



eam

EAM SOLAR ASA

Q1 2017

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2017

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HIGHLIGHTS Q1 2017

Main events

- Power production in the 1st quarter was 2.6 GWh.
- EBITDA in the 1st quarter came in at EUR 42k, adjusted for legal costs EBITDA from the SPVs in normal operations was EUR 423k in the quarter.
- 6 power plants produced electricity in the 1st quarter.
- The Criminal Court proceedings in Milan continued on 30 March 2017 where the Court once more confirmed the positions of the three companies, Enovos, Avelar and Aveleos, as financially liable parties for the economic damages arising from the criminal offence of contractual fraud charged against the defendants Marco Giorgi and Igor Akhmerov.
- Writ delivered in the arbitration proceedings
- Aveleos standstill Agreement ruling in Luxembourg

Key figures

EUR 000'	Unaudited Q1 2017	Unaudited Q1 2016	Audited 2016	Audited 2015
Revenues	833	919	4 454	6 131
Cost of operations	-124	-452	-1 122	-1 606
Sales, general and administration expenses	-285	-481	-2 003	-3 113
Acquisition and transaction costs	-381	-567	-12 149	-20 361
EBITDA	42	-581	-10 820	-18 949
Depreciation, amortizations and write downs	-427	-566	-6 677	-49 573
EBIT	-385	-1 147	-17 497	-68 522
Net financial items	-69	-1 579	-2 580	-1 508
Profit before tax	-454	-2 725	-20 077	-70 031
Income tax gain/(expense)	10	88	66	167
Net income	-444	-2 637	-20 011	-69 864
Earnings per share (fully diluted):	-0,09	-0,52	-3,95	-13,78
Distribution to shareholders per share	0,00	0,00	0,00	0,00
Dividend yield	0,0 %	0,0 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	5,07	5,07	5,07
EBITDA adjusted	423	-14	1 329	1 412

Adjusted EBITDA are adjusted for non-recurring items related to the P31 acquisition and associated legal costs.

INTERIM REPORT

EAM Solar ASA (“EAM” or “the Company”) is an investment company listed on the Oslo Stock Exchange under the ticker “EAM”. The Company’s primary business is to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts. The initial geographical focus is Italy, where the Company owns six power plants of which two power plants are located in the Friuli region in Northern Italy, and four power plants are located in the Puglia region in Southern Italy. Energeia Asset Management AS manages EAM under a long-term management agreement.

This interim report should be read in conjunction with the annual report for 2016, published on 29 April 2016, and the stock exchange notices in the reporting period.

Operational review and outlook

Power plants in operation

EAM operated 6 remaining power plants in the 1st quarter. EAM’s own operation and maintenance team conducted normal operational inspections and maintenance work during the 1st quarter.

The 6 power plants have a combined installed capacity of 8.6 MW with an average annual power production of 12.7 GWh (P50 production).

Power production

Power production in the 1st quarter amounted to 2,629 MWh, 10% above estimated production for the period.

FIT revenue

FIT contract revenues in the 1st quarter amounted to EUR 696k, equivalent to an average FIT contract price of EUR 265 per MWh. 2 power plants in the north of Italy and 4 power plants in the south of Italy receives FIT contract revenues.

Market price development

Market price revenues in the 1st quarter amounted to EUR 137k representing an average market price for electricity of EUR 52 per MWh. The average electricity market price achieved in the northern part of Italy was EUR 59 per MWh and in the southern part of Italy EUR 43 per MWh.

The average market price of electricity in Italy has increased over the past 12 months. The increase, especially in the north price zone is an effect of reduced import of electricity from France due to the reduced production of electricity from French nuclear power plants.

Legal processes

The P31 Acquisition has transformed EAM from an operational Solar PV YieldCo to a company where the future value is decided by the outcome of various legal actions and litigation procedures.

The criminal proceedings in Milan has continued with court hearings on 2 February 2017 and on 30 March 2017, where the Court again confirmed the positions of the three companies, Enovos, Avelar and Aveleos, as financially liable parties for the economic damages arising from the criminal offence of contractual fraud charged against the defendants Marco Giorgi and Igor Akhmerov.

Please also see the Annual Report 2016 for information on the legal processes.

Dividends

EAM will pay no dividend in conjunction with the 1st quarter 2017.

Subsequent events

None.

