

# EAM SOLAR ASA **Q3 REPORT 2018**

Interim condensed consolidated financial statements for the period ended 30 September 2018

# CONTENTS

## Financial report

Highlights Q3 2018	3
<b>Interim report</b>	5
Operational review and outlook	5
Subsequent events	5
Financial review	5
Balance Sheet	6

## Financial statement

Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of cash flow	10
Consolidated statement of changes in equity	11
<b>Notes to the interim consolidated financial statement</b>	12
Note 01 Basis for preparation	12
Note 02 Significant accounting judgements	12
Note 03 Currency exposure	12
Note 04 Transactions with related parties	13
Note 05 Segment information	13
Note 06 Financial income and expenses	13
Note 07 Cash and cash equivalents	14
Note 08 Accounts receivables	14
Note 09 Property, plant and equipment	14
Note 10 Short- and long-term debt	14
Note 11 List of subsidiaries	15
Note 12 Operational costs break-down Q3 2018	15
Note 13 Events after the reporting date	15

# HIGHLIGHTS

## Q3 2018

- EBITDA for the quarter was EUR 1.0 million and the result accumulated for the year EUR 730 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 1 028 thousand for the quarter and EUR 2 004 thousand accumulated for the year, equivalent to an EBITDA margin of 70 per cent and 57 per cent, respectively.
- Cost of operations and SG&A were EUR 131 thousand and EUR 303 thousand for the quarter and EUR 495 thousand and EUR 1 027 thousand accumulated for the year respectively.
- Legal costs were EUR 28 thousand in the quarter and EUR 1 274 thousand accumulated for the year.
- Hearings were conducted in both the criminal and the arbitration proceedings in Milan during the quarter. No decision has been reached in any of the venues. A verdict in the first instance of the criminal case may happen as early as the first quarter 2019, this is however uncertain. A final award in the arbitration case could be expected during the first quarter 2019, however the timing is uncertain.

EUR 000'	Unaudited Q3 2018	Unaudited Q3 2017	Unaudited 9M 2018	Unaudited 9M 2017	Audited 2017
<b>Revenues</b>	<b>1 462</b>	<b>1 340</b>	<b>3 526</b>	<b>3 534</b>	<b>4 213</b>
Cost of operations	(131)	(218)	(495)	(496)	(769)
Sales, general and administration expenses	(303)	(543)	(1 027)	(1 186)	(1 688)
Legal costs	(28)	(7 166)	(1 274)	(7 967)	(6 649)
<b>EBITDA</b>	<b>1 000</b>	<b>(6 587)</b>	<b>730</b>	<b>(6 115)</b>	<b>(4 892)</b>
Depreciation, amortizations and write downs	(466)	(427)	(1 398)	(1 281)	(1 909)
<b>EBIT</b>	<b>533</b>	<b>(7 014)</b>	<b>(669)</b>	<b>(7 396)</b>	<b>(6 801)</b>
Net financial items	(195)	(669)	(1 005)	(722)	97
<b>Profit before tax</b>	<b>338</b>	<b>(7 683)</b>	<b>(1 674)</b>	<b>(8 118)</b>	<b>(6 704)</b>
Income tax gain/(expense)	(41)	37	(130)	3	(510)
<b>Net income</b>	<b>297</b>	<b>(7 647)</b>	<b>(1 804)</b>	<b>(8 115)</b>	<b>(7 214)</b>
<b>Earnings per share (fully diluted):</b>	<b>0.04</b>	<b>(1.34)</b>	<b>(0.26)</b>	<b>(1.54)</b>	<b>(1.05)</b>
Distribution to shareholders per share	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	5.71	6.85	5.28	6.85
<b>EBITDA adjusted</b>	<b>1 028</b>	<b>579</b>	<b>2 004</b>	<b>1 852</b>	<b>1 756</b>



# INTERIM REPORT

EAM Solar ASA (“EAM”, “EAM ASA”, or “the Company”) is a company listed on the Oslo Stock Exchange under the ticker “EAM”. The Company’s primary business is to own solar power plants and sell electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company values. The Company owns six power plants in Italy, of which two power plants are located in the Friuli region in Northern Italy, and four power plants are located in the Puglia and Basilicata regions in Southern Italy. Energeia AS manages EAM under a long-term management agreement.

