

eam

**EAM Solar ASA**  
**ANNUAL REPORT 2022**

# CONTENTS

<u>EAM Solar in brief</u>	3
<u>Directors' report</u>	11
<u>ESG report</u>	24
<u>Financial statements</u>	36
<u>Consolidated financial statements</u>	37
<u>Parent company financial statements</u>	62
<u>Power production</u>	74
<u>Power plant capacity</u>	74
<u>Responsibility statement</u>	75
<u>Auditor's report</u>	76



Strategic review and outlook	5
Litigation activities	5
Business development activities	5
Litigation activity review	6
Criminal proceedings in Oslo	6
Criminal proceedings in Milan	7
New criminal investigation for subsidy fraud in Italy	8
Arbitration	8
New Arbitration in Milan	9
Civil Court Italy; Aveleos	9
Civil Court Italy; UBI	9
Civil Court Luxembourg	10
Administrative Court Italy – ENFO 25	10
The 2022 annual report	12

# EAM SOLAR ASA IN BRIEF

# EAM SOLAR ASA IN BRIEF

Energieia AS established EAM on 5 January 2011. The Company was established with the purpose of owning Solar PV power plants under long-term electricity sales contracts and distributing dividends on a regular basis to its shareholders. The Company was listed on the Oslo Stock Exchange under the ticker EAM in March 2013, becoming the world's first publicly listed pure solar PV "YieldCo".

EAM has no employees and is managed by Energieia AS. Energieia AS conducts all administrative and technical tasks with own employees and subcontractors. The annual general meeting of EAM elects the Company's board of directors, who make all material investments, divestments and contractual decisions.

EAM acquired the first power plant in Italy in 2011. At the end of 2022 EAM owned and operated 4 power plants with a combined capacity of 4.0 MW generating an average annual production of 5.4 GWh annually (P50 production).

EAM entered into a Share Purchase Agreement with Aveleos S.A. in July 2014 to acquire 31 PV power plants in Italy, for a total consideration of EUR 115 million. One week after the transfer of 21 of the



31 power plants, it appeared that 27 of 31 power plants comprised by the Share Purchase Agreement, and two directors of the sellers, were already the targets of a criminal investigation conducted by the Prosecutor's Office of Milan.

Based on the criminal proceedings, the companies contractual counterparty for purchase of electricity, the state-owned utility company Gestore dei Servizi Energetici (GSE), firstly suspended and then terminated the long-term electricity sales contract for 17 of the 21 PV power plants transferred to EAM in July 2014. The Administrative Court of Lazio legalized GSE's decision to terminate in June 2016.

EAM's calculated loss of revenues due to terminated FIT contracts and permanent closure of power plants because of lacking technical

certification, amounts to an amount in excess of EUR 300 million. This has resulted in the bankruptcy of the SPVs affected by the criminal proceedings in 2016.

The annual accounts of 2022 have identified a profit after tax of minus EUR 2 206 thousand, the negative result is stemming mainly from extensive legal costs.

On the basis of the fundamental breach of contract and contractual guarantees in the Share Purchase Agreement, resulting in losses now suffered by EAM, and the lack of willingness from the seller to remedy the flawed sale, EAM has been forced to initiate legal proceedings against the sellers to recover losses and damages in excess of EUR 300 million. This situation has effectively changed EAM from a YieldCo to a large listed lawsuit.

As a consequence of the fraud, EAM's market valuation dropped to EUR 10 million in the beginning of 2016, 80 per cent below the invested equity capital of EUR 55 million. During 2016, 2017 and 2018 the market value increased to EUR 27 million. In 2019 the market value decreased to EUR 8 million. In 2020 the market value further decreased to EUR 6 million, where it remained in 2021 with a further decrease to EUR 3-4 million in 2022.

### Strategic review and outlook

The company is in its ninth 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, where the appeal court decided to revoke the first instance judgement of the Criminal Court of Milan, 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. The decision in the appeal court was later overturned by the supreme court, see more details below.

### 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, state utility company of Luxembourg, and Renova/Avelar, the investment company of the Russian oligarch Viktor Vekselberg, 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 31 January and 1 February 2022, but it was later postponed due to illness at the court. A new hearing date was set for 21 April and 22 April 2022.

The hearing took place as scheduled and Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

On 1 July 2022 Oslo District Court, by Judge Flaterud, dismissed EAM Solar ASA's request for a Private Criminal Proceeding against Enovos Luxembourg SA. On 15 July 2022 the Company filed an appeal of the decision by the Oslo District Court to the Borgarting Appellate Court. On 21 October 2022 Borgarting Court of Appeal rejected EAM Solar ASA's appeal against Oslo District Court's decision to reject the start of a private criminal proceedings against Enovos Luxembourg S.A.

### Business development activities

EAM Solar ASA was established by Energeia AS in 2011 and the

development of the company EAM Solar ASA and the Energeia group have been inseparably linked since that time.

As Energeia's shareholders are well aware, the fraud EAM Solar ASA was exposed to in 2014, and which is still subject to prosecution, has had a strictly negative effect on the business development of the Energeia group since that time.

Now that the Energeia Group, through the investments and the work carried out in parallel with the management of EAM Solar ASA, will develop its business within the same business areas that originally and naturally was within the scope EAM Solar ASA, the board in the two companies and the administration are of the opinion that for the sake of the Energeia Group's reputation, and also based on the moral values and obligations that are the basis for the operations in Energeia, it is desirable to offer EAM Solar ASA's shareholders the opportunity to participate in the business development of the Energeia Group independently of the business in EAM Solar ASA.

Over time, talks have been held between the board of Energeia AS and the board of EAM Solar ASA about how the companies can jointly ensure that the shareholders of EAM Solar ASA can take part in the future value creation in the Energeia group without creating legal bindings and preventing the normal business development of Energeia AS.

Based on these discussions, the following solution was proposed and executed:

The Company decided on 15 August 2022 to participate in a private placement whereby EAM Solar ASA at the nominal price of NOK 0.02 per share for a total consideration of NOK 137 044.20, subscribed for

6 852 210 new shares in Energeia AS. This number of shares corresponds to the total number of outstanding shares in the Company.

The private placement was conditional upon the board of EAM Solar ASA calling for an extraordinary general meeting of the Company, where the Board suggested that the received shares in Energeia AS would be distributed as dividends to the shareholders of the Company.

In the extraordinary general meeting that took place on 6 September 2022 it was resolved that all shareholders in EAM Solar ASA received 1 share in Energeia AS for each share they own in EAM Solar ASA. As a result of the share issuance, Energeia's outstanding number of shares increased from 38 049 000 to 44 901 210, corresponding to an increase of 14.42 per cent held by the shareholders of EAM Solar ASA at the time of issuance.

The shares in the Company went ex dividend on 7 September 2022 and were transferred to each shareholder on 3 October 2022.

### 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 subsidized "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 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 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 has 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 had been postponed due to sickness. A new hearing date was set for 21 April and 22 April 2022.

The hearing took place as scheduled and Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

On 1 July 2022 Oslo District Court, by Judge Flaterud, dismissed EAM Solar ASA's request for a Private Criminal Proceeding against Enovos Luxembourg SA.

On 4 July 2022 the Company decided to appeal the decision by the Oslo District Court to the Borgarting Appellate Court. EAM Solar ASA and its legal counsel deem that the reasons for an appeal are substantiated in both factual errors as well as wrongful interpretation of the law in the decision made by the Oslo District Court on 1 July 2022.

On 15 July 2022, the Company filed an appeal of the decision by the Oslo District Court to the Borgarting Appellate Court. The Company and its legal counsel deem that the decision by the Oslo District court dated 1 July is incorrect in both facts as well as law.

On 21 October 2022 Borgarting Court of Appeal rejected EAM Solar ASA's appeal against Oslo District Court's decision to reject the start of a private criminal proceedings against Enovos Luxembourg S.A.

According to the Borgarting Court of Appeal, the fraud against EAM Solar ASA should not be brought before a Norwegian court in a private criminal proceedings since this is not in the public interest. The Court of Appeal concludes that the fraud case falls under the jurisdiction of the Norwegian Criminal Code, and writes in its ruling that:

“The evidence and evidentiary arguments that EAM has shown points overall to the fact that Enovos' representatives on the board of Aveleos had so much information about the suspicion and the investigation related to false documents about the country of origin, which in turn had an impact on the right to subsidies, that it meant that EAM was misled by Enovos in connection with the purchase.”

The Borgarting Court of Appeal, however, concludes in its assessment of the case's evidence “at a more general level” that there is “reasonable doubt as to whether EAM will be able to provide sufficient evidence of criminal guilt”.

The Company has made a provision for the coverage of legal costs for the counterpart.

### 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 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.

There has still not been a date set for any further appeals following the decision of the Italian court of Cassation.

### **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 were originally scheduled by the court to end on or about the first quarter 2022. This was later extended by 6 months until the end of September 2022.

The proceedings have been delayed compared to what was originally anticipated. The Arbitration Tribunal has appointed a 3<sup>rd</sup> party financial evaluator to assess the amounts claimed under this second arbitration, and a final report is expected to be submitted to the Tribunal on or about 28 February 2023.

Further hearings are expected to be scheduled following the submittal of the final report of the evaluator.

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 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.

### **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 and held on 31 March 2022. A third witness hearing was held on 12 July 2022. On 10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

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 was 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 815 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.

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

Due to the unwillingness by GSE to settle the outstanding amount and resume payment of the Feed-In-Tariff in accordance with the decision by the administrative court of Lazio (TAR), the Company has decided to summon GSE to the higher administrative court (Consiglio di Stato), asking the court to order GSE to immediately resume payment of the Feed-In-Tariff and the outstanding amount. No hearing date has yet been set.

Management has evaluated the situation of ENFO 25 and its net



receivable position against GSE at year end, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable is written down and the net amount recognised as an operating cost, write down of trade receivables amounts to EUR 569 thousand. Revenues recognition and reporting of revenues for 2022 remains unchanged.

Please also see the Annual Report 2021 and previous years for further information on the legal processes.

# DIRECTORS' REPORT

Strategic review and outlook	12
Operational review	13
Corporate status	14
Financial review	18
Going concern	20
Market overview	20
Events after the balance sheet date	20
Risk factors	20
Transactions with related parties	21
Health, safety and the environment	22
Presentation of the financial statements	23

# DIRECTORS' REPORT

## The 2022 annual report

EAM Solar ASA (EAM or the Company) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Bryggetorget 7, 0250 Oslo, Norway. Energeia AS established EAM on 5 January 2011.

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.

The geographical focus of EAM has since its inception been to acquire power plants under long-term contracts in Europe. EAM acquired its first power plant in Italy in 2011. Since then, EAM has acquired in total 25 power plants with a combined capacity of 27.1 MW generating 38.3 GWh annually, representing annual revenue of EUR 13.5 million.

At the beginning of 2015, EAM had EUR 110 million in capital employed, EUR 180 million in contractual revenue reserve, EUR 50 million in future market price sales and an expected EBITDA from the 17-year contract period of EUR 200 million.

However, the period from 2014-2016 became very challenging for EAM on the back of the flawed acquisition of 21 PV power plants from Enovos Luxembourg S.A. and Avelar Energy Ltd. through their jointly owned single purpose vehicle Aveleos S.A.

Seventeen of the 21 PV power plants transferred to EAM in July 2014 did not have valid long-term feed-in-tariff contracts (FIT) according to the contractual counterparty Gestore dei Servizi Energetici GSE S.p.A, owned by the State of Italy, as warranted by Enovos Luxembourg S.A. and Avelar Energy Ltd under the Share Purchase Agreement.

In the fourth quarter 2015, GSE terminated the FIT contracts, which had been suspended since August 2014, and demanded a repayment of previously received FIT from 5 of the 7 companies acquired by EAM.

Due to Enovos Luxembourg S.A. and Avelar Energy Ltd lack of willingness to assume what the Company believes is their contractual obligation as owners of Aveleos S.A. and to remedy the situation, EAM has been forced to initiate legal proceedings in Italy, Luxembourg and Norway.

The events following the so-called "P31 acquisition" have effectively transformed EAM from a dividend paying "YieldCo" to a large lawsuit. Consequently, the share price of EAM Solar ASA on the Oslo Stock Exchange has dropped considerably.

The board of directors and the management are directing all their effort and attention to resolve this challenging situation in the appropriate legal venues as fast as possible in order to restore the value of the Company and return the outcome to the shareholders.

Information on Corporate Governance is presented in a separate [document below](#).

## Strategic review and outlook

EAM's strategy was in the outset to create value by acquiring operational power plants and, through an active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield.

The company is in its ninth 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, where the appeal court decided to revoke the first instance judgement of the Criminal Court of Milan, 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. The decision in the appeal court was later overturned by the supreme court, see more details below.

## 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, state utility company of Luxembourg, and Renova/Avelar, the investment company of the Russian oligarch Viktor Vekselberg, 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 31 January and 1 February 2022, but it was later postponed due to illness at the court.

A new hearing date was set for 21 April and 22 April 2022.

The hearing took place as scheduled and Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

On 1 July 2022 Oslo District Court, by Judge Flaterud, dismissed EAM Solar ASA's request for a Private Criminal Proceeding against Enovos Luxembourg SA. On 15 July 2022 the Company filed an appeal of the decision by the Oslo District Court to the Borgarting Appellate Court. On 21 October 2022 Borgarting Court of Appeal rejected EAM Solar ASA's appeal against Oslo District Court's decision to reject the start of a private criminal proceedings against Enovos Luxembourg S.A.

### **Business development activities**

EAM Solar ASA was established by Energeia AS in 2011 and the

development of the company EAM Solar ASA and the Energeia group have been inseparably linked since that time.

As Energeia's shareholders are well aware, the fraud EAM Solar ASA was exposed to in 2014, and which is still subject to prosecution, has had a strictly negative effect on the business development of the Energeia group since that time.

Now that the Energeia Group, through the investments and the work carried out in parallel with the management of EAM Solar ASA, will develop its business within the same business areas that originally and naturally was within the scope EAM Solar ASA, the board in the two companies and the administration are of the opinion that for the sake of the Energeia Group's reputation, and also based on the moral values and obligations that are the basis for the operations in Energeia, it is desirable to offer EAM Solar ASA's shareholders the opportunity to participate in the business development of the Energeia Group independently of the business in EAM Solar ASA.

Over time, talks have been held between the board of Energeia AS and the board of EAM Solar ASA about how the companies can jointly ensure that the shareholders of EAM Solar ASA can take part in the future value creation in the Energeia group without creating legal bindings and preventing the normal business development of Energeia AS.

Based on these discussions, the following solution was proposed and executed:

The Company decided on 15 August 2022 to participate in a private placement whereby EAM Solar ASA at the nominal price

of NOK 0.02 per share for a total consideration of NOK 137 044.20, subscribed for 6 852 210 new shares in Energeia AS. This number of shares corresponds to the total number of outstanding shares in the Company.

The private placement was conditional upon the board of EAM Solar ASA calling for an extraordinary general meeting of the Company, where the Board suggested that the received shares in Energeia AS would be distributed as dividends to the shareholders of the Company.

In the extraordinary general meeting that took place on 6 September 2022 it was resolved that all shareholders in EAM Solar ASA received 1 share in Energeia AS for each share they own in EAM Solar ASA. As a result of the share issuance, Energeia's outstanding number of shares increased from 38 049 000 to 44 901 210, corresponding to an increase of 14.42 per cent held by the shareholders of EAM Solar ASA at the time of issuance.

The shares in the Company went ex dividend on 7 September 2022 and were transferred to each shareholder on 3 October 2022.

### **Operational review**

#### **Power production**

Throughout 2022 EAM Solar ASA owned and operated 4 power plants. 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).

Accumulated for the year power production was 4 653 MWh, 14.5 per cent below estimated production. The lower than estimated production was mainly due to lower capacity of the power plants caused by thefts.

### Additional profit from sale of shares to Energeia AS

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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.

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 capital gain for EAM Solar ASA is estimated to be NOK 70.9 million at year-end 2022. The sales price referred to was entered in the books in 2020, and that sum has largely been settled in 2022 and that there has been no adjustment in profit in 2022 and hence no effect on the result in 2022.

The final determination of the total sales price including capital gain will be established in 2023.

## Corporate status

### Legal proceedings

#### 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 has 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 had been postponed due to sickness. A new hearing date was set for 21 April and 22 April 2022.

The hearing took place as scheduled and Oslo District Court will, following the hearing, decide if the fraud charges shall go to main trial proceedings or be rejected.

On 1 July 2022 Oslo District Court, by Judge Flaterud, dismissed EAM Solar ASA's request for a Private Criminal Proceeding against Enovos Luxembourg SA.

