

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

eam

EAM SOLAR ASA **Q4 REPORT 2020**

Interim condensed consolidated financial statements for the period ended 31 December 2020

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HIGHLIGHTS

Q4 2020

- EBITDA for the quarter was minus EUR 1 107 thousand and accumulated for the year minus EUR 1 666 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of minus EUR 102 thousand for the quarter and EUR 76 thousand for the year, equivalent to an adjusted EBITDA margin of minus 44 per cent and 6 per cent, respectively.
- Cost of operations and SG&A were EUR 73 thousand and EUR 259 thousand for the quarter and EUR 213 thousand and EUR 983 thousand accumulated for the year respectively.
- Legal costs were EUR 1 005 thousand in the quarter and EUR 1 741 thousand accumulated for the year respectively.
- On 20 January 2021, the Criminal Appeal Court of Milan revoked the first instance judgement of the Criminal Court of Milan, acquitting Mr Akhmerov and Mr Giorgi for fraud against the State of Italy and EAM Solar ASA.
- EAM Solar ASA learned in January that the Bolzano Public Prosecutor requested the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) to search the Company offices in relation to a new investigation for subsidy fraud. The Company is collaborating with Økokrim through a voluntary transfer of documents.
- The Company is conducting a strategic review with focus on future litigation activities and an opportunity for the Company’s shareholders to participate in future business within solar PV renewable energy projects.

Key figures

EUR 000'	Unaudited Q4 2020	Unaudited Q4 2019	Unaudited 2020	Audited 2019
Revenues	229	230	1 271	3 166
Cost of operations	(73)	(120)	(213)	(409)
Sales, general and administration expenses	(259)	(90)	(983)	(1 886)
Legal costs	(1 005)	(335)	(1 741)	(1 313)
EBITDA	(1 107)	(314)	(1 666)	(441)
Depreciation, amortizations and write downs	(132)	(548)	(556)	(1 289)
EBIT	(1 240)	(862)	(2 222)	(1 731)
Net financial items	(315)	562	2 197	1 798
Profit before tax	(1 554)	(300)	(25)	68
Income tax gain/(expense)	(10)	(61)	(155)	(304)
Net income	(1 564)	(362)	(180)	(236)
Earnings per share (fully diluted):	(0.23)	(0.05)	(0.03)	(0.03)
Distribution to shareholders per share	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85
EBITDA adjusted	(102)	20	76	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 combination with the Annual Report 2019, the quarterly reports and stock exchange notices in the reporting period.

Strategic review and outlook

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

Following the decision by the Criminal Appeal Court of Milan in January 2021, the Board and management of the company deemed it appropriate to conduct a strategic review of the litigation activities and its initial core business activities.

Litigation activities

Although criminal complaints have been lodged in relevant jurisdictions against the involved parties in the P31 fraud, the various national police authorities seem to have a challenge in pursuing and investigating cross-border economic crime.

As of today, to our knowledge, no police authority has conducted an appropriate investigation of the fraud of EAM Solar ASA. Therefore, the Board and management is currently evaluating the alternative legal measures to be taken in order to hold the joint venture partners Enovos and Renova/ Avelar et.al. responsible for the P31 fraud.

The company will revert with more information when appropriate.

Business development activities

Forty per cent of EAM Solar ASA is owned directly or indirectly by Energeia AS and its shareholders. Therefore, Energeia AS and EAM Solar ASA have initiated a preliminary discussion with the aim to ensure that all shareholders in EAM Solar ASA can partici-

pate in the future business development and value creation of Energeia AS.

Before establishment of EAM Solar ASA in 2011, the CEO of Energeia AS had started investment activities within solar PV energy in the Netherlands.

As of year-end 2020, this activity has resulted in Energeia AS constructing, operating and owning a solar PV power plant in the Netherlands, and developed a prospective Dutch project pipeline, currently in excess of 500MW of potential solar PV power plants.

In 2020 Energeia AS also identified and are currently working on development of solar PV power plants in the Nordic region. This activity is still in an early stage of development but may result in significant power plant developments in the coming years.

It is expected that the conclusion of the strategic review processes will be decided on and communicated to the shareholders of EAM Solar ASA during first half 2021.

Solar PV power plant review and outlook

Power plants in operation

EAM ASA operated 4 power plants in the quarter. The 4 power plants have a combined installed capacity of 4.0 MW with an average annual power production of 6.7 GWh (P50 production).