This interim report should be read in conjunction with the Annual Report for 2017, published on 12 April 2018 and the stock exchange notices in the reporting period.

## Operational review and outlook

### Power plants in operation

EAM ASA operated 6 power plants in the quarter. EAM ASA’s own operation and maintenance team conducted normal operational inspections and maintenance work during the 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 in the quarter was 4 357 MWh, 0.8 per cent below estimated production. Accumulated for the year the power production was 10 628 MWh, 4.1 per cent below estimated production. The main reason for lower power production in the first nine months was related to lower solar irradiation in the period.

### FIT revenues

FIT revenues in the quarter were EUR 1 186 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 272. Accumulated for the period FIT revenues were EUR 2 883 thousand and the average FIT contract price revenue was EUR 271 per MWh.

### Market price development

Market price revenues in the quarter were EUR 275 thousand. This represents an average market price for electricity of EUR 63 per

MWh. The average electricity market price in the northern part of Italy for the quarter was EUR 69 per MWh and in the southern part of Italy EUR 54 per MWh.

Accumulated for the year, market price revenues were EUR 600 thousand. This represents an average market price for electricity of EUR 56 per MWh for the period. The average electricity market price in the northern part of Italy accumulated for the year was EUR 60 per MWh and in the southern part of Italy EUR 51 per MWh.

### Legal processes

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

The criminal proceedings in Milan have continued with hearings throughout the quarter. These proceedings were mainly focused on questioning of witnesses and presentation of evidence. Further hearings in the criminal case are expected to continue throughout January next year and a verdict in the first instance may happen as early as the first quarter 2019, this is however uncertain.

The arbitration proceedings in Milan has continued with hearings and filing of briefs. A final award in the arbitration case could be expected during the first quarter 2019, however the timing is uncertain.

The Company received in February 2018 a new summons for allegedly false and misleading statements filed by Aveleos SA in Luxembourg in conjunction with the statements EAM made in its third quarter report

2017, where the Company made a provision for impairment on the receivables against Aveleos SA and explained the reasons for such impairment. The counterparty has twice asked for postponement of the proceedings and the first hearing took place on 11 October 2018. There was not enough time to finalise the hearing and it was therefore rescheduled for 12 November 2018. On 12 November the counterparty asked for yet another postponement and a new hearing has been scheduled for 3 December 2018.

Please also see the Annual Report 2017 for further information on the legal processes.

### Dividends

EAM will pay no dividend in conjunction with the third quarter 2018.

### Subsequent events

There are no subsequent events to be mentioned.

## Financial review

### Revenues

Revenues in the quarter were EUR 1 462 thousand, of which EUR 1 186 thousand was received from FIT contracts and EUR 275 thousand from market sales of electricity.

The quarterly revenues represent approximately 91 per cent of the expected revenues of EUR 1 599 thousand.

Accumulated for the year revenues were EUR 3 526 thousand, of which EUR 2 883 thousand was received from FIT contracts and EUR 600 thousand from market sales of electricity.

**Cost of operations**

Cost of operations in the quarter was EUR 131 thousand, and accumulated for the year cost of operations was EUR 495 thousand.

**SG&A costs**

SG&A costs in the quarter were EUR 303 thousand, and accumulated for the year EUR 1 027 thousand.

**Legal costs**

The cost item consists more or less entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 28 thousand and accumulated for the year EUR 1 274 thousand. The reduced legal costs in the quarter came as a result of less legal activity during the summer months. Legal costs are presented net of funds received from Therium. For the first nine months Therium has provided EUR 1 414 thousand in litigation finance.

