



EAM SOLAR ASA

Q2 2017

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**

30 JUNE 2017

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HIGHLIGHTS Q2 2017

Main events

- On 26 June the Company entered into a Litigation Funding Agreement with the international specialist litigation fund Therium Litigation Funding IC and resolved to carry out a fully underwritten rights' issue with gross proceeds of NOK 30 million. The litigation funding agreement and equity issue secures EAM Solar ASA's capability to pursue legal actions in the foreseeable future.
- In May the Criminal Court of Milan ordered a conservative seizure on all assets connected to Marco Giorgi and Igor Akhmerov, up to the total amount of Euro 33.062.632,62 in favour of EAM Solar ASA and EAM Solar Italy Holding S.r.l.
- EAM achieved a record high power production in the first half of 2017, adjusted for solar irradiation, due to improved technical operations.
- Based on the record power production the EBITDA for the first half 2017 came in at EUR 472k. Adjusted for legal costs normal operations yielded an EBITDA of EUR 1.2 million in the first half 2017, equivalent to an EBITDA margin of 58%.

Key figures

EUR 000'	Unaudited Q2 2017	Unaudited Q2 2016	Unaudited H1 2017	Unaudited H1 2016	Audited 2016
Revenues	1 365	1 886	2 199	2 805	4 454
Cost of operations	-154	-322	-278	-774	-1 122
Sales, general and administration expenses	-362	-495	-645	-976	-2 003
Acquisition and transaction costs	-426	-900	-803	-1 466	-12 149
EBITDA	424	169	472	-412	-10 820
Depreciation, amortizations and write downs	-427	-4 681	-854	-5 247	-6 677
EBIT	-3	-4 512	-382	-5 659	-17 497
Net financial items	19	-1 659	-52	-3 238	-2 580
Profit before tax	15	-6 171	-434	-8 897	-20 077
Income tax gain/(expense)	-44	-70	-34	18	66
Net income	-29	-6 242	-468	-8 879	-20 011
Earnings per share (fully diluted):	-0,01	-1,23	0,00	0,00	-3,95
Distribution to shareholders per share	0,00	0,00	0,00	0,00	0,00
Dividend yield	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
EBITDA adjusted	849	1 069	1 275	1 055	1 329

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 both to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company value. 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 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, the equity issue prospectus published on 9 August, 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 2nd quarter. EAM's own operation and maintenance team conducted normal operational inspections and maintenance work during the 2nd 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 2nd quarter amounted to 4,315 MWh, and for the first half year 6,935 MWh, 10% above estimated production for both periods.

EAM achieved a record high power production on Varmo and Codroipo in the first half 2017, adjusted for the solar irradiation. The record production comes as a result of the improved technical operations following the insourcing of all technical operations to Energeia Asset Management AS personnel.

FIT revenue

FIT contract revenues in the 2nd quarter amounted to EUR 1,180k and for the first half year to EUR 1,877, equivalent to an average FIT contract price of EUR 273 for the quarter and EUR 271 for the first half year 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 2nd quarter amounted to EUR 181k representing an average market price for electricity of EUR 42 per MWh. The average electricity market price achieved in the northern part of Italy was EUR 43 per MWh and in the southern part of Italy EUR 40 per MWh.

The average market price of electricity in Italy has fluctuated 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 a significant part of the future value is decided by the outcome of various legal actions and litigation procedures.

The Criminal Court of Milan issued a ruling on 31 May 2017 where they ordered a conservative seizure on all assets connected to Marco Giorgi and Igor Akhmerov, up to the total amount of Euro 33.062.632,62 in favour of EAM Solar ASA and EAM Solar Italy Holding S.r.l. The Court's decision was made in order to secure a possible compensation of part of the cash outlay made by EAM companies in July 2014 in conjunction with the P31 fraud also involving Aveleos SA, Avelar Energy Ltd and Enovos Luxembourg SA. The Court furthermore decided not to grant a conservative seizure against Enovos Luxembourg SA and Avelar Energy Ltd since the Court deemed these companies to have sufficient financial resources to meet any future payments of damages claims to EAM.

The amount identified by the court in this conservative seizure ruling is not to be interpreted as a limitation to the final damages claims that may be awarded EAM Solar ASA in the criminal proceedings in Milan and elsewhere.

The criminal proceedings in Milan has continued with court a hearing on 20 June, where the Court started with questioning of witnesses and presentation of evidence.

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

Dividends

EAM will pay no dividend in conjunction with the 2nd quarter 2017.