Power production

Power production in the quarter was 899 MWh, 9.3 per cent below estimated production due to lower solar irradiation. Full year power production was 5 432 MWh, 0.2 per cent below estimated annual production.

FIT revenues

FIT revenues in the quarter were EUR 177 thousand with average FIT contract price in the quarter of EUR 196 per MWh. Full year FIT

revenues were EUR 1 067 thousand with average FIT contract price of EUR 196 per MWh.

Market price development

Market price revenues in the quarter were EUR 50 thousand representing an average market price of EUR 55 per MWh. Full year market price revenues were EUR 195 thousand representing an average market price of EUR 36 per MWh.

Profit from sale of shares to Energeia AS in 2019

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The sale was conducted to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consists of two elements; 1) a fixed price for the shares, and 2) a profit split if Energeia sold the power plants with a profit before year-end 2020. On 30 April 2020 Energeia AS sold the power plants indirectly owned by EAM Solar Norway Holding AS to a third party.

Following an audit, the final fixed price for the shares became NOK 136.8 million. Cash payment for the shares at year end 2019 was NOK 79 million due to transfer of debt obligations to Energeia AS and payments of NOK 57.8 million.

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

Since Energeia AS sold the power plants in 2020, EAM Solar ASA is entitled to receive 75 per cent of any net capital gains realized by Energeia AS above the purchase price from EAM Solar ASA. The provisional additional capital gain to EAM Solar ASA is estimated to be NOK 20 million at year-end 2020.

The total estimated sales price for EAM Solar ASA at year-end 2020 is NOK 156.7 million with a total capital gain of NOK 72.8 million. The final determination of the total sales price and capital gain will be established at the end of the warranty period of the sale by Energeia AS in 2022.

Approximately NOK 50 million of the gross proceeds received by Energeia AS are subject to possible future indemnification mechanisms under the sales contract and are consequently restricted. Restricted funds will be released over time in accordance with the specific indemnification mechanisms no longer applies. The estimated gross proceeds from the sale to be received by EAM Solar ASA is NOK 98 million, of which NOK 45 million is received year-end 2020.

Litigation activity review

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

In July 2014 EAM Solar ASA transferred EUR 30 million to Aveleos SA, a Joint Venture investment vehicle owned by the Enovos group in Luxembourg (59 per cent) and Renova/Avelar group in Switzerland/Cyprus (41 per cent).

The cash transfer was the initial payment in a EUR 114 million transaction of 31 Solar PV power plants constructed by Aveleos et.al in 2010 and 2011, operational since 2011 with long-term subsidised electricity contracts with the State of Italy.

In July 2014 ownership of shares in companies with 21 of the 31 power plants was transferred to EAM Solar ASA, with the remaining 10 power plants to be transferred by December 2014. This transfer was never conducted.

In August 2014, the State of Italy suspended payment of electricity delivered under the long-term subsidy contracts for 17 of the 21 transferred power plants. In June 2016 the competent Italian court ruled that it was a final legal fact that the 17 power plants did not have valid subsidised “feed in tariff” contracts and as such lost all its value.

During the criminal proceedings commencing in 2016, EAM received evidence that the Prosecutors office of Milan already in 2012 had initiated a broad investigation into Aveleos et.al. for fraud against the state of Italy in relation to subsidised electricity contracts. This fact was known to the directors of Aveleos prior to negotiating a sale of the power plants to EAM Solar ASA.

The Enovos/Renova/Aveleos group has failed to honour their contractual obligations and has as such has dragged EAM Solar ASA into a prolonged and costly process of losses, litigations and lawsuits.

EAM Solar ASA filed criminal complaints for fraud to the national police authorities in Italy in 2014, Luxembourg 2016 and in Norway 2018/2019.

Criminal proceedings in Milan

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

The Criminal Court proceedings in Milan involved only the two Avelar appointed directors of Aveleos that was involved in the fraud against EAM. The four Enovos appointed directors active in negotiating with EAM has so far not been subject to any investigation or indictment.

In March 2016 the Criminal Court of Milan accepted the request for trial and decided that EAM Solar ASA should be included as a victim in the criminal proceedings.

The criminal proceedings commenced in June 2016, and on 18 April 2019 the Criminal Court of Milan published its decision. The Criminal Court of Milan found it evidenced in 2019 that the indicted Aveleos directors, Mr Giorgi and Mr Akhmerov, was guilty of criminal contractual fraud against EAM Solar ASA in conjunction with the sale of the P31 portfolio and sentenced them to prison terms and provisional damages of EUR 5 million. Aveleos S.A., as civil liable party, was condemned to be financially responsible for the same provisional damage. The Criminal Court of Milan published a 300-page long detailed reason for their ruling on 15 October 2019.