**EBITDA**

EBITDA in the quarter was EUR 1 000 thousand, representing an EBITDA margin of 68 per cent, accumulated for the year EBITDA

was EUR 730 thousand, representing a margin of 21 per cent.

**EBIT**

Depreciations in the quarter, were EUR 466 thousand, resulting in an operating profit of EUR 533 thousand. Accumulated for the year depreciations were EUR 1 398 thousand, resulting in an operating profit of minus EUR 669 thousand in the period.

**Net financial items**

Net financial items in the quarter were negative with EUR 195 thousand. Accumulated for the year net financial items were negative with EUR 1 005 thousand.

**Pre-tax loss, taxes and net loss**

Pre-tax profit in the quarter was EUR 338 thousand and accumulated for the year pre-tax profit was negative with EUR 1 674 thousand.

Taxes in the quarter were EUR 41 thousand. Accumulated for the year the tax cost was EUR 130 thousand.

Reported net income in the quarter was EUR 297 thousand and accumulated for the

year net income was minus EUR 1 804 thousand.

**Cash Flow**

Cash flow from operations in the reporting period was EUR 360 thousand. Investment activities were EUR 139 thousand in the period. Financing activities were negative with EUR 451 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 872 thousand, of which EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

**Balance Sheet**

Total assets at the end of the period were EUR 28.8 million, while book equity was EUR 12.3 million representing an equity ratio of 42.8 per cent.

**Shares and share capital**

The Company's registered share capital at the end of the quarter was NOK 68 522 100 divided into 6 852 210 shares, each with a nominal value of NOK 10.