On 4 July 2022 the Company decided to appeal the decision by the Oslo District Court to the Borgarting Appellate Court. EAM Solar ASA and its legal counsel deem that the reasons for an appeal are substantiated in both factual errors as well as wrongful interpretation of the law in the decision made by the Oslo District Court on 1 July 2022.

On 15 July 2022, the Company filed an appeal of the decision by the Oslo District Court to the Borgarting Appellate Court. The Company

and its legal counsel deem that the decision by the Oslo District court dated 1 July is incorrect in both facts as well as law.

On 21 October 2022 Borgarting Court of Appeal rejected EAM Solar ASA's appeal against Oslo District Court's decision to reject the start of a private criminal proceedings against Enovos Luxembourg S.A.

According to the Borgarting Court of Appeal, the fraud against EAM Solar ASA should not be brought before a Norwegian court in a private criminal proceedings since this is not in the public interest. The Court of Appeal concludes that the fraud case falls under the jurisdiction of the Norwegian Criminal Code, and writes in its ruling that:

“The evidence and evidentiary arguments that EAM has shown points overall to the fact that Enovos' representatives on the board of Aveleos had so much information about the suspicion and the investigation related to false documents about the country of origin, which in turn had an impact on the right to subsidies, that it meant that EAM was misled by Enovos in connection with the purchase.”

The Borgarting Court of Appeal, however, concludes in its assessment of the case's evidence “at a more general level” that there is “reasonable doubt as to whether EAM will be able to provide sufficient evidence of criminal guilt”.

The Company has made a provision for the coverage of legal costs for the counterpart.

#### 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 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.

There has still not been a date set for any further appeals following the decision of the Italian court of Cassation.

#### **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 were originally scheduled by the court to end on or about the first quarter 2022. This was later extended by 6 months until the end of September 2022.

The proceedings have been delayed compared to what was originally anticipated. The Arbitration Tribunal has appointed a 3<sup>rd</sup> party financial evaluator to assess the amounts claimed under this second arbitration, and a final report is expected to be submitted to the Tribunal on or about 28 February 2023.

Further hearings are expected to be scheduled following the submittal of the final report of the evaluator.

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 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.

#### **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 and held on 31 March 2022. A third witness hearing was held on 12 July 2022. On 10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

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 was 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 815 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.

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

Due to the unwillingness by GSE to settle the outstanding amount and resume payment of the Feed-In-Tariff in accordance with the decision by the administrative court of Lazio (TAR), the Company has decided to summon GSE to the higher administrative court (Consiglio di Stato), asking the court to order GSE to immediately

resume payment of the Feed-In-Tariff and the outstanding amount. No hearing date has yet been set.

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

No provisions are made in the accounts on this matter.

Please also see the Annual Report 2021 and previous years for further information on the legal processes.

### **Business operations in 2022**

At the end of 2022 EAM owned or controlled 4 power plants operating under normal conditions, with a combined installed capacity of 4.0 MW with an average annual power production of 5.4 GWh (P50 production).

The financial statements and annual report are prepared under the assumption of going concern. It is the board's opinion that the Group has sufficient liquidity to support operations for the next twelve months.

### **Financial review**

In 2022 EAM Solar ASA has continued the legal processes to restore the shareholder values. The legal processes are expensive and are heavily contributing to the loss in 2022.

### **Cap on the price of electricity from renewable energy sources in Italy**

The Italian government has proposed a cap on the price of electricity from renewable sources known as the "Sostegni-ter Decree".

On 27 January 2022, Law Decree No. 4, known as the "Sostegni-ter Decree", (the "Decree") was published in the Italian Official Journal and entered into force on the same date, in order to mitigate, among others, the impact of the recent energy price increases and to protect consumers. One of the most significant measures introduced by the Decree is the limitation of the windfall profits of certain renewable power plants that have been able to benefit from rising energy prices, set out under Article 16.

On 29 March 2022, Law no. 25 (Sostegni ter Decree) entered into force. The Decree was initially intended to apply from February 2022 to the end of the year, but it has later been extended to 30 June 2023. Following the Decree, the achieved market price of electricity has been limited to EUR 56 per MWh for the Company's power plants in the South of Italy. Based on the information received from GSE and the Decree, the Group has had an estimated electricity sales revenue reduction of EUR 998 thousand for the period from 1 February 2022 to 31 December 2022.

### **Consolidated statement of profit and loss and comprehensive income Revenue and production**

The Group owns and operates four solar PV power plants in Italy as of year-end 2022. The business is investing in and operating power plants that have similar economic characteristics.

All 4 power plants owned or controlled by EAM produced electricity and delivered this to the grid in 2022. Total electricity production in 2022 was 4 653 MWh, 14.5 per cent below estimated production. Accumulated for the year revenues were EUR 1 221 thousand, of which EUR 1 300 thousand was received from market sales of electricity. EUR 5 thousand were other revenues.

All EAM's electricity sales are made under 20-year sale agreements in the feed-in-tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty.

During the year ended 31 December 2022 approximately EUR 914 thousand (2021: 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 1 300 thousand (2021: EUR 469 thousand) of the Group's external revenue was derived from sales to an international commodities trading house for the market price contracts. Due to the implementation of the Sostegni Ter Decree, which is applicable for companies with Feed In Tariff contracts, the achieved market price of electricity has been limited to EUR 56 per MWh for the Company's power plants in the South of Italy.

Based on the information received from GSE and the Decree, the Company has had an estimated electricity sales revenue reduction of EUR 998 thousand for the period from 1 February 2022 to 31 December 2022.

### Operating costs

Total cost of operations in 2022 amounted to EUR 814 thousand. The

cost of operations consisted mainly of the write down of receivables towards GSE for the unpaid FIT amounts in ENFO 25, operating and maintenance costs, and insurance. SG&A expenses amounted to EUR 950 thousand for the year.

### Legal costs

The cost item consists almost entirely of legal costs. Accumulated for the year the legal costs amounted to EUR 1 387 thousand.

### Operational earnings

Earnings before interest, depreciation, amortisation and taxes (EBITDA) amounted to minus EUR 1 929 thousand for 2022.

Accumulated for the year depreciation and amortisation were EUR 564 thousand, resulting in an operating profit (EBIT) of minus EUR 2 493 thousand.

### Net financial items

Net financial items amounted to EUR 428 thousand for the full year 2022.

### Profit before tax and net income after tax

Profit before tax amounted to minus EUR 2 065 thousand for 2022. Net tax amounted to EUR 141 thousand.

Reported net income after tax was minus EUR 2 206 thousand for 2022 and reported loss per share were EUR -0.32 on a fully diluted basis.

### Cash flow and balance sheet statements

#### Consolidated statement of financial position

Total assets amounted to EUR 10.7 million on 31 December 2022. This was down by EUR 3 million over the year.

Total equity amounted to EUR 3.9 million on 31 December 2022, a decrease by EUR 2.9 million over the year. The equity ratio was positive with 36.3 per cent on 31 December 2022, down from 49.6 per cent on 31 December 2021. Net working capital amounted to EUR 1 969 thousand on 31 December 2022.

### Cash flow

Net cash flow from operating activities was negative with EUR 688 thousand in 2022. Net cash flow from investing activities was positive with EUR 2 201 thousand. Net cash flow from financing activities was negative with EUR 631 thousand. Cash and cash equivalents amounted to EUR 1 464 thousand on 31 December 2022, of which 626 thousand was restricted at year-end and 62 thousand was seized (see [note 17](#)).

### EAM Solar ASA (parent company)

#### Profit and loss statement

Revenues are management services provided to subsidiaries (see [note 2](#)). Other operating expenses consist mainly of purchased services. Net financial items for 2022 were negative with NOK 28.5 million.

### Balance sheet

Total assets amounted to NOK 77.8 million, of which NOK 59 million is intercompany. Cash amounted to NOK 9.9 million at year-end. Total equity amounted to NOK 63 million equal to 81.1 per cent of total assets, compared to 86.8 per cent in 2021. Current liabilities amounted to NOK 6.2 million.

### Cash flow

Net cash flow from operational activities was positive with NOK 7.2 million and net cash flow from investments were positive with NOK 2.4 million.

## Going concern

The financial statements and annual report are made under the assumption of going concern. The basis for this assumption is that the Company has cash to continue the legal proceedings for the foreseeable future, and that the revenue contribution from the 4 power plants in the fixed contract period to 2031 is, sufficient to cover the long-term lease obligation and operational costs relating to these assets.

## Covid-19

The outbreak of Covid-19 has during 2022 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 due to energy supply being of crucial importance. 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.

## The War in Ukraine and sanctions against Russia

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2022.

## Market overview

### Power prices in Italy

The average wholesale power price in Italy for 2022 has been substantially higher than in earlier years, resulting in a decree from

the Italian government to cap the price of electricity from renewable sources, known as the "Sostegni-ter Decree".

## Events after the balance sheet date

### Resignation of Chair of the Board of Directors, Mrs Ragnhild Wiborg

On 31 January 2023 the Company announced the resignation of the Chair of the Board of Directors, Mrs Ragnhild Wiborg. The resignation comes as consequence of her assuming the role as Chair of the Board of Directors in Energeia AS, the manager of the Company.

Mrs Wiborg has served on the Board of Directors of EAM Solar ASA for almost 10 years since May 2013, and has carried the responsibility of leading the Board since December 2014. EAM Solar ASA shareholders and its management are very grateful for the unwavering and the steady hand by which Mrs Wiborg has led the Company in trying times.

For a period of time there has been no chairperson on the board of directors and the company has only had two board members (which is not in accordance with the articles of association nor the Public Limited Liability Companies Act), however the Election Committee has already started to search for a new candidate for the Board of Directors in the Company. A new board setup, as proposed by the election committee, will be included in the notice to the annual general meeting. The date for the AGM is 22 May 2023.

## Risk factors

The Company is exposed to a number of risk factors.

The largest risk to our current operation is regulatory (political) risk in Italy, i.e. retroactive changes in government incentives schemes,

changes to regulatory framework for operation and changes in taxation of assets and renewable energy operations.

EAM is also exposed to risk related to market power price fluctuations and general technical operational risks. The Company mitigate these risks as far as possible through long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

## Regulatory risk

The unilateral and retroactive 8 per cent reduction of the long-term electricity price of the FIT contracts conducted by the State of Italy in 2015 through their wholly owned subsidiary, Gestore dei Servizi Energetici GSE S.p.A., is believed illegal and in a breach of the constitutional law of Italy by leading legal experts, law firms and courts of law in Italy. However, the state of Italy has made no attempt to amend this situation. The regulatory risk experienced in Italy is by far the largest risk to PV power plant financial return and operation at the current moment.

It is unfortunately impossible to hedge against this type of regulatory risk in Italy at this point in time. The international market for insurance against State Government risk only is possible to achieve for countries classified as "underdeveloped" or "developing" by the United Nations system through the World Bank Group insurance institute MIGA (MIGA underwrite insurance against state confiscation, unlawful punitive taxation etc.). Since Italy is classified as a developed country, insurance against regulatory risk in Italy is not possible to obtain.

The new regulatory environment of the operation of solar PV power plants in Italy, partially implemented in 2015, poses a significant risk to PV power plant owners since these rules may be exploited in order to



reduce or revoke long-term FIT contracts for non-material or non-technical reasons. This creates significant risk for corruption in conjunction with administrative processes since the legal treatment of administrative decisions takes several years, in breach of Italy's administrative law, exposing owners to financial default and bankruptcy without having administrative measures judged in a court of law.

### Litigation risk

The Company is involved in several legal processes where the outcome is unknown. There is a risk that the Company might lose some or all of these processes and that it can result in a counter claim from the other party in such legal processes. It is also a risk that the counterpart is unable to settle an award in favour of the Company.

### Credit risk

Under normal circumstances the risk of credit losses is considered low, since the main contractual counterparty is GSE, a state-owned entity. The Group has not made any set-off or other derivative agreements to reduce the credit risk against GSE.

The Company's gross credit risk exposure against GSE on 31 December 2022 was EUR 218 thousand. EAM has made no financial arrangements to limit the credit risk further.

### Asset value risk

EAM's cash balance was EUR 1 464 thousand on 31 December 2022, of which the Prosecutors Office of Milan has seized EUR 62 thousand.

EAM has identified no indicators for impairment of the power plants as described in IAS 36 after write-downs conducted in 2015 and the second quarter of 2016. The assumptions used in the impairment

test, when there are indicators present, represent business development scenarios EAM finds most likely at the reporting date, although the actual outcome may be materially different due to on-going legal processes.

### Risk associated with the economic situation in Europe

Throughout 2022 and so far in 2023 have markets in Europe been characterised by surging energy prices, increasing interest rates and price increases in general. The Group has to very little extent been affected by this.

With the Decree in Italy that has limited the market price dramatically has there been no windfall profit for the Group. And increase interest rates and prices in general does not impact the Group substantially given the limited external debt and low operating costs.

### The War in Ukraine and sanctions against Russia

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2022.

### Transactions with related parties

#### Related parties

Energeia AS is the manager of EAM. Energeia AS in Norway and Italy employs or subcontract all of the personnel conducting the technical and administrative services for EAM. Energeia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are shareholders in EAM. They are also shareholders in Energeia AS, but not involved in the day-to-day operations

of Energeia AS. Sundt AS was represented on the board of directors of Energeia AS until 13 December 2022. 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.

Accumulated for the year Energeia AS' direct costs for the management of EAM was EUR 909 thousand, of which EUR 0 thousand was related to cost of operations, EUR 475 thousand was related to SG&A, and EUR 435 thousand was related to legal and litigation work in conjunction with the P31 Acquisition fraud.

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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.

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 capital gain for EAM Solar ASA is estimated to be NOK 70.9 million at year-end 2022. The sales price referred to was entered in the books in 2020, and that sum has largely been settled in 2022 and

that there has been no adjustment in profit in 2022 and hence no effect on the result in 2022.

The final determination of the total sales price including capital gain will be established at the end of the warranty period of the sale by Energeia AS in 2023.

### Health, safety and the environment

EAM has no employees, and therefore no statistics related to health issues, recruiting processes, salaries or working conditions.

The board of directors comprised at year end of two male and one female director.

Energeia AS and sub-suppliers to the manager provide all administrative, technical, and commercial services. The manager is responsible for requirements related to gender neutrality, non-discrimination, and equal opportunities. The manager recruits employees on a gender-neutral and non-discriminatory basis.

Solar power plants offer a power source that is environmentally superior to fossil fuels. The power plants do not expose the environment to any harm, other than by occupying land and possibly altering its visual appearance. EAM's power plants are built with silicon-based solar panels, and the power production facilities produce no harmful waste.

Activities related to the management of the business have no impact on the natural environment apart from effects related to normal office work.

### Values and guidelines for business ethics and CSR

Honesty, transparency, and trust are essential to the success of the Company. EAM is committed to transparency in its management practices, and in particular in the relationship between EAM and Energeia AS. The board of directors have at all times access to all information and assistance from the employees of the manager.

The Company's work to integrate consideration for human rights,

employee rights and social conditions, the external environment and the fight against corruption in its business strategies, in its daily operations and in its relations with its stakeholders takes place mainly in meeting suppliers and society in general.

The Company has in total identified 6 groups that are relevant in the company's work to translate the company's guidelines into action. These can be summarized as follows:

Stakeholder group	Relevance	Expected of the company	Arena for dialog	Actions by the company
Investors – the Company is listed on Euronext Expand and has a broad investor base	High	Compliance with regulatory requirements for ESG reporting	Quarterly presentations, annual reporting and investor meetings	Comply with Oslo Stock Exchange guidelines
Customers – only 2 customers, the Italian state on 20-year feed-in-tariff contracts (65 per cent of revenue) and a local power trader on market price contracts (35 per cent of revenue)	Low	Corruption prevention	Meetings and dialogue. Written contracts	Formulate ethical guidelines
Suppliers – very limited, mainly law firms in Norway and abroad, only small amounts for other suppliers	Low	Corruption prevention	Meetings and dialog. Written contracts	Formulate ethical guidelines
Civil society – legal proceedings have no impact on society and the solar PV power plants are not located near populated areas and are located on private ground	Low	Minimise local waste. Fencing and security measures around power plants to prevent contact with high voltage equipment	E-mail or local meetings	Establish maintenance plans
Authorities – delivery of electricity to the grid is a very standardised commodity	Low	Compliance with regulatory requirements for electricity production	Inspections and reporting portals	Establish operational procedures and reporting procedures
Employees – there are no employees in the Company	None	None	None	None
Financial institutions -Three out of four power plants are financed by leasing	Medium	Corruption prevention	Questionnaires and Written contracts	Formulate ethical guidelines

It is difficult to give an assessment of the results achieved, both in relation to the day-to-day operations and in relation to stakeholders. Work on these guidelines has been ongoing for several years and no significant changes in the results have been observed in recent years. The Company plans to continue the work in the same way as now to maintain the standard that has been achieved.

