

# EAM SOLAR ASA **Q1 REPORT** 2018

Interim condensed consolidated financial statements for the period ended 31 March 2018

# CONTENTS

## Financial report

Highlights Q1 2018	3
Interim report	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
Notes to the interim consolidated financial statement	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 Q1 2018	15
Note 13 Events after the reporting date	15

# HIGHLIGHTS

## Q1 2018

- EBITDA for the first quarter 2018 was minus EUR 255 thousand. Normal operations, adjusted for legal costs and write down of receivable against Aveleos SA, yielded an EBITDA of EUR 168 thousand for the first quarter 2018, equivalent to an EBITDA margin of 26 per cent.
- Cost of operations and SG&A amounted to EUR 142 thousand and EUR 346 thousand respectively.
- Hearings were conducted in both criminal and arbitration proceedings in Milan during the quarter without any concluding rulings. The EAM CEO appeared as witness in the Criminal Court on 20 February 2018.
- In February the Company received yet another defamation claim from Aveleos S.A. This time over the statements made with regards to the write down of receivables against Aveleos conducted in the third quarter report 2017.

EUR 000'	Unaudited Q1 2018	Unaudited Q1 2017	Audited 2017	Audited 2016
<b>Revenues</b>	<b>655</b>	<b>833</b>	<b>4 213</b>	<b>4 454</b>
Cost of operations	(142)	(124)	(769)	(1 122)
Sales, general and administration expenses	(346)	(285)	(1 688)	(2 003)
Legal costs	(423)	(381)	(6 649)	(12 149)
<b>EBITDA</b>	<b>(255)</b>	<b>42</b>	<b>(4 892)</b>	<b>(10 820)</b>
Depreciation, amortizations and write downs	(466)	(427)	(1 909)	(6 677)
<b>EBIT</b>	<b>(721)</b>	<b>(385)</b>	<b>(6 801)</b>	<b>(17 497)</b>
Net financial items	(567)	(69)	97	(2 580)
<b>Profit before tax</b>	<b>(1 288)</b>	<b>(454)</b>	<b>(6 704)</b>	<b>(20 077)</b>
Income tax gain(/expense)	(44)	10	(510)	66
<b>Net income</b>	<b>(1 332)</b>	<b>(444)</b>	<b>(7 214)</b>	<b>(20 011)</b>
<b>Earnings per share (fully diluted):</b>	<b>(0.19)</b>	<b>(0.09)</b>	<b>(1.27)</b>	<b>(3.95)</b>
Distribution to shareholders per share	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	5.07	5.68	5.07
<b>EBITDA adjusted</b>	<b>168</b>	<b>423</b>	<b>1 756</b>	<b>1 329</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 photovoltaic power plants and sell produced 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 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 2017, published on 12 April 2018, the equity issue prospectus published on 9 August 2017, and the stock exchange notices in the reporting period.

## Operational review and outlook

### Power plants in operation

EAM ASA operated 6 remaining power plants in the fourth quarter. EAM ASA’s own operation and maintenance team conducted normal operational inspections and maintenance work during the first quarter, 2018.

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 first quarter amounted to 2 029 MWh, 20 per cent below estimated production. The main reason for lower power production was related to solar irradiation in the quarter, and within normal monthly variation.

### FIT revenues

In the first quarter 2018, EAM FIT revenues amounted to EUR 545 thousand. Average FIT contract price revenue achieved was EUR 268 for the quarter per MWh. 2 power plants in the north of Italy and 4 power plants in the south of Italy receive FIT contract revenues.

### Market price development

Market price revenues in the first quarter amounted to EUR 109 thousand. This repre-

sents an average market price for electricity of EUR 54 per MWh for the quarter. The average electricity market price achieved in the northern part of Italy for the year was EUR 59 per MWh and in the southern part of Italy EUR 48 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 decided by the outcome of various legal actions and litigation procedures.

The criminal proceeding in Milan has continued with hearings throughout the quarter where the Court continued with questioning of witnesses and presentation of evidence. A verdict in the first instance cannot be expected before end of 2018 at the earliest; most likely it will be issued in 2019.