Oslo, 15 November 2018

Stephan L. Jervell  
*Non-executive  
director*

Erling Christiansen  
*Non-executive  
director*

Ragnhild Wiborg  
*Chair*

Viktor E Jakobsen  
*CEO*



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q3 2018	Unaudited Q3 2017	Unaudited 9M 2018	Unaudited 9M 2017	Audited 2017
<b>Revenues</b>	<a href="#">5, 12</a>	<b>1 461 514</b>	1 339 779	3 525 730	3 534 389	4 213 335
Cost of operations	<a href="#">12</a>	<b>(130 705)</b>	(217 960)	(494 704)	(495 928)	(769 196)
Sales, general and administration expenses	<a href="#">12</a>	<b>(302 792)</b>	(542 613)	(1 027 480)	(1 186 251)	(1 687 671)
Legal costs	<a href="#">12</a>	<b>(28 306)</b>	(7 166 165)	(1 273 924)	(7 966 854)	(6 648 537)
<b>EBITDA</b>	<a href="#">5</a>	<b>999 712</b>	(6 586 960)	729 622	(6 114 643)	(4 892 069)
Depreciation, amortizations and write downs	<a href="#">9</a>	<b>(466 360)</b>	(427 433)	(1 398 329)	(1 281 403)	(1 908 805)
<b>EBIT</b>	<a href="#">5</a>	<b>533 352</b>	(7 014 393)	(668 707)	(7 396 046)	(6 800 874)
Finance income	<a href="#">6</a>	<b>11 323</b>	52 274	386 114	1 666 411	2 879 014
Finance costs	<a href="#">6</a>	<b>(206 505)</b>	(721 135)	(1 391 594)	(2 388 093)	(2 782 335)
<b>Profit before tax</b>		<b>338 170</b>	(7 683 254)	(1 674 187)	(8 117 728)	(6 704 195)
Income tax gain/(expense)		<b>(41 119)</b>	36 565	(130 290)	2 505	(510 198)
<b>Profit after tax</b>		<b>297 052</b>	(7 646 689)	(1 804 477)	(8 115 223)	(7 214 393)
<b>Other comprehensive income</b>						
Translation differences		<b>42 496</b>	2 206 456	204 099	1 240 377	6 269
Cash flow hedges		<b>31 941</b>	(16 928)	70 115	16 623	354 184
Other comprehensive income net of tax		<b>74 437</b>	2 189 528	274 214	1 257 000	360 453
<b>Total comprehensive income</b>		<b>371 488</b>	(5 457 161)	(1 530 263)	(6 858 223)	(6 853 940)
Profit for the year attributable to:						
Equity holders of the parent company		<b>297 052</b>	(7 646 689)	(1 804 477)	(8 115 223)	(7 214 393)
<b>Equity holders of the parent company</b>		<b>297 052</b>	(7 646 689)	(1 804 477)	(8 115 223)	(7 214 393)
Total comprehensive income attributable to:						
Equity holders of the parent company		<b>371 488</b>	(5 457 161)	(1 530 263)	(6 858 223)	(6 853 940)
<b>Equity holders of the parent company</b>		<b>371 488</b>	(5 457 161)	(1 530 263)	(6 858 223)	(6 853 940)
<b>Earnings per share:</b>						
Continued operation						
- Basic		<b>0.04</b>	(1.34)	(0.26)	(1.54)	(1.27)
- Diluted		<b>0.04</b>	(1.34)	(0.26)	(1.54)	(1.27)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 9M 2018	Audited 2017
<b>ASSETS</b>			
Property, plant and equipment	<a href="#">9</a>	20 261 815	21 409 192
Deferred tax asset		-	-
Intangible assets		1 943 670	1 989 219
Other long term assets		1 103 812	1 051 604
<b>Non-current assets</b>		<b>23 309 297</b>	<b>24 450 015</b>
Receivables	<a href="#">8</a>	3 086 268	3 269 671
Other current assets		1 525 811	1 356 375
Cash and short term deposits	<a href="#">7</a>	871 534	1 100 979
<b>Current assets</b>		<b>5 483 614</b>	<b>5 727 025</b>
<b>TOTAL ASSETS</b>		<b>28 792 911</b>	<b>30 177 040</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
<b>Paid in capital</b>		<b>35 729 986</b>	<b>35 729 986</b>
Translation differences		(6 052 989)	(6 257 088)
Other equity		(17 348 731)	(15 614 370)
<b>Other equity</b>		<b>(23 401 720)</b>	<b>(21 871 458)</b>
<b>Total equity</b>		<b>12 328 266</b>	<b>13 858 528</b>
Leasing	<a href="#">10</a>	5 280 438	5 525 811
Long term loan - interest bearing	<a href="#">10</a>	6 631 805	6 496 913
Other non current liabilities	<a href="#">10</a>	-	-
<b>Total non-current liabilities</b>		<b>11 912 243</b>	<b>12 022 724</b>
Trade payables	<a href="#">10</a>	2 594 037	2 461 828
Tax liabilities	<a href="#">10</a>	1 277 994	1 083 474
Short term financing - interest bearing	<a href="#">10</a>	-	-
Other current liabilities	<a href="#">10</a>	680 370	750 486
<b>Total current liabilities</b>		<b>4 552 402</b>	<b>4 295 788</b>
<b>Total liabilities</b>		<b>16 464 644</b>	<b>16 318 512</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28 792 911</b>	<b>30 177 040</b>