Separate guidelines for environmental, social and governance ("ESG") are presented below.

Disclosure requirements regarding the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) (norsk: åpenhetsloven) will be made available on the Company's homepage.

### Presentation of the financial statements

Pursuant to Section 4-5 of the Norwegian Accounting Act, the board of directors of EAM confirms that the financial statements have been prepared under the assumption that the enterprise is a going concern, and that this assumption was appropriate at the date when the financial statements were approved.

Oslo, 25 April 2023

Stephan Lange Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Viktor E Jakobsen  
CEO





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Implementation and reporting on corporate governance	25
Business	25
Equity and dividends	26
Equal treatment of shareholders and transactions with close associates	26
Transfer of shares	26
General meetings	26
Nomination committee	27
Board of directors: composition and independence	27
Work of the board of directors	28
Risk management and internal control	28
Remuneration of the board of directors	29
Remuneration of the manager and the CEO	29
Information and communications	29
Take-overs	30
Auditor	30
Implementation and reporting on sustainability	30
ESG – Relevance and materiality	30
Materiality analysis: identification and prioritisation	30
Summary of analysis	32
Findings	34

# CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

EAM Solar ASA is committed to pursuing environmental, social and governance practices that supports the trust in the Company, its directors and management, the way it operates its business and thereby contribute to value creation.

As defined in the Euronext ESG Guide:

“Environmental, social and governance principles (ESG) are a set of standards by which a company and its investors can measure the wider impact of its operations and long term strategy”

The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and management in a more comprehensive manner than is required by legislation.

## Implementation and reporting on corporate governance

### Implementation

EAM Solar ASA's board of directors is responsible for executing best practice corporate governance and has prepared and approved the Company's policy for corporate governance.

Through its board and management, the Company conducts a review and evaluation of its principles for corporate governance on an annual basis.

EAM Solar ASA is a Norwegian public limited company listed on the Oslo Stock Exchange. Section 3-3b of Norway's Accounting Act requires the Company to provide an annual statement of its corporate governance principles and practices. These provisions also specify the minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code). Adherence to the code is based on the “comply or explain” principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

The Oslo Stock Exchange requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the code in force at the time. Rules on the continuing obligations of listed companies are available at [www.oslobors.no](http://www.oslobors.no).

EAM Solar ASA will comply with the above-mentioned rules and regulations, and the current code, issued on 14 October 2021 with the exception of the following:

1. According to the code, the entire board of directors should not act as the Company's audit committee. Nevertheless, EAM has chosen to establish an audit committee consisting of the full board of directors. The reason for this is that EAM is exempted from the obligation to have an audit committee since the Company satisfies the criteria in section 6-41 (2) of the Norwegian Public Limited Liability Companies Act. With the exception mentioned above, the Company has established an audit committee with tasks and composition as mentioned in the Public Limited Liability Companies Act, sections 6-41 to 6-43.

EAM Solar ASA provides a statement on its principles for corporate governance in its annual report, and this information is also available on its website at [www.eamsolar.no](http://www.eamsolar.no).

### Business

The business purpose of EAM is defined in article 3 of the Company's articles of association, which states that:

“The Company's business activities include identification, analysis, financing, operating, purchase and sale of Solar power plants outside Norway, and naturally related activities, such as ownership in similar companies. In addition, the Company's business is lawsuits in relation to Solar power plants.”



## Equity and dividends

### Equity

Total equity for the Group amounted to EUR 3.9 million at 31 December 2022, representing an equity ratio of 36.3 per cent.

The equity of the parent company amounted to EUR 6 million at 31 December 2022, representing an equity ratio of 81.1 per cent.

### Dividend policy

The Company's primary objective is to generate a capital return and distribute this to its shareholders through dividends.

Article 11 of the Company's articles of association specifies that the entire annual cash surplus will be distributed as dividend to the shareholders to the extent permitted by applicable law. Changes to, or exemptions from this article require the support of at least 90 per cent of the votes cast, of the share capital represented, at the general meeting.

Based on the status of the Company no dividend will be declared for 2022, although a dividend in kind was distributed during the year.

## Equal treatment of shareholders and transactions with close associates

### Equal treatment

All the shares in the Company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the Company's general meeting.

In the event that the board is mandated to buy the Company's own shares and decides to exercise this mandate, the transactions will be

conducted through the stock exchange or at prevailing market prices if conducted in any other way.

### Transactions with related parties

EAM has a long-term management agreement with Energeia AS. The latter provides all administrative, technical, and operational services required by the Company. EAM has no employees.

The transactions between EAM and the manager in 2022 have been conducted both as part of ordinary operations in accordance with the management agreement, and also conducted by the manager in pursuing legal objectives in the various processes of the fraud case against EAM.

Any transactions, agreements or arrangements between the Company and its shareholders, directors, members of the executive management team or close associates of any such parties will only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions will comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable.

### Transfer of shares

The Company's articles of association place no general restrictions on transfers of the Company's shares.

No provisions in the articles would have the effect of delaying, deferring or preventing a change of control of the Company, or would require disclosure of a level of ownership above any specified threshold, unless such transaction would be in violation of Norwegian law and in conjunction with criminal activities.

Transfers of shares in the Company do not require the consent of the board. Nor do they trigger any pre-emptive rights for other shareholders.

## General meetings

### Annual general meeting

The annual general meeting (AGM) is the Company's highest authority. The board strives to ensure that the AGM is an effective forum for communication between the shareholders and the board, and encourages shareholders to attend.

### Preparations for the AGM

The AGM will be held before 30 June, which is the latest date permitted by Norwegian company law. It will approve the annual report and annual accounts, including the distribution of any dividend, election of board, auditor and nomination committee and such other matters as may be set out in the notice of the meeting.

The AGM for 2023 will be held on 22 May 2023 at the Company offices in Oslo, Norway.

The board can call for extraordinary general meetings. It will also call for an extraordinary general meeting at the request in writing of the auditor or shareholders representing at least five per cent of the share capital in order to deal with a specific subject.

The board summons general meetings. Notice of a general meeting will be issued at the latest 21 days before the date of the meeting, and will include a proposed agenda. The notice will also be made available on the Company's website at [www.eamsolar.no](http://www.eamsolar.no).

A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in writing to the board in time for the proposal to be entered in the agenda for the meeting.

The date of the next AGM is included in the Company's financial calendar. The financial calendar for the coming year will be published no later than 31 December in the form of a stock exchange announcement, and will also be made available on the Company's website.

### Participation in a general meeting

The Company's articles of association do not specify any requirements for giving notice of attending a general meeting.

Shareholders who are unable to attend the meeting are encouraged to appoint a proxy. The arrangements for appointing a proxy allow shareholders to specify how their proxy should vote on each matter to be considered. The Directors are invited to attend the AGM, together with at least one member of the nomination committee and the auditor. The CEO represents the management at the AGM.

### Agenda and conduct of the AGM

The board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and article 9 of the articles of association of EAM.

The shareholders may propose a person independent of the Company and the board to chair general meetings.

The board and the chair of the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's governing bodies.

The minutes of the AGM are published in the form of a stock exchange announcement, and are also made available on the Company's website at [www.eamsolar.no](http://www.eamsolar.no).

### Nomination committee

EAM will have a nomination committee consisting of three members. The Company's current nomination committee was elected for one year on the annual general meeting 23 May 2022 and consists of:

- Leiv Askvig, chair
- Nils Erling Ødegaard, member
- Georg Johan Espe, member

Members of the nomination committee will be shareholders or shareholder representatives.

The general meeting elects the members of the nomination committee, including its chair. These members will serve for one year unless the general meeting decides otherwise. This term commences from the date of election unless otherwise decided. It terminates at the end of the annual general meeting in the year when the term expires. Even if the term has expired, the member must remain in their post until a new member has been elected.

Remuneration for members of the nomination committee is determined by the general meeting.

The nomination committee has the following responsibilities:

- To provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the provision that the manager has the right to recommend up to two directors

- To provide the general meeting with recommendations on the remuneration of directors
- To provide the general meeting with recommendations on members of the nomination committee
- To provide the general meeting with recommendations on the remuneration of the members of the nomination committee.

The general meeting may issue further guidelines for the nomination committee's work.

### Board of directors: composition and independence Elections to the board

The general meeting elects directors. The Company's articles of association provide that the board will have no fewer than three members and no more than seven. In accordance with Norwegian law, the CEO and at least half the directors must be either resident in Norway or citizens of or resident in an EU/EEA country.

### Composition of the board

On 31 December 2022, the board of EAM Solar ASA consisted of three directors, two men and one woman:

- Ragnhild Märta Wiborg, chair
- Stephan Lange Jervell, non-executive director
- Pål Hvammen, non-executive director

At the annual general meeting on 23 May 2022 Ragnhild Märta Wiborg was re-elected as chair of the board, and at the same date Stephan Lange Jervell and Pål Hvammen was re-elected as members of the board. The functioning period of the Board of Directors is until the annual general meeting in 2023. Mrs Wiborg resigned from the board on 31 January 2023.

Directors have been elected to serve for a period of one year unless otherwise stated. Directors represent varied and broad experience from relevant industries and areas of technical speciality, and contribute knowledge from both Norwegian and international companies. More information about the expertise and background of directors can be found on the Company's website.

### **Independence of the board**

Ragnhild Märta Wiborg, Stephan Lange Jervell and Pål Hvammen are all independent of the Company's manager, material business contacts and largest shareholders.

The board included at year end 2022 no members proposed by the manager.

### **Work of the board of directors**

#### **Board's duties and responsibility**

The board has the ultimate responsibility for managing the Company and for supervising management and make strategic decisions.

This includes participating in the development and approval of the Company's strategy, performing necessary monitoring functions, including supervision, to ensure that the Company manages its business and assets and carries out risk management in a prudent and satisfactory manner, and acting as an advisory body for the manager.

In the management agreement between the Company and the manager, the manager is effectively the CEO of the Company. Should an individual have to be appointed as the CEO, the manager will propose this person for approval by the board. The board of directors defines objectives, strategies, and risk profiles for the company's

business activities to facilitate that the company creates value for shareholders.

The board of directors ensures that its members and executive personnel make the Company aware of any material interests that they may have in items which are considered by the board.

### **Mandate for the board**

In accordance with the provisions of Norwegian company law, the terms of reference for the board are set out in a formal mandate that includes specific rules and guidelines on the work of the board and decision-making. The chair is responsible for ensuring that the work of the board is carried out in an effective and proper manner in accordance with legislation.

### **Mandate for the CEO**

The CEO is the representative of the manager. The manager is responsible for executive management and day-to-day operations of the Company as defined in the management agreement.

### **Financial reporting**

The board receives periodic reports on the Company's commercial and financial status. The Company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

### **Board meetings**

The board holds regular meetings each year. Extraordinary board meetings are held when required to consider matters that cannot wait until the next regular meeting.

During 2022, the board of directors had several meetings in addition to the formal meetings each quarter. In addition, both the board and individual directors held informal discussions and meetings on specific issues. In 2022 the board of directors met on 6 occasions, either in person or by circulation.

### **Audit committee**

EAM is exempted from the obligation to have an audit committee since the Company satisfies the criteria in section 6-41 (2) of the Norwegian Public Limited Liability Companies Act. Nevertheless, the Company has established an audit committee, consisting of the full board of directors, with tasks and composition as mentioned in the Public Limited Liability Companies Act, sections 6-41 to 6-43.

None of the members of the committee are employees of the Company. The audit committee will not make any decisions on behalf of the board, since it is effectively the board.

### **Board's evaluation of its own work**

The board carries out an annual evaluation of its own performance, working arrangements and competence. The chair prepares a report on this evaluation, which is made available to the nomination committee.

### **Risk management and internal control**

EAM's board is responsible for ensuring that the Company has a sound internal control and sufficient systems for risk management. The Company's systems for internal control and procedures for risk management are intended to ensure timely and correct financial reporting, as well as compliance with the legislation and regulations to which the Company is subject.

Follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, periodic reports to the board and the work of the audit committee.

The board carries out an annual review of the Company's most important areas of exposure to risk and its internal control procedures. In addition, the auditor presents an annual review of the Company's internal control procedures to the audit committee, including the Company's accounting principles, risk areas, internal control routines and proposals for improvement.

The size and activity of the Company does not support the establishment of an internal audit function.

### Remuneration of the board of directors

The AGM determines the board's remuneration, based on a recommendation from the nomination committee. Remuneration of directors will be reasonable and based on the board's responsibilities, work, the time invested and the complexity of the enterprise. Compensation will be a fixed annual amount. The chair receives a higher compensation than the other directors.

The board will be informed if individual directors perform other tasks for the Company than their role as directors. Work in sub-committees may be remunerated in addition to the remuneration received for the directorship. The Company's annual accounts provide information about the board's compensation.

There are no share options issued to members of the board of directors.

### Remuneration of the manager and the CEO

Pursuant to the management agreement, the CEO receives no direct remuneration from the Company. The CEO is receiving his remuneration from the manager, Energeia AS. Energeia AS will invoice all billable hours at a predetermined rate for each consultant working on the assignment. Out-of-pocket expenses will be billed separately at cost. The hourly rate per consultant will be adjusted yearly in conjunction with the budget process and approval in EAM Solar ASA.

The management agreement has been entered into for an initial term of 10 years. After the initial term, both parties may terminate the agreement by giving 12 months' notice, with effect at the earliest from 2021. Termination by the Company triggers a termination fee of five times the average fee for the two preceding fiscal years.

No member of the Company's board or other administrative or supervisory body has service contracts with the Company or any of its subsidiaries that provide benefits on the termination of employment. No loans or guarantees have been given to any members of the board or other company bodies.

### Information and communications

EAM maintains regular dialogue with analysts and investors. The Company strives to publish relevant information continuously to the market in a timely, effective, and non-discriminatory manner, and considers it very important to inform shareholders and investors about the Company's commercial and financial performance. All stock exchange announcements are made available both on the Company's website and on the Oslo Stock Exchange news website at [www.newsweb.no](http://www.newsweb.no).

### Financial reports

EAM publishes its fourth quarter results by the end of February, and the full annual report, including approved and final financial statements and the directors' report, is available no later than 30 April each year as required by the Securities Trading Act. The complete annual report and financial statements are made available to shareholders no later than three weeks prior to the AGM.

Quarterly interim reports are published within eight weeks of the end of the quarter. The Company's financial calendar for the coming year is published as a stock exchange announcement and made available on the Company's website and on the Oslo Stock Exchange website in accordance with the continuing obligations for companies listed on the Oslo Stock Exchange. The Company will continue to publish quarterly reports in accordance with Oslo Børs Code of Practice for IR.

### Other market information

EAM may give open presentations in conjunction with the publication of the Company's interim results. At these presentations, the manager will review and comment on the published results, market conditions and the company's future prospects.

### Communication with shareholders

The manager gives high priority to communication with the investor market. Individual meetings are organised for major investors, investment managers and analysts. The Company also attends investor conferences.

The board has issued guidelines for the Company's investor relations' function, including the designation of authorised spokespersons for the company.

**Take-overs**

The board endorses the principle of non-discrimination of shareholders. In the event of a take-over, the board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The board will seek to comply with the recommendations in the code relating to the board's responsibilities and duties in a takeover situation.

**Auditor**

EAM is audited by RSM Norge AS, Norway.

The auditor presents a plan annually to the board for the audit work and confirms that the auditor satisfies established requirements for independence and objectivity.

In connection with the auditor's presentation of the annual work plan to the board, the board will specifically consider whether the auditor also exercises a control function to a satisfactory extent. The auditor attends board meetings that deal with the annual accounts and presents a review of the Company's internal control procedures to the audit committee, including the Company's accounting principles, risk areas, internal control routines and so forth, and proposals for improvement.

The board has established guidelines on the use of the auditor by the Company's executive management for services other than auditing. The board reports the remuneration paid to the auditor to the AGM, including details of fees paid for audit work and for other specific assignments.

**IMPLEMENTATION AND REPORTING ON SUSTAINABILITY**

**ESG – Relevance and materiality**

The information that investors and other stakeholders in the company consider material and relevant has changed drastically since the company went public in 2013.

At the outset, EAM's strategy was to create value by acquiring operational solar power plants and, through active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield. However, in light of the impact that the fraud and subsequent legal proceedings have had on the Company value, EAM has been forced to change from a YieldCo to a company primarily focused on litigation.

