EAM SOLAR ASA

Q3 2016

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Contents

HIGHLIGHTS Q3 2016

Main events

- The power production in the quarter was 4.32 GWh. At the end of September 2016, accumulated power production for 9M was 20.5 GWh.
- EBITDA in the quarter came in at a loss of EUR 7.7 million, adjusted for legal costs and write-downs associated to SPVs with terminated FIT contracts, EBITDA from the SPVs in normal operations was EUR 1.05 million in the quarter.
- 6 power plants produced electricity in the 3rd quarter, while 17 power plants continued to be permanently shut down as a direct consequence of the court ruling issued by the Administrative Court of Lazio (TAR) confirming the legal validity of the termination decisions made by Gestore dei Servizi Energetici (GSE) in 2015 and the factual evidences leading to the termination decisions.
- The Criminal Court proceedings in Milan continued on 13 September 2016 where the Court 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.
- The 5 SPVs with ownership of the 17 power plants affected by the criminal proceedings that were admitted to commence financial restructuring by the Bankruptcy Court in Milan filed for voluntary liquidation and bankruptcy on 22 September 2016. The restructuring plan was not executable and voluntarily filing for bankruptcy was the only possible outcome.

Key figures

EUR 000'	Unaudited Q3 2016	Unaudited Q3 2015	Unaudited 9M 2016	Unaudited 9M 2015	Audited 2015	Audited 2014
Revenues	**1 346**	**4 274**	**3 761**	**10 905**	**6 131**	**8 715**
Cost of operations	-224	-510	-1 019	-1 261	-1 606	-1 158
Sales, general and administration expenses	-359	-833	-1 211	-2 211	-3 113	-2 356
Acquisition and transaction costs	-8 471	-1 831	-10 028	-2 180	-20 361	-2 989
EBITDA	**-7 708**	**1 100**	**-8 497**	**5 253**	**-18 949**	**2 213**
Depreciation, amortizations and write downs	-1 014	-1 351	-6 261	-3 996	-49 573	-3 365
EBIT	**-8 722**	**-252**	**-14 757**	**1 257**	**-68 522**	**-1 152**
Net financial items	649	1 564	-2 600	-1 229	-1 508	561
Profit before tax	**-8 073**	**1 312**	**-17 357**	**28**	**-70 031**	**-591**
Income tax gain/(expense)	12	11	30	-313	167	-1 034
Net income	**-8 062**	**1 323**	**-17 327**	**-285**	**-69 864**	**-1 625**
Earnings per share (fully diluted)**:**	**-1,59**	**0,26**	**-3,42**	**-0,06**	**-13,78**	**-0,32**
Distribution to shareholders per share	0,00	0,00	0,00	0,00	0,00	0,36
Dividend yield	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	5,07	5,07	5,07	5,07	5,07
EBITDA adjusted	**763**	**2 931**	**1 531**	**7 433**	**1 412**	**5 202**

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

INTERIM REPORT

EAM Solar ASA 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 Solar ASA under a long-term management agreement.

This interim report should be read in conjunction with the annual report for 2015, published on 30 April 2016, and the 1st and 2nd quarter reports 2016 published on 25 May 2016 and on 19 August 2016 respectively, and the stock exchange notices in the reporting period.

Operational review and outlook

In the 3rd quarter EAM Solar ASA was responsible for 23 PV power plants, of which 6 were in normal operations and 17 power plants were shut-down due to breach of the technical administrative legal requirements for producing electricity.

Closed-down power plants

The 17 power plants with terminated FIT contracts were permanently shut down 16 June 2016 (3 plants) and 17 June 2016 (14 plants).

The shut down of electricity production is a direct consequence of the court ruling issued by the Administrative Court of Lazio (TAR) on 9 June 2016 confirming the legal validity of the termination decisions made by Gestore dei Servizi Energetici (GSE) in 2015 and the factual evidences leading to the termination decisions.

Following the filing for voluntary liquidation of the SPV's involved in the criminal proceedings in Milan in September, these SPV's are no longer included in EAM Solar ASA's reporting.

Status for SPV's with terminated FIT contracts

The 5 SPV's owning and leasing 17 power plants with terminated FIT contracts has been put into voluntary liquidation and filed for bankruptcy proceedings on 22 September 2016.

EAM Solar ASA attempted in the period from March to 5 September 2016 to execute a formal financial restructuring procedure ("Concordato Preventivo"), however, it became evident that such a restructuring procedure was impossible for several reasons, of which the most important were:

- No formal recertification of the PV modules, thus reuse of the PV modules, was possible.
- No insurance coverage of the power plants or operations due to lacking PV module certification.
- No possibility to appeal the TAR termination ruling due to lack of evidence that could repeal GSE's evidence used in termination decisions.
- No possibility to issue payments to creditors before the end of criminal proceedings, thus being in breach of the maximum time requirements for a voluntary restructuring procedure.