Financial review

The financial review of the 1st quarter 2017 does not compare with the reported 1st quarter report of 2016 due to changes in the company structure as a consequence of the FIT termination decision by GSE, the subsequent ruling in the administrative court (TAR) validating GSE’s termination and the consequential bankruptcy of the SPV’s with terminated FIT contracts. The SPV’s in bankruptcy has been derecognised from the Group accounts at the end of the 3rd quarter 2016.

Revenues

1st quarter revenues came in at EUR 833.2k, of which EUR 696.4k came from FIT contracts and EUR 136.8k came from market sales of electricity.

The 1st quarter 2017 revenues represent approximately 20.6% of the expected annual revenues of EUR 4.032million based on the current corporate structure with 6 power plants in operations.

Cost of operations

Cost of operations in the 1st quarter was EUR 124.5k.

SG&A costs

SG&A costs in the 1st quarter were EUR 285.4k.

Legal costs

The legal costs for EAM is posted under the heading "Acquisition and financing costs". In the 1st quarter 2017 costs related to the legal costs in stemming from the P31 Acquisition were EUR 379.5k.

EBITDA

EBITDA in the 1st quarter came in at a loss of EUR 42.2k.

EBIT

Depreciation in the 1st quarter was EUR 426.9k, resulting in an operating loss of EUR 384.7k.

Net financial items

Net financial items in the 1st quarter was negative with EUR 69.5k.

Pre-tax loss, taxes and net loss

Pre-tax loss in the 1st quarter was EUR 454.2k.

Taxes in the 1st quarter amounted to a net tax revenue of EUR 10.3k on a group level.

Reported net loss for the Group was in the 1st quarter EUR 443.9 thousand.

Cash Flow

Cash flow from operations for the year came in at EUR minus 113k. No investment or financing activities took place in the 1st quarter.

Restricted and unrestricted cash by the end of the quarter was EUR 1.5 million, of which EUR 53k remains seized by the Prosecutors Office in Milan in companies not affected by the criminal proceedings after a release of EUR 410k in the quarter.

Balance Sheet

Total assets at the end of the period amount to EUR 40.8 million, while book equity for the Group is EUR 13.6 million representing an equity ratio of 33.4% for the Group.

The parent company has a positive equity ratio of 72.5% at the end of the 1st quarter.

Oslo, 23 May 2017

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED INTERIM FINANCIAL INFORMATION

Statement of comprehensive income

EUR	Note	Unaudited Q1 2017	Unaudited Q1 2016	Audited 2016
Revenues	5,12	833 199	919 057	4 453 648
Cost of operations	12	-124 446	-452 228	-1 121 753
Sales, general and administration expenses	12	-285 396	-481 137	-2 003 236
Acquisition and transaction costs	12	-381 199	-566 657	-12 148 595
EBITDA	5	42 158	-580 965	-10 819 936
Depreciation, amortizations and write downs	9	-426 944	-565 678	-6 677 455
EBIT	5	-384 786	-1 146 643	-17 497 391
Finance income	6	231 047	63 366	1 222 427
Finance costs	6	-300 506	-1 642 160	-3 801 978
Profit before tax		-454 245	-2 725 437	-20 076 942
Income tax gain/(expense)		10 343	88 487	65 788
Profit after tax		-443 902	-2 636 950	-20 011 154
Other comprehensive income				
Translation differences		-1 789 621	-5 661 222	2 606 326
Cash flow hedges		42 646	-40 120	-129 880
Other comprehensive income net of tax		-1 746 975	-5 701 342	2 476 446
Total comprehensive income		-2 190 876	-8 338 292	-17 534 708
Profit for the year attributable to:				
Equity holders of the parent company		-443 902	-2 636 950	-20 011 154
Equity holders of the parent company		-443 902	-2 636 950	-20 011 154
Total comprehensive income attributable to:				
Equity holders of the parent company		-2 190 876	-8 338 292	-17 534 708
Equity holders of the parent company		-2 190 876	-8 338 292	-17 534 708
Earnings per share:				
Continued operation				
- Basic		-0,09	-0,52	-3,95
- Diluted		-0,09	-0,52	-3,95

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the 1st quarter 2017 is 5,070,000.