Consequently, when evaluating what information is considered relevant, meaning information that influences the opinion or decision of users by helping them to evaluate past, present, or future events or by confirming or correcting their past evaluations, such information will almost entirely be related to the legal proceedings and not to the renewable energy industry, as originally envisaged. Future value creation is not, at present, linked to traditional business development within renewable energy but rather to the restoration of lost values, stemming from the P31 fraud, via in-court legal proceedings in several jurisdictions or via out-of-court settlements.

The company has used the "Oslo Børs veiledning om rapportering av samfunnsansvar" and "Euronext Guidelines to Issuers for ESG Reporting" as a tool in preparing the report.

**Materiality analysis: identification and prioritisation**

When going deeper into the materiality analysis, which involves mapping the opportunities and risks the company faces, as well as identifying its most important stakeholders and their primary areas of interest, it becomes clear that many of the stakeholders one would expect to find, are less relevant or not present at all. Using a traffic light model, it looks like this:





Stakeholder group	Relevance	Expected of the company	Arena for dialog	Actions by the company
Investors – the Company is listed on Euronext Expand and has a broad investor base	High	Compliance with regulatory requirements for ESG reporting	Quarterly presentations, annual reporting and investor meetings	Comply with Oslo Stock Exchange guidelines
Customers – only 2 customers, the Italian state on 20-year feed-in-tariff contracts (65 per cent of revenue) and a local power trader on market price contracts (35 per cent of revenue)	Low	Corruption prevention	Meetings and dialogue. Written contracts	Formulate ethical guidelines
Suppliers – very limited, mainly law firms in Norway and abroad, only small amounts for other suppliers	Low	Corruption prevention	Meetings and dialog. Written contracts	Formulate ethical guidelines
Civil society – legal proceedings have no impact on society and the solar PV power plants are not located near populated areas and are located on private ground	Low	Minimise local waste. Fencing and security measures around power plants to prevent contact with high voltage equipment	E-mail or local meetings	Establish maintenance plans
Authorities – delivery of electricity to the grid is a very standardised commodity	Low	Compliance with regulatory requirements for electricity production	Inspections and reporting portals	Establish operational procedures and reporting procedures
Employees – there are no employees in the Company	None	None	None	None
Financial institutions -Three out of four power plants are financed by leasing	Medium	Corruption prevention	Questionnaires and Written contracts	Formulate ethical guidelines

The main opportunities and risks the Company faces are given a score (1-5) based on the significance for stakeholders and the impact they have, based on the matrixes below.

Risk and opportunity matrix			Significance for the Company’s impact on economic, social and environmental issues					
			Negligible	Minor	Moderate	Considerable	Major	Paramount
			0	1	2	3	4	5
Significance to the Company’s stakeholders	Negligible	0	0	0	0	0	0	0
	Minor	1	0	1	2	3	4	5
	Moderate	2	0	2	4	6	8	10
	Considerable	3	0	3	6	9	12	15
	Major	4	0	4	8	12	16	20
	Paramount	5	0	5	10	15	20	25

Legend:

Negligible	Low	Moderate	High	Crucial
------------	-----	----------	------	---------

**Risks and opportunities for the legal activities:**

Risks:	Stakeholder score	Impact score	Total score	Opportunities:	Stakeholder score	Impact score	Total score
Not having enough liquidity to fund the legal strategy	5	4	20	Victory in court resulting in payment from the counter-parties; out of court settlements	5	4	20
Lack of police investigation to collect evidence and prosecute	4	3	12				
Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings	4	4	16				
The counterparty evades payment for fraudulent actions even if sentenced in court either through continuous delays or even bankruptcy	4	3	12				
Risk that a case might be rejected by the courts due to statutory limitations, jurisdiction or other reasons	3	3	9				
Threats of physical injury or death towards individuals both internal and external representing the Company	3	3	9				

**Risks and opportunities for the solar PV energy production activities:**

Risks:	Stakeholder score	Impact score	Total score	Opportunities:	Stakeholder score	Impact score	Total score
Assets acquired are not built in accordance with standards and regulations and documents are falsified	2	2	4	New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system	4	4	16
Regulatory risk, change in regulations relating to the GSE and payment of feed-in-tariff	3	3	9				

**Summary of analysis**

Based on the score from the matrix above, two risks and two opportunities have been identified as significant and will form basis for the company's ESG reporting. These are:

**Not having enough liquidity to fund the legal strategy**

In order to successfully pursue the legal strategy, EAM Solar ASA depends on having sufficient funds and liquidity to provide payment for the legal costs related to the various legal proceedings. The risk entails that the legal proceedings would stop or be delayed in the event the Company does not have these funds. Consequently, this would jeopardize the Company's legal integrity, stall progress in the legal proceedings or ultimately prevent the Company from reaching the desired outcome or result. The legal proceedings, in which the Company is involved, are costly and require legal expertise from legal professionals in several countries.

The Company defines the risk as whether or not available funds are held by either the Company itself and/or by the manager. Measures taken by the Company to monitor this risk are carried out in the form of monthly reports to the Board of Directors on available liquidity and accrued legal costs. The monthly reporting provides the tools for the management and the Board of Directors to continuously monitor the Company's financial situation and the cost of the legal proceedings.

In order to minimize the risk of not having enough liquidity to fund the legal strategy, the Company conducted the sale of power plants Varmo and Codroipo in 2019. The sale provided the Company with a profit and removed the operational and administrative costs related to the ownership of these powerplants. In addition, the Company continuously takes measures to reduce and optimize operational and

administrative costs on a general basis to improve liquidity within the Company.

The reporting on the risk will be conducted by classifying the Company's liquidity situation in one of the following three categories.

**Satisfactory:** The Company's considers its liquidity to be good. The Company has sufficient liquidity to fund the legal strategy on a long-term basis.

**Unsatisfactory:** The Company considers its liquidity situation to be less than good. The Company has sufficient liquidity to fund the legal strategy on a short-term basis, but needs to take further measures to fund the legal strategy on a long-term basis.

**Crucial:** The Company considers its financial situation to be crucial and does not have sufficient liquidity to fund the legal strategy on either a short-term or long-term basis.

**Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings**

There is an imminent risk that attempts could be made to influence, or that influence has already been exerted over, judges or arbitrators so as to alter the outcome of a procedure or a decision rendered.

These attempts could take the form of monetary value or non-monetary value such as promotions or benefits given both inside and outside the courts. Typically, arbitrators will have their own legal practice where such benefits could be received, while both judges and arbitrators could receive promotions that are not based on competence and experience. There could even be threats put forward

to the same individuals. These risks are more likely to occur in jurisdictions where corruption is more common than in Norway.

In jurisdictions where the counterparty is a state-controlled entity there might be express or indirect pressure from the authorities to reach a specific outcome. There could also be pressure to do nothing, or to obstruct or hinder investigations.

The corruption risk is considered high in Italy. Italy scores only 56 on the Transparency International Index for 2022 putting them tied for 41<sup>st</sup> place out of a total of 180 countries, meaning that 40 countries in the world are considered less corrupt than Italy. The ENCJ's (European Network of Councils for the Judiciary) Report on Independence, Accountability and Quality of the Judiciary – performance indicators 2018-2019, show that the vast majority of judges in Europe do not experience inappropriate pressure to influence their decisions in judicial procedures. Across all countries 5 per cent of the judges report inappropriate pressure with less than 1 per cent reporting that this happens regularly. Italy on the other hand is the extreme case: 41 per cent believe corruption occurs, but 26 per cent believe this happens very rarely. And further, as shown in the Global Competitiveness Report 2019 issued by the World Economic Forum, is Italy ranked at 60<sup>th</sup> place when it comes to Judicial independence out of a total of 141 countries.

Luxembourg, on the other hand, is considered a low-risk country when it comes to corruption finishing in 10<sup>th</sup> place with a score of 77 on the Transparency International Index for 2022. The risk with Luxembourg is that the country is very small with only 633 100 inhabitants ([www.britannica.com/place/Luxembourg](http://www.britannica.com/place/Luxembourg)), not much more than a small European city. In this context, everyone knows everyone.



That makes it more likely that an outcome might be influenced when a foreign company is in a litigation against a state-controlled entity. Not as outright corruption but as a silent, or even outspoken, wish to receive a particular outcome, or for the police and prosecution to not take any action. According to the GAN Integrity Luxembourg Corruption Report ([www.ganintegrity.com/countryprofiles/luxembourg/](http://www.ganintegrity.com/countryprofiles/luxembourg/)), updated as of November 2020, corruption does not constitute a problem for businesses in Luxembourg in general. The country has a strong legal framework to curb corruption, and

anti-corruption laws are effectively enforced. Nonetheless, some corruption cases have revealed conflicts of interest between the private and public sectors, tainting transparency in the country.

For comparison, Norway is in 4<sup>th</sup> place with a score of 84 on the Transparency International Index for 2022 and Norway ranks among the least corrupt countries in the world.

The company's ability to mitigate this kind of risk is very limited. The company's ability to change the behaviour of individuals in the most risk-associated jurisdictions is non-existent. What the company can do, is to monitor for indications of influence over judges, arbitrators, police, and prosecutors and try to get the disputes in front of judges in countries that are less corrupt or influenced than Italy and Luxembourg. There are though legal limitations on which venues that are available to the company.

### **Victory in court resulting in payment from the counterparties, out of court settlements**

One of the most significant opportunities for the company is the possibility to receive a payment that restores lost values stemming from the fraud and subsequent lost opportunities. Such payment might either be awarded by a competent court and enforced towards the counterparty or could be reached in an out-of-court agreement where the parties agree on fair settlement.

The company is actively pursuing a restoration of values in various venues and jurisdictions and will continue to do so until all such possibilities are exhausted. Any possible settlement talks would be conducted through our legal representation and be evaluated if presented.

The outcome is binary, either you have an award or settlement, or you do not. Once an award has been irrevocably granted or a settlement reached, the company may also measure the outcome on a monetary scale, either in comparison with costs incurred and values lost or as a value per share issued in the company.

### **New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system**

EAM Solar ASA's strategy was, at the outset, to create value by acquiring operational power plants and, through active ownership, to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations and highest possible dividend yield. In light of the legal proceedings and their impact on the Company's value, EAM has been forced to change from a YieldCo to a company primarily focused on litigation. The company is in its ninth 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.

The Company's manager, Energeia AS is currently investing and developing business opportunities in the Netherlands and Norway. As of yearend 2022, 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. In 2022 Energeia AS also identified and is currently working on the development of solar PV power plants in Norway. This activity is still in an early stage of development but may result in significant power plant developments in the coming years.

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.

The opportunity would provide additional value creation for the Company's shareholders and an opportunity to take part in new development within the renewable energy sector. The outcome of this opportunity is binary.

Energeia AS included the EAM Solar ASA shareholders in this development through a directed equity issue in September 2022, where EAM Solar ASA shareholders received one share in Energeia AS for each share in EAM Solar ASA as a dividend.

### **Findings**

#### **Not having enough liquidity to fund the legal strategy**

The Company considers its liquidity situation to be unsatisfactory. On a short-term basis, it is expected that the Company's liquidity situation is adequate. However, due to uncertainty related to the cost and the length of the legal proceedings and the Company's ability to collect receivables outstanding the situation on a long-term basis is more uncertain.

#### **Corrupt courts and/or judges – There is a risk that courts or legal proceedings are already influenced or could be influenced, so as to affect or alter rulings**

Observations in the period 2016-2022 give reason to believe that decisions given in courts in Italy involving the company have been influenced, although this has not been proven.



Observations in the period 2016-2022 give reason to believe that the lack of police investigations and prosecution could stem from the result of influence or informal pressure, although this has not been proven.

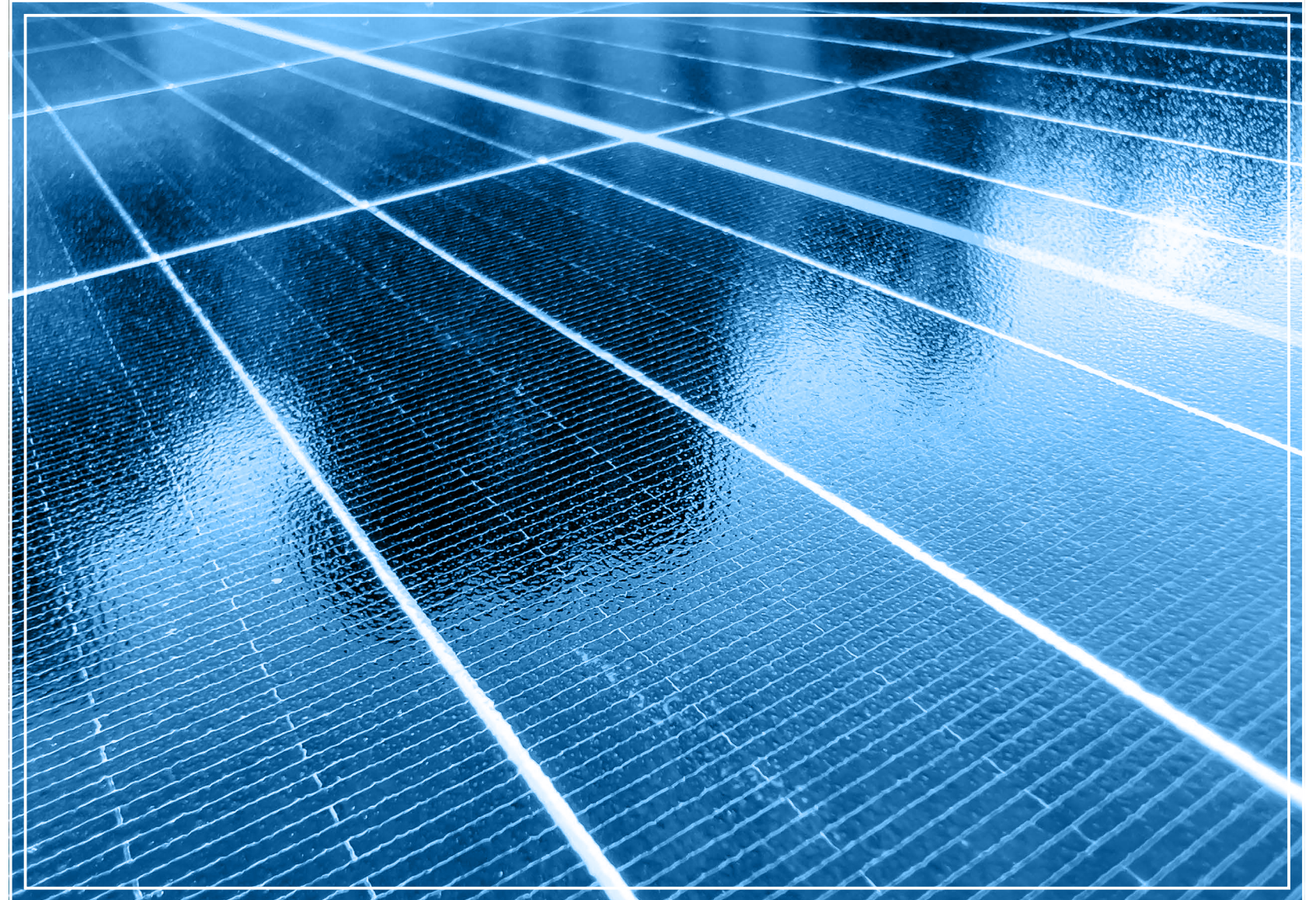
EAM Solar ASA has filed criminal fraud complaints to police authorities in Italy (2014), Luxembourg (2016) and Norway (2018/2019). So far, no investigation of the fraud has been conducted to our knowledge.

**Victory in court resulting in payment from the counterparties, out of court settlements**

No irrevocable payment has yet been granted in court, nor have the parties agreed on any settlement.

**New investments in solar PV in countries and regions where corruption is less probable at government level, in the business environment and in the judicial system**

Energeia AS included the EAM Solar ASA shareholders in this development through a directed equity issue in September 2022, where EAM Solar ASA shareholders received one share in Energeia AS for each share in EAM Solar ASA as a dividend.





