

EAM SOLAR ASA **Q2 REPORT 2019**

Interim condensed consolidated financial statements for the period ended 30 June 2019

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HIGHLIGHTS

Q2 2019

- EBITDA for the quarter was EUR 483 thousand, and accumulated for the year EUR 653 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 678 thousand for the quarter and EUR 1 124 thousand accumulated for the year, equivalent to an adjusted EBITDA margin of 56 per cent and 52 per cent, respectively.
- Cost of operations and SG&A were EUR 86 thousand and EUR 444 thousand for the quarter and EUR 229 thousand and

EUR 801 thousand accumulated for the year respectively.

- Legal costs were EUR 195 thousand in the quarter and EUR 471 thousand accumulated for the year respectively.
- EAM Solar ASA received on 3 April 2019 the decision made by the Arbitral Tribunal. EAM Solar ASA filed on 4 July 2019 an appeal against the decision conducted by the Arbitration Tribunal of the Chamber of Arbitration in Milan.
- The Criminal Court of Milan published on 18 April 2019 its ruling in the criminal

proceedings where EAM Solar ASA has been included as a civil damaged party and has been awarded provisional damages of EUR 5 million. The reason for the decision, which takes the form of the full ruling is expected on or about 18 October 2019.

- In Luxembourg, EAM Solar ASA filed on 11 July 2019 a civil lawsuit against the Aveleos shareholder, Enovos Luxembourg SA, its parent company Encevo SA, along with four Enovos-employed directors of Aveleos.

Key figures

EUR 000'	Unaudited Q2 2019	Unaudited Q2 2018	Unaudited H1 2019	Unaudited H1 2018	Audited 2018
Revenues	1 208	1 410	2 154	2 064	4 305
Cost of operations	(86)	(209)	(229)	(358)	(659)
Sales, general and administration expenses	(444)	(378)	(801)	(724)	(1 439)
Legal costs	(195)	(822)	(471)	(1 245)	(1 534)
EBITDA	483	-	653	(263)	674
Depreciation, amortizations and write downs	(501)	(466)	(967)	(932)	(1 864)
EBIT	(18)	(466)	(314)	(1 195)	(1 190)
Net financial items	(165)	(241)	(841)	(810)	(615)
Profit before tax	(183)	(707)	(1 155)	(2 005)	(1 806)
Income tax gain/(expense)	(51)	(45)	(109)	(89)	(354)
Net income	(234)	(752)	(1 264)	(2 095)	(2 160)
Earnings per share (fully diluted):	(0.03)	(0.11)	(0.18)	(0.31)	(0.32)
Distribution to shareholders per share	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	6.85	6.85	6.85	6.85
EBITDA adjusted	678	822	1 124	982	2 208



INTERIM REPORT

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

This interim report should be read in conjunction with the Annual Report for 2018, published on 30 April 2019 and the stock exchange notices in the reporting period.

Operational review and outlook

Power plants in operation

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

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

Power production

Power production in the quarter was 3 796 MWh, 8.9 per cent below estimated production. Accumulated for the year the power production was 6 717 MWh, 0.4 per cent above estimated production. The main reason for lower power production in the quarter was related to lower solar irradiation.

FIT revenues

FIT revenues in the quarter were EUR 1 019 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 268. Accumulated for the year the FIT revenues were EUR 1 808 thousand and the average FIT contract price revenue was EUR 269 per MWh.

Market price development

Market price revenues in the quarter were EUR 183 thousand. This represents an average market price for electricity of EUR 48 per

MWh. The average electricity market price in the northern part of Italy for the quarter was EUR 50 per MWh and in the southern part of Italy EUR 46 per MWh.

Accumulated for the year, market price revenues were EUR 341 thousand. This represents an average market price for electricity of EUR 51 per MWh for the period. The average electricity market price in the northern part of Italy accumulated for the year was EUR 54 per MWh and in the southern part of Italy EUR 46 per MWh.

Legal processes

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

On 18 April 2019 the Criminal Court of Milan published its ruling in the criminal proceedings where EAM Solar AS has been included as a civil damaged party.

The Criminal Court found it evidenced and consequently decided that Both Mr Giorgi and Mr Akhmerov are guilty of criminal contractual fraud against EAM Solar ASA in conjunction with the sale of the so-called P31 portfolio, i.e. both are found guilty according to the State Prosecutors Office of Milano’s Indictment point F.

