

# EAM SOLAR ASA **Q4 REPORT 2018**

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

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# HIGHLIGHTS

## Q4 2018

- EBITDA for the quarter was minus EUR 22 thousand and accumulated for the year EUR 701 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 252 thousand for the quarter and EUR 2 249 thousand accumulated for the year, equivalent to an EBITDA margin of 32 per cent and 52 per cent, respectively.
- Cost of operations and SG&A were EUR 156 thousand and EUR 388 thousand for the quarter and EUR 657 thousand and EUR 1 415 thousand accumulated for the year respectively.
- Legal costs were EUR 274 thousand in the quarter and EUR 1 548 thousand accumulated for the year.
- In Q4 2018 the trial in the Criminal Court of Milan concluded its evidentiary phase and began with the closing arguments. The trial is expected to conclude in the second quarter 2019.
- In Q4 2018, final briefs were submitted and a final hearing was held in the Arbitration. EAM will have no active role in the Arbitration in Q1 2019. The tribunal is now deliberating, with an expected judgement in the second quarter 2019.
- 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 is scheduled for 30 May 2019.
- On 31 December 2018 the summary judge of the defamation case regarding EAM's statements in the Q3 2017 report, issued an order dismissing Aveleos' claim.

EUR 000'	Unaudited Q4 2018	Unaudited Q4 2017	Unaudited 2018	Audited 2017
<b>Revenues</b>	<b>796</b>	<b>679</b>	<b>4 321</b>	<b>4 213</b>
Cost of operations	(156)	(273)	(657)	(769)
Sales, general and administration expenses	(388)	(497)	(1 415)	(1 688)
Legal costs	(274)	1 348	(1 548)	(6 649)
<b>EBITDA</b>	<b>(22)</b>	<b>1 256</b>	<b>701</b>	<b>(4 892)</b>
Depreciation, amortizations and write downs	(466)	(627)	(1 865)	(1 909)
<b>EBIT</b>	<b>(488)</b>	<b>628</b>	<b>(1 163)</b>	<b>(6 801)</b>
Net financial items	575	735	(430)	97
<b>Profit before tax</b>	<b>87</b>	<b>1 364</b>	<b>(1 593)</b>	<b>(6 704)</b>
Income tax gain/(expense)	(168)	(507)	(298)	(510)
<b>Net income</b>	<b>(81)</b>	<b>857</b>	<b>(1 891)</b>	<b>(7 214)</b>
<b>Earnings per share (fully diluted):</b>	<b>(0.01)</b>	<b>0.13</b>	<b>(0.28)</b>	<b>(1.27)</b>
Distribution to shareholders per share	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	6.85	6.85	5.68
<b>EBITDA adjusted</b>	<b>252</b>	<b>(92)</b>	<b>2 249</b>	<b>1 756</b>



# INTERIM REPORT

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

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

## Operational review and outlook

### Power plants in operation

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

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

### Power production

Power production in the in the quarter was 1 981 MWh, 3.3 per cent below estimated production. Accumulated for the year the power production was 12 609 MWh, 4.0 per cent below estimated production. The main reason for lower power production in the year was related to lower solar irradiation in the period and stolen panels waiting to be replaced.

### FIT revenues

FIT revenues in the quarter were EUR 524 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 265. Accumulated for the period FIT revenues were EUR 3 407 thousand and the average FIT contract price revenue was EUR 270 per MWh.

### Market price development

Market price revenues in the quarter were

EUR 151 thousand. This represents an average market price for electricity of EUR 76 per MWh. The average electricity market price in the northern part of Italy for the quarter was EUR 73 per MWh and in the southern part of Italy EUR 62 per MWh.

Accumulated for the year, market price revenues were EUR 750 thousand. This represents an average market price for electricity of EUR 60 per MWh for the period. The average electricity market price in the northern part of Italy accumulated for the year was EUR 62 per MWh and in the southern part of Italy EUR 56 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.

In Q4 2018 the trial in the Criminal Court of Milan concluded its evidentiary phase and began with the closing arguments. There were six hearings in Q4 2018. In December 2018 both the Public Prosecutor and EAM gave their closing arguments, asking for the guilty verdicts of the indicted. EAM further requested provisional damages.

The trial is expected to fully conclude in Q2 2019.

In Q4 2018, final briefs were submitted and a final hearing was held in the Arbitration. EAM will have no active role in the Arbitration in Q1 2019. The tribunal is now deliberating with an expected judgement in the second quarter 2019.

The Company will update the market as soon as the dates of the verdicts in the various courts are known.

