

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

eam

EAM SOLAR ASA **Q3 REPORT 2020**

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

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HIGHLIGHTS

Q3 2020

- EBITDA for the quarter was minus EUR 281 thousand and accumulated for the year minus EUR 560 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 161 thousand for the quarter and EUR 177 thousand for the year, equivalent to an adjusted EBITDA margin of 45 per cent and 17 per cent, respectively.
- Cost of operations and SG&A were EUR 50 thousand and EUR 146 thousand for the quarter and EUR 140 thousand and EUR 725 thousand accumulated for the year respectively.
- Legal costs were EUR 442 thousand in the quarter and EUR 737 thousand accumulated for the year respectively.
- On Monday 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.
- On Wednesday 28 October 2020, EAM Solar ASA was informed that the Prosecutor within the Criminal Court of Bolzano had ordered the financial police to perform a search and seizure of documents from 57 Italian companies related to the ownership 58 Solar PV power plants with subsidized electricity sales contracts towards GSE, of the State of Italy. The Milan office of EAM Solar ASA's Italian subsidiaries, ENS Solar One Srl, Energia Fotovoltaica 25 Srl and EAM Solar Italy Holding Srl were visited by officers of Guardia Di Finanza (the financial police) who retrieved documentation related to the above-mentioned companies.
- EAM Solar ASA has together with the Bailiff of Luxembourg conducted formal collection procedures in Luxembourg. Aveleos SA has defaulted on the payment demand from the Bailiff and consequently EAM Solar ASA filed a petition to the Bankruptcy Court in Luxembourg on 11 November.

Key figures

EUR 000'	Unaudited Q3 2020	Unaudited Q3 2019	Unaudited 9M 2020	Unaudited 9M 2019	Audited 2019
Revenues	357	782	1 042	2 936	3 166
Cost of operations	(50)	(61)	(140)	(290)	(409)
Sales, general and administration expenses	(146)	(249)	(725)	(1 048)	(1 886)
Legal costs	(442)	(424)	(737)	(894)	(1 313)
EBITDA	(281)	49	(560)	705	(441)
Depreciation, amortizations and write downs	(141)	(529)	(424)	(1 496)	(1 289)
EBIT	(423)	(480)	(984)	(791)	(1 731)
Net financial items	1 508	2 109	2 583	1 305	1 798
Profit before tax	1 085	1 629	1 599	514	68
Income tax gain(/expense)	(124)	(28)	(145)	(145)	(304)
Net income	961	1 601	1 454	369	(236)
Earnings per share (fully diluted):	0.14	0.23	0.21	0.05	(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
EBITDA adjusted	161	473	177	1 598	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.

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 1 664 MWh, 2.6 per cent below estimated production. Accumulated for the year the power production was 4 533 MWh, 1.9 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 287 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 173. Accumulated for the year the FIT revenues were EUR 891 thousand and the average FIT contract price revenue was EUR 196 per MWh.

Market price development

Market price revenues in the quarter were EUR 67 thousand. This represents an average market price for electricity of EUR 40 per MWh. Accumulated for the year, market price revenues were EUR 146 thousand. This represents an average market price for electricity of EUR 32 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. A provision for an additional estimated gain of NOK 15 million has been recognised at quarter end.

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 EUR 5 000 000.00, as well as to the reimbursement of court expenses that corresponds to EUR 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 second 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 on 19 August 2020 the case was heard before the Holiday Criminal Section of the Milan Appeal Court. The court rejected Aveleos' application to suspend the enforceability of the provisional damage award.

In addition, the Criminal Court;

"Rejects the claims for damage formulated against the civilly liable parties Avelar Energy Ltd and Enovos Luxembourg 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 Luxembourg 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.

The appeal procedure in the Criminal Court of Appeal of Milan commenced on 9 October with a subsequent Court hearing on 22 October. The proceedings have scheduled two more hearings for 10 and 17 December 2020. This appeal process is done primarily through written submissions and will not feature witness testimonies. There is a possibility that the Court will add further hearings beyond the two remaining if needed. However, we are informed that the decision of the Court of Appeal may come in first half of 2021.