EAM received in July 2020 the documents necessary to enforce the provisional damages award against Aveleos in Luxembourg. Aveleos appealed the enforceability of the provisional award before the Holiday Criminal Section of the Milan Appeal Court, and in August 2020 the Court rejected Aveleos’ application to suspend the enforceability of the provisional damage award (see comment on Bankruptcy court In Luxembourg).

The ruling by the Criminal Court of Milan was appealed by several parties, and the appeal procedure in the Criminal Court of Appeal of Milan commenced with one hearing in October 2020 and two hearings in December 2020.

On 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first in-

stance judgement of the Criminal Court of Milan. Consequently, Akhmerov and Giorgi were acquitted by the Court for all points of indictment related to fraud against the State of Italy and EAM Solar ASA, including the ruling to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court’s decision is a two-page notice identifying the decisions without presenting arguments or explanations for the revocation of the Criminal Court of Milan decision of April 2019. The arguments and evidence base for the decision by the Criminal Appeal Court are expected to be made public within 90 days from the date of the decision.

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

Bankruptcy Court Luxembourg

Based on the provisional damages awarded to EAM Solar ASA in 2019, the Bailiff of Luxembourg conducted a formal collection procedure in Luxembourg in 2020. Aveleos SA defaulted on the payment demand from the Bailiff. Consequently, EAM Solar ASA filed a petition to the Bankruptcy Court in Luxembourg in November 2020 to declare the bankruptcy of Aveleos SA.

In January 2021, the Bankruptcy Court in Luxembourg ruled that it could not declare Aveleos SA bankrupt due to lack of final certainty of the claim. In addition, the Bankruptcy Court stated that it was unable to solely rely on reports from auditing and accounting firm RSM Luxembourg and RSM Oslo, which suggested that Aveleos SA is de facto bankrupt and operating at the creditors expense. The Court’s argument was that RSM Luxembourg and Oslo had been commissioned unilaterally and not by the court itself.

New criminal investigation for subsidy fraud in Italy

On 28 October 2020, EAM Solar ASA was informed that the Prosecutor of the Criminal Court of Bolzano had ordered Guardia Di Finanza (the financial police) to perform a “search and seizure” of documents from 57 Italian companies owning 58 Solar PV power plants with subsidized electricity sales contracts towards the State of Italy (GSE). The search and seizure were conducted in relation to an ongoing investigation into subsidy fraud against the State of Italy.

The Milan office of EAM Solar ASA’s Italian subsidiaries (ENS Solar One Srl, Energia Fotovoltaica 25 Srl and EAM Solar Italy Holding Srl) were visited by officers of Guardia Di Finanza who retrieved documentation re-

lated to the above-mentioned companies. In addition, the search and seizure order also identified Energia Fotovoltaica 14 Srl, which already is part of the criminal proceedings in Milan and was sent into bankruptcy in 2016.

The search and seizure order issued by the Prosecutor identified 79 individuals as persons of interest to the public prosecutor. Viktor E Jakobsen, CEO of EAM Solar ASA, holds the position as Sole Managing Director in ENS Solar One Srl, ENFO 14 Srl and ENFO 25 Srl, and is consequently named as one of the 79 individuals.

With this new investigation, and the existing criminal proceedings in Milan, all power plants sold to EAM Solar ASA by Enovos and Avelar through their Joint Venture Aveleos SA, are subject to criminal proceedings or under investigation for subsidy fraud against the state of Italy.

In January 2021, EAM Solar ASA learned that the Bolzano Public Prosecutor requested the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) to search the offices of EAM Solar ASA in relation to the above-mentioned investigation.

EAM Solar ASA has been in a continuous dialogue with Økokrim since 2017 in relation to the fraud conducted against the company in 2014.

Following the request from Bolzano, Økokrim was invited to EAM Solar ASA’s offices for voluntary transfer of relevant documents. This was conducted on 21 January 2021. EAM Solar ASA will continue to support the investigation to the extent requested by Økokrim and the Prosecutors office of Bolzano.

Arbitration

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

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

The majority of the Tribunal decided to dismiss EAM’s claims for the annulment and

termination of the SPA. However, the Tribunal declared the right of the Company to be compensated for losses suffered in connection with the breach of the Representation and Warranties under the SPA within the limits of the liability cap of approximately EUR 3.7 million as defined in the SPA.