The Company received in February 2018 a new summons for allegedly false and misleading statements filed by Aveleos SA in Luxembourg in conjunction with the statements EAM made in its third quarter report 2017, where the Company made a provision for impairment on the receivables against Aveleos SA and explained the reasons for such impairment. The counterparty has asked for several postponements and the case was finally heard on 3 December 2018. On 31 December 2018 the summary judge issued an order dismissing Aveleos’ claim, stating that such a claim cannot be brought in Luxembourg but must be brought in Norway. EAM was awarded EUR 1 500 in costs.

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 is scheduled for 30 May 2019.

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

### Dividends

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

### Subsequent events

There are no subsequent events to be mentioned.

## Financial review

### Revenues

Revenues in the quarter were EUR 796 thousand, of which EUR 524 thousand was received from FIT contracts and EUR 151 thousand from market sales of electricity. EUR 121 thousand were other revenues.

The quarterly revenues represent approximately 96 per cent of the expected revenues of EUR 827 thousand.

Accumulated for the year revenues were EUR 4 321 thousand, of which EUR 3 407 thousand was received from FIT contracts and EUR 750 thousand from market sales of electricity. EUR 164 thousand were other revenues.

### Cost of operations

Cost of operations in the quarter was EUR 156 thousand, and accumulated for the year cost of operations was EUR 657 thousand.

### SG&A costs

SG&A costs in the quarter were EUR 388 thousand, and accumulated for the year EUR 1 415 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 274 thousand and accumulated for the year EUR

1 548 thousand. Legal costs are presented net of funds from Therium. For the full year Therium has paid out EUR 1 595 thousand in litigation finance.

### EBITDA

EBITDA in the quarter was minus EUR 22 thousand, representing a negative EBITDA margin of 2.8 per cent, accumulated for the year EBITDA was EUR 701 thousand, representing a margin of 16 per cent.

### EBIT

Depreciations in the quarter, were EUR 466 thousand, resulting in an operating profit of minus EUR 488 thousand. Accumulated for the year depreciations were EUR 1 865 thousand, resulting in an operating profit of minus EUR 1 163 thousand.

### Net financial items

Net financial items in the quarter were positive with EUR 575 thousand. Accumulated for the year net financial items were negative with EUR 430 thousand.

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

Pre-tax profit in the quarter was EUR 87 thousand and accumulated for the year pre-tax profit was negative with EUR 1 593 thousand.

Taxes in the quarter were EUR 168 thou-

sand. Accumulated for the year the tax cost was EUR 298 thousand.

Reported net income in the quarter was minus EUR 81 thousand and accumulated for the year net income was minus EUR 1 891 thousand.

### Cash Flow

Cash flow from operations in the reporting period was EUR 460 thousand. Investment activities were EUR 151 thousand in the period. Financing activities were negative with EUR 566 thousand in the period.

Restricted and unrestricted cash at the end of the quarter was EUR 844 thousand, of which EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

### Balance sheet

Total assets at the end of the period were EUR 28.2 million, while book equity was EUR 11.8 million representing an equity ratio of 41.8 per cent.

