

The background of the entire page is a photograph of a large array of solar panels. The panels are blue with a white grid pattern and are arranged in rows that recede into the distance. The sky above is bright blue with some white clouds, and the sun is visible in the upper left, creating a lens flare effect.

EAM SOLAR ASA **Q4 REPORT 2021**

Interim condensed consolidated financial statements for the period ended 31 December 2021

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HIGHLIGHTS

Q4 2021

- EBITDA for the quarter was minus EUR 895 thousand and accumulated for the year minus EUR 2 292 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of minus EUR 48 thousand for the quarter and EUR 207 thousand for the year, equivalent to an adjusted EBITDA margin of minus 16 per cent and 16 per cent respectively.
- Cost of operations and SG&A were EUR 72 thousand and EUR 279 thousand for the quarter and EUR 237 thousand and EUR 890 thousand accumulated for the year respectively.
- Legal costs were EUR 847 thousand in the quarter and EUR 2 499 thousand accumulated for the year.
- Late November 2021 the Supreme Court issued its full decision for the annulment of the acquittal ruling. The short summary of the reason for the Supreme Court to annul the Milan Appeal Court acquittal decision in its entirety is that the Supreme Court found that the Milan Appeal Court did not fulfil its obligation to conduct a correct and comprehensive review of the factual evidence in the criminal case, resulting in an erroneous evaluation of the evidence with the effect that the acquittal decision was based on obvious inconsistent and illogical arguments.
- On 28 January 2022 EAM Solar ASA was informed by the Oslo District Court administration that the hearing in the private criminal proceedings against Enovos Luxembourg SA in Oslo District Court scheduled for Monday 31 January and Tuesday 1 February 2022 has been postponed due to sickness. A new hearing date has been set for 21 April and 22 April 2022.

Key figures

EUR 000'	Unaudited Q4 2021	Unaudited Q4 2020	Unaudited 2021	Audited 2020
Revenues	303	229	1 334	1 271
Cost of operations	(72)	(73)	(237)	(213)
Sales, general and administration expenses	(279)	(259)	(890)	(947)
Legal costs	(847)	(1 005)	(2 499)	(1 770)
EBITDA	(895)	(1 107)	(2 292)	(1 659)
Depreciation, amortizations and write downs	(141)	(132)	(562)	(556)
EBIT	(1 036)	(1 240)	(2 854)	(2 215)
Net financial items	(303)	(315)	(836)	2 197
Profit before tax	(1 339)	(1 554)	(3 690)	(18)
Income tax gain/(expense)	(41)	(10)	(85)	(155)
Net income	(1 380)	(1 564)	(3 774)	(173)
Earnings per share (fully diluted):	(0.20)	(0.23)	(0.55)	(0.03)
Distribution to shareholders per share	-	-	-	-
Dividend yield	-	-	-	-
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85
EBITDA adjusted	(48)	(102)	207	111



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 2020 and stock exchange notices in the reporting period.

Strategic review and outlook

The company is in its eighth 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 has over a period been evaluating the alternative legal measures to be taken to hold the joint venture partners Enovos and Renova/Avelar et.al. responsible for the P31 fraud. As a result of this evaluation the Company has decided to file a private criminal proceeding against the company Enovos Luxembourg SA in Oslo District Court.

On Friday 28 May 2021, EAM Solar ASA filed a private criminal proceeding for the crime of serious fraud against the company Enovos Luxembourg SA in Oslo District Court.

The private criminal proceeding is initiated in accordance with section 402 of the Norwegian Criminal Procedure Act.

The criminal proceedings are formally initiated by the Oslo District Court. Originally a hearing was set for January 31 and February 1 2022, but it was later postponed due to illness at the court. A new hearing date has been set for 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

Business development activities

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

Before 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 had 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.

The strategic review process has taken longer than anticipated and it is expected that the conclusion of the review will be de-

cidated on and communicated to the shareholders of EAM Solar ASA during the first half of 2022.

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 5.4 GWh (P50 production).