Consolidated statement of financial position

EUR	Note	Unaudited Q1 2017	Audited 2016
ASSETS			
Property, plant and equipment	9	22 650 637	23 077 581
Deferred tax asset		0	0
Intangible assets		316 234	321 012
Other long term assets		1 041 142	1 089 563
Non-current assets		24 008 013	24 488 156
Receivables	8	14 688 235	14 290 217
Other current assets		643 071	127 897
Cash and short term deposits	7	1 454 260	1 568 193
Current assets		16 785 567	15 986 307
TOTAL ASSETS		40 793 579	40 474 463
EQUITY AND LIABILITIES			
Issued capital		6 214 380	6 214 380
Share premium		24 606 370	24 606 370
Paid in capital		30 820 750	30 820 750
Translation differences		-8 052 977	-6 263 356
Other equity		-9 155 417	-8 754 163
Other equity		-17 208 394	-15 017 519
Total equity		13 612 356	15 803 231
Leasing	10	5 761 831	5 838 488
Long term loan - interest bearing	10	7 362 713	7 370 641
Other non current liabilities	10	0	0
Total non-current liabilities		13 124 544	13 209 129
Trade payables	10	5 078 075	2 552 747
Tax liabilities	10	863 714	829 367
Short term financing - interest bearing	10	0	0
Other current liabilities	10	8 114 890	8 079 989
Total current liabilities		14 056 679	11 462 103
Total liabilities		27 181 223	24 671 232
TOTAL EQUITY AND LIABILITIES		40 793 579	40 474 463

Oslo, 23 May 2017

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Non-executive
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Chair

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CEO

Consolidated statement of cash flow

EUR	Note	Unaudited Q1 2017	Unaudited Q1 2016	Audited 2016
Cash flow from operating activities				
Ordinary profit before tax		-454 245	-2 636 950	-20 076 943
Loss on disposal of property, plant and equipment		0		1 137 653
Paid income taxes				
Depreciation	9	426 944	565 678	1 891 558
Write down of fixed assets	9	0		4 785 897
Changes in trade receivables and trade payable	8	2 725 746	4 709 772	6 918 120
Changes in other accruals*		-2 812 381	-2 548 764	-5 839 666
Net cash flow from operating activities		-113 936	89 736	-11 183 381
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired				-6 001
Acquisition of property, plant and equipment				
Net cash flow used in investing activities		0	0	-6 001
Cash flows from financing activities				
Proceeds from sale of property, plant and equipment				3 550 000
Purchase of property, plant and equipment				
Proceeds from issue of share capital				
Dividends or shareholder distributions				
Proceeds from new loans				
Repayment of loans			-153 975	-1 510 594
Net cash flow from financing activities		0	-153 975	2 039 406
Cash and cash equivalents at beginning of period				
		1 568 196	10 718 172	10 718 172
Net currency translation effect		0		
Seizure of cash	7	0		
Net increase/(decrease) in cash and cash equivalents		-113 936	-64 239	-9 149 976
Cash and cash equivalents at end of period		1 454 260	10 653 933	1 568 196

Consolidated statement of changes in equity

EUR	Share capital	Share premium fund	Other equity	Cash flow hedge reserve	Currency translation reserve	Total equity
Equity as at 1 January 2016	6 214 380	24 606 370	-47 559 913	-544 032	-8 869 682	-26 152 877
Profit (loss) After tax			-20 011 154			-20 011 154
Derecognition of SPVs in bankruptcy			59 490 817			59 490 817
Other comprehensive income				-129 880	2 606 326	2 476 446
Equity as at 31 December 2016	6 214 380	24 606 370	-8 080 250	-673 912	-6 263 356	15 803 232
Equity as at 1 January 2017	6 214 380	24 606 370	-8 080 250	-673 912	-6 263 356	15 803 232
Profit (loss) After tax			-443 902			-443 902
Derecognition of SPVs in bankruptcy						0
Other comprehensive income				42 646	-1 789 621	-1 746 975
Equity as at 31 March 2017	6 214 380	24 606 370	-8 524 152	-631 265	-8 052 977	13 612 356

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis for preparation

General accounting principles

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

The primary business activity of EAM is to own solar PV power plants and sell electricity produced under long-term contracts. EAM is structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM is dependant on the future outcome of litigation activities.

EAM currently owns 6 photovoltaic power plants and 4 subsidiaries in Italy. The Company has no employees.