# FINANCIAL INFORMATION

<u>Consolidated financial statements</u>	<u>37</u>
<u>Parent company financial statements</u>	<u>62</u>
<u>Power production</u>	<u>74</u>
<u>Power plant capacity</u>	<u>74</u>
<u>Responsibility statement</u>	<u>75</u>
<u>Auditor's report</u>	<u>76</u>

# CONSOLIDATED FINANCIAL STATEMENTS

<b>Consolidated statement of profit and loss and comprehensive income</b>	38	Note 09 Segment information	51
<b>Consolidated statement of financial position</b>	39	Note 10 Operational costs breakdown 2022	52
<b>Consolidated cash flow statement</b>	40	Note 11 Income tax	52
<b>Consolidated statement of changes in equity</b>	41	Note 12 Earnings per share	54
<b>Notes to the consolidated financial statements</b>	42	Note 13 Property, plant and equipment	54
Note 01 Summary of significant accounting policies	42	Note 14 Other contractual obligations	56
Note 02 Alternative Performance Measures “APMs”	47	Note 15 Financial risk management	56
Note 03 List of subsidiaries	48	Note 16 Trade receivables	57
Note 04 Significant accounting judgements, estimates, assumptions and comparable figures	48	Note 17 Cash and cash equivalents	57
Note 05 Other operating expenses	49	Note 18 Share capital, shareholder information and dividend	58
Note 06 Salary and personnel expense and management remuneration	49	Note 19 Debt	58
Note 07 Transactions with related parties	50	Note 20 Impairment	60
Note 08 Financial income and expenses	51	Note 21 Intangible assets	60
		Note 22 Events after the balance sheet date	61

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

EUR	Note	2022	2021
Revenue	<a href="#">9</a>	1 221 073	1 333 522
Total revenue		1 221 073	1 333 522
Cost of operations		(813 734)	(236 682)
Sales, general and administration expenses	<a href="#">5, 6</a>	(949 613)	(889 894)
Legal costs		(1 386 837)	(2 498 623)
Operating profit before depreciation and amortisation (EBITDA)	<a href="#">7, 9, 10</a>	(1 929 111)	(2 291 678)
Depreciation, amortizations and write downs	<a href="#">13, 21</a>	(563 575)	(562 378)
Operating profit (EBIT)		(2 492 686)	(2 854 055)
Finance income	<a href="#">8</a>	1 192 570	255 118
Finance costs	<a href="#">8, 7</a>	(764 986)	(1 090 812)
Profit before tax		(2 065 101)	(3 689 749)
Income tax gain/(expense)	<a href="#">11</a>	(140 582)	(84 583)
Profit after tax		(2 205 683)	(3 774 332)

EUR	Note	2022	2021
<b>Other comprehensive income<sup>1</sup></b>			
Translation differences		(686 065)	873 349
Other comprehensive income for the year, net of tax		(686 065)	873 349
Total comprehensive income for the year		(2 891 748)	(2 900 983)
<b>Profit for the year attributable to</b>			
Equity holders of the parent company		(2 205 683)	(3 774 332)
Equity holders of the parent company		(2 205 683)	(3 774 332)
<b>Total comprehensive income attributable to</b>			
Equity holders of the parent company		(2 891 748)	(2 900 983)
Equity holders of the parent company		(2 891 748)	(2 900 983)
<b>Earnings per share</b>		<b>2022</b>	<b>2021</b>
<b>Continued operation</b>			
- Basic	<a href="#">12</a>	(0.32)	(0.55)
- Diluted	<a href="#">12</a>	(0.32)	(0.55)

<sup>1</sup> Other comprehensive income that may be reclassified to profit and loss in subsequent periods.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<a href="#">13</a>	5 987 981	6 538 257
Intangible assets	<a href="#">21</a>	9 101	9 801
Other long term assets		324 297	455 020
Deferred tax assets	<a href="#">11</a>	64 018	82 862
Total non-current assets	<a href="#">9</a>	6 385 396	7 085 939
<b>Current assets</b>			
Trade and other receivables	<a href="#">7, 16</a>	2 174 744	5 450 336
Other current assets		634 662	540 782
Cash and cash equivalents	<a href="#">17</a>	1 464 397	581 696
Total current assets		4 273 803	6 572 814
<b>TOTAL ASSETS</b>		<b>10 659 199</b>	<b>13 658 754</b>

EUR	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid in capital</b>			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
Total paid in capital	<a href="#">18</a>	35 729 986	35 729 986
<b>Other equity</b>			
Translation differences		(7 814 895)	(7 128 830)
Other equity		(24 049 092)	(21 830 374)
Total other equity		(31 863 987)	(28 959 204)
<b>Total equity</b>		<b>3 865 999</b>	<b>6 770 782</b>
<b>Non-current liabilities</b>			
Leasing	<a href="#">13</a>	3 340 536	3 771 567
Deferred tax liabilities	<a href="#">11</a>	804 250	743 424
Other non current liabilities		343 887	343 887
Total non-current liabilities	<a href="#">19</a>	4 488 674	4 858 878
<b>Current liabilities</b>			
Leasing	<a href="#">13</a>	430 836	409 097
Trade and other payables	<a href="#">19</a>	1 873 690	1 619 996
Total current liabilities	<a href="#">19</a>	2 304 526	2 029 093
<b>Total liabilities</b>		<b>6 793 200</b>	<b>6 887 971</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 659 199</b>	<b>13 658 754</b>

Oslo, 25 April 2023

Stephan Lange Jervell  
Non-executive directorPål Hvammen  
Non-executive directorViktor E Jakobsen  
CEO

## CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	2022	2021
<b>Cash flow from operations</b>			
Profit before income taxes		(2 065 101)	(3 689 749)
Depreciation	<a href="#">13, 21</a>	563 576	562 379
Change in trade debtors	<a href="#">16</a>	536 899	(108 427)
Change in trade creditors	<a href="#">19</a>	(449 978)	50 152
Effect of exchange fluctuations		(656 901)	1 129 784
Change in other provisions		1 383 856	365 494
Net cash flow from operations		(687 649)	(1 690 367)
<b>Cash flow from investments</b>			
Purchase of fixed assets	<a href="#">13</a>	(12 600)	-
Payment of short term loan /receivables	<a href="#">16</a>	2 213 757	2 405 121
Net cash flow from investments		2 201 157	2 405 121

EUR	Note	2022	2021
<b>Cash flow from financing</b>			
Repayment of long term loans		(409 291)	(388 640)
Interest paid		(221 516)	(217 739)
Net cash flow from financing	<a href="#">13</a>	(630 807)	(606 380)
<b>Exchange gains /(losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		882 701	108 374
Cash and cash equivalents at the beginning of the period		581 696	473 322
Cash and cash equivalents at the end of the period	<a href="#">17</a>	1 464 397	581 696



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Issued capital	Share premium fund	Other equity	Translation differences	Total equity
Equity as at 1 January 2021	8 126 110	27 603 876	(18 056 042)	(8 002 179)	<b>9 671 765</b>
Profit (loss) After tax			(3 774 332)		<b>(3 774 332)</b>
Other comprehensive income				873 349	<b>873 349</b>
Equity as at 31 December 2021	8 126 110	27 603 876	(21 830 374)	(7 128 830)	<b>6 770 782</b>
Equity as at 1 January 2022	8 126 110	27 603 876	(21 830 374)	(7 128 830)	<b>6 770 782</b>
Profit (loss) After tax			(2 205 683)		<b>(2 205 683)</b>
Dividend in kind			(13 035)		<b>(13 035)</b>
Other comprehensive income				(686 065)	<b>(686 065)</b>
Equity as at 31 December 2022	8 126 110	27 603 876	(24 049 092)	(7 814 895)	<b>3 865 999</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of EAM for the year ending 31 December 2022 were authorised for issuance by the board on 25 April 2022.

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, NO-0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013. EAM Solar ASA is the parent company of the Group. 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 through a holding company and 2 subsidiaries in Italy. The Company has no employees.

### 01.01 Basis for preparation of the financial statement

The EAM Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and mandatory for financial years beginning on or after 1 January 2022.

The consolidated financial statements are based on historical cost. In addition, interest rate swaps used for hedging is measured at fair value.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under similar circumstances.

The Group's presentation currency is Euro (EUR) and the parent company's functional currency is Norwegian Krone (NOK). The majority of the Group's revenue and cost are in Euro, thus the group accounts are presented in Euro. Balance sheet items in the Group companies with a functional currency other than EUR are converted to Euro by applying the currency rate applicable on the balance sheet date. Currency translation differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

The financial statements and figures presented in the directors' report are prepared under the assumption of going concern. The reason for preparing the financial statements as going concern is due to the board's opinion that the Group has sufficient liquidity for the next twelve months. The board and manager are placing all their effort into operating the Company in a prudent manner, pending the legal proceedings that is expected to ultimately solve the situation for EAM.

### 01.02 Consolidation principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2022.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

The acquisition method is applied when accounting for business combinations. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative transaction differences recorded in equity
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### 01.03 Use of estimates in the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities.

Future events may lead to estimates being changed and estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is accounted for prospectively. See also [note 4](#).

#### 01.04 Foreign currency

The Group's consolidated financial statements are presented in EUR. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions in foreign currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchanges at the date when the fair value is determined. Change in exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period.

#### Foreign operations

On consolidation, the assets and liabilities of operations with a functional currency other than the EUR are translated to EUR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions.

The average exchange rates are used as an approximation of the transaction exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign

operation, the accumulated translation differences relating to the subsidiary are recognised in the statement of comprehensive income.

Translation differences arising from the translation of a net investment in foreign operations are specified as translation differences in the statement of equity.

#### 01.05 Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services.

#### Sale of solar power

EAM owns and operates four solar power plants in Italy, which generate electricity. Revenue from the sale of electricity is recognised in the statement of comprehensive income once delivery has taken place and the risk and return have been transferred.

All EAM's electricity sales are made under 20-year sale agreements in the feed-in-tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty.

In 2022 the Italian authorities set a limit on the market price to be realised for renewable energy and made the reductions applicable for companies with FIT contracts. More information on the Sostegni Ter Decree can be found under Financial Review above.

In previous years, the fixed price sales contracts (FIT) accounted for approximately 80 per cent of revenues, with electricity sales at market prices accounting for approximately 20 per cent. This was substantially changed in 2022 where the FIT revenue accounted for approximately 40 per cent and market price revenue accounted for approximately 60 per cent of the revenue, prior to taking reduction under the Decree into consideration.

Market price contracts are renewed yearly.

#### Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate which exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

#### 01.06 Segments

The Group owns and operates four solar PV power plants in Italy as of year-end 2022 and thus only one segment both geographically and nature wise. Further information relating to segments is presented in [note 9](#).

#### 01.07 Income tax

Income tax consists of tax payable and changes to deferred tax. Deferred tax liability/tax asset is calculated on all differences between the carrying and tax value of assets and liabilities, with the exception of temporary differences related to investments in subsidiaries where the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the deferred tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax liability and deferred tax asset are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax liability and deferred tax asset are recognised at their nominal value and classified as non-current asset investments (long-term liabilities)

in the balance sheet. Tax payable and deferred tax are recognised directly in equity to the extent that they relate to equity transactions.

### 01.08 Property, plant and equipment

All property, plant, and equipment (including solar power plants) are valued at their cost less accumulated depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income as incurred, while other costs expected to provide future financial benefits are capitalised.

Depreciation is calculated using the straight-line method over the following useful lives:

- Movers, modules and cable connectors 20 years
- Land lease rights 25 years

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

### 01.09 Leases

The Group has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases.

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of

inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

#### Lease liabilities

A lease liability is recognised at the commencement date of a lease.

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### 01.10 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and at the amount of any non-controlling interest in the acquired company. For each business combination, the Group elects whether it measures the non-controlling

interest in the acquired company either at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired company.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquired company is measured to fair value at the acquisition date through profit and loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as profit or loss.

After initial recording, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units which are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the

operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Bargain purchase transactions

If the net of the acquisition-date fair values of identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred (measured at acquisition-date fair value), the excess amount is recognised as a gain in the statement of comprehensive income on the acquisition date. Having done so, the company has reviewed the procedures used to measure all of the following:

- the identifiable assets acquired, and liabilities assumed
- the non-controlling interest in the acquired, if any
- The consideration transferred

### 01.11 Classification and measurement of financial assets and liabilities

#### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days for the feed-in-tariff contracts, and 15 days for the market price contracts.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to

their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### 01.12 Cash and cash equivalents

Cash includes cash in hand, at the bank or cash seized by the Prosecutors Office of Milan.

Cash equivalents are short-term liquid investments which can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

### 01.13 Equity

#### Costs of equity transactions

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

### 01.14 Provisions

A provision is recognised when the Group has an obligation (legal or constructive) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax which reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Restructuring provisions are recognised when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

Provisions for loss-making contracts are recognised when the Group's estimated revenues from a contract are lower than unavoidable costs that were incurred to meet the obligations pursuant to the contract.

### 01.15 Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

### 01.16 Current/non-current classification

Assets and liabilities are presented on the basis of current and non-current classification.

An asset is classified as current when it is expected to be sold or utilised or sold in the consolidated entity's normal operating cycle, or within 12 months after the reporting period, all other assets are classified as non-current.

A liability is classified as current when it is expected to be paid in the consolidated entity's normal operating cycle or within 12 months after the reporting period, all other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### 01.17 Derivative financial instruments and hedging activities

Derivatives at fair value not classified as hedging instruments are carried in the statement of financial position at fair value with net changes in fair value in profit and loss statement.

The categories include foreign exchange contracts and interest rate swaps.

### 01.18 Earnings per share

Earnings per share are calculated by dividing the majority shareholders' share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.



**01.19 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**01.20 Events after the reporting period**

New information on the Company's financial position at the end of the reporting period, which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period which do not affect the Company's financial position at the end of the reporting period, but which will affect the Company's financial position in the future are disclosed if significant. See [note 22](#).

**01.21 Application of new IFRS requirements**

For the preparation of these consolidated financial statements, no new standards were adopted from 1 January 2022.

**01.22 New standards and interpretations not yet adopted**

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2022. The Group has assessed the impact of these new or amended Accounting Standards and Interpretations and considers two of the amendments to be relevant for the Group:

**Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current**

The International Accounting Standards Board has issued amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify:

- The meaning of right to defer settlement
- That the right to defer must exist at the end of the reporting period
- That classification is not affected by the probability that an entity will exercise its deferral right
- That the terms of a liability would not impact its classification, only if an embedded derivative is an equity instrument itself.

The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. The Group does not intend to early adopt the amendments. It is not expected that the amendments will have any significant effect to the financial statement of the Company.

**Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies**

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, IASB has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted as long as this fact is disclosed. The Group does not intend to early adopt the amendments.

The change may have some effect on the presentation of the accounting policies in the financial statement for 2023, but there is not expected to be significant changes.

**NOTE 02 ALTERNATIVE PERFORMANCE MEASURES “APMS”**

EAM uses financial performance measures not within the applicable financial reporting framework also referred to as Alternative performance measures or APMS. These are used to give the reader relevant figures for comparison, analysis, and additional information. The Company uses the APMS in a consistent and transparent manner to make it understandable to users of the financial reports.

In order to provide a basis for analysis the Company presents EBITDA, EBIT, equity ratio and working capital.

**Definitions:**

**EBITDA** – Earnings Before Interest, Tax, Depreciation and Amortisation. Used as a measure of overall financial performance and indicator for cash that is available to pay debt.

**EBIT** - Earnings Before Interest and Tax. Used as an indicator of a company's profitability.

**Equity ratio** - Equity as a percentage of total assets at the end of the period. Shows financial position.

**Working capital** - Total current assets minus total current liabilities. Used as a measure of a company's liquidity, operational efficiency, and short-term financial health.

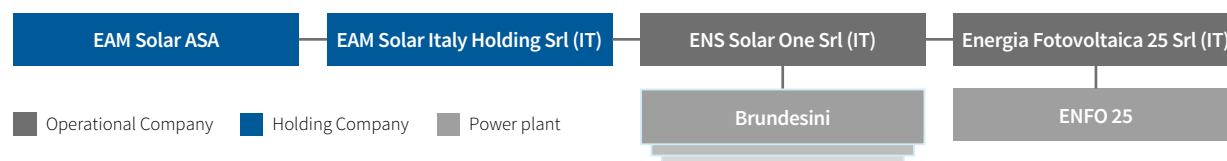
<b>EBITDA</b> (EUR)	2022	2021
Revenue	1 221 073	1 333 522
Total revenue	1 221 073	1 333 522
Cost of operations	(813 734)	(236 682)
Sales, general and administration expenses	(949 613)	(889 894)
Legal costs	(1 386 837)	(2 498 623)
Operating profit before depreciation and amortisation (EBITDA)	(1 929 111)	(2 291 678)
<b>EBIT</b> (EUR)	2022	2021
Revenue	1 221 073	1 333 522
Total revenue	1 221 073	1 333 522
Cost of operations	(813 734)	(236 682)
Sales, general and administration expenses	(949 613)	(889 894)
Legal costs	(1 386 837)	(2 498 623)
Operating profit before depreciation and amortisation (EBITDA)	(1 929 111)	(2 291 678)
Depreciation, amortizations and write downs	(563 575)	(562 378)
Operating profit (EBIT)	(2 492 686)	(2 854 055)
<b>Equity ratio</b> (EUR)	31 Dec 2022	31 Dec 2021
TOTAL ASSETS divided by TOTAL EQUITY	10 659 199 / 3 865 999	13 658 754 / 6 770 782
Equity ratio	36.3%	49.6%
<b>Working capital</b> (EUR)	31 Dec 2022	31 Dec 2021
Total current assets	4 273 803	6 572 814
-Total current liabilities	2 304 526	2 029 093
= Working capital	1 969 277	4 543 721

### NOTE 03 LIST OF SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements. Profit and equity below is from the last audited financial statements of the subsidiaries (2021), presented in ITA GAAP.