### Shares and share capital

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

Oslo, 26 February 2019

Stephan L. Jervell  
Non-executive  
director

Erling Christiansen  
Non-executive  
director

Ragnhild Wiborg  
Chair

Viktor E Jakobsen  
CEO



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q4 2018	Unaudited Q4 2017	Unaudited 2018	Audited 2017
<b>Revenues</b>	<u>5, 12</u>	<b>795 576</b>	678 946	4 321 305	4 213 335
Cost of operations	<u>12</u>	<b>(155 559)</b>	(273 490)	(657 459)	(769 196)
Sales, general and administration expenses	<u>12</u>	<b>(387 718)</b>	(497 491)	(1 414 796)	(1 687 671)
Legal costs	<u>12</u>	<b>(274 398)</b>	1 347 791	(1 547 767)	(6 648 537)
<b>EBITDA</b>	<u>5</u>	<b>(22 098)</b>	1 255 757	701 283	(4 892 069)
Depreciation, amortizations and write downs	<u>9</u>	<b>(466 387)</b>	(627 402)	(1 864 635)	(1 908 805)
<b>EBIT</b>	<u>5</u>	<b>(488 486)</b>	628 355	(1 163 352)	(6 800 874)
Finance income	<u>6</u>	<b>790 019</b>	1 150 087	1 175 812	2 879 014
Finance costs	<u>6</u>	<b>(214 916)</b>	(414 608)	(1 605 557)	(2 782 335)
<b>Profit before tax</b>		<b>86 617</b>	1 363 834	(1 593 098)	(6 704 195)
Income tax gain/(expense)		<b>(167 597)</b>	(506 632)	(297 888)	(510 198)
<b>Profit after tax</b>		<b>(80 980)</b>	857 202	(1 890 985)	(7 214 393)
<b>Other comprehensive income</b>					
Translation differences		<b>(489 827)</b>	(899 952)	(285 728)	6 269
Cash flow hedges		<b>11 616</b>	14 929	81 731	354 184
Other comprehensive income net of tax		<b>(478 211)</b>	(885 023)	(203 997)	360 453
<b>Total comprehensive income</b>		<b>(559 190)</b>	(27 821)	(2 094 982)	(6 853 940)
Profit for the year attributable to:					
Equity holders of the parent company		<b>(80 980)</b>	857 202	(1 890 985)	(7 214 393)
<b>Equity holders of the parent company</b>		<b>(80 980)</b>	857 202	(1 890 985)	(7 214 393)
Total comprehensive income attributable to:					
Equity holders of the parent company		<b>(559 190)</b>	(27 821)	(2 094 982)	(6 858 223)
<b>Equity holders of the parent company</b>		<b>(559 190)</b>	(27 821)	(2 094 982)	(6 858 223)
<b>Earnings per share:</b>					
Continued operation					
- Basic		<b>(0.01)</b>	0.13	(0.28)	(1.27)
- Diluted		<b>(0.01)</b>	0.13	(0.28)	(1.27)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 2018	Audited 2017
<b>ASSETS</b>			
Property, plant and equipment	<a href="#">9</a>	19 845 025	21 409 192
Deferred tax asset		-	-
Intangible assets		1 827 339	1 989 219
Other long term assets		1 063 791	1 051 604
<b>Non-current assets</b>		<b>22 736 155</b>	<b>24 450 015</b>
Receivables	<a href="#">8</a>	2 942 293	3 269 671
Other current assets		1 631 598	1 356 375
Cash and short term deposits	<a href="#">7</a>	843 589	1 100 979
<b>Current assets</b>		<b>5 417 480</b>	<b>5 727 025</b>
<b>TOTAL ASSETS</b>		<b>28 153 635</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		(6 542 816)	(6 257 088)
Other equity		(17 423 623)	(15 614 370)
<b>Other equity</b>		<b>(23 966 439)</b>	<b>(21 871 458)</b>
<b>Total equity</b>		<b>11 763 547</b>	<b>13 858 528</b>
Leasing	<a href="#">10</a>	5 196 505	5 525 811
Long term loan - interest bearing	<a href="#">10</a>	6 354 403	6 496 913
Other non current liabilities	<a href="#">10</a>	-	-
<b>Total non-current liabilities</b>		<b>11 550 908</b>	<b>12 022 724</b>
Trade payables	<a href="#">10</a>	2 348 442	2 461 828
Deferred tax liabilities	<a href="#">10</a>	1 004 556	886 065
Tax payables	<a href="#">10</a>	231 397	197 408
Short term financing - interest bearing	<a href="#">10</a>	-	-
Other current liabilities	<a href="#">10</a>	1 254 784	750 486
<b>Total current liabilities</b>		<b>4 839 179</b>	<b>4 295 787</b>
<b>Total liabilities</b>		<b>16 390 087</b>	<b>16 318 511</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28 153 635</b>	<b>30 177 040</b>

Oslo, 26 February 2019

Stephan L. Jervell  
Non-executive  
director

Erling Christiansen  
Non-executive  
director

Ragnhild Wiborg  
Chair

Viktor E. Jakobsen  
CEO

# CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited 2018	Audited 2017
<b>Cash flow from operating activities</b>			
Ordinary profit before tax		(1 593 098)	(6 704 194)
Loss on disposal of property, plant and equipment		-	-
Paid income taxes		(133 780)	(9 297)
Depreciation	<a href="#">9</a>	1 864 637	1 697 212
Write down of fixed assets	<a href="#">9</a>	-	103 220
Changes in trade receivables and trade payable	<a href="#">8, 10</a>	213 993	10 929 626
Changes in other accruals		108 563	(7 378 171)
<b>Net cash flow from operating activities</b>		<b>460 315</b>	<b>(1 361 604)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary net of cash acquired		-	-
Acquisition of property, plant and equipment	<a href="#">9</a>	(151 256)	(132 043)
<b>Net cash flow used in investing activities</b>		<b>(151 256)</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		(566 452)	(1 071 261)
<b>Net cash flow from financing activities</b>		<b>(566 452)</b>	<b>1 026 433</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1 100 982</b>	<b>1 568 196</b>
Net currency translation effect		-	-
Seizure of cash		-	-
Net increase/(decrease) in cash and cash equivalents		(257 393)	(467 214)
<b>Cash and cash equivalents at end of period</b>	<a href="#">7</a>	<b>843 589</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	-	-	(1 890 985)	-	-	(1 890 985)
Other comprehensive income	-	-	-	81 731	(285 728)	(203 997)
<b>Equity as at 31 December 2018</b>	<b>8 126 110</b>	<b>27 603 876</b>	<b>(17 185 627)</b>	<b>(237 997)</b>	<b>(6 542 816)</b>	<b>11 763 547</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