Financing

The Company" has entered into two separate funding schemes in order to increase the litigation efforts against Enovos, Avelar and associated companies.

The funding schemes are a litigation funding agreement and an equity rights issue, fully underwritten by the Company's largest shareholders. The two initiatives will significantly strengthen the Company's financial "litigation war chest" and enable EAM to expand its ongoing legal processes in Italy, Luxembourg,

Switzerland and other relevant jurisdictions in the foreseeable future.

The litigation funding agreement with Therium Litigation Funding IC and the equity rights' issue will in the outset contribute with more than EUR 5 million to cover future legal costs based on the current budgets for legal costs in the period 2017 through 2021. This funding comes in addition to the free cash flow from ordinary operations, significantly enhancing the legal strength of EAM going forward.

The key financial metrics for the litigation funding agreement and the equity rights issue is that Therium in the case of a claim award to EAM Solar ASA will receive in the range 5 to 10% of the anticipated claim award, and the dilution of non-participating shareholders in the equity rights issue will be approximately 20% (excluding any revenue from sale of subscription rights).

The proposed litigation funding comprises a maximum amount of approximately EUR 2.3 million divided into three equal tranches. The first tranche of EUR 776,865 has been committed, and Therium may provide two additional tranches in the same amount in the future at their own discretion if the Company needs further funds to cover legal costs. The funding is non-recourse and does not constitute a debt, however, Therium will upon a successful claim award receive four times the invested amount on any committed tranches.

In connection with the proposed Rights Issue, the Company has entered into an underwriting agreement with the Company's main shareholders of NOK 30 million who upon and subject to certain conditions underwrite the subscription of all the shares to be offered in the forthcoming Rights Issue.

Changes in the management agreement

The Company is party to an administrative, technical and operational management agreement with EAM Solar Park Management AS (the "Management Agreement"). Pursuant to the Management Agreement, EAM Solar Park Management AS (SPM) provides all administrative, technical, and operational services to the Company, its subsidiaries and its solar power plants.

Under the existing Management Agreement SPM is entitled to revenue equal to its directly attributable costs for providing the services to the Company, without margin. In addition SPM is entitled to 12.5 % of the annual pre-tax profit (the "Royalty") in the Company. The Company and SPM is in agreement that the Management Agreement in its original form no longer works in the best interest of the Company, and have therefore decided to amend the Management Agreement. The board of directors of the Company has taken the view that the Company is best served by having the upside interest which the Royalty constitutes converted into ordinary share ownership, so as to ensure full alignment of interests between EAM Solar ASA and SPM. The board of directors, with the assistance of an external financial adviser, has carried out an assessment of the appropriate exchange rate at which the Royalty can be converted into shares without being dilutive to the shareholders. Based on this process, the board of directors proposes that the Royalty is converted into 532,210 new shares in the Company. This represents 9.5% of the outstanding shares in EAM after the debt to equity conversion, and is calculated based on the 12,5% pre tax profit split adjusted for a

calculated tax of 24% and assuming a non-dilutive effect for the shareholders of EAM Solar ASA.

The Company and SPM have, therefore, entered into an addendum to the Management Agreement pursuant to which the Company shall buy back SPMS's right to the Royalty, following which the Royalty will be cancelled.

In consideration of to the buy-back of the Royalty, EAM Solar Park Management AS shall, technically, receive a claim equal to NOK 17,436,385. This claim will then immediately be converted into 532,210 shares in the Company (the "Consideration Shares"). The addendum to the Management Agreement and the issuance of the Consideration Shares are subject to the approval of the general meeting.

The amendment is conducted to secure that SPM's interests are fully aligned with EAM in the pursuit of the claims against Aveleos, its directors, Enovos and Avelar.

The addendum shall become effective when the general meeting of EAM has given the board of directors of EAM the authority to carry out the increase of the share capital required to issue the Consideration Shares (the "Effective Time").

SPM will continue as the manager of EAM and except for the amendments described above the management agreement will continue in force.

SPM has agreed to a lock-up on the Consideration Shares. Under the lock-up, SPM shall not for the period until the earlier of (i) five years from the Effective Time and (ii) such time when all legal disputes involving EAM or its subsidiaries in relation to the acquisition of the P31 portfolio have been finally settled or adjudicated, sell or in any other way transfer the Consideration Shares to any other person.

Subsequent events

The Rights Issue approved by the Company's general meeting in an extraordinary general meeting held on 8 August 2017, the meeting also approved the amendment to the Management Agreement.