Company	Country	Principal activity	Ownership	Vote	Profit 2021	Equity
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(3 094 069)	(2 979 069)
Ens Solar One Srl	Italy	Solar power plant	100%	100%	(60 120)	187 052
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	63 865	270 562

All subsidiaries based in Italy have registered office at Piazza Cinque Giornate 10, 20129 Milano, Italy.



### NOTE 04 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS AND COMPARABLE FIGURES

In the process of applying the Group's accounting policies in accordance 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 year. The Company's most important accounting estimates are the following items:

#### Revenue and receivables

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

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

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

GSE has not paid the FIT tariff for the electricity delivered by ENFO 25 since July 2019, and currently owe approximately EUR 815 thousand in unpaid electricity bills to ENFO 25. The Administrative Court also ordered GSE to cover the legal costs of EAM Solar ASA.

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable is written down and the net amount recognised as an operating cost, write down of trade receivables. Revenues recognition and reporting of revenues for 2022 remains unchanged.

#### Tax assets

The Group has recognised deferred tax asset because it is considered that it is probable that future taxable amounts will be available to utilise those temporary differences. If such assumption proves to be incorrect the tax can be lost partly or in its entirety. Total recognised tax asset at the reporting date is EUR 64 018.

**NOTE 05 OTHER OPERATING EXPENSES**

VAT is not included in the fees specified below.

Specification of auditor's fee	2022	2021
Statutory audit	67 130	55 298
Other services from RSM Advokat AS	2 682	6 887
Other services	3 263	15 726
Total fee to auditor's	73 075	77 911

RSM Advokat AS is a related party to the auditor RSM.

**NOTE 06 SALARY AND PERSONNEL EXPENSE AND MANAGEMENT REMUNERATION****Board of Directors year-end 2022:**

- Ragnhild Märta Wiborg (chair)
- Stephan Lange Jervell (non-executive director)
- Pål Hvammen (non-executive director)

The CEO in 2022, Viktor Erik Jakobsen, is hired and remunerated by the manager (see [note 7](#) for description of transactions with related parties).

Ragnhild Märta Wiborg, has received in 2022 NOK 482 500 in remuneration for her work as Chair. Stephan Lange Jervell has received NOK 295 000 in 2022. Pål Hvammen has received NOK 295 000 in 2022. At year end 2022 Ragnhild Märta Wiborg held directly or through companies she controls 3 765 shares in EAM Solar ASA. No shares were held by other directors or CEO. Ragnhild Märta Wiborg resigned from the Board of Directors on 31 January 2023.

**Nomination committee year-end 2022:**

- Leiv Askvig (chair)
- Nils Erling Ødegaard (member)
- Georg Johan Espe (member)

Leiv Askvig has received in 2022 NOK 26 500 in remuneration for his work as chair of the Nomination Committee. Nils Erling Ødegaard and Georg Johan Espe each received NOK 16 000 in 2022 in remuneration for their work as members of the Nomination Committee.

No member of the management receives remuneration or financial benefits from other companies in the Group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director. No loans or guarantees have been given to any members of the Group management, the board of directors or other company bodies.

## NOTE 07 TRANSACTIONS WITH RELATED PARTIES

### Related parties

Energeia AS is the manager of EAM. Energeia AS in Norway and Italy employs or subcontract all of the personnel conducting the technical and administrative services for EAM. Energeia AS owns 9.5 per cent of the shares in EAM.

Sundt AS and Canica AS are shareholders in EAM. They are also shareholders in Energeia AS, but not involved in the day-to-day operations of Energeia AS. Sundt AS was represented on the board of directors of Energeia AS until 13 December 2022. 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.

In 2022 Energeia direct costs of the management of EAM was EUR 909 thousand (2021: EUR 1.03 m). For 2022 the direct cost was EUR 0.20 per kWh based on full year figures. (Against EUR 0.23 per kWh in 2021).

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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.

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 capital gain for EAM Solar ASA is estimated to be NOK 70.9 million at year-end 2022. The sales price referred to was entered in the books in 2020, and that sum has largely been settled in 2022 and that there has been no adjustment in profit in 2022 and hence no effect on the result in 2022.

The final determination of the total sales price including capital gain will be established in 2023.

On 31 December 2022 the Group had net receivables from related parties (Energeia AS) of EUR 305 thousand.

### ENERGEIA AS OWNERSHIP AT YEAR END

Company/owner	Ownership	Person	Position year-end 2021
Jakobsen Energia AS	12.70%	Viktor E Jakobsen	Chief Exececutive Officer of EAM Solar ASA
Sundt AS	14.72%	Family office	Shareholder of EAM Solar ASA
Naben AS	4.90%	Audun W Iversen	Shareholder of EAM Solar ASA
Canica AS	6.20%	Family office	Shareholder of EAM Solar ASA
AS Brdr. Michaelsen	6.38%	Christian Hagemann	Acting Chief Operating Officer of EAM Solar ASA
Jemma Invest AS	2.15%	Jarl Egil Markussen	Acting Chief Administrative Officer of EAM Solar ASA
Stanja AS	0.48%	Stephan L. Jervell	Board memeber of EAM Solar ASA
Cerebrum Invest AS	0.09%	Ragnhild M. Wiborg	Chair of EAM Solar ASA (resigned 31 Jan 2023)
Others	52.38%		



**NOTE 08 FINANCIAL INCOME AND EXPENSES**

<b>Financial income</b> (EUR)	2022	2021
Interest income	3 898	6
Foreign exchange gain	1 188 672	255 112
Total financial income	1 192 570	255 118
<b>Financial expenses</b> (EUR)		
	2022	2021
Interest expense	(172 589)	(110 385)
Foreign exchange losses	(566 547)	(951 839)
Other financial expenses	(25 849)	(28 588)
Total financial expenses	(764 986)	(1 090 812)
Net financial income (expenses)	427 585	(835 694)

The average exchange rate used for 12M 2022 is EUR/NOK 10.1040 (12M 2021 EUR/NOK 10.1648), whereas the exchange rate used on 31 December 2022 is EUR/NOK 10.5138 (31 December 2021: EUR/NOK 9.9888).

**NOTE 09 SEGMENT INFORMATION**

The Group owns and operates four solar PV power plants in Italy as of year-end 2022. The business is investing in and operating power plants that have similar economic characteristics.

During the year ended 31 December 2022 approximately EUR 914 thousand (2021: 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 1 300 thousand (2021: EUR 469 thousand) of the Group's external revenue was derived from sales to an international commodities trading house for the market price contracts. Due to the implementation of the Sostegni Ter Decree, which is applicable for companies with Feed In Tariff contracts, the achieved market price of electricity has been limited to EUR 56 per MWh for the Company's power plants in the South of Italy.

Based on the information received from GSE and the Decree, the Company has had an estimated electricity sales revenue reduction of EUR 998 thousand for the period from 1 February 2022 to 31 December 2022.

**NOTE 10 OPERATIONAL COSTS BREAKDOWN 2022**

EUR	EAM Solar Group	ENS1 & ENFO25	Other & Eliminations
Revenues	1 221 073	1 221 073	-
Cost of operations	(813 734)	(747 208)	(66 526)
Land rent	-	-	-
Insurance	(106 526)	(40 000)	(66 526)
Operation & Maintenance	(58 633)	(58 633)	-
Energeia operating costs	-	-	-
Other operations costs	(648 575)	(648 575)	-
Sales, General & Administration	(949 613)	(330 884)	(618 729)
Accounting, audit & legal fees	(145 226)	(41 374)	(103 852)
IMU tax	(12 898)	(12 898)	-
Energeia direct costs	(474 855)	(155 586)	(319 269)
Other administrative costs	(316 633)	(121 026)	(195 607)
Legal costs	(1 386 837)	24	(1 386 861)
Legal costs	(952 314)	24	(952 338)
Energeia legal costs	(434 523)	-	(434 523)
EBITDA	(1 929 111)	143 004	(2 072 115)

**NOTE 11 INCOME TAX**

The basis for the recognition a deferred tax asset is forecasted results in the operating segments. There are no expiry dates on any of the losses carried forward. Property tax payable is expensed as an operating expense under SG&A.

**INCOME TAX EXPENSE**

(EUR)	2022	2021
Current taxes	<b>19 818</b>	31 026
Changes in deferred taxes	<b>120 766</b>	53 557
Correction for previous years tax	-	-
Total income tax expense	<b>140 582</b>	84 583
Income tax net income	<b>140 582</b>	84 583
Income tax other comprehensive income	-	-
Total income tax expense	<b>140 582</b>	84 583

**TAX PAYABLE**

(EUR)	2022	2021
Tax payable for the year	19 818	(31 026)
Prepaid tax	(19 818)	31 026
Total payable tax	-	-
<b>Temporary differences Norway</b>		
Receivables	-	-
Intercompany interest	(5 361 669)	(4 956 160)
Total temporary differences	(5 361 669)	(4 956 160)
Tax losses carried forward	816 680	1 422 599
Tax losses carried forward not recognised as an asset	(816 680)	(1 422 599)
Basis for deferred tax	(5 361 669)	(4 956 160)
Deferred tax	(804 250)	(743 424)
<b>Temporary differences Italy</b>		
Tangible assets	51 630	51 623
Intangible assets	-	-
Leasing	215 111	293 632
Cash flow hedge	-	-
Total temporary differences	266 741	345 255
Tax losses carried forward	14 701 320	11 235 454
Tax losses carried forward not recognised as an asset	(14 701 320)	(11 235 454)
Basis for deferred tax asset	266 741	345 255
Deferred tax asset	64 018	82 863

**TAX EXPENSE RECONCILIATION**

(EUR)	2022	2021
Profit before tax	(2 065 101)	(3 689 749)
Corporation tax charge thereon at 22% (2019: 22%)	(454 322)	(811 745)
<b>Adjusted for the effects of:</b>		
Expenses not deductible for tax purposes	123 790	107 185
Gain from sale, not taxable	-	-
Change in temporary differences	-	23 597
Change in tax rates	-	-
Different tax rates in foreign jurisdictions	(513 108)	(203 543)
Change in tax loss not carried forward	882 304	934 609
Change in deferred tax	-	-
Withholding tax on intercompany interest	101 921	28 666
Adjustments to tax in respect of previous periods	-	-
Translation differences	-	-
Other minor items	(3)	5 814
Income tax expense for the year	140 582	84 583
Effective tax rate	(7%)	(2%)

**NOTE 12 EARNINGS PER SHARE**

Basic earnings per share is calculated as the ratio of the profit for the year due to the shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding. The Company had 6 852 210 shares outstanding on 31 December 2022. There is no dilutive potential on the ordinary shares, so the earnings will be the same for both basic and diluted basis.

<b>Earnings per share (EUR)</b>	<b>2022</b>	<b>2021</b>
Profit for holders of ordinary shares	(2 205 683)	(3 774 332)
Basis for earnings per share	(2 205 683)	(3 774 332)
<b>Earnings per share (EUR)</b>	<b>2022</b>	<b>2021</b>
- Basic	(0.32)	(0.55)
- Diluted	(0.32)	(0.55)
<b>Earnings per share in NOK<sup>1</sup></b>	<b>2022</b>	<b>2021</b>
<b>Continued operation</b>		
- Basic	(3.25)	(5.60)
- Diluted	(3.25)	(5.60)
<b>Total shares outstanding at period end</b>	<b>6 852 210</b>	<b>6 852 210</b>
Weighted average number of ordinary shares outstanding	6 852 210	6 852 210
Weighted average number of shares adjusted for dilutive shares	6 852 210	6 852 210
<sup>1</sup> Average NOK/EUR exchange rate	10.104	10.165

**NOTE 13 PROPERTY, PLANT AND EQUIPMENT**

<b>2022</b> (EUR)	<b>Solar power plants</b>	<b>Solar power plants under lease</b>	<b>Leashold improvements</b>	<b>Total</b>
<b>Carrying value 1 January 2022</b>	1 470 610	4 755 529	312 119	<b>6 538 257</b>
Additions	-	-	12 600	<b>12 600</b>
Depreciation	(113 958)	(412 999)	(35 919)	<b>(562 876)</b>
Carrying value 31 December 2022	1 356 652	4 342 529	288 800	<b>5 987 981</b>

<b>2021</b> (EUR)	<b>Solar power plants</b>	<b>Solar power plants under lease</b>	<b>Leashold improvements</b>	<b>Total</b>
<b>Carrying value 1 January 2021</b>	1 584 568	5 168 528	346 840	<b>7 099 936</b>
Depreciation	(113 958)	(412 999)	(34 722)	<b>(561 679)</b>
Carrying value 31 December 2021	1 470 610	4 755 529	312 119	<b>6 538 257</b>

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

Solar power plants under lease include a plot of land, that is not being depreciated since the land has an unlimited useful life, with a carrying amount of EUR 572 thousand.

(EUR)	<b>2022</b>	<b>2021</b>
Plant and equipment - at cost	2 771 466	2 771 466
Less: Accumulated depreciation	(1 414 813)	(1 300 856)
	<b>1 356 653</b>	1 470 610
Plant and equipment under lease	8 041 834	8 041 834
Less: Accumulated depreciation	(3 699 305)	(3 286 305)
	<b>1 356 653</b>	1 470 610
Leasehold improvements - at cost	516 469	503 869
Less: Accumulated depreciation	(227 669)	(191 750)
	<b>288 800</b>	312 119

**Leasing**

<b>Total obligation</b>	Contracts identified as leases applying IFRS 16	Contracts that were previously identified as leases applying IAS 17	Total
ENS Solar One	76 764	3 694 609	3 771 372
Total obligation 31 December 2022	76 764	3 694 609	3 771 372

<b>Long term obligation</b>	Amount	Amount	Total
ENS Solar One	72 612	3 267 924	3 340 536
Total long term obligation 31 December 2022	72 612	3 267 924	3 340 536

<b>Short term obligation</b>	Amount	Amount	Total
ENS Solar One	4 152	426 685	430 836
Total short term obligation 31 December 2022	4 152	426 685	430 836

The interest rate used for the recognition of contracts identified as leases applying IFRS 16 and contracts that were previously identified as leases applying IAS 17 is 4.92 per cent p.a., equal to the interest rate of the underlying agreements with the financial institution for obligations measured as of 31 December 2019. The contracts identified as leases applying IFRS 16 run to 2035. The contracts that were previously identified as leases applying IAS 17 run to 2030. The lease contracts recognized in applying IFRS 16 is the land rent and surface rights for ENS One, and the lease contracts that were previously identified as leases applying IAS 17 are leases of the solar power plants of ENS One. The "Right Of Use" is calculated as the same value as the lease obligation at the time of initial application.

**UNDISCOUNTED LEASE LIABILITIES AND MATURITY OF CASH OUTFLOW**

Year	Amount
2023	697 000
2024	697 000
2025	697 000
2026	697 000
2027	697 000
After 2027	2 131 000
Total undiscounted lease liabilities at 31 December 2022	5 616 000

<b>Summary of the lease liabilities</b>	Contracts identified as leases applying IFRS 16	Contracts that were previously identified as leases applying IAS 17	Total
At initial application 1 January 2022	80 915	4 099 749	4 180 664
New lease liabilities recognised in the year	-	-	-
Cash payments lease	(7 782)	(608 466)	(616 248)
Interest expense on lease liabilities	3 630	203 325	206 955
Disposal	-	-	-
Total lease liabilities at 31 December 2022	76 763	3 694 608	3 771 372

The Company has chosen to apply the practical expedient laid out in IFRS 16 where there is no reassessment whether a contract is, or contains, a lease at the date of initial application. Instead IFRS 16 is applied to all contracts that were previously identified as leasing applying 17. Further, the Company has chosen to apply the modified retrospective approach in the new standard.



## NOTE 14 OTHER CONTRACTUAL OBLIGATIONS

The Group has the following contractual obligations not recognized in the balance sheet relating to operations and maintenance, and insurance for ENS 1 and ENFO 25 (All amounts are undiscounted).

Year (EUR)	Amount
2023	97 000
2024	97 000
2025	97 000
2026	97 000
2027	97 000
After 2027	405 000
Total	890 000

## NOTE 15 FINANCIAL RISK MANAGEMENT

### Regulatory risk

The largest risk to the Company's operations and profitability are regulatory risk relating to changes in agreements, taxation or operational regulations made by the State of Italy. This risk is difficult to hedge against apart from securing that operations at all times are in compliance with the prevailing rules and regulations.