The Criminal Court also decided that Aveleos S.A. has to pay EAM Solar ASA provisional damages of EUR 5m immediately, not awaiting appeal or the final damages decision.

The full and complete ruling, including the assessment of the total damages compensation owed to EAM, will be published

by the court within the term of 90 days from the 18th of July 2019, since the court granted itself another 90 days after the expiry of the first 90 day period.

EAM has during the second and third quarter received requests from Aveleos to make payments to them in relation to the SPA. EAM contests Aveleos’ requests, both in their principle and in their quantum.

The requests by Aveleos ignore the decision rendered by the Criminal Court of Milan on April 18, 2019 condemning Aveleos’ directors for contractual fraud at the expense of EAM. Consequently, the requests is considered as an attempt to further profit of the established crime and as such EAM regards these requests as a continuation of the fraud, as well as a new attempt to harm EAM’s interests.

No provisions are made in the accounts.

In the third quarter 2016 the Company summoned Aveleos S.A. to the Milan Chamber of Arbitration in order to have the Share Purchase Agreement entered into in 2014 declared null and void based on the alleged fundamental breach of contract conducted by Aveleos S.A. and its directors.

On 3 April 2019 the Company received the final award made by the Arbitral Tribunal under the rules of the Chamber of Arbitration of Milan.

The Tribunal decided to dismiss EAM’s claims for the annulment based on the claim of fraud and for the termination of the SPA. However, the Tribunal declared the right of the Company to be compensated for losses suffered in connection with the breach of the Representation and Warranties under the

SPA within the limits of the liability cap as defined in the SPA. The liability cap in the SPA is defined to be approximately EUR 3.7 million.

The Arbitration decision was not unanimous, with one out of three arbitrators dissenting from dismissing the claims brought by EAM Solar ASA and EAM Solar Italy Holding Srl. The dissent to the ruling was substantiated in a separate dissenting opinion published together with the arbitration ruling.

The Tribunal also decided that the ascertainment of any fraudulent act or behaviour of Messrs Giorgi and Akhmerov falls outside of the scope of the Arbitral Tribunal's jurisdiction, thus concluding that the arbitration decision was without any prejudice of any additional amount that might be found due because of any fraudulent act or behaviour of Mr Giorgi or Mr Akhmerov.

EAM Solar ASA filed on 4 July 2019 an appeal against the decision conducted by the Arbitration Tribunal of the Chamber of arbitration of Milan in the arbitration case no. 8816, where EAM Solar ASA and EAM Solar Italy Holding Srl filed a number of claims against Aveleos SA including the annulment of the purchase contract of 31 power plants in 2014. The appeal was filed in the civil Court of Appeal of Milan. EAM Solar ASA asks the Civil Court of Appeal of Milan to annul the arbitration award of the 2nd of April 2019 based on 12 different accounts of breach of Italian law in its conclusions and the basis for the arbitration award.

On 21 November 2018 EAM Solar ASA was served with a notice that UBI Leasing had applied to the court of Brescia for an injunction over EUR 6m of EAM assets. The court of Brescia granted a preliminary injunction, only enforceable upon further ruling. EAM challenged this decision and the first hearing in this matter was scheduled for 30 May 2019. A summary hearing was held and the case was postponed until a hearing on 19 September 2019 in order to give the parties an opportunity to end the matter out of court.

In Luxembourg, EAM Solar ASA filed on 11 July 2019 a civil lawsuit against the Aveleos shareholder, Enovos, along with the four Enovos-employed directors of Aveleos.

This civil claim is subordinate to the original criminal complaint with civil action from 2016, meaning that it can only proceed in the event that the 2016 claim is dismissed.

Please also see the Annual Report 2018 for further information on the legal processes.

Dividends

EAM will pay no dividend in conjunction with the second quarter 2019.

Subsequent events

Subsequent events are related to the legal proceedings, and described in the chapter above.

Financial review

Revenues

Revenues in the quarter were EUR 1 208 thousand, of which EUR 1 019 thousand was received from FIT contracts and EUR 183 thousand from market sales of electricity. EUR 6 thousand were other revenues.