Financial review

The financial review of the 2nd quarter 2017 does not compare with the reported 2nd 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 SPVs in bankruptcy has been derecognised from the Group accounts at the end of the 3rd quarter 2016.

Revenues

2nd quarter revenues came in at EUR 1,365k, of which EUR 1,180k came from FIT contracts and EUR 181k came from market sales of electricity. Revenues for the first half year came in at EUR 2,199k of which EUR 1,877k came from FIT contracts and EUR 318k came from market sales of electricity.

The 2nd quarter 2017 revenues represent approximately 33% of the expected annual revenues of EUR 4.116 million based on the current corporate structure with 6 power plants in operations.

Cost of operations

Cost of operations in the 2nd quarter was EUR 154k and EUR 278 for the first half year.

SG&A costs

SG&A costs in the 2nd quarter were EUR 362k and EUR 646 for the first half 2017.

Legal costs

The cost items named "Acquisition and financing costs" consist more or less solely of legal costs, and will be renamed "Legal costs" in the third quarter 2017 report and going forward.

EAM Solar ASA does not envisage conducting any acquisitions or refinancing going forward due to the P31 litigation activities. Most of the costs previously named "acquisition and financing costs" in the period from the 2nd quarter 2014 have at large been costs relating to litigation or asset write-downs stemming from the P31 fraud.

In the 2nd quarter 2017 costs related to the legal costs in stemming from the P31 Acquisition were EUR 426k and for the first half year EUR 803k.

EBITDA

EBITDA in the 2nd quarter came in at EUR 424k and EUR 472k for the first half year.

EBITDA in the 1st half 2017, excluding legal costs, amounts to approximately EUR 1,2 million representing an EBITDA margin of approximately 58%. Full year 2017 guidance for EBITDA before legal costs is in the range EUR 2,2 to 2,5 million, and

legal costs is expected to amount to approximately EUR 2 million.

EBIT

Depreciation in the 2nd quarter was EUR 427k and EUR 854k for the first half year, resulting in an operating loss of EUR 3k in the quarter and a loss of EUR 382 for the first half year.

Net financial items

Net financial items in the 2nd quarter were positive with EUR 19k in the quarter and negative with EUR 52 for the first half 2017.

Pre-tax loss, taxes and net loss

Pre-tax profit in the 2nd quarter was EUR 15k and a loss of EUR 434k for the first half year.

Taxes in the 2nd quarter amounted to a net tax cost of EUR 44k and a net tax cost of EUR 34k for the first half 2017.

Reported net loss was in the 2nd quarter EUR 29k and a net loss of EUR 468k for the first half year.

Cash Flow

Cash flow from operations for the first half 2017 came in at minus EUR 56k. No investment activities took place in the period. Financing activities was negative with EUR 207k.

Restricted and unrestricted cash by the end of the quarter was EUR 1.3 million, of which EUR 53k 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 amount to EUR 39.7 million, while book equity amounted to EUR 14.4 million representing an equity ratio of 36.3%.

Oslo, 15 August 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 Q2 2017	Unaudited Q2 2016	Unaudited H1 2017	Unaudited H1 2016	Audited 2016
Revenues	5,12	1 365 411	1 886 147	2 198 610	2 805 204	4 453 648
Cost of operations	12	-153 774	-322 239	-278 064	-774 468	-1 121 753
Sales, general and administration expenses	12	-362 277	-495 099	-645 462	-976 235	-2 003 236
Acquisition and transaction costs	12	-425 676	-899 615	-803 143	-1 466 272	-12 148 595
EBITDA	5	423 684	169 195	471 942	-411 770	-10 819 936
Depreciation, amortizations and write downs	9	-427 026	-4 681 154	-853 970	-5 246 832	-6 677 455
EBIT	5	-3 342	-4 511 960	-382 028	-5 658 602	-17 497 391
Finance income	6	1 398 498	59 994	1 624 758	123 360	1 222 427
Finance costs	6	-1 379 900	-1 719 476	-1 676 411	-3 361 636	-3 801 978
Profit before tax		15 255	-6 171 442	-433 682	-8 896 878	-20 076 942
Income tax gain/(expense)		-44 403	-70 278	-34 060	18 209	65 788
Profit after tax		-29 148	-6 241 720	-467 742	-8 878 669	-20 011 154
Other comprehensive income						
Translation differences		823 542	7 422 724	-966 079	1 761 502	2 606 326
Cash flow hedges		-9 095	227	33 551	-39 893	-129 880
Other comprehensive income net of tax		814 447	7 422 951	-932 528	1 721 609	2 476 446
Total comprehensive income		785 299	1 181 232	-1 400 270	-7 157 060	-17 534 708
Profit for the year attributable to:						
Equity holders of the parent company		-29 148	-6 241 720	-467 742	-8 878 669	-20 011 154
Equity holders of the parent company		-29 148	-6 241 720	-467 742	-8 878 669	-20 011 154
Total comprehensive income attributable to:						
Equity holders of the parent company		785 299	1 181 232	-1 400 270	-7 157 060	-17 534 708
Equity holders of the parent company		785 299	1 181 232	-1 400 270	-7 157 060	-17 534 708
Earnings per share:						
Continued operation						
- Basic		-0,01	-1,23	-0,09	-1,75	-3,95
- Diluted		-0,01	-1,23	-0,09	-1,75	-3,95