Power production

Power production in the quarter was 711 MWh, 28.3 per cent below estimated production due to lower capacity of the power plants caused by thefts. Accumulated for the year power production was 4 402 MWh, 19.1 per cent below estimated production.

FIT revenues

FIT revenues in the quarter were EUR 140 thousand with average FIT contract price in the quarter of EUR 197 per MWh. Accumulated for the year the FIT revenues were EUR 864 thousand and the average FIT contract price was EUR 196 per MWh.

Market price development

Market price revenues in the quarter were EUR 163 thousand representing an average market price of EUR 229 per MWh. Accumulated for the year, market price revenues were EUR 469 thousand. This represents an average market price for electricity of EUR 106 per MWh for the period.

Litigation activity review

The P31 Acquisition fraud transformed EAM from an operational Solar PV YieldCo to a company where a significant part of the ac-

tivity 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 subsidized 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 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 Oslo

On Friday 28 May 2021, EAM Solar ASA filed a private criminal proceeding for the crime of serious fraud against the company Enovos Luxembourg SA in Oslo District Court. The private criminal proceeding is initiated in accordance with section 402 of the Norwegian Criminal Procedure Act.

The criminal proceedings are formally initiated by the Oslo District Court. The parties filed their arguments in briefs to the Court.

The Oslo District Court decided to conduct a court hearing in the fraud case against

Enovos Luxembourg SA. The hearing was expected to take place in Oslo District Court on 31 January and 1 February 2022.

On 28 January 2022 EAM Solar ASA was informed by the Oslo District Court administration that the hearing in the private criminal proceedings against Enovos Luxembourg SA in Oslo District Court scheduled for Monday 31 January and Tuesday 1 February 2022 has been postponed due to sickness. A new hearing date has been set for 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

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.

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

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

ing to hold Aveleos financially liable for the acts conducted by Akhmerov and Giorgi.

The Appeal Court's decision was 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 was made available to the parties on 20 April 2021, 90 days from the date of the decision.

Following the reception of the full judgement from the Milan Criminal Court of Appeal, EAM Solar ASA decided to join with the Prosecutor's Office in Milan in appealing to the Italian Supreme Court of Cassation. The appeal was submitted on 1 June 2021 to the Supreme Court of Cassation.

EAM Solar ASA seeks to reinstate the convictions of Igor Akhmerov and Marco Giorgi for the crime of fraud against EAM.

The appeal was based on several cases of misinterpretation of facts in the grounds for judgment by the Milan Criminal Court of Appeal.

The Supreme Court of Italy held a hearing on 6 October 2021 on the appeal of the acquittal sentence decided by the Milan Criminal Court of Appeal issued 20 January 2021.

On 7 October 2021, the Company was informed that the Supreme Court of Italy decided to annul the 20 January 2021 judgment of acquittal by the Milan Criminal Court of Appeal in the subsidy fraud case against the State of Italy and contractual fraud against EAM Solar ASA.

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

The Supreme Court is sending the criminal case back to a different chamber of the Milan Appeal Court for a new proceeding in the criminal case with the requirement that the new court proceedings must proceed with a complete review of the evidence, making correct application of the principles of law and the rules of logic as formulated in the Supreme Court decision.

On the fraud of EAM, the Supreme Court concludes that the evidenced withholding of

essential information during the contractual negotiations in itself constitute a contractual fraud.

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

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

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

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

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

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

by Økokrim and the Prosecutors office of Bolzano.

EAM Solar ASA was informed on 3 March 2021 that the Criminal Court of Bolzano, on the request of the Public Prosecutor, has decided that the Company’s CEO, Viktor E Jakobsen, no longer is considered as a “person of interest” (suspect) in the ongoing investigation.

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (“Økokrim”) is fully informed of the change in status of the Company’s CEO.

No provisions are made in the accounts on this matter.

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.

On 23 June 2021 the Civil Court of Appeal of Milan decided to dismiss the request for the annulment of the Arbitration award from 2019.