The EAM CEO testified in the Criminal Court on 20 February 2018.

The arbitration proceedings in Milan has continued with hearings and filing of briefs.

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 in the Company 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. A hearing is expected to take place 24 May 2018.

The statements regards a provision for doubtful debt against Aveleos SA of EUR 4 418 thousand made in third quarter, given the fact that Aveleos SA in the Company’s

opinion is de-facto bankrupt and is running their company at the creditors’ expense.

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

### Dividends

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

### Subsequent events

There are no subsequent events to be mentioned.

## Financial review

### Revenues

First quarter revenues came in at EUR 655 thousand, of which EUR 545 thousand was received from FIT contracts, EUR 109 thousand from market sales of electricity.

The first quarter 2018 revenues represent approximately 13 percent of the expected annual revenues of EUR 4 940 thousand based on the current corporate structure with 6 power plants in operations.

### Cost of operations

Cost of operations in the first quarter was EUR 142 thousand.

### SG&A costs

SG&A costs in the first quarter were EUR 346 thousand.

### Legal costs

The cost items consist more or less solely of legal costs. In the first quarter 2018 legal costs stemming from the P31 Acquisition were EUR 423 thousand.

### EBITDA

EBITDA in the first quarter came in at minus EUR 255 thousand, representing an EBITDA margin of approximately minus 39 percent.

### EBIT

Depreciation and write down in the first quarter 2018, was EUR 466 thousand, resulting in an operating profit of minus EUR 721 thousand in the first quarter 2018.

### Net financial items

Net financial items in the first quarter were negative with EUR 567 thousand.

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

Pre-tax profit in the first quarter 2018 was minus EUR 1 228 thousand.

Taxes in the first quarter amounted to a net tax cost of EUR 44 thousand.

Reported net income was in the first quarter minus EUR 1 332 thousand.

### Cash Flow

Cash flow from operations for the quarter came in at EUR 637 thousand. Investment activities amounted to EUR 127 thousand in the period. Financing activities were negative with EUR 166 thousand.

Restricted and unrestricted cash by the end of the quarter was EUR 1 445 thousand,

of which EUR 62 thousand 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 29.3 million, while book equity amounted to EUR 12.8 million representing an equity ratio of 43.5 percent.