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.

New Arbitration

On Monday 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.

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 was held at 29 September 2020. The judge reserved the decision from the hearing and no outcome has yet been received.

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. The hearing was held on 14 October but no outcome has yet been received.

Bankruptcy Court Luxembourg

EAM Solar ASA has together with the Bailiff of Luxembourg conducted formal collection procedures in Luxembourg. Aveleos SA has defaulted on the payment demand from the Bailiff of the EUR 5 million in provisional award from the Criminal Court in Milan and consequently EAM Solar ASA filed a petition to the Bankruptcy Court in Luxembourg on 11 November to invoke the bankruptcy of Aveleos SA.

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 to make a reimbursement of those incentives so far received.

New investigation for subsidy fraud by the Prosecutor of the Criminal Court of Bolzano

On Wednesday 28 October 2020, EAM Solar ASA was informed that the Prosecutor of the Criminal Court of Bolzano had ordered the

financial police to perform a search and seizure of documents from 57 Italian companies related to the ownership 58 Solar PV power plants with subsidized electricity sales contracts towards GSE, of the State of Italy. The search and seizure were conducted as part of an ongoing investigation into subsidy fraud against the State of Italy.

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

The search and seizure order issued by the Prosecutor identified 79 individuals as persons of interest to the public prosecutor. Viktor Erik Jakobsen, CEO of EAM Solar ASA, holds the position as Sole Managing Director in the above-mentioned companies, and is consequently named as one of the 79 individuals.

With this new investigation, and the existing criminal proceedings in the Court of Milan, all power plants sold to EAM Solar ASA in 2014 by Enovos and Avelar through their joint investment vehicle Aveleos SA, are subject to criminal proceedings or investigation for subsidy fraud against the state of Italy. In addition, the new investigation includes 17 of the remaining 31 SPV's currently owned by Aveleos SA.

This latest investigation further demonstrates the fact that Enovos and Avelar, through their investment vehicle Aveleos SA, conducted a criminal contractual fraud against EAM Solar ASA in 2014.

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 357 thousand, of which EUR 287 thousand was received from FIT contracts and EUR 67 thousand from market sales of electricity. EUR 3 thousand were other revenues.

The quarterly revenues represent approximately 26 per cent of the expected annual revenues of EUR 1 350 thousand.

Accumulated for the year revenues were EUR 1 042 thousand, of which EUR 891 thousand was received from FIT contracts and EUR 146 thousand from market sales of electricity. EUR 6 thousand were other revenues.

Cost of operations

Cost of operations in the quarter was EUR 50 thousand, and accumulated for the year cost of operations was EUR 140 thousand.

SG&A costs

SG&A costs in the quarter were EUR 146 thousand, and accumulated for the year SG&A costs were EUR 725 thousand.

Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 442 thousand and accumulated for the year EUR 737 thousand. Legal costs are presented net of funds from Therium.

EBITDA

EBITDA in the quarter was minus EUR 281 thousand, representing an EBITDA margin of minus 79 per cent. Accumulated for the

year EBITDA was minus EUR 560 thousand, representing an EBITDA margin of minus 54 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 423 thousand. Accumulated for the year depreciation and amortization were EUR 424 thousand, resulting in an operating profit of minus EUR 984 thousand in the period.

Net financial items

Net financial items in the quarter were positive with EUR 1 508 thousand. Accumulated for the year net financial items were positive with EUR 2 583 thousand.

Pre-tax profit, taxes and net profit

Pre-tax profit in the quarter was positive with EUR 1 085 thousand and accumulated for the year pre-tax profit was positive with EUR 1 599 thousand.

Taxes in the quarter were EUR 124 thousand. Accumulated for the year the tax cost was EUR 145 thousand.

Reported net income in the quarter was

EUR 961 thousand and accumulated for the year net income was EUR 1 454 thousand.