The Arbitration decision of 2019 is still not final since EAM decided to appeal the dismissal by the Civil Appeal Court in Milan to the Supreme Court in Italy within the deadline on 22 September 2021.

New Arbitration in Milan

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

Each party has appointed an arbitrator that together has appointed a chairman. A first hearing after the formation of the arbitration panel has been conducted. The proceedings have by the court been scheduled to end on or about the end of the first quarter 2022.

No provisions are made in the accounts on this matter.

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 but ended up being scheduled for 7 September 2021. In the meantime, Aveleos adhered to our objection that an arbitration was already pending on the same issue, and accordingly decided to drop the case. This will bring the proceedings to an end.

No provisions are made in the accounts on this matter.

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 first witness hearing in this matter was held 1 June 2021. The court set a second hearing to resume the examination of witnesses on 10 November 2021, but this hearing was postponed until 31 March 2022.

No provisions are made in the accounts on this matter.

Civil Court Luxembourg

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

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 was 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.

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

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 700 000 in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.

How and when GSE will restore their contractual obligations is not yet determined.

No provisions are made in the accounts on this matter.

Please also see the Annual Report 2020 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 303 thousand, of which EUR 140 thousand was received from FIT contracts and EUR 163 thousand from market sales of electricity. EUR 0.2 thousand were other revenues.

The quarterly revenues represent approximately 22.4 per cent of the expected annual revenues of EUR 1 350 thousand.

Accumulated for the year revenues were EUR 1 334 thousand. Of which EUR 864 thousand was received from FIT contracts and EUR 469 thousand was received from market sales of electricity. EUR 1 thousand were other revenues.

Cost of operations

Cost of operations in the quarter was EUR 72 thousand and accumulated for the year cost of operations was EUR 237 thousand.

SG&A costs

SG&A costs in the quarter were EUR 279 thousand and accumulated for the year SG&A costs were EUR 890 thousand.

Legal costs

The cost item consists almost entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 847 thousand and accumulated for the year EUR 2 499 thousand.

EBITDA

EBITDA in the quarter was minus EUR 895 thousand, representing an EBITDA margin of minus 295 per cent. Accumulated for the year EBITDA was minus EUR 2 292 thousand, representing an EBITDA margin of minus 172 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 141 thousand, resulting in an operating profit of minus EUR 1 036 thousand. Accumulated for the year depreciation and amortization were EUR 562 thousand, resulting in an operating profit of minus EUR 2 854 thousand in the period.

Net financial items

Net financial items in the quarter were negative with EUR 303 thousand. Accumulated for the year net financial items were negative with EUR 836 thousand.

Pre-tax profit, taxes and net profit

Pre-tax profit in the quarter was negative with EUR 1 339 thousand and accumulated for the year pre-tax profit was negative with EUR 3 690 thousand.

Taxes in the quarter were EUR 41 thousand. Accumulated for the year the tax cost was EUR 85 thousand.

Reported net income in the quarter was minus EUR 1 380 thousand and accumulated for the year net income was minus EUR 3 774 thousand.

Cash flow

Cash flow from operations in the reporting period was negative with EUR 1 690 thousand. Investment activities were positive with EUR 2 405 thousand in the period. Financing activities were negative with EUR 606 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 582 thousand, of which EUR 425 thousand is restricted and EUR 62 thousand remains seized by the



Prosecutors Office in Milan in companies not included in the criminal proceedings.

Balance sheet

On a group level total assets at the end of the quarter were EUR 13.7 million with book

equity of EUR 6.8 million representing an equity ratio of 49.6 per cent.