Based on these and additional considerations, the SPV's decided to file for voluntary liquidation and bankruptcy on 5 September 2016.

The formal filing for liquidation was delivered to the Court on 22 of September 2016, and on 28 of September 2016 the bankruptcy Court of Milan accepted the voluntary bankruptcy filing of the SPV's. Consequently the SPV's are derecognised from the group accounts with effect from 28 September 2016.

The Bankruptcy Court of Milan has appointed bankruptcy trustees that now have taken over the responsibility of the SPV's. EAM Solar ASA is providing operational and administrative support to the bankruptcy managers in a transition period.

Power plants in operation

EAM Solar ASA operated 6 power plants as normal in the 3rd quarter. EAM Solar ASA's own operation and maintenance team conducted normal operational inspections and maintenance work during the 3rd quarter.

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

Power production

Power production in the 3rd quarter amounted to 4,325 MWh, 4.8% above budgeted production for the period.

FIT revenue

FIT contract revenues in the 3rd quarter amounted to EUR 1,169k, equivalent to an average FIT contract price of EUR 270 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 3rd quarter amounted to EUR 176k representing an average market price for electricity of EUR 40.7 per MWh. The average electricity market price achieved in the

North of Italy was EUR 43.1 per MWh and in the South of Italy EUR 37.1 per MWh.

The average market price of electricity in Italy has, equal to the rest of Europe, seen a drop of more than 45% over the past 12 months. EAM Solar ASA expects the market price of electricity to remain at these levels throughout 2016. The drop in market prices represents a lasting structural trend in the European power market.

Cost reduction measures

The Manager, Energeia Asset Management, continues to execute cost reduction measures including reduction of own staff and the use of external service providers. The cost reduction measures shall be fully executed during 2016.

Revenues have fallen by 15% year on year, mainly due to lower market price of electricity. However, the EBITDA margin of power plants in operation has increased year-on-year due to cost reduction measures, resulting in an equivalent EBITDA level as in 2015 (from normal operations).

Legal processes

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

EAM Solar ASA issued a comprehensive legal status update on 23 September 2016.

The criminal proceedings are continuing with a scheduled 8 court hearings to be conducted between the 2 November 2016 and the end of March 2017. No decision is made on the final date of the criminal court proceedings at this point in time. The Criminal Court of Milan made no decisions in the hearing on 2 November 2016.

For the arbitration proceedings we refer to the legal update on 23 September 2016.

Dividends

EAM Solar ASA will pay no dividend in conjunction with the 3rd quarter 2016.

Subsequent events

None.

Financial review

The financial review of the 3rd quarter 2016 does not compare with the reported 3rd quarter report of 2015 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 SPVs in bankruptcy has been derecognised from the group accounts at the end of the 3rd quarter.

Revenues

3rd quarter revenues came in at EUR 1,345k, of which EUR 1,169k came from FIT contracts and EUR 176k came from market sales of electricity. For the first nine months revenues came in at EUR 3,761k, of which EUR 2,969k came from FIT contracts and EUR 734k came from market sales of electricity

The 3rd quarter 2016 revenues represent approximately 28% of the expected annual revenues of EUR 4.73 million based on the current corporate structure with 6 power plants in operations.

Achieved electricity prices

EAM Solar ASA achieved an average FIT electricity price in the 3rd quarter of EUR 270 per MWh. The power plants in operations achieved an average PPA electricity price in the quarter of EUR 40.7 per MWh, EUR 43.1 per MWh in North Italy and EUR 37.1 per MWh in South Italy.

Cost of operations

Cost of operations in the 3rd quarter was EUR 224k, of which EUR 114k was for plants in normal operations (non-affected plants). For the first nine months cost of operations was EUR 1,019k, of which EUR 506k was for plants in normal operations (non-affected plants).

SG&A costs

SG&A costs in the 3rd quarter were EUR 359k, of which EUR 278k was for the non-affected power plants and holding companies. For the first nine months SG&A costs were EUR 1,211k, of which EUR 900k was for the non-affected power plants and holding companies.

Legal costs

The legal costs for EAM Solar ASA is posted under the heading "Acquisition and financing costs". In the 3rd quarter 2016 costs related to the legal costs in stemming from the P31 Acquisition were EUR 534k. For the first nine months total legal costs were EUR 1,465k.