### Shares and share capital

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

Oslo, 15 May 2018

**Pål Hvammen**  
*Non-executive  
director*

**Erling Christiansen**  
*Non-executive  
director*

**Ragnhild Wiborg**  
*Chair*

**Viktor E Jakobsen**  
*CEO*





# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q1 2018	Unaudited Q1 2017	Audited 2017	Audited 2016
<b>Revenues</b>	5, 12	<b>654 659</b>	833 199	4 213 335	4 453 648
Cost of operations	12	<b>(141 539)</b>	(124 446)	(769 196)	(1 121 753)
Sales, general and administration expenses	12	<b>(345 563)</b>	(285 396)	(1 687 671)	(2 003 236)
Legal costs	12	<b>(423 027)</b>	(381 199)	(6 648 537)	(12 148 595)
<b>EBITDA</b>	5	<b>(255 471)</b>	42 158	(4 892 069)	(10 819 936)
Depreciation, amortizations and write downs	9	<b>(465 736)</b>	(426 944)	(1 908 805)	(6 677 455)
<b>EBIT</b>	5	<b>(721 206)</b>	(384 786)	(6 800 874)	(17 497 391)
Finance income	6	<b>146 947</b>	231 047	2 879 014	1 222 427
Finance costs	6	<b>(713 975)</b>	(300 506)	(2 782 335)	(3 801 978)
<b>Profit before tax</b>		<b>(1 288 234)</b>	(454 245)	(6 704 195)	(20 076 942)
Income tax gain/(expense)		<b>(43 955)</b>	10 343	(510 198)	65 788
<b>Profit after tax</b>		<b>(1 332 189)</b>	(443 902)	(7 214 393)	(20 011 154)
<b>Other comprehensive income</b>					
Translation differences		<b>220 739</b>	(1 789 621)	6 269	2 606 326
Cash flow hedges		<b>22 241</b>	42 646	354 184	(129 880)
Other comprehensive income net of tax		<b>242 980</b>	(1 746 975)	360 453	2 476 446
<b>Total comprehensive income</b>		<b>(1 089 209)</b>	(2 190 876)	(6 853 940)	(17 534 708)
Profit for the year attributable to:					
Equity holders of the parent company		<b>(1 332 189)</b>	(443 902)	(7 214 393)	(20 011 154)
<b>Equity holders of the parent company</b>		<b>(1 332 189)</b>	(443 902)	(7 214 393)	(20 011 154)
Total comprehensive income attributable to:					
Equity holders of the parent company		<b>(1 089 209)</b>	(2 190 876)	(6 853 940)	(17 534 708)
<b>Equity holders of the parent company</b>		<b>(1 089 209)</b>	(2 190 876)	(6 853 940)	(17 534 708)
<b>Earnings per share:</b>					
Continued operation					
- Basic		<b>(0.19)</b>	(0.09)	(1.27)	(3.95)
- Diluted		<b>(0.19)</b>	(0.09)	(1.27)	(3.95)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 2018	Audited 2017
<b>ASSETS</b>			
Property, plant and equipment	9	21 107 959	21 409 192
Deferred tax asset		-	-
Intangible assets		1 987 785	1 989 219
Other long term assets		1 069 269	1 051 604
<b>Non-current assets</b>		<b>24 165 013</b>	<b>24 450 015</b>
Receivables	8	2 387 301	3 269 671
Other current assets		1 367 856	1 356 375
Cash and short term deposits	7	1 444 792	1 100 979
<b>Current assets</b>		<b>5 199 949</b>	<b>5 727 025</b>
<b>TOTAL ASSETS</b>		<b>29 364 962</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		(6 036 349)	(6 257 088)
Other equity		(16 924 316)	(15 614 370)
<b>Other equity</b>		<b>(22 960 665)</b>	<b>(21 871 458)</b>
<b>Total equity</b>		<b>12 769 320</b>	<b>13 858 528</b>
Leasing	10	5 445 077	5 525 811
Long term loan - interest bearing	10	6 547 998	6 496 913
Other non current liabilities	10	-	-
<b>Total non-current liabilities</b>		<b>11 993 076</b>	<b>12 022 724</b>
Trade payables	10	2 713 228	2 461 828
Tax liabilities	10	1 161 094	1 083 474
Short term financing - interest bearing	10	-	-
Other current liabilities	10	728 244	750 486
<b>Total current liabilities</b>		<b>4 602 566</b>	<b>4 295 788</b>
<b>Total liabilities</b>		<b>16 595 642</b>	<b>16 318 512</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29 364 962</b>	<b>30 177 040</b>

Oslo, 15 May 2018

Pål Hvammen  
Non-executive  
director

Erling Christiansen  
Non-executive  
director

Ragnhild Wiborg  
Chair

Viktor E Jakobsen  
CEO

# CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited 3M 2018	Audited 2017
<b>Cash flow from operating activities</b>			
Ordinary profit before tax		(1 288 234)	(6 704 194)
Loss on disposal of property, plant and equipment		-	-
Paid income taxes		-	(9 297)
Depreciation	9	428 555	1 697 212
Write down of fixed assets	9	-	103 220
Changes in trade receivables and trade payable	8	1 111 530	10 929 626
Changes in other accruals		385 489	(7 378 171)
<b>Net cash flow from operating activities</b>		<b>637 340</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		(127 323)	(132 043)
<b>Net cash flow used in investing activities</b>		<b>(127 323)</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		(166 207)	(1 071 261)
<b>Net cash flow from financing activities</b>		<b>(166 207)</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	7	-	-
Net increase/(decrease) in cash and cash equivalents		343 810	(467 214)
<b>Cash and cash equivalents at end of period</b>		<b>1 444 792</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	-	-	(1 332 189)	-	-	(1 332 189)
Other comprehensive income	-	-	-	22 241	220 739	242 980
<b>Equity as at 31 March 2018</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(16 626 831)</b>	<b>(297 487)</b>	<b>(6 036 349)</b>	<b>12 769 320</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 produced 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.

