# ANNUAL REPORT 2019

Aega ASA

Organization number 997410440

# BOARD OF DIRECTORS' REPORT FOR 2019

Aega ASA is a Norwegian public limited liability company.

## About Aega

Aega ASA (the "Company" or "Aega ASA") is an investment company listed on Oslo Axess. Aega ASA and its subsidiaries are referred to as the "Group" or "Aega", see note 13. Aega ASA has historically acquired and operated solar power plants, benefitting from government solar incentives – so called feed-in-tariffs. The Company currently owns one solar park located in Italy, with a combined production capacity of approximately (as per 30 April 2020) 1MWp or around 1 GWh/year. Aega ASA mainly invests in small operating solar parks (below 5MWp capacity), meeting the Company's strict investment criteria. Management has identified numerous potential investments that meet the Company's investment criteria and thus look opportunistic on further acquisitions. The headquarters are in Oslo (NO) and Trento (IT).

## Activities

*Sale of solar portfolio:*

On 6 August 2019, Aega ASA completed its sale of all its solar parks and its Italian companies to Italia T1 Roncolo S.r.l (the Buyer), a subsidiary of Mareccio Energia ("Mareccio") and Aega received EUR 9.46 million and EUR 0.55 million was paid into an escrow account.

The total enterprise value as of the cut-off date (30 June 2018) was EUR 22.6 million and an equity value of EUR 10.6 million. Since 30 June 2018 Aega ASA has paid out more than EUR 0.6 million in dividends and shareholder loan repayments. Due to these payments and other adjustments in the agreement, Aega's consideration was EUR 9.96 million where EUR 550,000 of the consideration was paid into escrow mainly related to a specific tax issue.

*Purchase of solar park in Cori:*

On 10 October 2019, Aega purchased a 1 MWp solar park in Cori, Latina. The purchase price for the equity (including shareholder loan) was set at EUR 420,000 and EUR 160,000 for the working capital. The project has about EUR 3.4 million in loan financing.

The solar park is a single axis tracker plant and has a second conto energia feed-in tariff and is ten years into its 20-year concession period.

*Share capital increase registered:*

In June 2019, a total of 400,000 warrants were exercised giving a right to subscribe 400,000 new shares at NOK 1. Following the share capital registration, the share capital of the Company is NOK 48,375,949 divided into 48,375,949 shares, each with a nominal value of NOK 1.00.

*Dividends:*

Following the completion of the solar portfolio sale, Aega ASA made an extraordinary capital repayment of NOK 0.2 per share in 2019. The Board of Directors will propose a repayment of share premium in the amount of NOK 0.04 to the AGM.

**Operations**

In 2019, Aega had on average 4.25MWp installed capacity, compared to 7.5MWp the previous year. Production in 2019 was 7.9% above the base case scenario for the year. The higher production is a result of the good irradiation in the first half of 2019. There were no material challenges in the operations.

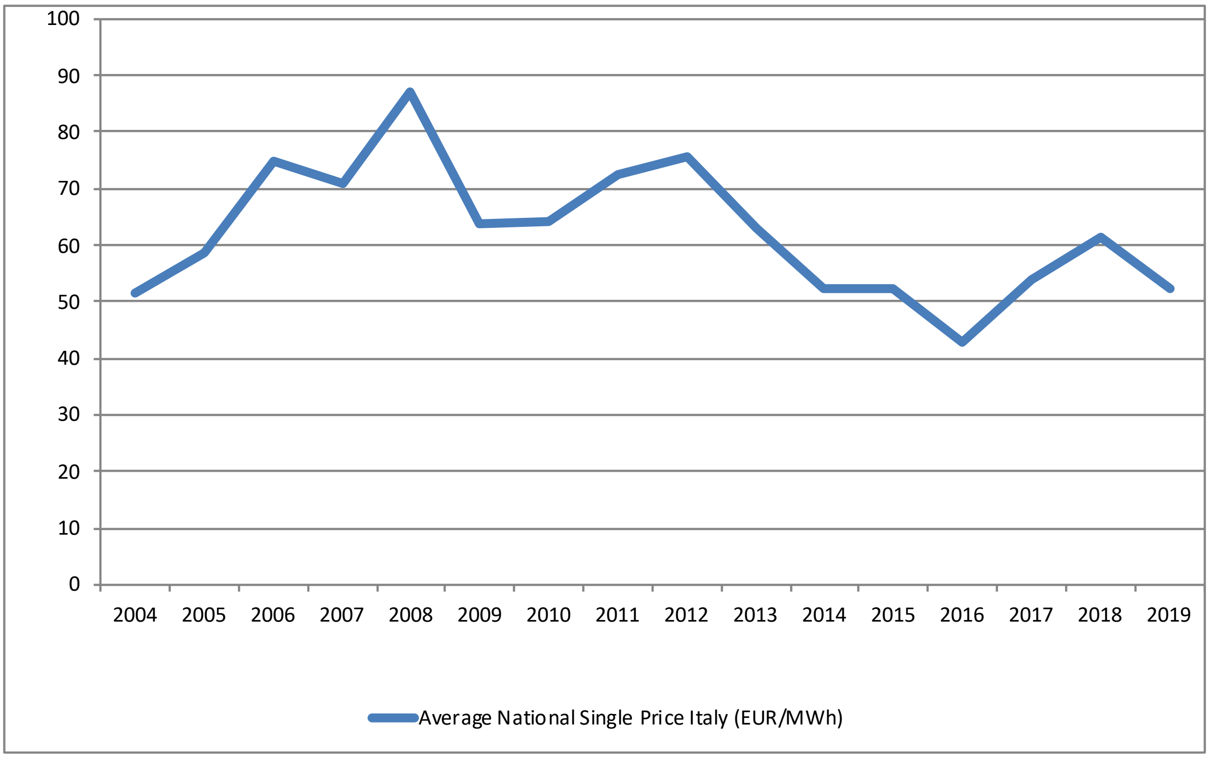
Aega has a standard setup that it implements at each new plant. This includes the operations and maintenance, monitoring, security etc. Aega's aim is to maximize the cash flow from the solar parks looking at the kWh production versus cost.