On 4 July 2019 EAM Solar ASA filed an appeal against the Arbitration Tribunal decision. The appeal was filed in the civil Court of Appeal of Milan. EAM Solar ASA asks the Civil Court of Appeal of Milan to annul the arbitration award of 2 April 2019 based on 12 different accounts of breach of Italian law in its conclusions and the basis for the arbitration award.

The first hearing in the appeal proceedings was held in January 2020, and the Appeal Court accepted the request for appeal. The first hearing of the appeal process was scheduled to take place in February 2021, but the Appeal Court decided that the hearing would be replaced by submission of briefs by the parties. Further filing of briefs in the appeal is expecting to take place in March and April 2021.

New Arbitration in Milan

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

Each party has appointed an arbitrator that together has appointed a chairman. A first hearing after the formation of the arbitration panel has not yet been conducted.

Civil Court Italy Aveleos

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

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

EAM Solar Italy Holding Srl contested the decision in January 2021 and enrolled the case to Court. A hearing is expected to take place in June 2021 subject to final confirmation by the court. No provisions are made in the accounts on this matter.

Civil Court Italy UBI

In November 2018 EAM Solar ASA was served with a notice that UBI Leasing had requested the Court of Brescia for an injunction of EUR 6 million on EAM assets. The court of Brescia granted a preliminary non-enforceable injunction.

EAM challenged the injunction and the first hearing was scheduled in May 2019. A summary hearing was held, and the case was postponed until November 2019. In December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have a provisionally enforceable injunction against the Company.

A further hearing was held in January 2020. In this hearing the judge enabled the parties to submit further briefs in the period until mid-April and the next hearing was set for May 2020. This hearing and filing of briefs were postponed due to Covid-19.

Briefs were filed in May and June 2020 and a hearing was held in September 2020. An order was issued in November 2020 where the Judge accepted EAM Solar ASA’s request to examine witnesses. The Judge scheduled the next hearing for 1 June 2021.

Civil Court Luxembourg

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

A hearing had been scheduled for 12 May 2020 in the commercial court of Luxembourg regarding the Standstill Agreement. However, this hearing has been postponed several times since the Court has decided to stay the proceedings awaiting the final outcome of the Arbitration proceedings, and the arbitration appeal procedure.

Administrative Court Italy – ENFO 25

In September 2019, the Company received notice from GSE that they had suspended payments of electricity delivered under the feed-in-tariff contracts for ENFO 25. The Company appealed shortly thereafter the aforementioned order before the Administrative Court “TAR” in Lazio (Rome).

The hearing held before TAR Lazio in December 2019 was a precautionary hearing in order to evaluate whether there are urgent reasons for GSE to resume payments while waiting for the court hearing of the merits. TAR Lazio denied the request for GSE to resume payments.

The Company consequently decided to

appeal the TAR Ordinance before the second instance Court (i.e. Consiglio di Stato) which upheld the appeal.

The lawsuit has been sent back to the TAR waiting the merit phase, and a hearing has been scheduled on 4 June 2021. In the meantime, in this case, the GSE will not pay for electricity delivered until the merit phase and ENFO 25 will not have to reimbursement any previously received revenues from GSE.

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 229 thousand, of which EUR 177 thousand was received from FIT contracts and EUR 50 thousand from market sales of electricity. EUR 3 thousand were other revenues.

The quarterly revenues represent approximately 17 per cent of the expected annual revenues of EUR 1 350 thousand.

Accumulated for the year revenues were EUR 1 271 thousand, of which EUR 1 067 thousand was received from FIT contracts and EUR 195 thousand from market sales of electricity. EUR 9 thousand were other revenues.

Cost of operations

Cost of operations in the quarter was EUR 73 thousand and accumulated for the year cost of operations was EUR 213 thousand.

SG&A costs

SG&A costs in the quarter were EUR 259 thousand and accumulated for the year SG&A costs were EUR 983 thousand.

Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 1 005 thousand and accumulated for the year EUR 1 741 thousand. Legal costs are presented net of funds from Therium.

EBITDA

EBITDA in the quarter was minus EUR 1 107 thousand, representing an EBITDA margin of minus 483 per cent. Accumulated for the year EBITDA was minus EUR 1 666 thousand, representing an EBITDA margin of minus 131 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 132 thousand, resulting in an operating profit of minus EUR 1 240 thousand. Accumulated for the year depreciation and amortization were EUR 556 thousand, resulting in an operating profit of minus EUR 2 222 thousand in the period.