Cash flow

Cash flow from operations in the reporting period was negative with EUR 2 711 thousand. Investment activities were positive with EUR 3 075 thousand in the period. Financing activities were negative with EUR 275 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 455 thousand, of which EUR 359 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 16.7 million, while book equity was EUR 10.2 million representing an equity ratio of 61 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.

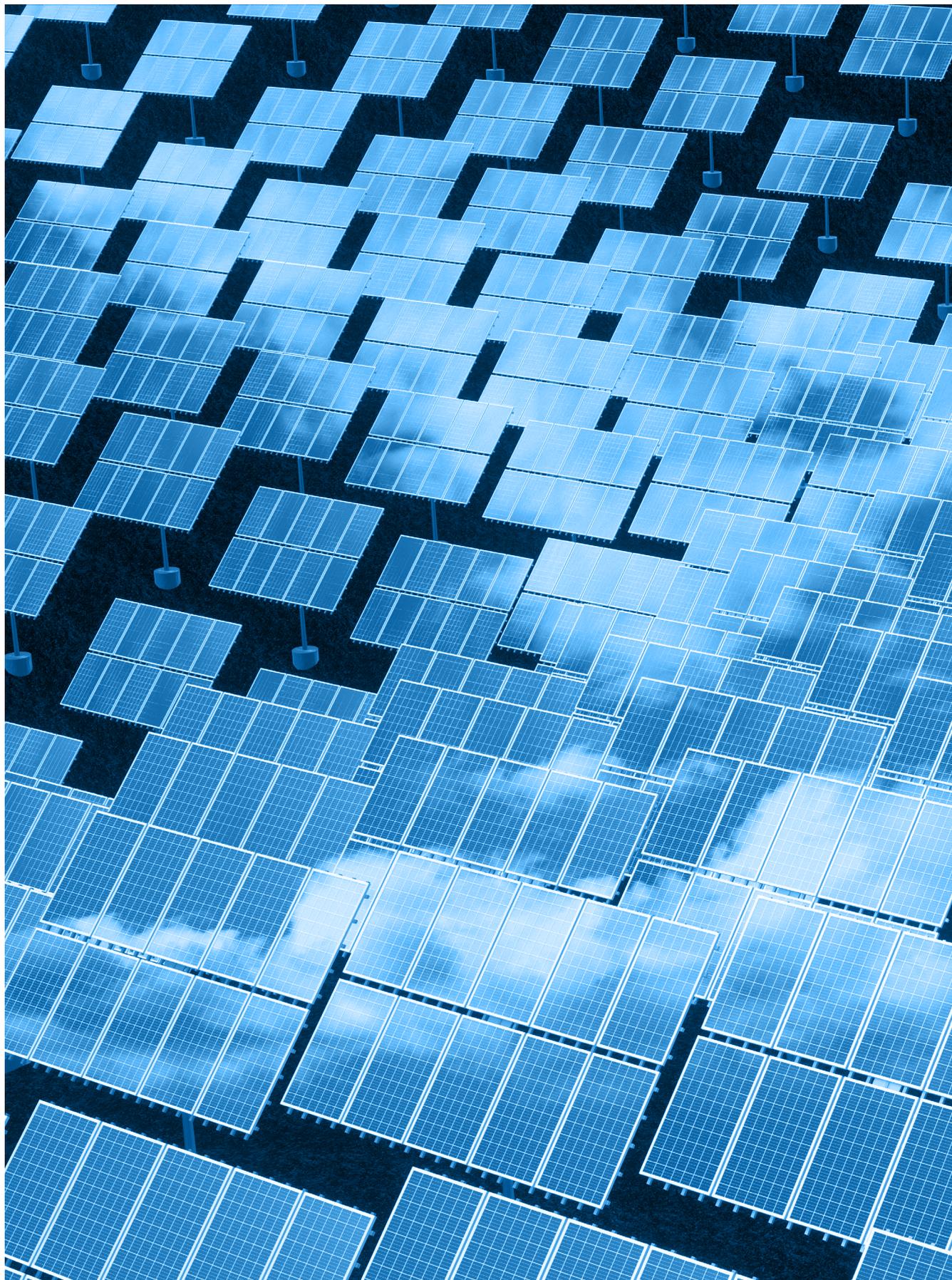
Oslo, 17 November 2020

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 Q3 2020	Unaudited Q3 2019	Unaudited 9M 2020	Unaudited 9M 2019	Audited 2019
Revenues	5, 12	356 892	781 805	1 041 701	2 936 242	3 166 304
Cost of operations	12	(50 167)	(60 539)	(140 223)	(289 724)	(409 428)
Sales, general and administration expenses	12	(145 947)	(248 532)	(724 629)	(1 048 097)	(1 885 525)
Legal costs	12	(442 260)	(423 885)	(736 611)	(893 616)	(1 312 577)
EBITDA	5	(281 482)	48 849	(559 762)	704 805	(441 226)
Depreciation, amortizations and write downs	9	(141 333)	(529 047)	(423 999)	(1 496 008)	(1 289 339)
EBIT	5	(422 815)	(480 198)	(983 761)	(791 203)	(1 730 565)
Finance income	6	1 515 993	2 912 650	3 781 354	2 973 039	3 487 083
Finance costs	6	(7 864)	(803 711)	(1 198 397)	(1 668 057)	(1 688 813)
Profit before tax		1 085 315	1 628 741	1 599 196	513 779	67 705
Income tax gain(/expense)		(124 269)	(27 561)	(145 345)	(145 267)	(303 583)
Profit after tax		961 046	1 601 180	1 453 851	368 512	(235 878)
Other comprehensive income						
Translation differences		(391 711)	(270 247)	(2 203 922)	5 259	(518 110)
Other comprehensive income net of tax		(391 711)	(270 247)	(2 203 922)	5 259	(518 110)
Total comprehensive income		569 335	1 330 933	(750 071)	373 771	(753 988)