Non-recurring items

For the 9 months ending in September a total of EUR 8.56 million has been charged related to write-downs of debt and other provisions related to the bankruptcy of the criminally affected SPVs.

EBITDA

EBITDA in the 3rd quarter came in at a loss of EUR 7.7 million. EBITDA from the non-affected SPVs came, before write down of debt, came in at a profit of EUR 1,050k.

For the first nine months EBITDA came in at a loss of EUR 8.5 million. EBITDA before write-downs from the non-affected SPVs came in at a profit of EUR 2.1 million.

EBIT

Depreciation in the 3rd quarter was EUR 436k, and write down of assets in the bankrupted SPVs was EUR 577k.

Net financial items

Net financial items in the 3rd quarter were EUR 648k, of which EUR 83k were the net financial costs due to reversal of previous debt financing items related to the bankruptcy SPVs.

For the first nine months net financial costs were EUR 2.6 million, of which EUR 2 million was related to currency exchange rate variations.

Pre-tax loss, taxes and net loss

Pre-tax loss in the 3rd quarter was EUR 8 million. For the first nine months pre-tax loss was EUR 17.3 million, all of which is due to the financial effects from the bankruptcy of the criminally affected SPVs.

Taxes in the 3rd quarter amounted to a net tax income of EUR 11k on a group level. For the first nine months tax income amounted to EUR 29k. The final tax effect of the bankruptcy on the full year accounts will be assessed in the 4th quarter report.

Reported net loss for the group was in the 3rd quarter EUR 8 million, mainly impacted by the SPVs now in bankruptcy.

Cash Flow

Cash flow from operations for the first 9M came in at EUR minus 10.7 million, mainly due to the derecognition of SPVs in bankruptcy. No investment activities took place in the 3nd quarter and cash flow from financing activities was in total EUR 2.2 million.

Restricted and unrestricted cash by the end of the quarter was EUR 2.2 million, of which EUR 463k remains seized by the Prosecutors Office in Milan in companies not affected by the criminal proceedings.

Balance Sheet

Total assets at the end of the period are EUR 41.3 million, while book equity for the group is EUR 16.7 million representing an equity ratio of 40% for the Group.

The parent company has a positive equity ratio of 84% at the end of the 3rd quarter.

Oslo, 23 November 2016

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 Q3 2016	Unaudited Q3 2015	Unaudited 9M 2016	Unaudited 9M 2015	Audited 2015
Revenues	5,12	**1 345 812**	**4 274 248**	**3 761 483**	**10 904 926**	**6 130 955**
Cost of operations	12	-223 848	-510 170	-1 018 777	-1 260 960	-1 605 821
Sales, general and administration expenses	12	-359 171	-833 315	-1 211 294	-2 211 297	-3 113 255
Acquisition and transaction costs	12	-8 471 046	-1 831 077	-10 028 255	-2 179 772	-20 360 928
EBITDA	5	**-7 708 253**	**1 099 686**	**-8 496 842**	**5 252 897**	**-18 949 049**
Depreciation, amortizations and write downs	9	-1 013 790	-1 351 447	-6 260 622	-3 996 045	-49 573 204
EBIT	5	**-8 722 043**	**-251 761**	**-14 757 465**	**1 256 852**	**-68 522 253**
Finance income	6	732 836	2 716 529	856 893	3 049 409	3 963 924
Finance costs	6	-83 976	-1 152 816	-3 456 514	-4 278 482	-5 472 255
Profit before tax		**-8 073 183**	**1 311 952**	**-17 357 086**	**27 779**	**-70 030 584**
Income tax gain/(expense)		11 611	10 908	29 820	-312 916	167 027
Profit after tax		**-8 061 572**	**1 322 860**	**-17 327 266**	**-285 137**	**-69 863 557**
Other comprehensive income						
Translation differences		-324 798	711 957	1 436 704	1 118 831	-4 563 500
Cash flow hedges		6 882	-1 773 253	-33 011	-1 149 970	53 808
Other comprehensive income net of tax		**-317 916**	**-1 061 296**	**1 403 693**	**-31 139**	**-4 509 692**
Total comprehensive income		**-8 379 488**	**261 564**	**-15 923 573**	**-316 276**	**-74 373 249**
Profit for the year attributable to:						
Equity holders of the parent company		-8 061 572	1 322 860	-17 327 266	-285 137	-69 863 557
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Equity holders of the parent company		-8 379 488	261 564	-15 923 573	-316 276	-74 373 249
Equity holders of the parent company		**-8 379 488**	**261 564**	**-15 923 573**	**-316 276**	**-74 373 249**
Earnings per share:						
Continued operation						
- Basic		-1,59	0,26	-3,42	-0,06	-13,78
- Diluted		-1,59	0,26	-3,42	-0,06	-13,78

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the 3rd quarter 2016 is 5,070,000.