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 first quarter 2018 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 first quarter report should therefore be read in conjunction with the Group's Annual Report 2017 that was published on 12 April 2018, the equity issue prospectus published on 9 August 2017, 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 one of the external financing contracts with floating interest there is an interest rate swaps hedging fluctuations in floating interest.

### 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. For write down of receivables against Aveleos SA, see [note 8](#).

### Asset value risk

EAM Group's cash balance was EUR 1.4 million on 31 March 2018, of which EUR 62 thousand are seized.

### 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 to conducted unilateral and retroactive changes to the commercial electricity sales contracts to the detriment of the suppliers and also to the operational regulatory regime governing the 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, 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 Asset Management AS is the manager of EAM. Energeia Asset Management AS owns EAM Solar Park Management AS 100 percent. 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. Sundt AS and Canica AS are represented 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 with a profit margin of 7 per cent related to the services provided.

In the first quarter 2018 EAM Solar Park Management AS' direct costs of the management of EAM was EUR 445 thousand, of which EUR 20 thousand is related to cost of operations, EUR 272 thousand is related to SG&A and EUR 153 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 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 first quarter 2018.

<b>EAM Solar Italy 1 s.r.l.</b>	<b>Q1 2018</b>	<b>Q1 2017</b>
Revenues from external customers	137 862	188 347
EBITDA	75 376	131 666
EBIT	(21 461)	35 028
Non-current assets	4 383 632	4 760 792
<b>EAM Solar Italy 2 s.r.l.</b>	<b>Q1 2018</b>	<b>Q1 2017</b>
Revenues from external customers	288 258	374 350
EBITDA	194 124	263 089
EBIT	(2 775)	66 190
Non-current assets	9 351 916	10 125 128
<b>ENS1 &amp; ENFO 25</b>	<b>Q1 2018</b>	<b>Q1 2017</b>
Revenues from external customers	228 539	270 502
EBITDA	(40 142)	173 718
EBIT	(179 818)	40 311
Non-current assets	8 929 555	9 313 166
<b>Other &amp; eliminations</b>	<b>Q1 2018</b>	<b>Q1 2017</b>
Revenues from external customers	-	-
EBITDA	(484 828)	(526 315)
EBIT	(517 152)	(526 315)
Non-current assets	1 499 910	(191 073)
<b>Total</b>	<b>Q1 2018</b>	<b>Q1 2017</b>
Revenues from external customers	654 659	833 199
EBITDA	(255 471)	42 158
EBIT	(721 206)	(384 786)
Non-current assets	24 165 013	24 008 013

**NOTE 06** FINANCIAL INCOME AND EXPENSES

	<b>Q1 2018</b>	<b>Q1 2017</b>
<b>Financial income</b>		
Interest income	28	20
Foreign exchange gain	146 920	231 028
Other financial income	-	-
<b>Total financial income</b>	<b>146 947</b>	<b>231 048</b>
<b>Financial expenses</b>		
Interest expense	(187 175)	(241 058)
Foreign exchange losses	(486 812)	(27 047)
Other financial expenses	(39 988)	(32 401)
<b>Total financial expenses</b>	<b>(713 975)</b>	<b>(300 506)</b>
<b>Net financial income (expenses)</b>	<b>(567 028)</b>	<b>(69 458)</b>

The average exchange rate used for the quarter is EUR/NOK 9.633, whereas the exchange rate used on 31 March 2018 is EUR/NOK 9.642.

**NOTE 07 CASH AND CASH EQUIVALENTS**

EUR	Q1 2018	2017
Cash Norway	181 353	140 966
Cash Italy	1 263 439	960 013
<b>Cash and cash equivalents</b>	<b>1 444 792</b>	<b>1 100 979</b>
<b>Restricted cash Italy</b>	<b>609 505</b>	<b>620 623</b>
<b>Seized cash Italy</b>	<b>61 836</b>	<b>61 836</b>

The Company had no unused credit facilities at 31 March 2018, except for the Litigation Funding Agreement with Therium.