Profit for the year attributable to:						
Equity holders of the parent company		961 046	1 601 180	1 453 851	368 512	(235 878)
Equity holders of the parent company		961 046	1 601 180	1 453 851	368 512	(235 878)
Total comprehensive income attributable to:						
Equity holders of the parent company		569 335	1 330 933	(750 071)	373 771	(753 988)
Equity holders of the parent company		569 335	1 330 933	(750 071)	373 771	(753 988)
Earnings per share:						
Continued operation						
- Basic		0.14	0.23	0.21	0.05	(0.03)
- Diluted		0.14	0.23	0.21	0.05	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 9M 2020	Audited 2019
ASSETS			
Property, plant and equipment	9	7 232 234	7 655 709
Intangible assets		10 676	11 203
Other long term assets		614 019	690 968
Deferred tax assets		130 115	159 332
Non-current assets		7 987 043	8 517 212
Current assets			
Trade and other receivables	8	7 792 322	9 934 267
Other current assets		487 682	481 322
Cash and cash equivalents	7	454 766	365 687
Current assets		8 734 770	10 781 276
TOTAL ASSETS		16 721 813	19 298 488
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
Paid in capital		35 729 986	35 729 986
Other equity			
Translation differences		(9 097 639)	(6 893 717)
Other equity		(16 429 182)	(17 883 034)
Other equity		(25 526 821)	(24 776 751)
Total equity		10 203 165	10 953 235
Non-current liabilities			
Leasing	10	4 274 888	4 569 303
Deferred tax liabilities	10	664 596	623 308
Other non current liabilities	10	418 213	531 033
Total non-current liabilities		5 357 697	5 723 644
Current liabilities			
Leasing		388 455	369 031
Trade payables	10	771 093	2 252 578
Tax payables	10	1 402	-
Total current liabilities		1 160 950	2 621 609
Total liabilities		6 518 647	8 345 253
TOTAL EQUITY AND LIABILITIES		16 721 813	19 298 488