Consolidated statement of financial position

EUR	Note	Unaudited Q3 2016	Audited 2015	Audited 2014
ASSETS				
Property, plant and equipment	9	23 488 414	34 436 689	83 379 490
Deferred tax asset		0	0	1 738 617
Intangible assets		327 012	277 089	962 427
Other long term assets		412 278	1 598 603	964 318
Non-current assets		**24 227 704**	**36 312 381**	**87 044 852**
Receivables	8	14 699 995	21 744 787	21 775 066
Other current assets		114 398	1 076 836	452 703
Cash and short term deposits	7	2 272 900	10 718 169	10 944 938
Current assets		**17 087 293**	**33 539 792**	**33 172 707**
TOTAL ASSETS		**41 314 997**	**69 852 173**	**120 217 559**
EQUITY AND LIABILITIES				
Issued capital		6 214 380	6 214 380	6 214 380
Share premium		24 606 370	24 606 370	24 606 370
Paid in capital		**30 820 750**	**30 820 750**	**30 820 750**
Translation differences		-7 432 978	-8 869 682	-4 306 182
Other equity		-6 655 228	-48 103 947	21 705 804
Other equity		**-14 088 206**	**-56 973 629**	**17 399 622**
Total equity		**16 732 544**	**-26 152 879**	**48 220 372**
Leasing	10	5 914 159	6 135 377	6 417 275
Long term loan - interest bearing	10	7 533 449	7 632 405	0
Other non current liabilities	10	0	1 079 505	639 495
Total non-current liabilities		**13 447 608**	**14 847 287**	**7 056 770**
Trade payables	10	1 954 311	3 089 199	4 755 495
Tax liabilities	10	1 135 015	807 902	1 109 122
Short term financing - interest bearing	10	0	41 063 191	45 734 451
Other current liabilities	10	8 045 518	36 197 476	13 341 349
Total current liabilities		**11 134 844**	**81 157 768**	**64 940 417**
Total liabilities		**24 582 452**	**96 005 055**	**71 997 187**
TOTAL EQUITY AND LIABILITIES		**41 314 997**	**69 852 176**	**120 217 559**

Oslo, 23 November 2016

Pål Hvammen Non-executive director	Erling Christiansen Non-executive director	Ragnhild M Wiborg Chair	Viktor E Jakobsen CEO

Consolidated statement of cash flow

EUR	Note	Unaudited 9M 2016	Unaudited 9M 2015	Audited 2015
Cash flow from operating activities				
Ordinary profit before tax		-17 357 086	-2 454 434	-70 030 585
Loss on disposal of property, plant and equipment		1 137 652		
Paid income taxes		0		0
Depreciation	9	1 474 725	2 644 598	4 181 074
Write down of fixed assets	9	4 785 897		45 392 130
Changes in trade receivables and trade payable	8	3 028 044	-4 345 268	30 279
Changes in other accruals*		-3 763 897	4 013 120	20 474 559
Net cash flow from operating activities		**-10 694 665**	**-141 985**	**47 457**
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired		0	-29 810	-630 403
Acquisition of property, plant and equipement		0		
Net cash flow used in investing activities		**0**	**-29 810**	**-630 403**
Cash flows from financing activities				
Proceeds from sale of property, plant and equipment		3 550 000		
Proceeds from issue of share capital		0		0
Dividends or shareholder distributions		0		0
Proceeds from new loans		0		676 327
Repayment of loans		-1 300 608	-183 523	-320 147
Net cash flow from financing activities		**2 249 392**	**-183 523**	**356 180**
Cash and cash equivalents at beginning of period		**10 718 172**	**1 941 384**	**10 944 938**
Net currency translation effect		0	-136 923	0
Seizure of cash	7	0	-114 762	0
Net increase/(decrease) in cash and cash equivalents		-8 445 273	-355 318	-226 766
Cash and cash equivalents at end of period		**2 272 899**	**1 334 381**	**10 718 172**

* Includes effect of derecognition of SPVs in bankruptcy

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 2015	**6 214 380**	**24 606 370**	**22 303 644**	**-597 840**	**-4 306 182**	**48 220 372**
Profit (loss) After tax			-69 863 557			-69 863 557
Other						0
Other comprehensive income				53 808	-4 563 500	-4 509 692
Equity as at 31 December 2015	**6 214 380**	**24 606 370**	**-47 559 913**	**-544 032**	**-8 869 682**	**-26 152 877**
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			-17 327 266			-17 327 266
Derecognition of SPVs in bankruptcy			58 808 994			58 808 994
Other comprehensive income				-33 011	1 436 704	1 403 693
Equity as at 30 September 2016	**6 214 380**	**24 606 370**	**-6 078 185**	**-577 043**	**-7 432 978**	**16 732 544**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis for preparation

General accounting principles

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

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

Energeia Asset Management AS manages the Company under a long-term management agreement. EAM Solar Park Management AS, a subsidiary of Energeia 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 third quarter 2016 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 3rd quarter report should therefore be read in conjunction with the Group's Annual Report 2015 that was published on 30 April 2016.