Oslo, 15 November 2018

Stephan L. Jervell  
Non-executive  
director

Erling Christiansen  
Non-executive  
director

Ragnhild Wiborg  
Chair

Viktor E Jakobsen  
CEO

# CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited 9M 2018	Audited 2017
<b>Cash flow from operating activities</b>			
Ordinary profit before tax		(1 674 187)	(6 704 194)
Loss on disposal of property, plant and equipment		-	-
Paid income taxes		-	(9 297)
Depreciation	<a href="#">9</a>	1 398 330	1 697 212
Write down of fixed assets	<a href="#">9</a>	-	103 220
Changes in trade receivables and trade payable	<a href="#">8, 10</a>	245 498	10 929 626
Changes in other accruals		390 659	(7 378 171)
<b>Net cash flow from operating activities</b>		<b>360 300</b>	<b>(1 361 604)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary net of cash acquired		-	-
Acquisition of property, plant and equipment	<a href="#">9</a>	(138 961)	(132 043)
<b>Net cash flow used in investing activities</b>		<b>(138 961)</b>	<b>(132 043)</b>
<b>Cash flows from financing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	-
Proceeds from issue of share capital		-	2 097 694
Dividends or shareholder distributions		-	-
Proceeds from new loans		-	-
Repayment of loans		(450 787)	(1 071 261)
<b>Net cash flow from financing activities</b>		<b>(450 787)</b>	<b>1 026 433</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1 100 982</b>	<b>1 568 196</b>
Net currency translation effect		-	-
Seizure of cash		-	-
Net increase/(decrease) in cash and cash equivalents		(229 448)	(467 214)
<b>Cash and cash equivalents at end of period</b>	<a href="#">7</a>	<b>871 534</b>	<b>1 100 982</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Cash flow hedge reserve	Currency translation reserve	Total equity
<b>Equity as at 1 January 2017</b>	<b>6 214 380</b>	<b>24 606 370</b>	<b>(8 080 250)</b>	<b>(673 912)</b>	<b>(6 263 357)</b>	<b>15 803 232</b>
Profit (loss) After tax	-	-	(7 214 392)	-	-	(7 214 392)
Issue of new shares	1 911 730	2 997 506	-	-	-	4 909 236
Other comprehensive income	-	-	-	354 184	6 269	360 453
<b>Equity as at 31 December 2017</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(15 294 642)</b>	<b>(319 728)</b>	<b>(6 257 088)</b>	<b>13 858 529</b>
<b>Equity as at 1 January 2018</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(15 294 642)</b>	<b>(319 728)</b>	<b>(6 257 088)</b>	<b>13 858 529</b>
Profit (loss) After tax	-	-	(1 804 477)	-	-	(1 804 477)
Other comprehensive income	-	-	-	70 115	204 099	274 214
<b>Equity as at 30 September 2018</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 099 119)</b>	<b>(249 613)</b>	<b>(6 052 989)</b>	<b>12 328 266</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

## NOTE 01 BASIS FOR PREPARATION

### General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at 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 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 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.

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

These interim condensed consolidated financial statements for the quarter has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group's Annual Report 2017 that was published on 12 April 2018 and the stock exchange notices in the reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017. Standards and interpretations as mentioned in the Group's Annual Report 2017 Note 1 and effective from 1 January 2018 did not have a significant impact on the Group's consolidated interim financial statements.

### Financial risk

For the external leasing contracts with floating interest there is an interest rate swap hedging fluctuations in floating interest rate.

### Credit risk

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

### Asset value risk

EAM Group's cash balance was EUR 872 thousand on 30 September 2018, of which EUR 62 thousand are seized by the Italian state.

### Market and regulatory risk

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

## NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

### Going concern

Given the Litigation Funding agreement with Therium and the subsequent Share Issue conducted in 2017 together with revenue from the six solar power plants, the board and management considers the Company's ability to operate as a going concern for the next 12 months as secured. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

## NOTE 03 CURRENCY EXPOSURE

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

## NOTE 04 TRANSACTIONS WITH RELATED PARTIES

### Related parties

Energeia AS is the manager of EAM. Energeia AS owns EAM Solar Park Management AS 100 per cent. EAM Solar Park Management AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM. EAM Solar Park Management owns 9.5 per cent of the shares in EAM.

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

### Transactions with related parties

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

According to the Management Agreement between the parties, EAM Solar Park Management AS charges the Group for direct costs with a profit margin of 7 per cent related to the services provided.

In the quarter EAM Solar Park Management AS' direct costs of the management of EAM was EUR 409 thousand, of which EUR 23 thousand is related to cost of operations, EUR 270 thousand is related to SG&A and EUR 116 thousand is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud.

### 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 per cent. The lending facility is secured against the shares in EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl.

## NOTE 05 SEGMENT INFORMATION

EAM owns and operates six solar PV power plants at the end of the quarter.