The quarterly revenues represent approximately 28 per cent of the expected annual revenues of EUR 4 341 thousand.

Accumulated for the year revenues were EUR 2 154 thousand, of which EUR 1 808 thousand was received from FIT contracts and EUR 341 thousand from markets sales of electricity. EUR 6 thousand were other revenues.

Cost of operations

Cost of operations in the quarter was EUR 86 thousand, and accumulated for the year cost of operations was EUR 229 thousand.

SG&A costs

SG&A costs in the quarter were EUR 444 thousand, and accumulated for the year SG&A costs were EUR 801 thousand.

Legal costs

The cost item consists more or less entirely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 195 thousand and accumulated for the year EUR 471 thousand. Legal costs are presented net of funds from Therium.

EBITDA

EBITDA in the quarter was EUR 483 thousand, representing an EBITDA margin of 40 per cent. Accumulated for the year EBITDA was EUR 653 thousand, representing an EBITDA margin of 30 per cent.

EBIT

Depreciation and amortization in the quarter were EUR 501 thousand, resulting in an operating profit of minus EUR 18 thousand. Accumulated for the year depreciation and amortization were EUR 967 thousand, resulting in an operating profit of minus EUR 314 thousand in the period.

Net financial items

Net financial items in the quarter were negative with EUR 165 thousand. Accumulated for the year net financial items were negative with EUR 841 thousand.

Pre-tax loss, taxes and net loss

Pre-tax profit in the quarter was minus EUR 183 thousand and accumulated for the year pre-tax profit was negative with EUR 1 155 thousand.

Taxes in the quarter were EUR 51 thousand. Accumulated for the year the tax cost was EUR 110 thousand.

Reported net income in the quarter was minus EUR 234 thousand and accumulated for the year net income was minus EUR 1 264 thousand.

Cash Flow

Cash flow from operations in the reporting period was EUR 67 thousand. Investment activities were minus EUR 12 thousand in the period. Financing activities were negative with EUR 156 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 742 thousand, of which EUR 573 is restricted and EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

Balance sheet

Total assets at the end of the period were EUR 28 million, while book equity was EUR 10.7 million representing an equity ratio of 38.3 per cent.