Net financial items

Net financial items in the quarter were negative with EUR 315 thousand. Accumulated for the year net financial items were positive with EUR 2 197 thousand.

Pre-tax profit, taxes and net profit

Pre-tax profit in the quarter was negative with EUR 1 554 thousand and accumulated

for the year pre-tax profit was negative with EUR 25 thousand.

Taxes in the quarter were EUR 10 thousand. Accumulated for the year the tax cost was EUR 155 thousand.

Reported net income in the quarter was minus EUR 1 564 thousand and accumulated for the year net income was minus EUR 180 thousand.

Cash flow

Cash flow from operations in the reporting period was negative with EUR 3 229 thousand. Investment activities were positive with EUR 3 937 thousand in the period. Financing activities were negative with EUR 600 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 473 thousand, of which EUR 353 thousand is restricted and EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

Balance sheet

On a group level total assets at year-end 2020 were EUR 16.7 million with book equity of EUR 9.7 million representing an equity ratio of 57.8 per cent.

The mother company had total assets at year-end of NOK 215 million with book equity of NOK 200 million representing an equity ratio of 93 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.

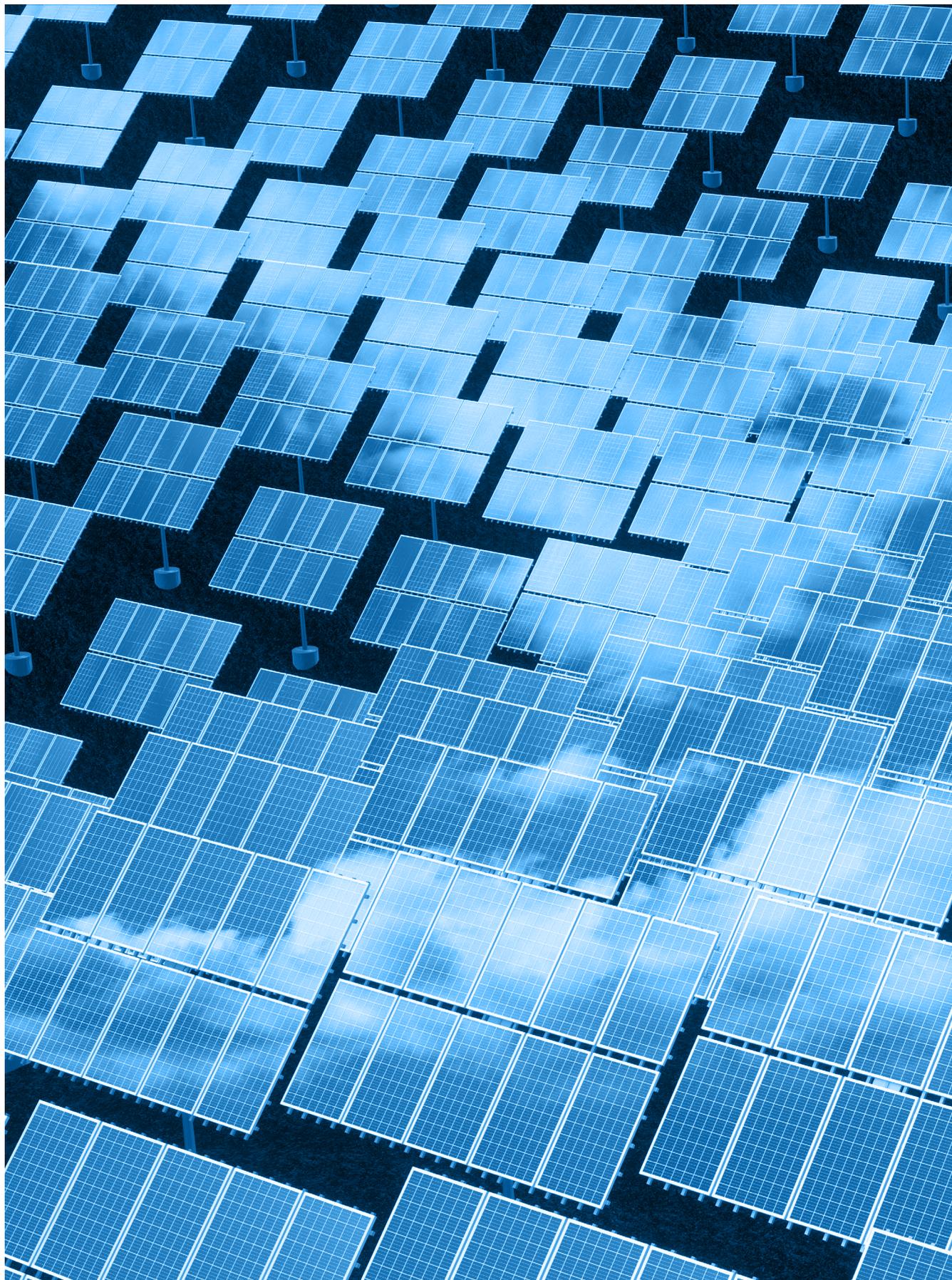
Oslo, 2 March 2021

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 Q4 2020	Unaudited Q4 2019	Unaudited 2020	Audited 2019
Revenues	5, 12	229 383	229 784	1 271 084	3 166 304
Cost of operations	12	(72 538)	(119 843)	(212 744)	(409 428)
Sales, general and administration expenses	12	(258 779)	(89 600)	(982 691)	(1 885 525)
Legal costs	12	(1 005 393)	(334 519)	(1 741 386)	(1 312 577)
EBITDA	5	(1 107 328)	(314 177)	(1 665 737)	(441 226)
Depreciation, amortizations and write downs	9	(132 472)	(548 180)	(556 471)	(1 289 339)
EBIT	5	(1 239 800)	(862 357)	(2 222 208)	(1 730 565)
Finance income	6	466 586	539 082	4 243 247	3 487 083
Finance costs	6	(781 229)	23 008	(2 046 138)	(1 688 813)