Oslo, 17 November 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 9M 2020	Audited 2019
Cash flow from operations			
Profit before income taxes		1 599 196	67 704
Gain/loss from sale of subsidiaries		(1 351 254)	(2 627 023)
Depreciation	9	423 474	1 289 341
Change in trade debtors	8	(255 146)	489 219
Change in trade creditors	10	(1 003 012)	(421 041)
Effect of exchange fluctuations		(2 162 634)	(24 604)
Change in other provisions		38 444	1 812 262
Net cash flow from operations		(2 710 931)	585 858
Cash flow from investments			
Purchase of fixed assets	9	-	(12 288)
Proceeds from sale of shares and investments in other companies		3 075 000	-
Cash effect sale of subsidiaries		-	(453 516)
Net cash flow from investments		3 075 000	(465 804)
Cash flow from financing			
Repayment of long term loans		(274 991)	(346 816)
Interest paid		-	(251 139)
Net cash flow from financing		(274 991)	(597 955)
Exchange gains (/losses) on cash and cash equivalents			
Net change in cash and cash equivalents		89 078	(477 901)
Cash and cash equivalents at the beginning of the period		365 688	843 589
Cash and cash equivalents at the end of the period	7	454 766	365 688

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
Equity as at 1 January 2019	8 126 110	27 603 876	(17 647 156)	(6 375 607)	11 707 224
Profit (loss) after tax	-	-	(235 879)	-	(235 879)
Other comprehensive income	-	-	-	(518 110)	(518 110)
Equity as at 31 December 2019	8 126 110	27 603 876	(17 883 035)	(6 893 717)	10 953 235
Equity as at 1 January 2020	8 126 110	27 603 876	(17 883 035)	(6 893 717)	10 953 235
Profit (loss) after tax	-	-	1 453 851	-	1 453 851
Other comprehensive income	-	-	-	(2 203 922)	(2 203 922)
Equity as at 30 September 2020	8 126 110	27 603 876	(16 429 183)	(9 097 639)	10 203 165

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 01 BASIS FOR PREPARATION

General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, 0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013.

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

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

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

These interim condensed consolidated financial statements for the quarter 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 455 thousand on 30 September 2020, of which EUR 359 thousand are restricted and EUR 62 thousand are seized by the Italian state.

Market and regulatory risk

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

NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

Going concern

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

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

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

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

Transactions with related parties

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

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

Accumulated for the year Energeia AS' direct costs for the management of EAM was EUR 566 thousand, of which EUR 0 was related to cost of operations, EUR 351 thousand was related to SG&A, and EUR 215 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 September 2020 approximately EUR 891 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 146 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

	9M 2020	9M 2019
Financial income		
Interest income	216 613	106
Foreign exchange gain	2 163 840	334 541
Other financial income	-	-
Gain from sale	1 400 901	2 638 392
Total financial income	3 781 354	2 973 039
Financial expenses		
Interest expense	(113 235)	(1 081 145)
Foreign exchange losses	(861 211)	(508 957)
Other financial expenses	(223 951)	(77 954)
Total financial expenses	(1 198 397)	(1 668 056)
Net financial income (expenses)	2 582 957	1 304 983

Gain from sale in the period relates to Varmo and Codriopo being sold by Energeia before the end of 2020 at a higher value than the sales valuation between EAM and Energeia in 2019, EAM Solar ASA has the right to receive 75 per cent of the value uplift above the original sales valuation. A provision for an additional estimated gain of NOK 15 million has been recognised at quarter end.

The average exchange rate used for the reporting period is EUR/NOK 10.7074, whereas the exchange rate used on 30 September 2020 is EUR/NOK 11.1008.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q3 2020	Q3 2019
Cash Norway	31 939	48 386
Cash Italy	422 827	401 882
Cash and cash equivalents	454 766	450 268
Restricted cash Italy	358 933	297 020
Seized cash Italy	61 616	61 616

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM has nearly exhausted the third tranche.