Shares and share capital

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

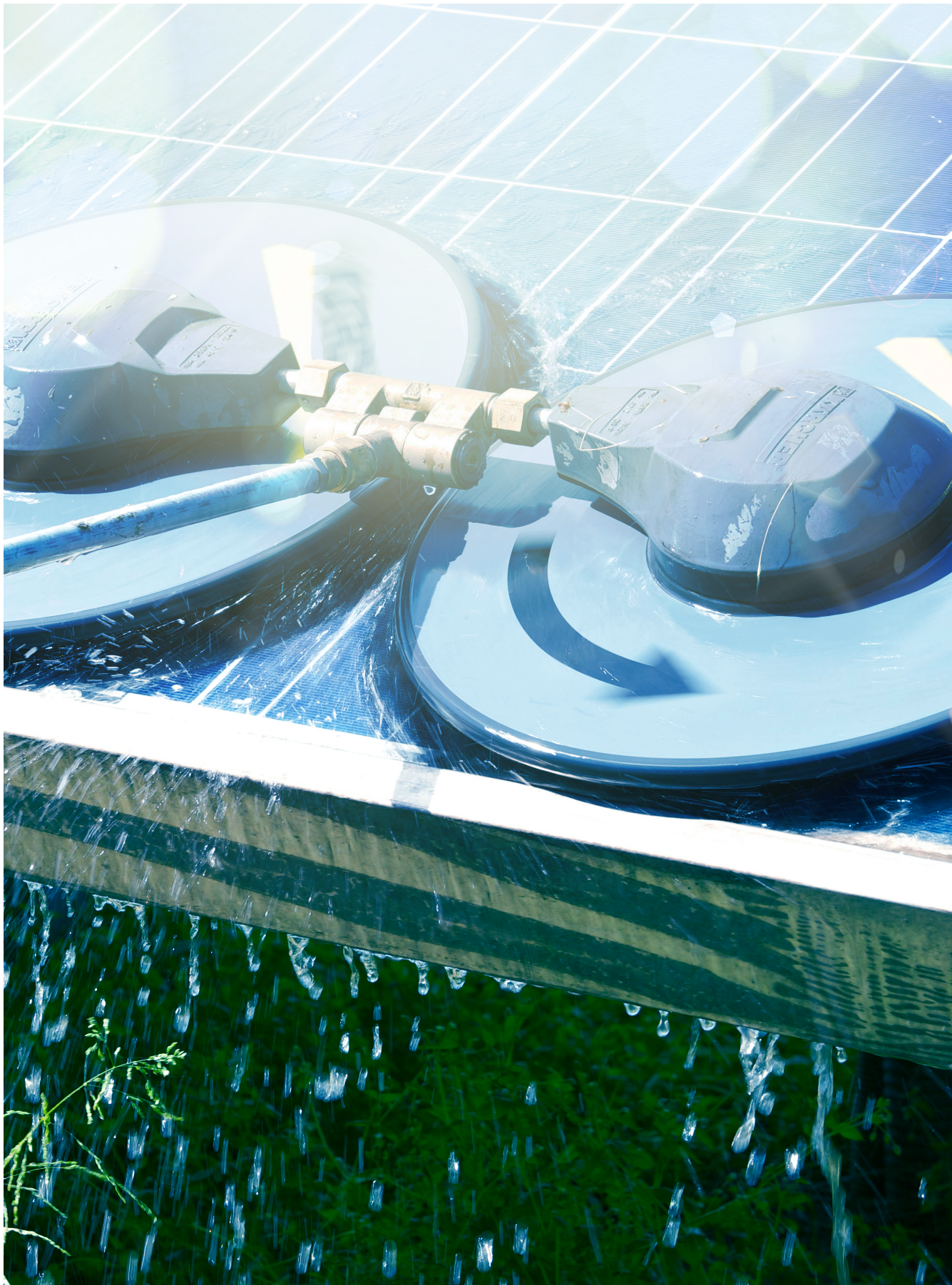
Oslo, 13 August 2019

Stephan L Jervell
Non-executive director

Pål Hvammen
Non-executive director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q2 2019	Unaudited Q2 2018	Unaudited H1 2019	Unaudited H1 2018	Audited 2018
Revenues	5, 12	1 207 674	1 409 556	2 154 437	2 064 215	4 305 450
Cost of operations	12	(86 170)	(209 146)	(229 233)	(357 894)	(658 559)
Sales, general and administration expenses	12	(443 544)	(378 279)	(801 057)	(724 487)	(1 438 771)
Legal costs	12	(195 136)	(821 816)	(470 994)	(1 245 317)	(1 533 656)
EBITDA	5	482 824	316	653 153	(263 483)	674 464
Depreciation, amortizations and write downs	9	(501 036)	(466 066)	(967 220)	(931 934)	(1 864 499)
EBIT	5	(18 212)	(465 750)	(314 068)	(1 195 417)	(1 190 035)
Finance income	6	59 518	227 040	60 634	374 587	956 997
Finance costs	6	(224 172)	(468 130)	(901 491)	(1 184 565)	(1 572 476)
Profit before tax		(182 866)	(706 841)	(1 154 925)	(2 005 395)	(1 805 514)
Income tax gain/(expense)		(51 396)	(45 216)	(109 478)	(89 172)	(354 394)
Profit after tax		(234 262)	(752 057)	(1 264 403)	(2 094 566)	(2 159 908)
Other comprehensive income						
Translation differences		(36 832)	(59 136)	275 506	161 603	(118 519)
Cash flow hedges		5 829	15 933	34 283	38 174	160 942
Income tax related to cash flow hedge		(1 399)	-	(8 228)	-	(33 818)
Other comprehensive income net of tax		(32 402)	(43 203)	301 561	199 777	8 605
Total comprehensive income		(266 664)	(795 261)	(962 842)	(1 894 789)	(2 151 303)
Profit for the year attributable to:						
Equity holders of the parent company		(234 262)	(752 057)	(1 264 403)	(2 094 566)	(2 159 908)
Equity holders of the parent company		(234 262)	(752 057)	(1 264 403)	(2 094 566)	(2 159 908)
Total comprehensive income attributable to:						
Equity holders of the parent company		(266 664)	(795 261)	(962 842)	(1 894 789)	(2 151 303)
Equity holders of the parent company		(266 664)	(795 261)	(962 842)	(1 894 789)	(2 151 303)
Earnings per share:						
Continued operation						
- Basic		(0.03)	(0.11)	(0.18)	(0.31)	(0.32)
- Diluted		(0.03)	(0.11)	(0.18)	(0.31)	(0.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited H1 2019	Audited 2018
ASSETS			
Property, plant and equipment	9	19 871 568	19 845 162
Deferred tax asset		587 360	581 743
Intangible assets		273 577	283 293
Other long term assets		2 092 204	2 115 906
Non-current assets		22 824 709	22 826 104
Receivables	8	1 994 255	1 865 385
Other current assets		2 478 959	1 818 798
Cash and short term deposits	7	741 906	843 589
Current assets		5 215 121	4 527 772
TOTAL ASSETS		28 039 830	27 353 876
EQUITY AND LIABILITIES			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
Paid in capital		35 729 986	35 729 986
Translation differences		(6 100 101)	(6 375 607)
Other equity		(18 885 503)	(17 647 156)
Other equity		(24 985 604)	(24 022 763)
Total equity		10 744 382	11 707 223
Leasing	10	5 914 298	5 196 505
Long term loan - interest bearing	10	6 737 722	6 354 403
Deferred tax liabilities	10	999 698	976 353
Other non current liabilities	10	619 471	668 754
Total non-current liabilities		14 271 190	13 196 015
Trade payables	10	2 898 822	2 448 362
Tax payables	10	125 436	2 275
Total current liabilities		3 024 258	2 450 637
Total liabilities		17 295 447	15 646 652
TOTAL EQUITY AND LIABILITIES		28 039 830	27 353 876