Profit before tax		(1 554 443)	(300 267)	(25 099)	67 705
Income tax gain/(expense)		(9 685)	(61 240)	(154 888)	(303 583)
Profit after tax		(1 564 127)	(361 507)	(179 987)	(235 878)
Other comprehensive income					
Translation differences		1 095 292	(523 369)	(1 108 630)	(518 110)
Other comprehensive income net of tax		1 095 292	(523 369)	(1 108 630)	(518 110)
Total comprehensive income		(468 835)	(884 876)	(1 288 617)	(753 988)
Profit for the year attributable to:					
Equity holders of the parent company		(1 564 127)	(361 507)	(179 987)	(235 878)
Equity holders of the parent company		(1 564 127)	(361 507)	(179 987)	(235 878)
Total comprehensive income attributable to:					
Equity holders of the parent company		(468 835)	(884 876)	(1 288 617)	(753 988)
Equity holders of the parent company		(468 835)	(884 876)	(1 288 617)	(753 988)
Earnings per share:					
Continued operation					
- Basic		(0.23)	(0.05)	(0.03)	(0.03)
- Diluted		(0.23)	(0.05)	(0.03)	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 2020	Audited 2019
ASSETS			
Property, plant and equipment	9	7 099 936	7 655 709
Intangible assets		10 501	11 203
Other long term assets		532 222	690 968
Deferred tax assets		119 469	159 332
Non-current assets		7 762 128	8 517 212
Current assets			
Trade and other receivables	8	7 872 048	9 934 267
Other current assets		624 081	481 322
Cash and cash equivalents	7	473 322	365 687
Current assets		8 969 451	10 781 276
TOTAL ASSETS		16 731 579	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		(8 002 347)	(6 893 717)
Other equity		(18 063 020)	(17 883 034)
Other equity		(26 065 367)	(24 776 751)
Total equity		9 664 618	10 953 235
Non-current liabilities			
Leasing		4 180 849	4 569 303
Deferred tax liabilities		682 785	623 308
Other non current liabilities		393 083	531 033
Total non-current liabilities	10	5 256 717	5 723 644
Current liabilities			
Leasing		388 455	369 031
Trade and other payables		1 421 789	2 252 578
Total current liabilities	10	1 810 244	2 621 609
Total liabilities		7 066 961	8 345 253
TOTAL EQUITY AND LIABILITIES		16 731 579	19 298 488