<b>EAM Solar Italy 1 s.r.l.</b>	9M 2018	9M 2017
Revenues from external customers	807 338	816 427
EBITDA	613 564	559 744
EBIT	323 053	269 631
Non-current assets	4 197 521	4 586 313
<b>EAM Solar Italy 2 s.r.l.</b>	9M 2018	9M 2017
Revenues from external customers	1 666 644	1 668 112
EBITDA	1 386 745	1 299 024
EBIT	796 048	708 326
Non-current assets	8 973 882	9 749 655
<b>ENS1 &amp; ENFO 25</b>	9M 2018	9M 2017
Revenues from external customers	1 051 747	1 049 850
EBITDA	25 915	312 287
EBIT	(393 784)	(88 305)
Non-current assets	8 672 976	9 022 264
<b>Other &amp; eliminations</b>	9M 2018	9M 2017
Revenues from external customers	-	-
EBITDA	(1 296 602)	(8 285 698)
EBIT	(1 394 023)	(8 285 698)
Non-current assets	1 464 918	(191 665)
<b>Total</b>	9M 2018	9M 2017
Revenues from external customers	3 525 730	3 534 389
EBITDA	729 622	(6 114 643)
EBIT	(668 707)	(7 396 046)
Non-current assets	23 309 297	23 166 567

## NOTE 06 FINANCIAL INCOME AND EXPENSES

	9M 2018	9M 2017
<b>Financial income</b>		
Interest income	164	1 038
Foreign exchange gain	166 953	1 665 373
Other financial income	218 997	-
<b>Total financial income</b>	<b>386 114</b>	<b>1 666 411</b>
<b>Financial expenses</b>		
Interest expense	(555 192)	(719 762)
Foreign exchange losses	(801 160)	(583 852)
Other financial expenses	(35 242)	(1 084 480)
<b>Total financial expenses</b>	<b>(1 391 594)</b>	<b>(2 388 093)</b>
<b>Net financial income (expenses)</b>	<b>(1 005 480)</b>	<b>(721 682)</b>

The average exchange rate used for the reporting period is EUR/NOK 9.5882, whereas the exchange rate used on 30 September 2018 is EUR/NOK 9.4665.

**NOTE 07 CASH AND CASH EQUIVALENTS**

EUR	Q3 2018	Q3 2017
Cash Norway	83 388	1 855 921
Cash Italy	788 146	1 137 698
<b>Cash and cash equivalents</b>	<b>871 534</b>	<b>2 993 620</b>
<b>Restricted cash Italy</b>	<b>598 710</b>	<b>920 980</b>
<b>Seized cash Italy</b>	<b>61 616</b>	<b>53 512</b>

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM have soon exhausted the second tranche, and expects to draw upon the third tranche in December this year. Unused litigation funding at the end of the quarter was EUR 913 thousand.

Of the restricted cash, EUR 348 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings. The rest are funds dedicated to dismantling and restoration costs.

**NOTE 08 ACCOUNTS RECEIVABLES**

Receivables	Q3 2018	Q3 2017
Accounts receivables	94 667	67 667
Deferred revenue towards GSE	1 251 487	1 666 196
Receivable from Aveleos	-	(2 105)
Other receivables	1 740 114	1 093 638
<b>Accounts receivables</b>	<b>3 086 268</b>	<b>2 825 396</b>

The substantial amount of the receivable outstanding is towards GSE. 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 expected annual revenues, which accounts for the deferred revenue against GSE.

