report for the first six months of 2020 also includes a fair overview of key events during the reporting period and their effects on the financial statement for the first half-year of 2020. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo, 18 August 2020

Stephan L Jervell  
*Non-executive  
director*

Pål Hvammen  
*Non-executive  
director*

Ragnhild M Wiborg  
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