Oslo, 2 March 2021

Stephan L Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	2020	2019
Cash flow from operations			
Profit before income taxes		(25 099)	67 704
Taxes paid in the period		-	-
Gain/loss from sale of subsidiaries		(1 910 165)	(2 627 023)
Depreciation	9	555 776	1 289 341
Change in trade debtors	8	(255 274)	489 219
Change in trade creditors	10	(746 816)	(421 041)
Effect of exchange fluctuations		(1 049 153)	(24 604)
Change in other provisions		201 549	1 812 262
Net cash flow from operations		(3 229 182)	585 858
Cash flow from investments			
Purchase of fixed assets	9	-	(12 288)
Proceeds from sale of shares and investments in other companies		3 936 613	-
Cash effect sale of subsidiaries		-	(453 516)
Net cash flow from investments		3 936 613	(465 804)
Cash flow from financing			
Repayment of long term loans		(364 864)	(346 816)
Interest paid		(234 933)	(251 139)
Net cash flow from financing		(599 797)	(597 955)
Exchange gains (/losses) on cash and cash equivalents			
Net change in cash and cash equivalents		107 634	(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	473 322	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	-	-	(179 987)	-	(179 987)
Other comprehensive income	-	-	-	(1 108 630)	(1 108 630)
Equity as at 31 December 2020	8 126 110	27 603 876	(18 063 022)	(8 002 347)	9 664 618

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.

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

These interim condensed consolidated financial statements for the quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group's Annual Report 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 473 thousand on 31 December 2020, of which EUR 353 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

Energieia AS is the manager of EAM. Energieia AS in Norway and Italy employs most of the personnel conducting the administrative services for EAM, whereas the technical services are done by subcontractors. 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.

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.

Accumulated for the year Energieia AS' direct costs for the management of EAM was EUR 893 thousand, of which EUR 0 was related to cost of operations, EUR 471 thousand was related to SG&A, and EUR 423 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 31 December 2020 approximately EUR 1 067 thousand of the Group's external revenue was derived from sales to the Italian state, represented by GSE for the Feed-In-Tariff contracts. Approximately EUR 195 thousand of the Group's external revenue was derived from sales to an international commodity trading house for the market price contracts.

NOTE 06 FINANCIAL INCOME AND EXPENSES

	2020	2019
Financial income		
Interest income	216 352	252
Foreign exchange gain	2 161 345	337 065
Other financial income	-	-
Gain from sale	1 865 550	2 607 052
Redistribution of OCI	-	542 714
Total financial income	4 243 247	3 487 083
Financial expenses	2020	2019
Interest expense	(147 125)	(1 058 324)
Foreign exchange losses	(1 666 118)	(540 876)
Other financial expenses	(232 895)	(89 613)
Total financial expenses	(2 046 138)	(1 688 813)
Net financial income (expenses)	2 197 109	1 798 270

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 20 million has been recognised at year-end 2020.

The average exchange rate used for the reporting period is EUR/NOK 10.7207, whereas the exchange rate used on 31 December 2020 is EUR/NOK 10.4703.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	2020	2019
Cash Norway	45 245	22 761
Cash Italy	428 077	342 926
Cash and cash equivalents	473 322	365 687
Restricted cash Italy	353 429	279 716
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 353 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	2020	2019
Accounts receivables	-	-
Deferred revenue towards GSE	646 593	391 319
Receivable from sale	5 350 917	8 048 984
Other receivables	1 874 539	1 493 963
Accounts receivables	7 872 048	9 934 267

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 until final settlement, equivalent to the discount rate used in the valuation of the Company. Final settlement took place on 30 April 2020.

NOTE 09 PROPERTY, PLANT AND EQUIPMENT

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	(108 051)	(412 999)	(34 726)	(555 776)
Carrying value 31 December 2020	1 584 568	5 168 526	346 840	7 099 934

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.

NOTE 10 SHORT- AND LONG-TERM DEBT

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

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.

In November 2018 EAM Solar ASA was served with a notice that UBI Leasing had requested the Court of Brescia for an injunction of EUR 6 million on EAM assets. The court of Brescia granted a preliminary non-enforceable injunction.

EAM challenged the injunction and the first hearing was scheduled in May 2019. A summary hearing was held, and the case was postponed until November 2019. In December 2019 EAM was informed that the judge in the Civil Court of Brescia dismissed the petition by UBI Leasing to have a provisionally enforceable injunction against the Company.

A further hearing was held in January 2020. In this hearing the judge enabled the parties to submit further briefs in the period until mid-April and the next hearing was set for May 2020. This hearing and filing of briefs were postponed due to Covid-19.

Briefs were filed in May and June 2020 and a hearing was held in September 2020. An order was issued in November 2020 where the Judge accepted EAM Solar ASA's request to examine witnesses. The Judge scheduled the next hearing for 1 June 2021.

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

On 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan. Consequently, Akhmerov and Giorgi were acquitted by the Court for all points of indictment related to fraud against the State of Italy and EAM Solar ASA, including the ruling to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court's decision is a two-page notice identifying the decisions without presenting arguments or explanations for the revocation of the Criminal Court of Milan decision of April 2019. The arguments and evidence base for the decision by the Criminal Appeal Court are expected to be made public within 90 days from the date of the decision.