The parent company had total assets at the end of the quarter of NOK 184 million with book equity of NOK 166 million representing an equity ratio of 90 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, 1 March 2022

Stephan Lange Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild Märta Wiborg
Chair

Viktor Erik Jakobsen
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q4 2021	Unaudited Q4 2020	Unaudited 2021	Audited 2020
Revenues	5, 12	302 979	229 383	1 333 522	1 271 084
Cost of operations	12	(72 090)	(72 538)	(236 682)	(212 744)
Sales, general and administration expenses	12	(278 647)	(258 779)	(889 894)	(947 426)
Legal costs	12	(847 267)	(1 005 393)	(2 498 623)	(1 769 672)
EBITDA	5	(895 025)	(1 107 328)	(2 291 678)	(1 658 758)
Depreciation, amortizations and write downs	9	(140 594)	(132 472)	(562 378)	(556 471)
EBIT	5	(1 035 620)	(1 239 800)	(2 854 055)	(2 215 228)
Finance income	6	3 102	466 586	255 118	4 058 170
Finance costs	6	(306 202)	(781 229)	(1 090 812)	(1 861 061)
Profit before tax		(1 338 720)	(1 554 443)	(3 689 749)	(18 119)
Income tax gain/(expense)		(41 111)	(9 685)	(84 583)	(154 888)
Profit after tax		(1 379 831)	(1 564 127)	(3 774 332)	(173 007)
Other comprehensive income					
Translation differences		293 452	1 095 292	873 349	(1 108 462)
Other comprehensive income net of tax		293 452	1 095 292	873 349	(1 108 462)
Total comprehensive income		(1 086 379)	(468 835)	(2 900 983)	(1 281 469)
Profit for the year attributable to:					
Equity holders of the parent company		(1 379 831)	(1 564 127)	(3 774 332)	(173 007)
Equity holders of the parent company		(1 379 831)	(1 564 127)	(3 774 332)	(173 007)
Total comprehensive income attributable to:					
Equity holders of the parent company		(1 086 379)	(468 835)	(2 900 983)	(1 281 469)
Equity holders of the parent company		(1 086 379)	(468 835)	(2 900 983)	(1 281 469)
Earnings per share:					
Continued operation					
- Basic		(0.20)	(0.23)	(0.55)	(0.03)
- Diluted		(0.20)	(0.23)	(0.55)	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 2021	Audited 2020
ASSETS			
Property, plant and equipment	9	6 538 257	7 099 936
Intangible assets		9 801	10 501
Other long term assets		455 019	542 544
Deferred tax assets		82 863	109 147
Non-current assets		7 085 939	7 762 128
Current assets			
Trade and other receivables	8	5 450 336	7 879 195
Other current assets		540 783	624 081
Cash and cash equivalents	7	581 696	473 322
Current assets		6 572 815	8 976 598
TOTAL ASSETS		13 658 754	16 738 726
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		(7 128 830)	(8 002 179)
Other equity		(21 830 373)	(18 056 042)
Other equity		(28 959 203)	(26 058 221)
Total equity		6 770 783	9 671 765
Non-current liabilities			
Leasing		3 771 567	4 180 849
Deferred tax liabilities		743 424	682 785
Other non current liabilities		343 887	393 083
Total non-current liabilities	10	4 858 878	5 256 717
Current liabilities			
Leasing		409 097	388 455
Trade and other payables		1 619 997	1 421 789
Total current liabilities	10	2 029 094	1 810 244
Total liabilities		6 887 972	7 066 961
TOTAL EQUITY AND LIABILITIES		13 658 754	16 738 726

Oslo, 1 March 2022

Stephan Lange Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild Märta Wiborg
Chair