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 2015. Standards and interpretations as mentioned in the Group's Annual Report 2015 Note 1 and effective from 1 January 2015 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 Solar ASA.

Asset value risk

EAM Solar ASA group's cash balance was EUR 2.2 million on 30 September 2016, of which EUR 463 is 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 3rd quarter 2016. See also the annual report 2015 published on 30 April 2016 for further background information.

Note 3: Currency exposure

Most of EAM Solar ASA's economic activity (revenues and costs) is 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

Energeia Asset Management AS is the manager of EAM Solar ASA. Energeia Asset management 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 Solar ASA.

Sundt AS, Canica AS and Pactum AS are large shareholders in EAM Solar ASA. They are also shareholders in Energeia Asset Management, but not involved in the day-to-day operations of Energeia Asset Management. They are represented with one director each on the board of directors of Energeia 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 Solar ASA is developed, created and managed by Energeia Asset Management AS. The royalty structure aligns the interests between the Group and the manager.

In the 3rd quarter 2016 EAM Solar Park Management's direct costs of the management of EAM Solar ASA was EUR 278k, of which EUR 51k is related to cost of operations, EUR 150k is related to SG&A and EUR 77k is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud. No royalty was calculated. The royalty payment has been waived until the legal situation of EAM Solar ASA has found its solution.

Invoices from EAM Solar Park Management AS to some Group subsidiaries has for a period remained unpaid, simultaneously EAM Solar ASA 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 Solar ASA to EAM Solar ASA and thereby settling the outstanding amount between EAM Solar ASA and EAM Solar Park Management AS, and EAM Solar Park Management and the subsidiaries of EAM Solar ASA.

Credit facility from shareholder

EAM Solar ASA entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM Solar ASA, 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, EAM Solar Italy Holding II Srl.

Note 5: Segment information

EAM Solar ASA owns and operates six solar PV power plants at the end of the 3rd quarter 2016. Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, that ultimately have lead to their bankruptcy, EAM Solar ASA has separated the affected power plants and SPVs in a separate segment.

EAM Solar Italy 1 s.r.l.	**9M 2016**	**9M 2015**
Revenues from external customers	714 007	816 746
EBITDA	526 123	622 535
EBIT	225 013	332 201
Non-current assets	5 029 522	5 491 145

EAM Solar Italy 2 s.r.l.	**9M 2016**	**9M 2015**
Revenues from external customers	1 437 757	1 706 813
EBITDA	1 101 921	1 147 782
EBIT	511 426	556 732
Non-current assets	10 507 644	11 273 272

EAM Solar Italy 3 s.r.l. *	**9M 2016**	**9M 2015**
Revenues from external customers	255 382	591 721
EBITDA	175 803	504 246
EBIT	61 854	299 113
Non-current assets	0	5 004 348

ENS1 & ENFO 25	**9M 2016**	**9M 2015**
Revenues from external customers	1 010 345	1 118 744
EBITDA	-2 094 871	337 877
EBIT	-2 495 347	120 112
Non-current assets	9 674 785	4 482 626

SPV's in criminal proceedings**	**9M 2016**	**9M 2015**
Revenues from external customers	354 204	6 670 903
EBITDA	-1 718 324	3 947 275
EBIT	-6 572 917	1 731 375
Non-current assets	0	51 799 421

Other & eliminations	**9M 2016**	**9M 2015**
Revenues from external customers	-10 212	0
EBITDA	-6 487 494	-1 306 819
EBIT	-6 487 494	-1 306 819
Non-current assets	-984 247	5 995 019

Total	**9M 2016**	**9M 2015**
Revenues from external customers	3 761 483	10 904 927
EBITDA	-8 496 842	5 252 896
EBIT	-14 757 465	1 732 714
Non-current assets	24 227 704	84 045 831

* Sold with financial takeover 1 June 2016
** Derecognised with effect from 28 September 2016

Note 6: Financial income and expenses

Financial income	**9M 2016**	**9M 2015**
Interest income	615 246	27 275
Foreign exchange gain	53 625	3 022 123
Other financial income	188 022	10
Total financial income	**856 893**	**3 049 408**