The restricted cash of EUR 359 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings.

NOTE 08 ACCOUNTS RECEIVABLES

Receivables	Q3 2020	Q3 2019
Accounts receivables	-	1 558
Deferred revenue towards GSE	646 465	390 318
Receivable from sale	5 429 157	8 054 009
Other receivables	1 716 700	788 415
Accounts receivables	7 792 322	9 234 299

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

Q3 2020	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2020	1 692 619	5 581 526	381 566	7 655 710
Depreciation	(87 684)	(309 750)	(26 041)	(423 474)
Carrying value 30 September 2020	1 604 935	5 271 776	355 525	7 232 236

2019	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2019	14 369 839	5 902 286	416 288	20 688 413
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)
Carrying value 31 December 2019	1 692 619	5 581 526	381 566	7 655 710

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	Q3 2020	Q3 2019
Deferred tax liabilities	664 596	580 612
Other non current liabilities	418 213	583 323
Obligations under finance leases	4 274 888	5 008 793
Total non-current liabilities	5 357 697	6 172 727
Trade and other payables	771 096	2 943 934
Trade and other payables	771 096	2 943 934
Current leasing	388 455	-
Tax payable	1 402	242
<i>Related to ordinary operations</i>	<i>1 160 953</i>	<i>2 944 176</i>
Total current liabilities	1 160 953	2 944 176
Total liabilities	6 518 649	9 116 903

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 was held at 29 September 2020. The judge reserved the decision from the hearing and no outcome has yet been received.

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

The Criminal Court 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 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.

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 Solar ASA has together with the Bailiff of Luxembourg conducted formal collection procedures in Luxembourg. Aveleos SA has defaulted on the payment demand from the Bailiff of the EUR 5 million in provisional award from the Criminal Court in Milan and consequently EAM Solar ASA filed a petition to the Bankruptcy Court in Luxembourg on 11 November to invoke the bankruptcy of Aveleos SA.

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 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.

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%	(922 104)	(922 104)	(1 086 977)	12 795 875
Ens Solar One Srl	Italy	Solar power plant	100%	100%	530 863	194 548	35 997	4 314 033
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	213 820	126 137	246 542	1 947 914

NOTE 12 OPERATIONAL COSTS BREAKDOWN 9M 2020

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	1 041 701	1 041 701	-
Cost of operations	(140 223)	(125 915)	(14 309)
Land rent	-	-	-
Insurance	(48 974)	(34 665)	(14 309)
Operation & Maintenance	(36 337)	(36 337)	-
Other operations costs	(54 913)	(54 913)	-
Sales, General & Administration	(724 629)	(171 086)	(553 543)
Accounting, audit & legal fees	(131 852)	(26 018)	(105 834)
IMU tax	(8 906)	(8 906)	-
Energieia adm costs	(350 725)	(39 563)	(311 162)
Other administrative costs	(233 146)	(96 599)	(136 547)
Legal costs	(736 611)	(17)	(736 594)
Legal costs	(521 783)	-	(521 783)
Energieia legal costs	(214 813)	(2)	(214 811)
Other non-recurring items	(15)	(15)	-
EBITDA	(559 762)	744 684	(1 304 446)

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

On Monday 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. A hearing date has not yet been set in these new arbitration matters. At this point it is not clear if there is an overlap between the new filings and the arbitration award currently under appeal or if the new filings are merited and allowed.

On Wednesday 28 October 2020, EAM Solar ASA was informed that the Prosecutor within the Criminal Court of Bolzano had ordered the financial police to perform a search and seizure of documents from 57 Italian companies related to the ownership 58 Solar PV power plants with subsidized electricity sales contracts towards GSE, of the State of Italy. The search and seizure were conducted as part of an ongoing investigation into subsidy fraud against the State of Italy.

EAM SOLAR ASA

Bryggetorget 7
NO-0250 Oslo
NORWAY

Phone: +47 916 11 009
E-mail: viktor@eam.no
Web: www.eam.no