Energiea Asset Management AS manages the Company under a long-term management agreement. EAM Solar Park Management AS, a subsidiary of Energiea Asset Management AS, conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

This interim condensed consolidated financial statement for the first quarter 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The 1st quarter report should therefore be read in conjunction with the Group's Annual Report 2016 that was published on 29 April 2017.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended the 31st of December 2016. Standards and interpretations as mentioned in the Group's Annual Report 2016 Note 1 and effective from 1 January 2017 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

For one of the external financing contracts with floating interest there is an interest rate swaps for the full duration of the contact period and for the full amount.

Credit risk

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

Asset value risk

EAM Group's cash balance was EUR 1.5 million on 31 March 2017, of which EUR 53k are seized.

The subsidiaries affected by the criminal proceedings have gone into voluntary bankruptcy and has been derecognised from the Group accounts.

Market and regulatory risk

The main risk of operations in Italy is related to regulatory risk, whereby the contractual counterparty, the Government of Italy, has shown willingness to conduct unilateral and retroactive changes to the commercial electricity sales contracts and also to the operational regulatory regime governing the power plants in Italy.

Note 2: Significant accounting judgements

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

Going concern

Given GSE's termination decision in the 4th quarter of 2015 followed by the ruling in the administrative court in June 2016, and the subsequent write-down of assets and accrual of possible claims and derecognition of companies in bankruptcy, the board and management considers continuously the Company's ability to operate as a going concern for the next 12 months. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

Given the legal corporate status, having been identified as a victim of criminal contractual fraud by the Prosecutors Office of Milan and Criminal Court of Milan, resulting in significant legal

and operational challenges, the board and management is continuously reviewing the situation.

It is the judgment by the board and management, all factors considered, that the Company has adequate liquidity for the next 12 months, consequently, that the foundation for “going concern” is present at the end of the 1st quarter 2017. See also the annual report 2015 published on 29 April 2017 for further background information.

Note 3: Currency exposure

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

Note 4: Transactions with related parties

Related parties

Energieia Asset Management AS is the manager of EAM. Energieia Asset Management AS owns EAM Solar Park Management AS 100%. EAM Solar Park Management AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM.

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

Transactions with related parties

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

According to the management agreement between the parties, EAM Solar Park Management AS charges the Group for direct costs without any profit margin related to the services provided. In addition to reimbursement of direct cost, EAM Solar Park Management AS shall receive 12.5% of the Groups pre-tax profit as a royalty. The royalty is based on the fact that EAM is developed, created and managed by Energieia Asset Management AS. The royalty structure aligns the interests between the Group and the manager.

In the 1st quarter 2017 EAM Solar Park Management AS' direct costs of the management of EAM was EUR 289.8k, of which EUR 30.2k is related to cost of operations, EUR 184.8k is related to SG&A and EUR 74.8k is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud. No royalty was calculated in the quarter. The royalty payment has been waived until the legal situation of EAM has found its solution.

Invoices from EAM Solar Park Management AS to some Group subsidiaries has for a period remained unpaid, simultaneously EAM has funded EAM Solar Park Management AS with necessary liquidity on behalf of the subsidiaries creating a receivable. In order to settle outstanding amounts between the

parties EAM Solar Park Management AS has in 2015 and 2016 assigned its position as creditor towards the subsidiaries of EAM to EAM and thereby settling the outstanding amount between EAM and EAM Solar Park Management AS, and EAM Solar Park Management AS and the subsidiaries of EAM.

Credit facility from shareholder

EAM entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM, Sundt AS. The credit facility originally expired on 10 December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10%. The lending facility is secured against EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl. The lender has given a waiver for payment of instalments and interest for the period from February to July 2017.

Note 5: Segment information

EAM owns and operates six solar PV power plants at the end of the 1st quarter 2017. Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, that ultimately have led to their bankruptcy, EAM derecognised the affected power plants and SPVs in 2016.