Financial expenses	**9M 2016**	**9M 2015**
Interest expense	-1 238 968	-2 261 685
Foreign exchange losses	-2 082 615	-1 621 346
Other financial expenses	-134 931	-395 450
Total financial expenses	**-3 456 514**	**-4 278 481**
Net financial income (expenses)	**-2 599 621**	**-1 229 073**

The average exchange rate used for 9M 2016 is EUR/NOK 9.3737 (12M 2015: EUR/NOK 8.9530), whereas the exchange rate used on 30 September 2016 is EUR/NOK 8.9865 (31 December 2015: EUR/NOK 9,6190)

Note 7: Cash and cash equivalents

EUR	**Q3 2016**	**Q2 2016**
Free cash Norway	536 711	3 352 181
Free cash Italy	333 494	641 793
Restricted cash Italy	938 938	1 002 339
Seized cash Italy	463 757	9 350 507
Unused credit facility	0	0
Cash and cash equivalents	**2 272 900**	**14 346 820**
Seized cash	463 757	9 350 507

The EAM Solar ASA had no credit facilities on 30 September 2016.

Of the restricted cash, EUR 679k is the debt service reserve account of ENS Solar One Srl. The EUR 463k of the seized cash is taken from companies not included in the criminal proceedings. In addition EAM Solar ASA transferred EUR 3,256 million to the accounts of ESGP, ESGI and ESSP on 15 July 2014 from Norway that were seized by the Prosecutors office on 23 July 2014.

Note 8: Accounts receivables

Receivables	**Q3 2016**	**Q2 2016**
Accounts receivables	1 278 038	875 923
Deferred revenue towards GSE	987 208	547 548
Recievable from Aveleos	11 528 996	11 005 324
Other receivables	905 752	915 694
Accounts receivables	**14 699 994**	**13 344 489**

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

2016	Solar power plants
Carrying value 1 January 2016	34 436 689
Additions	0
Write down	-4 785 897
Depreciation	-1 474 725
Disposals	-4 687 653
Carrying value 30 September 2016	**23 488 413**

2015	Solar power plants
Carrying value 1 January 2015	83 379 490
Additions	630 403
Write down	-45 392 130
Depreciation	-4 181 074
Carrying value 31 December 2015	**34 436 689**

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

Note 10: Short- and long-term debt

EUR	Q3 2016	Q2 2016
Interest bearing debt	7 533 450	8 195 798
Other non current liabilities	0	10 864
Obligations under finance leases	5 914 159	5 988 855
Total non-current liabilities	**13 447 609**	**14 195 517**
Trade and other payables	1 954 311	5 971 059
Current interest bearing loans	0	0
Current project finance	0	15 861 426
Current leasing	0	26 842 440
Other current debt	0	200 858
Deferred tax	472 982	430 479
Tax payable	662 033	702 945
Related to ordinary operations	*3 089 326*	*50 009 207*
AION Renewables	0	0
Aveleos S.A.	8 045 518	8 992 770
GSE repayment claim	0	22 717 868
Related to criminal proceedings	*8 045 518*	*31 710 638*
Total current liabilities	**11 134 844**	**81 719 845**
Total liabilities	**24 582 453**	**95 915 362**

Leasing and project finance ESGP, ESGI and ESSP

The leasing and project finance for the SPVs ESGP, ESGI and ESSP of EUR 41 million has been derecognised from the group accounts following the bankruptcy proceedings of the same companies. The identified debt is a gross amount before adjustment of the EUR 2.6 million that not has been released under the financing agreements by the banks.

Equity contribution agreement and patronage letter

EAM Solar Italy Holding Srl and EAM Solar ASA 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 Solar ASA 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 Solar ASA and EAM Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud and consequently no liability has been recognised.

Voluntary liquidation proceedings and filing for bankruptcy

In conjunction with the termination decision by GSE, the affected SPVs entered into an operational and financial restructuring procedure in March 2016, as approved by the Bankruptcy Court of Milan.

The financial restructuring was to be presented to the Court in Milan no later than on 6 September 2016. Due to insurmountable legal obstacles to execute a voluntary financial restructuring plan, the SPV's decided to file for a voluntary liquidation and bankruptcy on 5 September 2016. The formal filing was submitted to the bankruptcy Court in Milan on 22 September 2016, and the Court approved the voluntary liquidation and bankruptcy of the SPVs on 28 September 2016.