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

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

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

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

In January 2021, the Bankruptcy Court in Luxembourg ruled that it could not declare Aveleos SA bankrupt due to lack of final certainty of the claim. In addition, the Bankruptcy Court stated that it was unable to solely rely on reports from auditing and accounting firm RSM Luxembourg and RSM Oslo, which suggested that Aveleos SA is de facto bankrupt and operating at the creditors expense. The Court's argument was that RSM Luxembourg and Oslo had been commissioned unilaterally and not by the court itself.

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

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

EAM Solar Italy Holding Srl contested the decision in January 2021 and enrolled the case to Court. A hearing is expected to take place in June 2021 subject to final confirmation by the court. No provisions are made in the accounts on this matter.

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%	(2 029 903)	(2 029 903)	(2 291 326)	14 018 242
Ens Solar One Srl	Italy	Solar power plant	100%	100%	638 159	189 739	(42 697)	4 353 014
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	208 113	100 062	195 466	2 007 653

NOTE 12 OPERATIONAL COSTS BREAKDOWN FY 2020

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	1 271 084	1 271 084	-
Cost of operations	(212 744)	(175 559)	(37 185)
Land rent	-	-	-
Insurance	(85 822)	(48 637)	(37 185)
Operation & Maintenance	(57 060)	(57 060)	-
Other operations costs	(69 862)	(69 862)	-
Sales, General & Administration	(982 691)	(205 072)	(777 619)
Accounting, audit & legal fees	(174 293)	(36 872)	(137 421)
IMU tax	(12 898)	(12 898)	-
Energieia adm costs	(470 555)	(39 563)	(430 992)
Other administrative costs	(324 945)	(115 739)	(209 205)
Legal costs	(1 741 386)	(44 181)	(1 697 205)
Legal costs	(1 318 761)	(44 107)	(1 274 654)
Energieia legal costs	(422 612)	(61)	(422 551)
Other non-recurring items	(13)	(13)	-
EBITDA	(1 665 737)	846 272	(2 512 009)

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE**Criminal proceedings in Milan**

On 20 January 2021, the Criminal Appeal Court of Milan decided to revoke the first instance judgement of the Criminal Court of Milan. Consequently, Akhmerov and Giorgi were acquitted by the Court for all points of indictment related to fraud against the State of Italy and EAM Solar ASA, including the ruling to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court's decision is a two-page notice identifying the decisions without presenting arguments or explanations for the revocation of the Criminal Court of Milan decision of April 2019. The arguments and evidence base for the decision by the Criminal Appeal Court are expected to be made public within 90 days from the date of the decision.

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

Arbitration

The first hearing in the appeal proceedings was held in January 2020, and the Appeal Court accepted the request for appeal. The first hearing of the appeal process was scheduled to take place in February 2021, but the Appeal Court decided that the hearing would be replaced by submission of briefs by the parties. Further filing of briefs in the appeal is expecting to take place in March and April 2021.

Civil Court Italy Aveleos

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

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

EAM Solar Italy Holding Srl contested the decision on 20 January 2021 and enrolled the case to Court. A hearing is expected to take place in June 2021 subject to final confirmation by the court. No provisions are made in the accounts on this matter.

Bankruptcy Court Luxembourg

In January 2021, the Bankruptcy Court in Luxembourg ruled that it could not declare Aveleos SA bankrupt due to lack of final certainty of the claim. In addition, the Bankruptcy Court stated that it was unable to solely rely on reports from auditing and accounting firm RSM Luxembourg and RSM Oslo, which suggested that Aveleos SA is de facto bankrupt and operating at the creditors expense. The Court's argument was that RSM Luxembourg and Oslo had been commissioned unilaterally and not by the court itself.

New criminal investigation for subsidy fraud in Italy

In January 2021, EAM Solar ASA learned that the Bolzano Public Prosecutor requested the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime ("Økokrim") to search the offices of EAM Solar ASA in relation to the above-mentioned investigation.

EAM Solar ASA has been in a continuous dialogue with Økokrim since 2017 in relation to the fraud conducted against the company in 2014.

Following the request from Bolzano, Økokrim was invited to EAM Solar ASA's offices for voluntary transfer of relevant documents. This was conducted on 21 January 2021. EAM Solar ASA will continue to support the investigation to the extent requested by Økokrim and the Prosecutors office of Bolzano.

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