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the 2nd quarter 2017 is 5,070,000.

Consolidated statement of financial position

EUR	Note	Unaudited H1 2017	Audited 2016
ASSETS			
Property, plant and equipment	9	22 223 611	23 077 581
Deferred tax asset		0	0
Intangible assets		311 377	321 012
Other long term assets		1 050 341	1 089 563
Non-current assets		23 585 329	24 488 156
Receivables	8	13 554 661	14 290 217
Other current assets		1 230 333	127 897
Cash and short term deposits	7	1 304 595	1 568 193
Current assets		16 089 589	15 986 307
TOTAL ASSETS		39 674 919	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		-7 229 435	-6 263 356
Other equity		-9 188 352	-8 754 163
Other equity		-16 417 787	-15 017 519
Total equity		14 402 963	15 803 231
Leasing	10	5 684 174	5 838 488
Long term loan - interest bearing	10	7 173 345	7 370 641
Other non current liabilities	10	0	0
Total non-current liabilities		12 857 519	13 209 129
Trade payables	10	3 492 772	2 552 747
Tax liabilities	10	771 439	829 367
Short term financing - interest bearing	10	0	0
Other current liabilities	10	8 150 225	8 079 989
Total current liabilities		12 414 436	11 462 103
Total liabilities		25 271 955	24 671 232
TOTAL EQUITY AND LIABILITIES		39 674 919	40 474 463

Oslo, 15 August 2017

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 H1 2017	Unaudited H1 2016	Audited 2016
Cash flow from operating activities				
Ordinary profit before tax		15 255	-8 878 669	-20 076 943
Loss on disposal of property, plant and equipment		0	1 549 987	1 137 653
Paid income taxes				
Depreciation	9	853 970	1 038 595	1 891 558
Write down of fixed assets	9	0	4 208 237	4 785 897
Changes in trade receivables and trade payable	8	1 675 580	6 996 183	6 918 120
Changes in other accruals*		-2 601 078	-4 681 706	-5 839 666
Net cash flow from operating activities		-56 273	232 627	-11 183 381
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired			0	-6 001
Acquisition of property, plant and equipment			0	
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	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		-207 328	-153 975	-1 510 594
Net cash flow from financing activities		-207 328	3 396 025	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	0	
Seizure of cash	7	0	0	
Net increase/(decrease) in cash and cash equivalents		-263 601	3 628 652	-9 149 976
Cash and cash equivalents at end of period		1 304 595	14 346 824	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			-467 742			-467 742
Derecognition of SPVs in bankruptcy						0
Other comprehensive income				33 551	-966 079	-932 528
Equity as at 30 June 2017	6 214 380	24 606 370	-8 547 992	-640 360	-7 229 435	14 402 962

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.

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 second 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 2nd 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 1.3 million on 30 June 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 the Litigation Funding agreement with Therium and the subsequent Share Issue, 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 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

Energeia Asset Management AS is the manager of EAM. Energeia 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 Energeia Asset Management AS, but not involved in the day-to-day operations of Energeia Asset Management AS. They are represented with one director each on the board of directors of Energeia Asset Management AS. Certain key personnel managing the day-to-day operations of EAM are also investors in 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 is developed, created and managed by Energeia Asset Management AS. The royalty structure aligns the interests between the Group and the manager.

In the 2nd quarter 2017 EAM Solar Park Management AS' direct costs of the management of EAM was EUR 288k, of which EUR 30k is related to cost of operations, EUR 185k is related to SG&A and EUR 73k is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud.