The execution of a voluntary financial restructuring became legally impossible due to several causes, of which the most important were:

- No formal recertification of the PV modules, thus reuse of the PV modules, was impossible.
- No insurance coverage of the power plants or operations due to lacking PV module certification.
- No possibility to appeal the TAR termination ruling due to lack of evidence that could repeal GSE's evidence used in termination decisions.
- No possibility to issue payments to creditors before the end of criminal proceedings, thus being in breach of the maximum time requirements for a voluntary restructuring procedure.

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%	-30 406	-30 406	8 268 316	163 317
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	223 922	223 922	6 811 637	6 854 125
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	526 123	225 013	-42 580	5 570 399
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	1 101 921	511 426	2 390 410	9 049 388
EAM Solar Italy 3 s.r.l.*	Italy	Solar power plant	100%	100%	175 803	61 854	0	0
EAM Solar Italy Holding s.r.l	Italy	Holding company	100%	100%	-5 805 045	-5 805 045	0	0
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	-2 275 615	-2 588 599	-776 052	553 646
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	180 744	93 252	384 810	2 282 453
Energetic Source Green Power s.r.l.**	Italy	Solar power plant	100%	100%	-649 414	-2 221 419	0	0
Energetic Source Green Investment s.r.l.**	Italy	Solar power plant	100%	100%	-326 068	-1 063 598	0	0
Energetic Source Solar Production s.r.l.**	Italy	Solar power plant	100%	100%	-471 785	-2 394 543	0	0
Aveleos Green Investment s.r.l.**	Italy	Solar power plant	100%	100%	-151 601	-349 815	0	0
Energia Fotovoltaica 14 s.r.l.**	Italy	Solar power plant	100%	100%	-119 455	-543 541	0	0

* Sold with financial takeover on 1 June 2016
** Derecognised with effect from 28 September 2016

Note 12: Operational costs break-down 9M 2016

EUR	**EAM Solar Group**	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3*	ENS1 & ENFO25	Criminal proceedings**	Other & Eliminations
Revenues	**4 151 075**	**714 007**	**1 437 757**	**255 382**	**1 010 345**	**354 204**	**379 380**
Cost of operations	**-1 018 777**	**-101 172**	**-190 395**	**-67 391**	**-147 639**	**-479 658**	**-32 521**
Land rent	-212 834	-26 502	-55 424	0	-5 780	-125 128	0
Insurance	-158 000	-13 194	-48 313	-4 623	-21 970	-56 439	-13 461
Operation & Maintenance	-329 018	-31 005	-45 594	-57 430	-51 792	-143 197	0
Other operations costs	-318 925	-30 471	-41 064	-5 338	-68 097	-154 894	-19 061
Sales, General & Administration	**-1 211 294**	**-86 712**	**-134 517**	**-12 169**	**-204 181**	**-717 236**	**-56 479**
Accounting, audit & legal fees	-280 808	-16 324	-16 061	-13 325	-45 895	-16 749	-172 454
IMU tax	-215 698	-1 385	-141	8 130	-4 773	-217 529	0
EAM SPM adm costs	-549 998	-67 364	-113 789	-5 314	-84 922	-131 454	-147 155
Other administrative costs	-164 789	-1 639	-4 526	-1 660	-68 591	-351 504	263 131
Acquisition & financing cost	**-10 028 255**	**0**	**-10 924**	**-19**	**-2 753 396**	**-875 634**	**-6 388 282**
Legal costs	-1 185 011	0	0	0	-1 205	-4 984	-1 178 822
Other non-recurring items	-8 843 244	0	-10 924	-19	-2 752 191	-870 650	-5 209 460
EBITDA	**-8 107 250**	**526 123**	**1 101 921**	**175 803**	**-2 094 871**	**-1 718 324**	**-6 097 902**

* Sold with financial takeover on 1 June 2016
** Derecognised with effect from 28 September 2016

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
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
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
EAM Solar Italy 3 Srl*		326	2 160	2 482	431	404	881	603	271	438	858	816	370	431	507	0
Ens Solar One srl			1 882	4 305	749			1 115	767	797	1 377	1 349	781	749	1 234	1 242
Energia Fotovoltaica 25			611	1 395	268			357	254	251	443	417	284	268	428	442
MWh	*7 808*	*7 447*	*11 436*	*14 808*	*2 566*	*1 533*	*3 298*	*4 287*	*2 318*	*2 879*	*4 794*	*4 610*	*2 526*	*2 566*	*4 363*	*4 325*
Companies affected by criminal proceedings and in bankruptcy																
Energetic Source Green Power**			4 236	9 692	1 782			2 505	1 732	1 679	3 175	2 967	1 870	1 782	2 258	0
Energetic Source Green Investments**			1 824	3 892	761			1 072	752	731	1 253	1 184	725	761	992	0
Energetic Source Solar Production**			2 930	6 584	980			1 750	1 180	1 220	2 191	2 021	1 151	980	1 520	0
Aveleos Green Investment**			597	1 380	142			351	246	255	457	443	225	142	291	0
Energia Fotovoltaica 14**			609	1 417	243			344	265	262	456	430	269	243	228	0
MWh	*0*	*0*	*10 196*	*22 964*	*3 908*	*0*	*0*	*6 022*	*4 174*	*4 147*	*7 531*	*7 045*	*4 241*	*3 908*	*5 289*	*0*
Total reported MWh	**7 808**	**7 447**	**21 632**	**37 772**	**6 474**	**1 533**	**3 298**	**10 309**	**6 493**	**7 026**	**12 325**	**11 655**	**6 766**	**6 474**	**9 652**	**4 325**