## NOTE 01 BASIS FOR PREPARATION

### General accounting principles

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

The primary business activity of EAM is both to own solar photovoltaic power plants and sell electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company values. EAM was structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM is dependant on the future outcome of litigation activities.

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

Energiea AS manages the Company under a long-term management agreement. Energiea AS conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

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

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

### Financial risk

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

### Credit risk

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

### Asset value risk

EAM Group's cash balance was EUR 844 thousand on 31 December 2018, of which EUR 62 thousand are seized by the Italian state.

### Market and regulatory risk

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

## NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

### Going concern

Given the Litigation Funding agreement with Therium 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 366 thousand, of which EUR 27 thousand is related to cost of operations, EUR 244 thousand is related to SG&A and EUR 96 thousand is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud.

**Credit facility from shareholder**

EAM entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM, Sundt AS. The credit facility originally expired on 10 December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10 per cent. The lending facility is secured against the shares in EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl.

**NOTE 05** SEGMENT INFORMATION

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

<b>EAM Solar Italy 1 s.r.l.</b>	2018	2017
Revenues from external customers	950 345	958 215
EBITDA	660 191	608 276
EBIT	272 842	192 034
Non-current assets	4 104 465	4 470 946
<b>EAM Solar Italy 2 s.r.l.</b>	2018	2017
Revenues from external customers	1 959 977	1 971 505
EBITDA	1 491 569	1 485 152
EBIT	703 972	681 694
Non-current assets	8 793 176	9 540 934
<b>ENS1 &amp; ENFO 25</b>	2018	2017
Revenues from external customers	1 295 346	1 283 616
EBITDA	569 930	79 011
EBIT	10 024	(521 073)
Non-current assets	8 485 365	8 942 538
<b>Other &amp; eliminations</b>	2018	2017
Revenues from external customers	115 637	-
EBITDA	(2 020 407)	(7 064 507)
EBIT	(2 150 191)	(7 153 528)
Non-current assets	1 353 148	1 495 597
<b>Total</b>	2018	2017
Revenues from external customers	4 321 305	4 213 336
EBITDA	701 283	(4 892 068)
EBIT	(1 163 352)	(6 800 873)
Non-current assets	22 736 155	24 450 015

**NOTE 06** FINANCIAL INCOME AND EXPENSES

	2018	2017
<b>Financial income</b>		
Interest income	644	71 966
Foreign exchange gain	1 175 168	2 807 048
Other financial income	-	-
<b>Total financial income</b>	<b>1 175 812</b>	<b>2 879 014</b>
<b>Financial expenses</b>		
Interest expense	(734 751)	(946 386)
Foreign exchange losses	(824 716)	(720 288)
Other financial expenses	(46 090)	(1 115 662)
<b>Total financial expenses</b>	<b>(1 605 557)</b>	<b>(2 782 336)</b>
<b>Net financial income (expenses)</b>	<b>(429 745)</b>	<b>96 678</b>

The average exchange rate used for the reporting period is EUR/NOK 9.5962, whereas the exchange rate used on 31 December 2018 is EUR/NOK 9.9483.

**NOTE 07 CASH AND CASH EQUIVALENTS**

EUR	2018	2017
Cash Norway	16 835	140 966
Cash Italy	826 754	960 013
<b>Cash and cash equivalents</b>	<b>843 589</b>	<b>1 100 979</b>
<b>Restricted cash Italy</b>	<b>576 758</b>	<b>620 623</b>
<b>Seized cash Italy</b>	<b>61 616</b>	<b>61 836</b>

The Company had no unused credit facilities at the end of the quarter. The Company has a litigation funding agreement with Therium for coverage of legal costs where the Company and Therium will cover 50 per cent each. EAM have including legal costs incurred in the fourth quarter exhausted the second tranche, and started subsequently draw upon the third tranche. Unused litigation funding at the end of the quarter was EUR 785 thousand.