Viktor Erik Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	2021	2020
Cash flow from operations			
Profit before income taxes		(3 689 749)	(18 119)
Gain/loss from sale of subsidiaries		-	(1 680 472)
Depreciation	9	562 378	556 471
Change in trade debtors	8	(108 427)	(255 274)
Change in trade creditors	10	50 153	(746 814)
Effect of exchange fluctuations		1 129 784	(1 111 469)
Change in other provisions		365 494	(499 072)
Net cash flow from operations		(1 690 369)	(3 754 749)
Cash flow from investments			
Payment of short term loan /receivables		2 405 121	2 698 067
Proceeds from sale of shares and investments in other companies		-	1 680 472
Net cash flow from investments		2 405 121	4 378 539
Cash flow from financing			
Repayment of long term loans		(388 640)	(369 030)
Interest paid		(217 739)	(147 125)
Net cash flow from financing		(606 380)	(516 155)
Exchange gains (/losses) on cash and cash equivalents			
Net change in cash and cash equivalents		108 373	107 635
Cash and cash equivalents at the beginning of the period		473 323	365 688
Cash and cash equivalents at the end of the period	7	581 696	473 323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Currency translation reserve	Total equity
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			(173 007)		(173 007)
Other comprehensive income				(1 108 462)	(1 108 462)
Equity as at 31 December 2020	8 126 110	27 603 876	(18 056 042)	(8 002 179)	9 671 766
Equity as at 1 January 2021	8 126 110	27 603 876	(18 056 042)	(8 002 179)	9 671 766
Profit (loss) After tax			(3 774 332)		(3 774 332)
Other comprehensive income				873 349	873 349
Equity as at 31 December 2021	8 126 110	27 603 876	(21 830 374)	(7 128 830)	6 770 783

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 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 2020 that was published on 20 April 2021 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 2020.

Financial risk

The external leasing contracts has a 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 582 thousand on 31 December 2021, of which EUR 425 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.

Covid-19

The outbreak of Covid-19 has during 2020 and 2021 not resulted in any major business interruptions or losses, but it has resulted in some delays of the legal processes the Company is involved in. The board of directors does not expect as a result of Covid-19 neither loss of customers nor loss on receivables. The access to spare parts and the ability to maintain the power plants are also expected to be satisfactory. None of the above-mentioned events are expected to significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

NOTE 03 CURRENCY EXPOSURE

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

NOTE 04 TRANSACTIONS WITH RELATED PARTIES**Related parties**

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

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

Accumulated for the year Energeia AS' direct costs for the management of EAM was EUR 1 029 thousand, of which EUR 428 thousand was related to SG&A, and EUR 601 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 2021 approximately EUR 864 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 468 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

Financial income	2021	2020
Interest income	6	216 352
Foreign exchange gain	255 112	2 161 345
Gain from sale	-	1 680 472
Total financial income	255 118	4 058 170
Financial expenses	2021	2020
Interest expense	(110 385)	(147 125)
Foreign exchange losses	(951 839)	(1 666 118)
Other financial expenses	(28 588)	(47 817)
Total financial expenses	(1 090 812)	(1 861 061)
Net financial income (expenses)	(835 694)	2 197 109

The average exchange rate used for the reporting period is EUR/NOK 10.1648, whereas the exchange rate used on 31 December 2021 is EUR/NOK 9.9888.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	2021	2020
Cash Norway	20 970	45 245
Cash Italy	560 726	428 077
Cash and cash equivalents	581 696	473 322
Restricted cash Italy	425 136	370 285
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 and final tranche.

The restricted cash of EUR 425 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	2021	2020
Accounts receivables	324	-
Deferred revenue towards GSE	754 696	646 593
Receivable from sale	3 062 910	5 350 917
Other receivables	1 632 406	1 881 686
Accounts receivables	5 450 336	7 879 195

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

NOTE 09 PROPERTY, PLANT AND EQUIPMENT

2021	Solar power plants	Solar power plants under lease	Leashold improvements	Total
Carrying value 1 January 2021	1 584 568	5 168 526	346 840	7 099 934
Depreciation	(113 958)	(412 998)	(34 722)	(561 678)
Carrying value 31 December 2021	1 470 610	4 755 528	312 119	6 538 256

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

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	2021	2020
Deferred tax liabilities	743 424	682 785
Other non current liabilities	343 887	393 083
Obligations under finance leases	3 771 567	4 180 849
Total non-current liabilities	4 858 878	5 256 717
Trade and other payables	1 077 445	1 027 292
Other payables	523 354	264 688
Social security	7 860	7 104
Taxes other than income taxes	6 677	47 260
Accrued liabilities	4 661	75 445
Trade and other payables	1 619 997	1 421 789
Current leasing	409 097	388 455
Tax payable	-	-
<i>Related to ordinary operations</i>	<i>2 029 094</i>	<i>1 810 244</i>
Total current liabilities	2 029 094	1 810 244
Total liabilities	6 887 972	7 066 961