Oslo, 13 August 2019

Stephan L Jervell
Non-executive
director

Pål Hvammen
Non-executive
director

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited H1 2019	Audited 2018
Cash flow from operating activities			
Ordinary profit before tax		(182 866)	(1 805 515)
Loss on disposal of property, plant and equipment		-	-
Paid income taxes		-	(133 780)
Depreciation	9	903 223	1 864 502
Write down of fixed assets	9	-	-
Currency translation effects	9	-	12 664
Changes in trade receivables and trade payable	8, 10	321 589	532 168
Changes in other accruals		(975 339)	(9 721)
Net cash flow from operating activities		66 606	460 318
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired		-	-
Acquisition of property, plant and equipment	9	(12 288)	(151 256)
Net cash flow used in investing activities		(12 288)	(151 256)
Cash flows from financing activities			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from issue of share capital		-	-
Proceeds from new loans		-	-
Repayment of loans		(156 000)	(566 452)
Net cash flow from financing activities		(156 000)	(566 452)
Cash and cash equivalents at beginning of period		843 589	1 100 979
Net currency translation effect		-	-
Seizure of cash		-	-
Net increase/(decrease) in cash and cash equivalents		(101 682)	(257 390)
Cash and cash equivalents at end of period	7	741 907	843 589

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 2018	8 126 110	27 603 876	(15 249 249)	(365 121)	(6 257 088)	13 858 529
Profit (loss) After tax	-	-	(2 159 910)	-	-	(2 159 910)
Adjustment previous years	-	-	(57 119)	57 119	-	-
Other comprehensive income	-	-		127 124	(118 519)	8 605
Equity as at 31 December 2018	8 126 110	27 603 876	(17 466 278)	(180 878)	(6 375 607)	11 707 224
Equity as at 1 January 2019	8 126 110	27 603 876	(17 466 278)	(180 878)	(6 375 607)	11 707 224
Profit (loss) After tax	-	-	(1 264 403)	-	-	(1 264 403)
Other comprehensive income	-	-	-	26 055	275 506	301 561
Equity as at 30 June 2019	8 126 110	27 603 876	(18 730 681)	(154 822)	(6 100 101)	10 744 382

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 01 BASIS FOR PREPARATION

General accounting principles

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

The primary business activity of EAM is both to own solar photovoltaic power plants and sell electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company values. EAM was structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM is dependent 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 AS manages the Company under a long-term management agreement. Energeia AS conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

These interim condensed consolidated financial statements for the quarter has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group's Annual Report 2018 that was published on 30 April 2019 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 2018. Standards and interpretations as mentioned in the Group's Annual Report 2018 Note 1 and effective from 1 January 2019 did not have a significant impact on the Group's consolidated interim financial statements. Based on the implementation of IFRS 16 on 1 January 2019 the Company has recognized a total obligation of EUR 908 thousand and an accompanying asset of the same amount.