Of the restricted cash, EUR 326 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	2018	2017
Accounts receivables	74 536	73 159
Deferred revenue towards GSE	806 002	1 205 218
Receivable from Aveleos	-	-
Other receivables	2 061 756	1 991 295
<b>Accounts receivables</b>	<b>2 942 294</b>	<b>3 269 672</b>

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**

2018	Solar power plants
<b>Carrying value 1 January 2018</b>	<b>21 409 192</b>
Additions	151 256
Write down	-
Depreciation	(1 715 423)
Disposals	-
Currency translation effect	-
<b>Carrying value 31 December 2018</b>	<b>19 845 025</b>

**2017**

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

**2018**

	Intangible assets
<b>Accumulated cost 1 January 2018</b>	<b>1 989 219</b>
Additions	-
Write downs	-
Depreciation	(149 214)
Disposals	-
Currency translation effect	(12 667)
<b>Carrying value 31 December 2018</b>	<b>1 827 338</b>

**2017**

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

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

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

EUR	2018	2017
Interest bearing debt	6 354 403	6 496 913
Other non current liabilities	-	-
Obligations under finance leases	5 196 505	5 525 811
<b>Total non-current liabilities</b>	<b>11 550 908</b>	<b>12 022 724</b>
Trade and other payables	2 348 443	2 461 829
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	1 254 784	750 485
Deferred tax	1 004 556	886 066
Tax payable	231 397	197 408
Related to ordinary operations	4 839 180	4 295 788
<b>Total current liabilities</b>	<b>4 839 180</b>	<b>4 295 788</b>
<b>Total liabilities</b>	<b>16 390 088</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 one of the main motives behind the contractual fraud conducted was for Enovos and Avelar to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the losses that would come as a consequence of a FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM and EAM Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud. It is the Company's opinion

that there is less than 50 per cent likelihood that EAM will have to honor these agreements, and consequently no liability has been recognized.

UBI Leasing has started a process in order to collect money under the patronage letters, and 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 is scheduled for 30 May 2019.

## 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%	(2 183)	(2 183)	7 899 058	-
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(99 838)	(99 838)	7 117 615	3 901 472
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	660 191	272 842	(126 420)	4 847 000
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	1 491 569	703 972	2 727 270	7 006 181
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(1 345 966)	(1 345 963)	(1 733 882)	12 585 482
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	446 750	3 756	(96 871)	4 051 984
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	123 180	6 269	197 104	1 867 111

## NOTE 12 OPERATIONAL COSTS BREAK-DOWN Q4 2018

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
<b>Revenues</b>	<b>4 321 305</b>	<b>950 345</b>	<b>1 959 977</b>	<b>1 295 346</b>	<b>115 637</b>
<b>Cost of operations</b>	<b>(657 459)</b>	<b>(106 564)</b>	<b>(207 691)</b>	<b>(316 597)</b>	<b>(26 607)</b>
Land rent	(120 240)	(36 531)	(75 967)	(7 742)	-
Insurance	(153 364)	(17 594)	(64 449)	(44 713)	(26 607)
Operation & Maintenance	(166 254)	(18 344)	(28 879)	(119 031)	-
Other operations costs	(217 601)	(34 094)	(38 397)	(145 110)	-
<b>Sales, General &amp; Administration</b>	<b>(1 414 796)</b>	<b>(183 590)</b>	<b>(260 717)</b>	<b>(392 229)</b>	<b>(578 261)</b>
Accounting, audit & legal fees	(142 045)	(1 471)	(5 888)	(24 537)	(110 149)
IMU tax	(67 193)	(9 449)	(44 558)	(13 186)	-
EAM SPM adm costs	(1 030 591)	(134 622)	(134 622)	(237 837)	(523 512)
Other administrative costs	(174 967)	(38 049)	(75 649)	(116 669)	55 401
<b>Acquisition &amp; financing cost</b>	<b>(1 547 767)</b>	<b>-</b>	<b>-</b>	<b>(16 591)</b>	<b>(1 531 176)</b>
Legal costs	(1 030 500)	-	-	-	(1 030 500)
Other non-recurring items	(517 267)	-	-	(16 591)	(500 676)
<b>EBITDA</b>	<b>701 283</b>	<b>660 191</b>	<b>1 491 569</b>	<b>569 930</b>	<b>(2 020 407)</b>

## NOTE 13 EVENTS AFTER THE REPORTING DATE

None.

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