Equity contribution agreement and patronage letter

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

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

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

EAM challenged the injunction, 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 first witness hearing in this matter was held 1 June 2021. The court set a second hearing to resume the examination of witnesses on 10 November 2021, but this hearing was postponed until 31 March 2022.

No provisions are made in the accounts on this matter.

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

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

The Appeal Court's decision was 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 was made available to the parties on 20 April 2021, 90 days from the date of the decision.

Following the reception of the full judgement from the Milan Criminal Court of Appeal, EAM Solar ASA decided to join with the Prosecutor's Office in Milan in appealing to the Italian Supreme Court of Cassation. The appeal was submitted on 1 June 2021 to the Supreme Court of Cassation.

EAM Solar ASA seeks to reinstate the convictions of Igor Akhmerov and Marco Giorgi for the crime of fraud against EAM.

The appeal was based on several cases of misinterpretation of facts in the grounds for judgment by the Milan Criminal Court of Appeal.

The Supreme Court of Italy held a hearing on 6 October 2021 on the appeal of the acquittal sentence decided by the Milan Criminal Court of Appeal issued 20 January 2021.

On 7 October 2021, the Company was informed that the Supreme Court of Italy decided to annul the 20 January 2021 judgment of acquittal by the Milan Criminal Court of Appeal in the subsidy fraud case against the State of Italy and contractual fraud against EAM Solar ASA.

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

The Supreme Court is sending the criminal case back to a different chamber of the Milan Appeal Court for a new proceeding in the criminal case with the requirement that the new court proceedings must proceed with a complete review of the evidence, making correct application of the principles of law and the rules of logic as formulated in the Supreme Court decision.

On the fraud of EAM, the Supreme Court concludes that the evidenced withholding of essential information during the contractual negotiations in itself constitute a contractual fraud.

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.

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

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

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

No provisions are made in the accounts on this matter.

NOTE 11 LIST OF SUBSIDIARIES

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(2 700 583)	(2 700 583)	(2 979 069)	14 180 669
Ens Solar One Srl	Italy	Solar power plant	100%	100%	645 542	197 122	120 560	4 260 199
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	212 741	98 783	259 331	2 056 323

NOTE 12 OPERATIONAL COSTS BREAKDOWN FY 2021

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	1 333 522	1 333 522	-
Cost of operations	(236 682)	(178 883)	(57 798)
Land rent	-	-	-
Insurance	(109 379)	(51 581)	(57 798)
Operation & Maintenance	(61 192)	(61 192)	-
Other operations costs	(66 110)	(66 110)	-
Sales, General & Administration	(889 894)	(276 610)	(613 285)
Accounting, audit & legal fees	(154 388)	(45 767)	(108 621)
IMU tax	(12 898)	(12 898)	-
Energieia adm costs	(428 247)	(102 987)	(325 260)
Other administrative costs	(294 361)	(114 957)	(179 403)
Legal costs	(2 498 623)	(19 746)	(2 478 877)
Legal costs	(1 883 569)	(5 650)	(1 877 919)
Energieia legal costs	(600 958)	-	(600 958)
Other non-recurring items	(14 096)	(14 096)	-
EBITDA	(2 291 678)	858 283	(3 149 960)

NOTE 13 EVENTS AFTER THE BALANCE SHEET DATE

On 28 January 2022 EAM Solar ASA was informed by the Oslo District Court administration that the hearing in the private criminal proceedings against Enovos Luxembourg SA in Oslo District Court scheduled for Monday 31 January and Tuesday 1 February 2022 has been postponed due to sickness. A new hearing date has been set for 21 April and 22 April 2022. Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

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