Subsequent to the end of the quarter EAM and EAM Solar Park Management AS (SPM) are in agreement that the management agreement in its original form does not work in the best interest of EAM and SPM, and have therefore decided to amend the Agreement.

The amendment is conducted to secure that SPM's interests are fully aligned with EAM in the pursuit of the claims against Aveleos, its directors, Enovos and Avelar.

EAM Solar and SPM have entered into an addendum to the Agreement pursuant to which EAM shall buy back SPM's right to the Royalty, following which the Royalty will be cancelled. In consideration of to the buy-back of the Royalty, SPM shall receive 532,210 shares in EAM Solar (the "Consideration Shares") a claim equal to NOK 17,436,385.

The addendum is subject to the approval of the general meeting of EAM Solar.

The addendum shall become effective when the general meeting of EAM has given the board of directors of EAM the authority to carry out the increase of the share capital required to issue the Consideration Shares.

SPM will continue as the manager of EAM and except for the amendments described above the management agreement will continue in force.

SPM has agreed to a lock-up on the Consideration Shares. Under the lock-up, EAM Solar Park Management AS shall not for the period until the earlier of (i) five years from the effectiveness of the addendum and (ii) such time when all legal disputes involving EAM or its subsidiaries in relation to the acquisition of the P31 portfolio have been finally settled or adjudicated, sell or in any other way transfer the Consideration Shares to any other person.

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.

In order to bridge financing until proceeds from the rights issue has been received by the Company, Sundt AS has given a short term liquidity loan in the size of NOK 4 million, carrying an annual interest of 15%.

Note 5: Segment information

EAM owns and operates six solar PV power plants at the end of the 2nd quarter 2017. Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, that ultimately have lead to their bankruptcy, EAM derecognised the affected power plants and SPVs in 2016.

EAM Solar Italy 1 s.r.l.	H1 2017	H1 2016
Revenues from external customers	501 703	399 258
EBITDA	365 744	271 984
EBIT	172 468	78 891
Non-current assets	4 668 550	5 129 019
EAM Solar Italy 2 s.r.l.	H1 2017	H1 2016
Revenues from external customers	1 025 329	798 688
EBITDA	797 842	564 335
EBIT	404 043	170 615
Non-current assets	9 937 391	10 700 995
EAM Solar Italy 3 s.r.l. *	H1 2017	H1 2016
Revenues from external customers	0	255 382
EBITDA	0	175 803
EBIT	0	61 854
Non-current assets	0	0
ENS1 & ENFO 25	H1 2017	H1 2016
Revenues from external customers	667 579	618 351
EBITDA	463 264	395 800
EBIT	196 369	128 812
Non-current assets	9 170 757	9 993 902
SPV's in criminal proceedings**	H1 2017	H1 2016
Revenues from external customers	0	354 204
EBITDA	0	-1 540 033
EBIT	0	-5 816 989
Non-current assets	0	588 291
Other & eliminations	H1 2017	H1 2016
Revenues from external customers	4 000	379 321
EBITDA	-1 154 908	-279 657
EBIT	-1 154 908	-281 784
Non-current assets	-191 369	-2 180 049
Total	H1 2017	H1 2016
Revenues from external customers	2 198 610	2 805 204
EBITDA	471 942	-411 770
EBIT	-382 028	-5 658 602
Non-current assets	23 585 329	24 232 158

* Sold with financial takeover 1 June 2016

** Derecognised with effect from 28 September 2016

Note 6: Financial income and expenses

Financial income	H1 2017	H1 2016
Interest income	39	23 778
Foreign exchange gain	1 624 718	7 486
Other financial income	0	92 096
Total financial income	1 624 758	123 360
Financial expenses	H1 2017	H1 2016
Interest expense	-474 822	-2 235 431
Foreign exchange losses	-151 764	-692 812
Other financial expenses	-1 049 825	-433 393
Total financial expenses	-1 676 411	-3 361 636
Net financial income (expenses)	-51 654	-3 238 276

The average exchange rate used for the first half year 2017 is EUR/NOK 9,1738, whereas the exchange rate used on 30 June 2017 is EUR/NOK 9.5713.

Note 7: Cash and cash equivalents

EUR	Q2 2017	Q2 2016
Cash Norway	52 783	3 352 181
Cash Italy	1 251 812	10 994 639
Cash and cash equivalents	1 304 595	14 346 820
Restricted cash Italy	920 980	1 002 339
Seized cash Italy	53 512	9 350 507

The Company had no unused credit facilities at 30 June 2017, except for the Litigation Funding Agreement with Therium, see above for more details.