Financial risk

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

Credit risk

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

Asset value risk

EAM Group's cash balance was EUR 742 thousand on 30 June 2019, of which EUR 573 thousand are restricted and EUR 62 thousand are seized by the Italian state.

Market and regulatory risk

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

NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

Going concern

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

NOTE 03 CURRENCY EXPOSURE

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

NOTE 04 TRANSACTIONS WITH RELATED PARTIES

Related parties

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

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

Transactions with related parties

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

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

In the quarter Energeia AS' direct costs of the management of EAM was EUR 432 thousand, of which EUR 25 thousand is related to cost of operations, EUR 293 thousand is related to SG&A and EUR 114 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. In August 2016 the Company made an extra down payment of EUR 1 million and renegotiated the terms. At current the loan carries a running interest rate of 7 per cent with a balloon at the end of the term. The lender has given a waiver for payment of instalments and interest for the period from December 2018 to July 2019.

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

NOTE 05 SEGMENT INFORMATION

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

EAM Solar Italy 1 s.r.l.	H1 2019	H1 2018
Revenues from external customers	487 499	463 847
EBITDA	335 576	335 025
EBIT	131 354	141 351
Non-current assets	4 165 304	4 290 576
EAM Solar Italy 2 s.r.l.	H1 2019	H1 2018
Revenues from external customers	1 007 166	957 279
EBITDA	791 231	766 789
EBIT	375 025	372 991
Non-current assets	8 928 910	9 162 899
ENS1 & ENFO 25	H1 2019	H1 2018
Revenues from external customers	659 772	643 090
EBITDA	200 297	73 842
EBIT	(82 496)	(205 707)
Non-current assets	8 360 311	8 797 441
Other & eliminations	H1 2019	H1 2018
Revenues from external customers	-	-
EBITDA	(673 951)	(1 439 140)
EBIT	(737 950)	(1 504 052)
Non-current assets	1 370 184	1 490 117
Total	H1 2019	H1 2018
Revenues from external customers	2 154 437	2 064 215
EBITDA	653 153	(263 483)
EBIT	(314 068)	(1 195 417)
Non-current assets	22 824 709	23 741 034

NOTE 06 FINANCIAL INCOME AND EXPENSES

	H1 2019	H1 2018
Financial income		
Interest income	51	55
Foreign exchange gain	60 583	155 654
Other financial income	-	218 878
Total financial income	60 634	374 587
Financial expenses		
Interest expense	(348 751)	(372 538)
Foreign exchange losses	(492 516)	(732 853)
Other financial expenses	(60 224)	(79 174)
Total financial expenses	(901 491)	(1 184 565)
Net financial income (expenses)	(840 857)	(809 978)

The average exchange rate used for the reporting period is EUR/NOK 9.7302, whereas the exchange rate used on 30 June 2019 is EUR/NOK 9.6938.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q2 2019	Q2 2018
Cash Norway	53 141	203 784
Cash Italy	688 765	854 173
Cash and cash equivalents	741 906	1 057 958
Restricted cash Italy	573 280	609 083
Seized cash Italy	61 616	61 616

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM have started to draw upon the third tranche. Unused litigation funding at the end of the quarter was EUR 248 thousand.

Of the restricted cash, EUR 322 thousand is the debt service reserve account of ENS Solar One Srl, while EUR 251 thousand are on the restricted accounts of EAM Solar Italy 1 Srl and EAM Solar Italy 2 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	Q2 2019	Q2 2018
Accounts receivables	-	-
Deferred revenue towards GSE	1 094 933	885 997
Receivable from Aveleos	-	-
Other receivables	899 322	1 690 854
Accounts receivables	1 994 255	2 576 851

The substantial amount of the receivable outstanding towards GSE relates to delayed payment on 10 per cent of expected annual revenues.