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
Varmo	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871
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
Momo*		1 219	990	1 234	226	198	451	214	127	213	425	410	186	226	*258*	*0*
Caltignaga*		1 160	1 170	1 248	205	207	430	389	144	225	433	406	184	205	*249*	*0*
Lorusso		1 407	1 378	1 420	234	274	421	444	238	250	470	443	258	234	380	396
Brundesini		1 393	1 427	1 461	255	286	419	455	267	277	472	456	256	255	416	403
Scardino		1 352	1 424	1 424	259	286	426	451	261	270	436	450	268	259	437	443
Enfo 25		1 339	1 367	1 395	268	267	413	432	254	251	443	417	284	268	428	442
MWh	*7 808*	*14 992*	*14 537*	*14 808*	*2 566*	*2 646*	*4 977*	*4 597*	*2 318*	*2 879*	*4 794*	*4 610*	*2 526*	*2 566*	*4 363*	*4 325*
Power plants affected by criminal proceedings, in bankruptcy and permanently shut down as of the 18th of June 2016																
Selvaggi**		1 347	1 384	1 303	261	277	420	438	249	174	444	417	269	261	*325*	*0*
Di Mauro**		1 322	1 382	1 417	255	274	413	440	254	260	464	423	270	255	*354*	*0*
Ninivaggi**		1 312	1 384	1 400	256	274	423	434	253	243	444	440	273	256	*358*	*0*
Lomurno**		1 356	1 348	1 382	259	270	410	426	242	250	453	421	258	259	*341*	*0*
Giordano D.**		1 330	1 387	1 412	242	280	419	441	247	239	472	436	265	242	*350*	*0*
Gagnazzi**		1 374	1 364	1 416	244	276	412	430	246	259	459	430	267	244	*177*	*0*
Gentile**		1 258	1 334	1 361	265	260	411	423	240	254	438	400	269	265	*354*	*0*
Lorusso**		1 278	1 300	1 264	241	267	403	401	229	198	434	427	204	241	*331*	*0*
Cirasole**		1 367	1 461	1 217	253	292	441	462	267	271	369	320	258	253	*323*	*0*
Scaltrito**		1 335	1 373	1 411	267	278	405	435	256	262	449	436	263	267	*338*	*0*
Pasculli**		1 395	1 398	1 375	244	283	412	448	255	252	459	415	249	244	*305*	*0*
Pisicoli N.**		1 469	1 396	1 427	266	275	424	449	248	257	467	437	266	266	*363*	*0*
Pisicoli T.**		1 327	1 369	1 318	143	272	414	439	244	248	446	433	191	143	*310*	*0*
Marulli**		934	1 022	1 045	203	197	312	330	183	194	348	326	177	203	*268*	*0*
Antonacci**		1 310	1 418	1 419	124	285	430	454	249	269	471	410	269	124	*273*	*0*
Piangevino**		1 183	1 358	1 380	142	273	415	425	246	255	457	443	225	142	*291*	*0*
Enfo 14**		1 313	1 377	1 417	243	280	415	417	265	262	456	430	269	243	*228*	*0*
MWh	*0*	*22 207*	*23 055*	*22 964*	*3 908*	*4 613*	*6 978*	*7 290*	*4 174*	*4 147*	*7 531*	*7 045*	*4 241*	*3 908*	*5 289*	*0*
Total produced MWh	**7 808**	**37 199**	**37 593**	**37 772**	**6 474**	**7 258**	**11 955**	**11 886**	**6 493**	**7 026**	**12 325**	**11 655**	**6 766**	**6 474**	**9 652**	**4 325**

(Some power plants have the historical production adjusted based on revised data)

* Sold with financial takeover on 1 June 2016

** Derecognised with effect from 28 September 2016

EAM SOLAR ASA

Q3 2016 REPORT

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