EAM Solar Italy 1 s.r.l.	Q1 2017	Q1 2016
Revenues from external customers	188 347	135 769
EBITDA	131 666	55 779
EBIT	35 028	-40 737
Non-current assets	4 760 792	5 211 516
EAM Solar Italy 2 s.r.l.	Q1 2017	Q1 2016
Revenues from external customers	374 350	286 718
EBITDA	263 089	144 871
EBIT	66 190	-51 821
Non-current assets	10 125 128	10 885 577
EAM Solar Italy 3 s.r.l. *	Q1 2017	Q1 2016
Revenues from external customers	0	114 093
EBITDA	0	28 476
EBIT	0	-39 893
Non-current assets	0	4 877 163
ENS1 & ENFO 25	Q1 2017	Q1 2016
Revenues from external customers	270 502	248 109
EBITDA	173 718	103 747
EBIT	40 311	-29 682
Non-current assets	9 313 166	10 130 885
SPV's in criminal proceedings**	Q1 2017	Q1 2016
Revenues from external customers	0	134 369
EBITDA	0	-720 161
EBIT	0	-789 768
Non-current assets	0	4 870 133
Other & eliminations	Q1 2017	Q1 2016
Revenues from external customers	0	0
EBITDA	-526 315	-193 677
EBIT	-526 315	-194 742
Non-current assets	-191 073	-1 150 266
Total	Q1 2017	Q1 2016
Revenues from external customers	833 199	919 058
EBITDA	42 158	-580 965
EBIT	-384 786	-1 146 643
Non-current assets	24 008 013	34 825 008

* Sold with financial takeover 1 June 2016

** Derecognised with effect from 28 September 2016

Note 6: Financial income and expenses

Financial income	Q1 2017	Q1 2016
Interest income	20	5 496
Foreign exchange gain	231 028	0
Other financial income	0	57 870
Total financial income	231 047	63 366
Financial expenses	Q1 2017	Q1 2016
Interest expense	-241 058	-933 356
Foreign exchange losses	-27 047	-662 308
Other financial expenses	-32 401	-46 496
Total financial expenses	-300 506	-1 642 160
Net financial income (expenses)	-69 459	-1 578 794

The average exchange rate used for the 1st quarter 2017 is EUR/NOK 8.9837, whereas the exchange rate used on 31 March 2017 is EUR/NOK 9.1683.

Note 7: Cash and cash equivalents

EUR	Q1 2017	2016
Cash Norway	11 647	39 916
Cash Italy	1 442 613	1 528 277
Cash and cash equivalents	1 454 260	1 568 193
Restricted cash Italy	925 469	920 515
Seized cash Italy	53 293	463 757

The EAM had no credit facilities on 31 March 2017.

Of the restricted cash, EUR 675k is the debt service reserve account of ENS Solar One Srl. The EUR 53k of the seized cash is taken from companies not included in the criminal proceedings.

Note 8: Accounts receivables

Receivables	2016	Q3 2016
Accounts receivables	50 581	1 278 038
Deferred revenue towards GSE	916 285	987 208
Receivable from Aveleos	11 528 996	11 528 996
Other receivables	2 192 373	905 752
Accounts receivables	14 688 235	14 699 994

The substantial amount of the receivable outstanding is towards GSE and the sellers of P31. GSE normally has 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12 month delayed payment on 10% of expected annual revenues, which accounts for the deferred revenue against GSE.

Note 9: Property, plant and equipment

Q1 2017	Solar power plants
Carrying value 1 January 2017	23 077 581
Additions	0
Write down	0
Depreciation	-426 944
Disposals	0
Carrying value 31 March 2017	22 650 637

2016	Solar power plants
Carrying value 1 January 2016	34 436 689
Additions	6 001
Write down	-4 785 897
Depreciation	-1 891 558
Disposals	-4 687 654
Carrying value 31 December 2016	23 077 581

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

Note 10: Short- and long-term debt

EUR	2016	Q3 2016
Interest bearing debt	7 362 713	7 533 450
Other non current liabilities	0	0
Obligations under finance leases	5 761 831	5 914 159
Total non-current liabilities	13 124 544	13 447 609
Trade and other payables	5 078 075	1 954 311
Current interest bearing loans	0	0
Current project finance	0	0
Current leasing	0	0
Other current debt	0	0
Deferred tax	0	472 982
Tax payable	863 714	662 033
<i>Related to ordinary operations</i>	<i>5 941 789</i>	<i>3 089 326</i>
AION Renewables	0	0
Aveleos S.A.	8 114 889	8 045 518
GSE repayment claim	0	0
<i>Related to criminal proceedings</i>	<i>8 114 889</i>	<i>8 045 518</i>
Total current liabilities	14 056 678	11 134 844
Total liabilities	27 181 222	24 582 453

Equity contribution agreement and patronage letter

EAM Solar Italy Holding Srl and EAM entered into an equity contribution agreement and patronage letter with UBI Leasing and UniCredit in conjunction with the acquisition of ESGP, ESGI and ESSP.