### Financial risk

The Group has different financial instruments; a) trade and other receivables and trade accounts payable and b) leasing.

### Credit risk

Under normal circumstances the risk for losses is considered to be low, as the counterpart is the Italian state, but given the unpaid FIT amounts on ENFO 25, the management at year end decided to make a provision and write down the receivable against GSE, see [note 16](#). The Group has not made any offsets or other derivative agreements to reduce the credit risk in EAM.

### Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's debt with floating interest rates.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Surplus liquidity is primarily placed on a bank deposit account.

### Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains an acceptable capital ratio in order to support its business operations and the ongoing legal proceedings.

The financial statement is prepared on the basis of going concern. It is the board's opinion that the Group has sufficient liquidity for the next twelve months.

### Risk associated with the economic situation in Europe

Throughout 2022 and so far in 2023 have markets in Europe been characterised by surging energy prices, increasing interest rates and price increases in general. The Group has to very little extent been affected by this.

With the Decree in Italy that has limited the market price dramatically has there been no windfall profit for the Group. And increase interest rates and prices in general does not impact the Group substantially given the limited external debt and low operating costs.

### The War in Ukraine and sanctions against Russia

The war in Ukraine and the sanctions against Russia has had no direct impact on the Company's operations. The war has indirectly together with the sanctions further increased the power prices for renewable energy in 2022.

**NOTE 16 TRADE RECEIVABLES**

<b>Trade and other receivables</b> (EUR)	2022	2021
Accounts receivables	-	324
Deferred revenue towards GSE	<b>218 121</b>	754 696
Receivable from sale	<b>305 017</b>	3 062 910
Other receivables	<b>1 651 606</b>	1 632 406
<b>Total trade and other receivables</b>	<b>2 174 744</b>	5 450 336

The receivable from sale is the receivable from the sale of EAM Solar Norway Holding AS, at year end 2022 EUR 305 thousand. The agreement between Energeia and EAM has a clause regulating onward sales, If 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 final determination of the total sales price including capital gain will be established at the end of the warranty period of the sale by Energeia AS in 2023. Please see [note 7](#) for further information.

Management has evaluated the situation of ENFO 25 and its net receivable position against GSE at year end, concluding that it is more likely than not, that the net receivable against GSE will not be collected. Based on this conclusion the trade receivable against GSE and the corresponding provision of payable is written down and the net amount recognised as an operating cost, write down of trade receivables. Revenues recognition and reporting of revenues for 2022 remains unchanged. Please see [note 4](#) for further information.

GSE normally has 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12-month delayed payment on 10 per cent of the expected annual revenues, thereby being paid in June the following year.

Other receivables are mainly receivable on VAT for Italian subsidiaries that does not expire and can be utilised against other taxes or cashed out in the event the companies cease to exist.

**NOTE 17 CASH AND CASH EQUIVALENTS**

(EUR)	2022	2021
Cash Norway	<b>937 904</b>	20 970
Cash Italy	<b>526 494</b>	560 726
<b>Cash and cash equivalents</b>	<b>1 464 397</b>	581 696
Restricted cash Norway	<b>294 851</b>	-
Restricted cash Italy	<b>331 541</b>	443 422
Seized cash Italy	<b>61 616</b>	61 616

The restricted cash in Norway of EUR 295 thousand is relating to the court case in Oslo District Court against Enovos and was set aside as collateral for the coverage of the legal costs. The restricted cash in Italy of EUR 332 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 in the first criminal proceedings.

The Group had no undrawn credit facilities at 31 December 2022.

## NOTE 18 SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

The 20 main shareholders as at 31 December 2022 are:

Shareholder	Shares	Ownership
SUNDT AS	1 054 580	15.4%
CANICA AS	886 762	12.9%
ENERGEIA AS	650 956	9.5%
MP PENJON PK	276 283	4.0%
DNB LIVSFORSIKRING AS	269 086	3.9%
PARK LANE FAMILY OFFICE AS	237 300	3.5%
IMENES	234 017	3.4%
NORDNET LIVSFORSIKRING AS	159 507	2.3%
MELLEM NES INVEST AS	156 928	2.3%
AKA AS	125 000	1.8%
ALDEN AS	108 398	1.6%
SKJÆVELAND	80 237	1.2%
Nordnet Bank AB	66 301	1.0%
BRUNSBICA AS	62 078	0.9%
VIRO AS	61 156	0.9%
KM FORVALTNING AS	60 000	0.9%
JESEM AS	60 000	0.9%
VERPENTANGEN AS	52 950	0.8%
HAUSTKOLLHOLMEN AS	52 000	0.8%
RO INVEST AS	50 000	0.7%
<b>Total of the 20 main shareholders</b>	<b>4 703 539</b>	<b>68.6%</b>

Share capital	1 Jan 2022	31 Dec 2022
No of shares	6 852 210	6 852 210
Nominal value (NOK)	10	10
Share capital	68 522 100	68 522 100

All the shares in the Company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the Company's general meeting.

Share premium is the difference between nominal value of the Company's shares and the total amount the Company received for shares issued.

Due to the financial situation of the Company the board of directors propose no dividend payments for 2022, although a dividend in kind was distributed during the year.

## NOTE 19 DEBT

EUR	2022	2021
Other non current liabilities	343 887	343 887
Obligations under finance leases	3 340 536	3 771 567
Deferred tax	804 250	743 424
<b>Total non-current liabilities</b>	<b>4 488 674</b>	<b>4 858 878</b>
Trade payables	627 466	1 077 444
Payables to GSE	756 355	-
Other payables	480 681	523 354
Social security	-	7 860
Taxes other than income taxes	6 677	6 677
Accrued liabilities	2 511	4 661
<b>Trade and other payables</b>	<b>1 873 690</b>	<b>1 619 996</b>
Current leasing	430 836	409 097
<i>Related to ordinary operations</i>	<i>2 304 526</i>	<i>2 029 093</i>
<b>Total current liabilities</b>	<b>2 304 526</b>	<b>2 029 093</b>
<b>Total liabilities</b>	<b>6 793 200</b>	<b>6 887 971</b>

### Payables to GSE

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

### Equity contribution agreement and patronage letter

In conjunction with the "P31 acquisition", EAM Solar Italy Holding Srl entered into a so-called patronage letter and an equity contribution agreement with

UBI Leasing and UniCredit respectively. These agreements may under certain circumstances require EAM Solar Italy Holding Srl to inject additional equity into the debt financed SPVs to cover any shortfall or breach of the debt repayment obligations of the SPVs.

The FIT contracts of the SPVs have been terminated by GSE due to 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 and held on 31 March 2022. A third witness hearing was held on 12 July 2022. On 10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

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.

There has still not been a date set for any further appeals following the decision of the Italian court of Cassation.

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.

#### Litigation funding agreement with Therium

The funding being received from Therium is a contribution to lower the legal costs incurred in pursuing the claim, and legal costs are reduced with the contribution from Therium, and any subsequent repayment to Therium is conditional on EAM receiving a claim award. Therefore, there is no liability to recognise a payment to Therium at this stage in the financial statements. EAM will recognise a claim award after having reimbursed Therium of their amount. Unused litigation funding at the end of the year was EUR 59 thousand. Therium has committed to invest a maximum amount of up to EUR 2.3 million. The agreement entitles Therium to receive the invested amount plus a contingency fee of 3X the committed funds under any incepted tranche of funding as a first priority payment from any litigation claim awarded to the Company.

## NOTE 20 IMPAIRMENT

EAM has not identified indicators for impairment of the power plants as described in IAS 36 at year end.

## NOTE 21 INTANGIBLE ASSETS

<b>2022</b>	<b>Intangible assets</b>
<b>Carrying value 1 January 2022</b>	9 801
Additions	-
Write downs	-
Depreciation	(700)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 December 2022</b>	<b>9 101</b>

<b>2021</b>	<b>Intangible assets</b>
<b>Carrying value 1 January 2021</b>	10 501
Additions	-
Write downs	-
Depreciation	(700)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 December 2021</b>	<b>9 801</b>

Intangible assets are depreciated linear over the lifetime of the FIT contracts. The FIT contract period is running to 2031.



## NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

---

### **Resignation of Chair of the Board of Directors, Mrs Ragnhild Wiborg**

On 31 January 2023 the Company announced the resignation of the Chair of the Board of Directors, Mrs Ragnhild Wiborg. The resignation comes as consequence of her assuming the role as Chair of the Board of Directors in Energeia AS, the manager of the Company.

Mrs Wiborg has served on the Board of Directors of EAM Solar ASA for almost 10 years since May 2013, and has carried the responsibility of leading the Board since December 2014. EAM Solar ASA shareholders and its management are very grateful for the unwavering and the steady hand by which Mrs Wiborg has led the Company in trying times.

For a period of time there has been no chairperson on the board of directors and the company has only had two board members (which is not in accordance with the articles of association nor the Public Limited Liability Companies Act), however the Election Committee has already started to search for a new candidate for the Board of Directors in the Company. A new board setup, as proposed by the election committee, will be included in the notice to the annual general meeting. The date for the AGM is 22 May 2023.

# PARENT COMPANY FINANCIAL STATEMENTS

<b>Statement of comprehensive income</b>	63	Note 06 Transactions with related parties	69
<b>Statement of financial position</b>	64	Note 07 Subsidiaries and intercompany balances	70
<b>Statement of cash flow</b>	65	Note 08 Income taxes	70
<b>Notes to the parent company financial statements</b>	66	Note 09 Equity	71
Note 01 Accounting principles	66	Note 10 Group entities	71
Note 02 Revenue	67	Note 11 Receivables and liabilities	72
Note 03 Salary and personnel expense	67	Note 12 Cash and cash equivalents	72
Note 04 Operational costs breakdown	68	Note 13 Subsequent events	73
Note 05 Other operating expenses	68	Note 14 Provisions	73

## STATEMENT OF COMPREHENSIVE INCOME

NOK	Note	2022	2021
Revenue	<a href="#">2</a>	14 653 755	19 271 684
Total revenue	<a href="#">2</a>	14 653 755	19 271 684
Personnel expenses	<a href="#">3, 4</a>	(1 290 471)	(1 237 129)
Other operating expenses	<a href="#">4, 5, 6</a>	(20 713 114)	(22 893 003)
Total operating expenses		(22 003 585)	(24 130 132)
Operating profit		(7 349 830)	(4 858 448)
<b>Financial income and financial expense</b>			
Interest income from group companies		4 264 001	4 097 794
Other interest income		39 390	60
Other financial income		12 010 341	2 593 165
Write down of long term investments and receivables	<a href="#">7</a>	(38 347 836)	(14 852 797)
Other interest expense		(1 105)	(274)
Other financial expense		(6 461 370)	(9 312 427)
Net financial items		(28 496 579)	(17 474 479)
Profit before tax		(35 846 409)	(22 332 927)
Income tax gain/(expense)	<a href="#">8</a>	(1 029 814)	(286 340)
Profit after tax		(36 876 223)	(22 619 267)

NOK	Note	2022	2021
<b>Attributable to</b>			
Dividend in kind		137 044	
Transferred from share premium		(31 590 327)	(22 619 267)
Transferred to uncovered loss		(5 422 940)	
Total Transfers	<a href="#">9</a>	(36 876 223)	(22 619 267)

# STATEMENT OF FINANCIAL POSITION

NOK	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Investment in subsidiaries	<a href="#">7,10</a>	1 044 924	1 044 924
Intercompany loan	<a href="#">7,11</a>	57 644 331	72 317 603
Investments in shares and stocks		1 113	-
Other long term receivables		3 409 602	4 545 100
Total financial assets		62 099 971	77 907 627
Total non-current assets		62 099 971	77 907 627
<b>Current assets</b>			
<b>Receivables</b>			
Short term receivables group companies	<a href="#">11</a>	647 161	4 382 436
Other current receivables	<a href="#">11</a>	5 195 187	32 845 513
Total receivables	<a href="#">11</a>	5 842 348	37 227 948
Cash and cash equivalents	<a href="#">12</a>	9 860 930	209 467
Total current assets		15 703 278	37 437 415
<b>TOTAL ASSETS</b>		<b>77 803 248</b>	<b>115 345 042</b>

NOK	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid in capital</b>			
Issued capital		68 522 100	68 522 100
Share premium		-	31 590 327
Total paid in capital		68 522 100	100 112 427
Uncovered loss		(5 422 940)	-
Total retained earnings		(5 422 940)	-
Total equity	<a href="#">9</a>	63 099 160	100 112 427
<b>Liabilities</b>			
<b>Allowances for liabilities</b>			
Deferred tax liabilities	<a href="#">8</a>	8 455 728	7 425 914
Total allowances for liabilities		8 455 728	7 425 914
<b>Current liabilities</b>			
Trade payables		1 845 148	3 164 523
Public dues		10	259 742
Other current liabilities		4 403 203	4 382 436
Total current liabilities	<a href="#">11</a>	6 248 361	7 806 701
Total liabilities		14 704 089	15 232 615
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77 803 248</b>	<b>115 345 042</b>

Oslo, 25 April 2023

Stephan Lange Jervell  
Non-executive directorPål Hvammen  
Non-executive directorViktor E Jakobsen  
CEO

## STATEMENT OF CASH FLOW

EUR	Note	2022	2021
<b>Cash flow from operations</b>			
Profit before income taxes		(35 846 409)	(22 332 927)
Impairment of financial assets	<a href="#">7</a>	38 347 836	14 852 797
Change in trade creditors	<a href="#">11</a>	(1 319 376)	(2 227 485)
Change in other provisions		6 051 479	8 590 371
Net cash flow from operations		7 233 530	(1 117 245)
<b>Cash flow from investments</b>			
Payment of short term loan/receivables	<a href="#">11</a>	22 357 223	20 322 226
Change in intercompany balances		(19 939 290)	(19 469 242)
Net cash flow from investments		2 417 933	852 984

EUR	Note	2022	2021
<b>Cash flow from financing</b>			
Group contribution received		-	-
Net cash flow from financing		-	-
<b>Exchange gains / (losses) on cash and cash equivalents</b>			
Net change in cash and cash equivalents		9 651 463	(264 260)
Cash and cash equivalents at the beginning of the period		209 467	473 727
Cash and cash equivalents at the end of the period	<a href="#">12</a>	9 860 930	209 467



# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## NOTE 01 ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. EAM Solar ASA is a public limited liability company, incorporated and domiciled in Norway, with registered office at Bryggetorget 7, NO-0250 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013. EAM Solar ASA is the parent company of the Group. 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 through a holding company and 2 subsidiaries in Italy. The Company has no employees.

### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

The impairment analysis of goodwill and tangible and other intangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use is primarily based on discounted cash flow models which require the Company to make an estimate of the expected future cash flows from the asset or the

cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of the cash flows.

### Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated into NOK using an exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

### Revenue recognition

The Company's revenues consist of management services provided to the subsidiaries. Management services have been presented as incurred in the profit and loss statement. Revenue is recognised once delivery has taken place and most of the risk have been transferred.

### Income tax

Tax expense consists of tax payable and changes to deferred tax. Deferred tax/tax asset are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 per cent of temporary differences and tax effect of tax losses carried forward. Deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

### Balance sheet classification

Current assets and liabilities consist of receivables and payables falling due within one year. Other balance sheet items are classified as non-current assets.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at nominal value.

Non-current assets consist of investments in subsidiaries, intercompany loans and intangible assets and fall due after one year or more.

Non-current assets are valued at the lower of cost and fair value.

### Subsidiaries

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for the impairment disappears in a later period.

Dividends and other contributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

**Trade receivables and other receivables**

Trade receivables and other receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provision for doubtful accounts is based on an individual assessment of different receivables. For the remaining receivables, a general provision is estimated on the basis of expected loss.

**Cash and cash equivalents**

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments that can be converted to a known amount of cash within three months.

**Cash flow statement**

The cash flow statement is presented using the indirect method.

**Provisions**

Where, at the reporting date, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

**NOTE 02 REVENUE****BY BUSINESS AREA**

NOK	2022	2021
Management services to subsidiaries	14 653 755	19 271 684
Net revenue	14 653 755	19 271 684

**GEOGRAPHICAL DISTRIBUTION**

NOK	2022	2021
Norway	-	-
Italy	14 653 755	19 271 684
Net revenue	(14 653 755)	(19 271 684)

**NOTE 03 SALARY AND PERSONNEL EXPENSE**

The Company does not have any employees and is not required to have any pension plan.

**Board of Directors year-end 2022:**

- Ragnhild Märta Wiborg (chair)
- Pål Hvammen (non-executive director)
- Stephan Lange Jervell (non-executive director)

The CEO in 2022, Viktor Erik Jakobsen, is hired and remunerated by the manager (see [note 6](#) for description of transactions with related parties).