NOTE 09 PROPERTY, PLANT AND EQUIPMENT

Q2 2019	Solar power plants
Carrying value 1 January 2019	19 845 161
Additions	12 288
Effect of IFRS 16	907 624
Write down	-
Depreciation	(893 506)
Disposals	-
Currency translation effect	-
Carrying value 30 June 2019	19 871 568

2018	Solar power plants
Carrying value 1 January 2018	21 409 192
Additions	151 256
Write down	-
Depreciation	(1 715 286)
Disposals	-
Carrying value 31 December 2018	19 845 161

Q2 2019	Intangible assets
Accumulated cost 1 January 2019	283 293
Additions	-
Write downs	-
Depreciation	(9 716)
Disposals	-
Currency translation effect	-
Carrying value 30 June 2019	273 577

2018	Intangible assets
Accumulated cost 1 January 2018	301 660
Additions	-
Write downs	-
Depreciation	(19 430)
Disposals	-
Currency translation effect	1 063
Carrying value 31 December 2018	283 293

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

The implementation of IFRS 16 relates to land rent and surface rights for EAM 1, EAM 2 and ENS 1.

Royalty rights of EUR 1 520 thousand has been reclassified from intangible assets to other long term assets.

NOTE 10 SHORT- AND LONG-TERM DEBT

EUR	Q2 2019	Q2 2018
Interest bearing debt	6 737 722	6 619 984
Deferred tax liabilities	999 698	-
Other non current liabilities	619 471	712 311
Obligations under finance leases	5 914 298	5 363 290
Total non-current liabilities	14 271 189	12 695 585
Trade and other payables	2 898 822	2 934 915
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	-	-
Tax payable	125 436	1 233 874
Related to ordinary operations	3 024 258	4 168 789
Total current liabilities	3 024 258	4 168 789
Total liabilities	17 295 446	16 864 374

Equity contribution agreement and patronage letter

In conjunction with the “P31 acquisition”, EAM Solar Italy Holding Srl entered into a so-called patronage letter and an equity contribution agreement with UBI Leasing and UniCredit respectively. These agreements may under certain circumstances require EAM Solar Italy Holding Srl to inject additional equity into the debt financed SPVs to cover any shortfall or breach of the debt repayment obligations of the SPVs.

The FIT contracts of the SPVs have been terminated by GSE due to a criminal fraud against the State of Italy. EAM has been acknowledged as victims of contractual fraud. It is EAMs belief that an important motive behind the fraud conducted against EAM by the directors of Aveleos, was in order for Aveleos and their respective shareholders to escape their debt repayment responsibilities by transferring this to EAM through the

sale of the companies. Consequently, EAM considers the patronage letter/equity contribution agreement as an integrated part of the criminal contractual fraud, thus being void.

On 21 November 2018 EAM Solar ASA was served with a notice that UBI Leasing had applied to the court of Brescia for an injunction over EUR 6m of EAM assets. The court of Brescia granted a preliminary injunction, only enforceable upon further ruling. EAM challenged this decision and the first hearing in this matter was scheduled for 30 May 2019. A summary hearing was held and the case was postponed until a hearing on 19 September 2019 in order to give the parties an opportunity to end the matter out of court.

Receivable and payable against Aveleos S.A., its directors and its two shareholders Enovos Luxembourg S.A. and Avelar Energy Ltd.

The Criminal Court also decided that Aveleos S.A. has to pay EAM Solar ASA provisional damages of EUR 5m immediately, not awaiting appeal or the final damages decision.

The Criminal Court found it evidenced and consequently decided that Both Mr Giorgi and Mr Akhmerov are guilty of criminal contractual fraud against EAM Solar ASA in conjunction with the sale of the so-called P31 portfolio, i.e. both are found guilty according to the State Prosecutors Office of Milano's Indictment point F.

The full and complete ruling, including the assessment of the total damages compensation owed to EAM, will be published by the court within the term of 90 days from the 18th of July 2019, since the court granted itself another 90 days after the expiry of the first 90 day period.

The Company estimates the claim to be in excess of EUR 300 million. The claim is a contingent asset that will not be recognised in the balance sheet.

Based on the Share Purchase Agreement and the addendums is the Company entitled to a payment from Aveleos due to the overpayment for ENS4 and the post closing adjustments including interest. This amount has been confirmed by EY in a separate audit on the issue.