Of the restricted cash, EUR 670k 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	Q2 2017	Q2 2016
Accounts receivables	71 151	875 923
Deferred revenue towards GSE	1 361 647	547 548
Receivable from Aveleos	11 528 996	11 005 324
Other receivables	592 867	915 964
Accounts receivables	13 554 661	13 344 759

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

Q2 2017	Solar power plants
Carrying value 1 January 2017	23 077 581
Additions	0
Write down	0
Depreciation	-853 970
Disposals	0
Carrying value 31 March 2016	22 223 611

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

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.

EUR	Q2 2017	Q2 2016
Interest bearing debt	7 173 345	8 195 798
Other non current liabilities	0	10 864
Obligations under finance leases	5 684 174	5 988 855
Total non-current liabilities	12 857 519	14 195 517
Trade and other payables	3 492 772	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	0	430 479
Tax payable	771 439	702 945
<i>Related to ordinary operations</i>	<i>4 264 211</i>	<i>50 009 207</i>
AION Renewables	0	0
Aveleos S.A.	8 150 227	8 992 770
GSE repayment claim	0	22 717 868
<i>Related to criminal proceedings</i>	<i>8 150 227</i>	<i>31 710 638</i>
Total current liabilities	12 414 438	81 719 845
Total liabilities	25 271 957	95 915 362

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%	-14 083	-14 083	8 362 365	153 338
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	-64 333	-64 333	6 883 365	6 356 743
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	365 744	172 468	-114 771	5 293 476
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	797 842	404 043	2 409 955	8 837 861
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	-462 632	-462 632	-876 115	18 471 890
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	354 093	145 446	-1 765 449	2 857
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	109 171	50 923	353 621	1 939 956

Note 12: Operational costs break-down 2017

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
Revenues	1 365 411	501 703	1 025 329	667 579	-829 199
Cost of operations	-153 774	-53 673	-115 077	-94 545	109 521
Land rent	-60 648	-17 725	-36 831	-6 092	0
Insurance	-69 686	-8 728	-31 640	-14 549	-14 769
Operation & Maintenance	-52 465	-6 831	-22 228	-23 406	0
Other operations costs	29 025	-20 389	-24 378	-50 498	124 290
Sales, General & Administration	-362 277	-82 286	-112 410	-96 625	-70 956
Accounting, audit & legal fees	-114 763	-13 131	-14 934	-202	-86 496
IMU tax	-11 025	-6 129	-4 896	0	0
EAM SPM adm costs	-368 438	-60 000	-90 000	-84 000	-134 438
Other administrative costs	131 949	-3 026	-2 580	-12 423	149 978
Acquisition & financing cost	-425 676	0	0	-13 145	-412 531
Legal costs	-265 955	0	0	0	-265 955
Other non-recurring items	-159 721	0	0	-13 145	-146 576
EBITDA	423 684	365 744	797 842	463 264	-1 203 166

Note 13: Events after the reporting date

The Rights Issue approved by the Company's general meeting in an extraordinary general meeting held on 8 August 2017, the meeting also approved the amendment to the Management Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2017 and the first six months of 2017. The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

The interim consolidated financial statement for the first six months of 2017 has been prepared in accordance with applicable accounting standards. The information disclosed in the accounts provides a true and fair view of the Group's assets, liabilities, financial position, and profit as of 30 June 2017. The interim management report for the first six months of 2017 also includes a fair overview of key events during the reporting period and their effect on the financial statement for the first half-year of 2017. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo, 15 August 2017

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

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	Q2'17
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	500	866
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	995	1 797
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	1 231
Energia Fotovoltaica 25			611	1 395	268			357	254	251	443	417	284	268	428	442	266	265	420
<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>2 621</i>	<i>4 315</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	Q2'17
Varmo	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376	500	866
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	995	1 797
Lorusso		1 407	1 378	1 420	234	274	421	444	238	250	470	443	258	234	380	396	225	282	386
Brundesini		1 393	1 427	1 461	255	286	419	455	267	277	472	456	256	255	416	403	261	291	427
Scardino		1 352	1 424	1 424	259	286	426	451	261	270	436	450	268	259	437	443	268	286	419
Enfo 25		1 339	1 367	1 395	268	267	413	432	254	251	443	417	284	268	428	442	266	265	420
<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>2 621</i>	<i>4 315</i>

EAM SOLAR ASA

Q2 2017 REPORT



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