**NOTE 09 PROPERTY, PLANT AND EQUIPMENT**

Q3 2018	Solar power plants
<b>Carrying value 1 January 2018</b>	<b>21 409 192</b>
Additions	138 961
Write down	-
Depreciation	(1 286 338)
Disposals	-
Currency translation effect	-
<b>Carrying value 30 September 2018</b>	<b>20 261 815</b>

**2017**

	Solar power plants
<b>Carrying value 1 January 2017</b>	<b>23 077 581</b>
Additions	132 043
Write down	(103 220)
Depreciation	(1 697 212)
Disposals	-
<b>Carrying value 31 December 2017</b>	<b>21 409 192</b>

**Q3 2018**

	Intangible assets
<b>Accumulated cost 1 January 2018</b>	<b>1 989 219</b>
Additions	-
Write downs	-
Depreciation	(111 992)
Disposals	-
Currency translation effect	66 443
<b>Carrying value 30 September 2018</b>	<b>1 943 670</b>

**2017**

	Intangible assets
<b>Accumulated cost 1 January 2017</b>	<b>321 012</b>
Additions	1 776 580
Write downs	-
Depreciation	(108 373)
Disposals	-
<b>Carrying value 31 December 2017</b>	<b>1 989 219</b>

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

**NOTE 10 SHORT- AND LONG-TERM DEBT**

EUR	Q3 2018	Q3 2017
Interest bearing debt	6 631 805	7 280 494
Other non current liabilities	-	782 038
Obligations under finance leases	5 280 438	5 605 506
<b>Total non-current liabilities</b>	<b>11 912 243</b>	<b>13 668 038</b>
Trade and other payables	2 594 038	1 926 025
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	680 370	-
Deferred tax	241 496	-
Tax payable	1 036 498	814 354
Related to ordinary operations	4 552 403	2 740 379
AION Renewables	-	-
Aveleos S.A.	-	-
GSE repayment claim	-	-
Related to criminal proceedings	-	-
<b>Total current liabilities</b>	<b>4 552 403</b>	<b>2 740 379</b>
<b>Total liabilities</b>	<b>16 464 645</b>	<b>16 408 417</b>

**Equity contribution agreement and patronage letter**

EAM Solar Italy Holding Srl and EAM entered into an equity contribu-

tion 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 legal proceedings EAM has alleged that one of the main motives behind the contractual fraud conducted was for Enovos and Avelar 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 less than 50 per cent 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%	(9 892)	(9 892)	8 160 771	-
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(37 280)	(37 280)	7 113 105	4 196 262
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	613 564	323 053	(25 907)	4 918 086
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	1 386 745	796 048	2 914 277	7 206 939
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(901 234)	(901 234)	(1 162 135)	11 690 339
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	34 615	(297 400)	(297 849)	4 351 636
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	(8 700)	(96 384)	94 593	1 998 553

## NOTE 12 OPERATIONAL COSTS BREAK-DOWN Q3 2018

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>3 525 730</b>	807 338	1 666 644	1 051 747	-
<b>Cost of operations</b>	<b>(494 704)</b>	(80 284)	(153 821)	(247 284)	(13 315)
Land rent	(89 838)	(27 301)	(56 728)	(5 809)	-
Insurance	(106 730)	(13 163)	(48 250)	(32 003)	(13 315)
Operation & Maintenance	(130 139)	(15 224)	(21 061)	(93 855)	-
Other operations costs	(167 997)	(24 597)	(27 782)	(115 618)	-
<b>Sales, General &amp; Administration</b>	<b>(1 027 480)</b>	(113 491)	(126 078)	(776 160)	(11 752)
Accounting, audit & legal fees	(105 232)	957	(1 926)	(27 975)	(76 288)
IMU tax	(32 809)	(7 935)	(14 984)	(9 890)	-
EAM SPM adm costs	(787 105)	(101 642)	(101 642)	(177 969)	(405 852)
Other administrative costs	(102 334)	(4 870)	(7 525)	(560 327)	470 388
<b>Acquisition &amp; financing cost</b>	<b>(1 273 924)</b>	-	-	(2 388)	(1 271 536)
Legal costs	(866 241)	-	-	-	(866 241)
Other non-recurring items	(407 682)	-	-	(2 388)	(405 294)
<b>EBITDA</b>	<b>729 622</b>	613 564	1 386 745	25 915	(1 296 602)

## NOTE 13 EVENTS AFTER THE REPORTING DATE

None.

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