In addition, the company has recognised a loan of EUR 2.5 million given by Aveleos in 2014.

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%	2 735	2 735	7 996 021	1 594 822
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(109 196)	(109 196)	7 133 125	3 075 258
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	335 576	131 354	(142 113)	4 717 996
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	791 231	375 025	2 804 134	6 399 944
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(282 562)	(282 562)	(472 322)	11 142 954
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	160 974	(63 364)	10 257	3 916 634
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	39 323	(19 132)	175 313	1 830 586

NOTE 12 OPERATIONAL COSTS BREAKDOWN H1 2019

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
Revenues	2 154 437	487 499	1 007 166	659 772	-
Cost of operations	(229 233)	(35 828)	(74 577)	(106 804)	(12 024)
Land rent	-	-	-	-	-
Insurance	(77 895)	(8 728)	(32 137)	(25 007)	(12 024)
Operation & Maintenance	(63 903)	(12 137)	(21 857)	(29 909)	-
Other operations costs	(87 435)	(14 963)	(20 583)	(51 888)	-
Sales, General & Administration	(801 057)	(116 095)	(141 358)	(354 741)	(188 863)
Accounting, audit & legal fees	(93 809)	(4 908)	(5 753)	(12 614)	(70 533)
IMU tax	(20 978)	(10 096)	(4 289)	(6 593)	-
Energeia adm costs	(570 974)	(72 521)	(72 521)	(127 136)	(298 797)
Other administrative costs	(115 297)	(28 571)	(58 796)	(208 397)	180 467
Legal costs	(470 994)	-	-	2 070	(473 064)
Legal costs	(221 415)	-	-	-	(221 415)
Energeia legal costs	(251 649)	-	-	-	(251 649)
Other non-recurring items	2 070	-	-	2 070	-
EBITDA	653 153	335 576	791 231	200 297	(673 951)

NOTE 13 EVENTS AFTER THE REPORTING DATE

EAM Solar ASA filed on 4 July 2019 an appeal against the decision conducted by the Arbitration Tribunal of the Chamber of arbitration of Milan in the arbitration case no. 8816, where EAM Solar ASA and EAM Solar Italy Holding Srl filed a number of claims against Aveleos SA including the annulment of the purchase contract of 31 power plants in 2014. The appeal was filed in the civil Court of Appeal of Milan. EAM Solar ASA asks the Civil Court of Appeal of Milan to annul the arbitration award of the 2nd of April 2019 based on 12 different accounts of breach of Italian law in its conclusions and the basis for the arbitration award.

In Luxembourg, EAM Solar ASA filed on 11 July 2019 a civil lawsuit against the Aveleos shareholder, Enovos, along with the four Enovos-employed directors of Aveleos. This civil claim is subordinate to the original criminal complaint with civil action from 2016, meaning that it can only proceed in the event that the 2016 claim is dismissed.

On 17 July 2019, EAM Solar ASA was informed that the full and complete ruling in the criminal court, will be published by the court within the term of 90 days from the 18th of July 2019, since the court granted itself another 90 days after the expiry of the first 90 day period.

EAM has during the second and third quarter received requests from Aveleos to make payments to them in relation to the SPA. EAM contests Aveleos' requests, both in their principle and in their quantum.

The requests by Aveleos ignore the decision rendered by the Criminal Court of Milan on April 18, 2019 condemning Aveleos' directors for contractual fraud at the expense of EAM. Consequently, the requests is considered as an attempt to further profit of the established crime and as such EAM regards these requests as a continuation of the fraud, as well as a new attempt to harm EAM's interests.

No provisions are made in the accounts.

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 2019 and the first six months of 2019. 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 2019 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 2019. The interim management report for the first six months of 2019 also includes a fair overview of key events during the reporting period and their effects on the financial statement for the first half-year of 2019. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo, 13 August 2019

Stephan L Jervell
*Non-executive
director*

Pål Hvammen
*Non-executive
director*

Ragnhild M Wiborg
Chair

Viktor E Jakobsen
CEO

EAM SOLAR ASA

Dronningen 1
NO-0287 Oslo
NORWAY

Phone: +47 2411 5716

E-mail: viktor@eam.no

Web: www.eam.no