In the outset, the agreements require EAM Solar Italy Holding Srl to inject equity into the SPVs under certain circumstances of breach of the lending agreement.

In the current situation, whereby the transfer of the companies came about as a deliberate fraud conducted by the previous owners, Enovos Luxembourg SA and Avelar Energy Ltd, the transfer also released Enovos and Avelar from their equity contribution obligations against UBI Leasing and UniCredit.

In the legal proceedings EAM has alleged that the main motive behind the contractual fraud conducted was in order for Enovos and Avelar to achieve to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the losses that would come as a consequence of a FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM and EAM Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud. It is the Company's opinion that there is a less than 50% likelihood that EAM will have to honour the agreements, and consequently no liability has been recognised.

Note 11: List of subsidiaries

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	-6 879	-6 879	8 480 768	160 078
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	-11 708	-11 708	6 884 404	6 610 752
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	131 666	35 028	-207 406	5 407 157
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	263 089	66 190	2 169 657	8 885 139
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	-220 212	-220 212	-1 115 805	18 963 576
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	136 544	32 221	-1 717 864	604 216
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	37 174	8 090	312 390	1 003 212

Note 12: Operational costs break-down 2017

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
Revenues	833 199	188 347	374 350	270 502	0
Cost of operations	-124 446	-22 957	-48 817	-45 131	-7 541
Land rent	-29 952	-8 710	-18 196	-3 046	0
Insurance	-34 851	-4 338	-15 737	-7 235	-7 541
Operation & Maintenance	-14 405	-745	-4 613	-9 047	0
Other operations costs	-45 238	-9 164	-10 271	-25 803	0
Sales, General & Administration	-285 396	-33 724	-62 444	-49 952	-139 276
Accounting, audit & legal fees	-34 642	-1 250	-1 250	-7 945	-24 197
IMU tax	-13 319	0	-13 319	0	0
EAM SPM adm costs	-184 835	-30 000	-45 000	-42 000	-67 835
Other administrative costs	-52 601	-2 474	-2 875	-7	-47 245
Acquisition & financing cost	-381 199	0	0	-1 701	-379 498
Legal costs	-304 711	0	0	0	-304 711
Other non-recurring items	-76 488	0	0	-1 701	-74 787
EBITDA	42 158	131 666	263 089	173 718	-526 315

Note 13: Events after the reporting date

None.

POWER PRODUCTION

Reported production (MWh)	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
EAM Solar Italy 1 Srl	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376	497
EAM Solar Italy 2 Srl	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760	974
Ens Solar One srl			1 882	4 305	749			1 115	767	797	1 377	1 349	781	749	1 234	1 242	754	860
Energia Fotovoltaica 25			611	1 395	268			357	254	251	443	417	284	268	428	442	266	298
<i>MWh</i>	<i>7 808</i>	<i>7 447</i>	<i>11 436</i>	<i>14 808</i>	<i>2 566</i>	<i>1 533</i>	<i>3 298</i>	<i>4 287</i>	<i>2 318</i>	<i>2 879</i>	<i>4 794</i>	<i>4 610</i>	<i>2 526</i>	<i>2 566</i>	<i>4 363</i>	<i>4 325</i>	<i>2 157</i>	<i>2 629</i>

Actual production	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Varmo	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376	497
Codroipo	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760	974
Lorusso	1 407	1 378	1 420	234	274	421	444	238	250	470	443	258	234	380	396	225	283	
Brundesini	1 393	1 427	1 461	255	286	419	455	267	277	472	456	256	255	416	403	261	291	
Scardino	1 352	1 424	1 424	259	286	426	451	261	270	436	450	268	259	437	443	268	286	
Enfo 25	1 339	1 367	1 395	268	267	413	432	254	251	443	417	284	268	428	442	266	298	
<i>MWh</i>	<i>7 808</i>	<i>14 992</i>	<i>14 537</i>	<i>14 808</i>	<i>2 566</i>	<i>2 646</i>	<i>4 977</i>	<i>4 597</i>	<i>2 318</i>	<i>2 879</i>	<i>4 794</i>	<i>4 610</i>	<i>2 526</i>	<i>2 566</i>	<i>4 363</i>	<i>4 325</i>	<i>2 157</i>	<i>2 629</i>

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Q1 2017 REPORT



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