Of the restricted cash, EUR 359 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	Q1 2018	2017
Accounts receivables	37 402	73 159
Deferred revenue towards GSE	596 252	1 205 218
Receivable from Aveleos	-	-
Other receivables	1 753 649	1 991 295
<b>Accounts receivables</b>	<b>2 387 303</b>	<b>3 269 672</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 percent of expected annual revenues, which accounts for the deferred revenue against GSE.

**NOTE 09 PROPERTY, PLANT AND EQUIPMENT**

Q1 2018	Solar power plants
Carrying value 1 January 2018	21 409 192
Additions	127 323
Write down	-
Depreciation	(428 555)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 March 2018</b>	<b>21 107 960</b>

  

Q1 2018	Intangible assets
Accumulated cost 1 January 2018	1 989 218
Additions	-
Write downs	-
Depreciation	(37 181)
Disposals	-
Currency translation effect	35 746
<b>Carrying value 31 March 2018</b>	<b>1 987 783</b>

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

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

EUR	Q1 2018	2017
Interest bearing debt	6 547 998	6 496 913
Other non current liabilities	-	-
Obligations under finance leases	5 445 077	5 525 811
<b>Total non-current liabilities</b>	<b>11 993 075</b>	<b>12 022 724</b>
Trade and other payables	2 713 231	2 461 829
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	728 244	750 485
Deferred tax	-	197 408
Tax payable	1 161 094	886 066
Related to ordinary operations	4 602 569	4 295 788
AION Renewables	-	-
Aveleos S.A.	-	-
GSE repayment claim	-	-
Related to criminal proceedings	-	-
<b>Total current liabilities</b>	<b>4 602 569</b>	<b>4 295 788</b>
<b>Total liabilities</b>	<b>16 595 644</b>	<b>16 318 512</b>

**Equity contribution agreement and patronage letter**

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

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

In the 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 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%	(2 949)	(2 949)	8 153 813	-
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(14 134)	(14 134)	7 016 915	5 360 044
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	75 376	(21 461)	(267 757)	5 152 171
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	194 124	(2 775)	2 306 883	8 143 952
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(375 498)	(375 498)	(295 301)	10 990 713
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	(31 254)	(141 701)	(694 549)	4 626 580
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	(8 889)	(38 116)	153 957	1 977 599

## NOTE 12 OPERATIONAL COSTS BREAK-DOWN Q1 2018

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>654 659</b>	<b>137 862</b>	<b>288 258</b>	<b>228 539</b>	<b>-</b>
<b>Cost of operations</b>	<b>(141 539)</b>	<b>(22 023)</b>	<b>(43 721)</b>	<b>(75 795)</b>	<b>-</b>
Land rent	(29 360)	(8 918)	(18 506)	(1 936)	-
Insurance	(30 997)	(4 338)	(16 109)	(10 550)	-
Operation & Maintenance	(23 088)	(1 682)	(1 286)	(20 120)	-
Other operations costs	(58 093)	(7 085)	(7 820)	(43 188)	-
<b>Sales, General &amp; Administration</b>	<b>(345 563)</b>	<b>(40 463)</b>	<b>(50 413)</b>	<b>(191 174)</b>	<b>(63 513)</b>
Accounting, audit & legal fees	(48 001)	1 829	(2 994)	(6 302)	(40 534)
IMU tax	(17 922)	(5 169)	(9 455)	(3 298)	-
EAM SPM adm costs	(257 208)	(34 754)	(34 754)	(60 499)	(127 201)
Other administrative costs	(22 432)	(2 369)	(3 210)	(121 074)	104 222
<b>Acquisition &amp; financing cost</b>	<b>(423 027)</b>	<b>-</b>	<b>-</b>	<b>(1 712)</b>	<b>(421 315)</b>
Legal costs	(268 084)	-	-	-	(268 084)
Other non-recurring items	(154 943)	-	-	(1 712)	(153 231)
<b>EBITDA</b>	<b>(255 471)</b>	<b>75 376</b>	<b>194 124</b>	<b>(40 142)</b>	<b>(484 828)</b>

## NOTE 13 EVENTS AFTER THE REPORTING DATE

None.

**EAM SOLAR ASA**

Dronningen 1  
NO-0287 Oslo  
NORWAY

Phone: +47 2411 5716

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

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