There are no agreements for severance pay, bonus, profit sharing or similar arrangements to neither CEO nor Board of Directors.

Ragnhild Märta Wiborg has received in 2022 NOK 482 500 in remuneration for her work as Chair. Stephan Lange Jervell has received NOK 295 000 in 2022. Pål Hvammen received NOK 295 000 in 2022. At year end 2022 Ragnhild Märta Wiborg held directly or through companies she controls 3 765 shares in EAM Solar ASA. No shares were held by other directors or CEO. Ragnhild Märta Wiborg resigned from the Board of Directors on 31 January 2023.

**Nomination committee year-end 2022:**

- Leiv Askvig (chair)
- Nils Erling Ødegaard (member)
- Georg Johan Espe (member)

Leiv Askvig has received in 2022 NOK 26 500 in remuneration for his work as chair of the Nomination Committee. Nils Erling Ødegaard and Georg Johan Espe each received NOK 16 000 in 2022 in remuneration for their work as members of the Nomination Committee.

**NOTE 04 OPERATIONAL COSTS BREAKDOWN**

NOK	2022	2021
Revenues	14 653 755	19 271 684
Cost of operations	(672 178)	(587 509)
Insurance	(672 178)	(587 509)
Sales, General & Administration	(5 923 323)	(6 232 342)
Personnel expenses	(1 290 471)	(1 237 129)
Accounting, audit & legal fees	(534 433)	(614 062)
Financial & tax fees	(511 759)	(488 013)
Energeia direct costs	(2 209 184)	(2 459 378)
Other administrative expenses	(1 377 477)	(1 433 760)
Legal costs	(15 408 084)	(17 310 280)
Litigation costs	(11 017 664)	(11 201 659)
Energeia legal costs	(4 390 420)	(6 108 621)
EBITDA	(7 349 830)	(4 858 448)

**NOTE 05 OTHER OPERATING EXPENSES****SPECIFICATION AUDITOR'S FEE**

(NOK)	2022	2021
Statutory audit	501 461	395 908
Tax consultant services	2 875	55 925
Other assurance services	7 784	58 981
Other services	22 313	33 247
Other services from RSM Advokat AS	27 100	70 000
Total	561 532	614 061

VAT is not included in the fees specified above.

RSM Advokat AS is a related party to the auditor RSM.

## NOTE 06 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 technical and administrative services for EAM.

Sundt AS and Canica AS are among the 2 largest shareholders in EAM. They are also shareholders in Energeia, but not involved in the day-to-day operations of Energeia AS. Sundt AS was represented on the board of directors of Energeia AS until 13 December 2022. 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.

On 15 August 2019 EAM Solar ASA sold the shares in the subsidiary EAM Solar Norway Holding AS to Energeia AS. The Board of Directors decided to conduct this sale in order to protect and secure the financial integrity of EAM Solar ASA.

The final sales price for the shares consisted 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.

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 capital gain for EAM Solar ASA is estimated to be NOK 70.9 million at year-end 2022. The sales price referred to was entered in the books in 2020, and that sum has largely been settled in 2022 and that there has been no adjustment in profit in 2022 and hence no effect on the result in 2022.

The final determination of the total sales price including capital gain will be established in 2023.

In 2022 Energeia direct costs of the management of the parent Company was NOK 6.6 million. (2021: NOK 8.6 million). Approximately NOK 4.4 million of the direct costs charged in 2022 was related to extraordinary costs incurred due to the legal processes in conjunction with the P31 fraud.

### ENERGEIA AS OWNERSHIP AT YEAR END

Company/owner	Ownership	Person	Position year-end 2021
Jakobsen Energeia AS	12.70%	Viktor E Jakobsen	Chief Exexecutive Officer of EAM Solar ASA
Sundt AS	14.72%	Family office	Shareholder of EAM Solar ASA
Naben AS	4.90%	Audun W Iversen	Shareholder of EAM Solar ASA
Canica AS	6.20%	Family office	Shareholder of EAM Solar ASA
AS Brdr. Michaelsen	6.38%	Christian Hagemann	Acting Chief Operating Officer of EAM Solar ASA
Jemma Invest AS	2.15%	Jarl Egil Markussen	Acting Chief Administrative Officer of EAM Solar ASA
Stanja AS	0.48%	Stephan L. Jervell	Board memeber of EAM Solar ASA
Cerebrum Invest AS	0.09%	Ragnhild M. Wiborg	Chair of EAM Solar ASA (resigned 31 Jan 2023)
Others	52.38%		

**NOTE 07 SUBSIDIARIES AND INTERCOMPANY BALANCES**

Subsidiaries	Office	Ownership / Vote	Aquisition cost	Book value	Write down during the period
EAM Solar Italy Holding Srl	Milan	100%	-	1 044 924	-
Total			-	1 044 924	-

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for impairment disappears in a later period.

**INTERCOMPANY**

Receivables	2022	2021
Accounts receivables	647 161	4 382 436
Long term receivables	133 449 260	140 659 693
Accumulated write downs of long term receivables	(75 804 929)	(68 342 090)
Total receivables	58 291 492	76 700 039
Write down during the period	(38 347 836)	(14 852 797)
Liabilities	2022	2021
Other current liabilities	-	-
Long term liabilities	-	-
Total liabilities	-	-

**Assumptions for impairment write down:**

The Company has identified indicators for impairment at year end. Based on this, the Company has conducted an impairment test to see if there is a need to write-down the investment and receivables in subsidiaries. The assumptions in the impairment test are made with scenarios that the management finds explanatory and relevant at the reporting date. The underlying cash flow from the power plants are the basis for the investment and for servicing the loans. The amount of impairment loss recognised for financial assets is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the weighted average cost of capital of 4.73 per cent.

**NOTE 08 INCOME TAXES**

This year's income tax expense only refers to change in deferred tax. The change in deferred tax is in its entirety related to withholding tax in Italy, with an unchanged tax rate of 15 per cent.

**INCOME TAX EXPENCE**

(NOK)	2022	2021
Tax payable	-	-
Changes in deferred tax	1 029 814	286 340
Change as a result of sale of subsidiaries	-	-
Income tax expence	1 029 814	286 340

**TAX BASE CALCULATION**

(NOK)	2022	2021
Profit before income tax	(35 846 409)	(22 332 927)
Permanent differences	38 347 836	14 852 797
Tax base	2 501 427	(7 480 130)

**TEMPORARY DIFFERENCE**

(NOK)	2022	2021
Intercompany interest	(56 371 520)	(49 506 093)
Tax losses carried forward	(11 708 629)	(14 210 056)
Total temporary difference	(68 080 149)	(63 716 149)
Tax losses carried forward not recognised as an asset	11 708 629	14 210 056
Total	(56 371 520)	(49 506 093)
Deferred tax	8 455 728	7 425 914

**NOTE 09 EQUITY**

The 20 main shareholders as at 31 December 2022 are:

Shareholder	Shares	Ownership
SUNDT AS	1 054 580	15.4%
CANICA AS	886 762	12.9%
ENERGEIA AS	650 956	9.5%
MP PENSJON PK	276 283	4.0%
DNB LIVSFORSIKRING AS	269 086	3.9%
PARK LANE FAMILY OFFICE AS	237 300	3.5%
IMENES	234 017	3.4%
NORDNET LIVSFORSIKRING AS	159 507	2.3%
MELLEM NES INVEST AS	156 928	2.3%
AKA AS	125 000	1.8%
ALDEN AS	108 398	1.6%
SKJÆVELAND	80 237	1.2%
Nordnet Bank AB	66 301	1.0%
BRUNSBICA AS	62 078	0.9%
VIRO AS	61 156	0.9%
KM FORVALTNING AS	60 000	0.9%
JESEM AS	60 000	0.9%
VERPENTANGEN AS	52 950	0.8%
HAUSTKOLLHOLMEN AS	52 000	0.8%
RO INVEST AS	50 000	0.7%
Total of the 20 main shareholders	4 703 539	68.6%

Share capital 2022	No of shares	Nominal value	Share capital
Ordinary shares outstanding	6 852 210	10	68 522 100

NOK	Share capital	Share premium	Uncovered Loss	Total equity
Equity as at 1 January 2022	68 522 100	31 590 327	-	100 112 427
Profit (loss) after tax		(31 453 283)	(5 422 940)	(36 876 223)
Dividend in kind		(137 044)		(137 044)
Equity as at 31 December 2022	68 522 100	-	(5 422 940)	63 099 160

**NOTE 10 GROUP ENTITIES**

See [note 3](#) in the consolidated accounts and [note 7](#).



**NOTE 11 RECEIVABLES AND LIABILITIES****RECEIVABLES**

(NOK)	2022	2021
Short term receivables group companies	647 161	4 382 436
Other current receivables	5 195 187	32 845 513
<b>Total receivables</b>	<b>5 842 348</b>	<b>37 227 948</b>

**LIABILITIES**

(NOK)	2022	2021
Trade payables	1 845 147	3 164 523
Social security	10	78 510
Advance tax withholdings	-	181 232
Other current liabilities	4 403 203	4 382 436
<b>Total liabilities</b>	<b>6 248 360</b>	<b>7 806 701</b>

**RECEIVABLES FALLING DUE AFTER ONE YEAR**

(NOK)	2022	2021
Intercompany loan	57 644 331	72 317 603
<b>Total receivables falling due after one year</b>	<b>57 644 331</b>	<b>72 317 603</b>

**Intercompany transactions**

A mark-up on 5 per cent is calculated on intercompany transactions on management services from EAM Solar ASA to its subsidiaries.

**NOTE 12 CASH AND CASH EQUIVALENTS**

NOK	2022	2021
Cash	6 759 249	26 809
Restricted cash	3 101 681	182 658
<b>Cash and cash equivalents</b>	<b>9 860 930</b>	<b>209 467</b>

The restricted cash of 3 million is relating to the court case in Oslo District Court against Enovos and was set aside as collateral for the coverage of the legal costs.

The Company had no credit facilities at 31 December 2022.

## NOTE 13 SUBSEQUENT EVENTS

### Resignation of Chair of the Board of Directors, Mrs Ragnhild Wiborg

On 31 January 2023 the Company announced the resignation of the Chair of the Board of Directors, Mrs Ragnhild Wiborg. The resignation comes as consequence of her assuming the role as Chair of the Board of Directors in Energeia AS, the manager of the Company.

Mrs Wiborg has served on the Board of Directors of EAM Solar ASA for almost 10 years since May 2013, and has carried the responsibility of leading the Board since December 2014. EAM Solar ASA shareholders and its management are very grateful for the unwavering and the steady hand by which Mrs Wiborg has led the Company in trying times.

For a period of time there has been no chairperson on the board of directors and the company has only had two board members. (which is not in accordance with the articles of association nor the Public Limited Liability Companies Act), however the Election Committee has already started to search for a new candidate for the Board of Directors in the Company. A new board setup, as proposed by the election committee, will be included in the notice to the annual general meeting. The date for the AGM is 22 May 2023.

## NOTE 14 PROVISIONS

The Company has not made any provisions for the legal proceedings described below, since the Company considers it more than 50 per cent likely that the proceedings will not lead to any unfavourable ruling.

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 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 and held on 31 March 2022. A third witness hearing was held on 12 July 2022. On 10 November 2022 the Judge decided that UBI must submit certain documents on EAM's request. A hearing was conducted on 30 March 2023 where UBI submitted more documents. The next hearing is scheduled for December 2023.

No provisions are made in the accounts on this matter.

# POWER PRODUCTION

## REPORTED PRODUCTION

(MWh)	Q1'21	Q2'21	Q3' 21	Q4' 21	FY 2021	Q1'22	Q2'22	Q3' 22	Q4' 22	FY 2022
ENS Solar One Srl	789	1 086	951	524	3 350	748	1 064	1 058	632	3 502
Energia Fotovoltaica 25 Srl	247	350	268	187	1 052	274	339	300	237	1 151
<b>MWh</b>	<b>1 036</b>	<b>1 436</b>	<b>1 219</b>	<b>711</b>	<b>4 402</b>	<b>1 023</b>	<b>1 403</b>	<b>1 359</b>	<b>868</b>	<b>4 653</b>

## ACTUAL PRODUCTION

(MWh)	Q1'21	Q2'21	Q3' 21	Q4' 21	FY 2021	Q1'22	Q2'22	Q3' 22	Q4' 22	FY 2022
Lorusso	288	400	382	224	1 294	317	433	441	260	1 451
Brundesini	268	343	251	124	987	213	293	281	166	953
Scardino	233	342	318	175	1 069	218	338	336	206	1 098
Enfo 25	247	350	268	187	1 052	274	339	300	237	1 151
<b>MWh</b>	<b>1 036</b>	<b>1 436</b>	<b>1 219</b>	<b>711</b>	<b>4 402</b>	<b>1 023</b>	<b>1 403</b>	<b>1 359</b>	<b>868</b>	<b>4 653</b>
<b>Total produced MWh</b>	<b>1 036</b>	<b>1 436</b>	<b>1 219</b>	<b>711</b>	<b>4 402</b>	<b>1 023</b>	<b>1 403</b>	<b>1 359</b>	<b>868</b>	<b>4 653</b>

# POWER PLANT CAPACITY

Power plant	Capacity kW	Annual production MWh	Location Province	Power plant design	Ownership company
Lorusso	984	1 403	Puglia	Fixed tilt	Ens Solar One srl
Brundesini	994	1 477	Puglia	Fixed tilt	Ens Solar One srl
Scardino	993	1 483	Puglia	Fixed tilt	Ens Solar One srl
Enfo 25	983	1 430	Puglia	Fixed tilt	Energia Fotovoltaica 25
<b>MWh</b>	<b>3 954</b>	<b>5 792</b>			

# RESPONSIBILITY STATEMENT

From the Board of Directors and the CEO

We confirm, to our best knowledge that the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the board of directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties.


Oslo, 25 April 2023

Stephan Lange Jervell  
Non-executive director

Pål Hvammen  
Non-executive director

Viktor E Jakobsen  
CEO

# AUDITOR'S REPORT



**RSM**

To the General Meeting of EAM Solar ASA

**RSM Norge AS**  
 Ruselekkveien 30, 0251 Oslo  
 Pb 1312 Viken, 0112 Oslo  
 Org.nr: 982 316 588 MVA  
 T +47 23 11 42 00  
 F +47 23 11 42 01  
 www.rsmnorge.no

**Independent Auditor's Report**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of EAM Solar ASA, showing a loss of NOK 36 876 223 in the financial statements of the parent company and a loss of EUR 2 205 683 in the financial statements of the group. The financial statements comprise:

- the financial statements of the parent company EAM Solar ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of EAM Solar ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.


In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

**THE POWER OF BEING UNDERSTOOD**  
 AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.  
 RSM Norge AS er medlem av is a member of Den norske Revisorforening.



**RSM**

Independent Auditor's Report 2022 for EAM Solar ASA

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 10 October 2016 for the accounting year 2016 with a renewed election on the 23 May 2022.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Ongoing lawsuits*

In conjunction with the ongoing criminal proceedings regarding the company's purchase of 31 solar power plants in 2014, the company has received both counterclaims, claims of injunctions for breach of contract and termination notice of the Feed-in-Tariff contract from GSE on one of the remaining power plants. The termination notice from GSE was disputed in court, and the case is still ongoing. Management's assessment of the possible impact on the financial statement is based on an evaluation of the possibility of a negative conclusion on these matters, both in regard to the possible effect on future cashflows, the value of receivables and in regard to contingent liabilities.

The assessments are complex and involve significant use of management judgment, and due to the possible significant impact on the consolidated financial statements, the control assessments are considered a key audit matter.

We have evaluated management's assessment, as well as the statements from the attorneys representing the company in the lawsuits. We have compared the assessments with the requirements in IAS 37.

We evaluated the information provided in notes and that the description in note 4 and 19, and the Board of Directors' report, is consistent with the assessments performed by management.

Independent Auditor's Report 2022 for EAM Solar ASA



#### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Independent Auditor's Report 2022 for EAM Solar ASA



#### Report on Other Legal and Regulatory Requirements

##### Report on Compliance with Requirement on European Single Electronic Format (ESEF)

##### Opinion

As part of the audit of the financial statements of EAM Solar ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name EAM-SOLAR-ASA-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

##### Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

##### Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 25 April 2023  
RSM Norge AS

Lars Løyning  
State Authorised Public Accountant



**EAM Solar ASA**

Bryggetorget 7  
NO-0250 Oslo  
NORWAY

Phone: +47 916 110 09

E-mail: [viktor@eam.no](mailto:viktor@eam.no)

Web: [www.eam.no](http://www.eam.no)