Performance and Base Case:

| *Power generation kWh* | **Q4 2019** | **Q3 2019** | **Q2 2019** | **Q1 2019** | **YTD 2019** |
|---|---|---|---|---|---|
| Photo-Volt One S.r.l | 0 | 0 | 393 995 | 304 806 | **698 801** |
| DT S.r.l | 0 | 0 | 384 948 | 304 776 | **689 724** |
| Collesanto S.r.l | 0 | 0 | 804 718 | 623 607 | **1 428 325** |
| JER-12 S.r.l | 0 | 0 | 410 140 | 302 542 | **712 681** |
| Piano Mulino S.r.l | 0 | 0 | 409 314 | 294 257 | **703 571** |
| Casale S.r.l | 0 | 0 | 359 764 | 286 054 | **645 818** |
| Solar Park Luino S.r.l | 0 | 0 | 272 242 | 189 773 | **462 015** |
| Produzioni Energia Cori S.r.l | 187 086 | 0 | 0 | 0 | **187 086** |
| **Total** | **187 086** | **0** | **3 035 121** | **2 305 815** | **5 528 021** |

| *Base Case* Power generation kWh* | **Q4 2019** | **Q3 2019** | **Q2 2019** | **Q1 2019** | **YTD 2019** |
|---|---|---|---|---|---|
| Photo-Volt One S.r.l | 0 | 0 | 389 752 | 175 847 | **565 600** |
| DT S.r.l | 0 | 0 | 407 834 | 252 769 | **660 602** |
| Collesanto S.r.l | 0 | 0 | 846 106 | 553 047 | **1 399 153** |
| JER-12 S.r.l | 0 | 0 | 421 455 | 148 044 | **569 499** |
| Piano Mulino S.r.l | 0 | 0 | 433 755 | 241 257 | **675 012** |
| Casale S.r.l | 0 | 0 | 415 642 | 222 470 | **638 112** |
| Solar Park Luino S.r.l | 0 | 0 | 238 779 | 146 263 | **385 042** |
| Produzioni Energia Cori S.r.l | 229 145 | 0 | 0 | 0 | **229 145** |
| **Total** | **229 145** | **0** | **3 153 323** | **1 739 697** | **5 122 165** |

* The base case AEGA uses is the case put as a basis for our valuation and purchases of power plants. Every year we estimate that the production is reduced by 0.5% due to degradation.




The wholesale power price in Italy has historically been fairly volatile. From 2014 until 2017, the price has been in the range between 40-55 EUR/MWh. The average price in 2019 was 52.32 compared to 61.31 EUR/MWh in 2018. The price in 2020 has so far been quite low with around 40 EUR/MWh on average.

## Financial summary

The financial statement for 2019 showed a gain of EUR 2,236,805 after tax, compared to a loss of EUR 156,832 for 2018. The gain in 2019 is mainly due to the sale of the solar portfolio. Revenue was EUR 72,127 in 2019, compared to EUR 3,279,849 for 2018. Cost of operation was EUR 77,418 in 2019 and EUR 355,463 in 2018. The cost of operation is slightly above previous year adjusted for installed capacity due to start-up cost of the new solar plant. Sales, general and administration expenses was EUR 701,747 in 2019 compared to 748,514 one year prior. The main reason for the decrease is that the Aega ASA in 2019 continued to reduce fixed cost.

At the end of the year the company had solar parks valued at EUR 3,436,051 compared to EUR 17,548,323 in 2018.

At the end of 2019, the company had non-current debt of EUR 3,067,045 outstanding to financial institutions as project finance. At the end of 2018 the amount was 11,945,268. Cash and cash equivalents were EUR 7,304,018 at the end of 2019, compared to EUR 975,971 one year prior. The company's liquidity is deemed sufficient.

Total equity was EUR 8,273,785 at year-end 2019, compared to EUR 7,101,189 one year earlier. The company has repaid NOK 0.2 per share during 2019.

## Events after year-end

Markus Enge resigned from his role as CEO of Aega ASA in late 2019. The Board of Directors of Aega ASA appointed Nils Petter Skaset as interim CEO of Aega ASA with effect from 1 February 2020.

*Corona virus:*
Subsequent to year-end, the Covid-19 outbreak has affected almost the entire world. Aega currently owns and operates one solar park in Italy. However, power production from this park continues as normal and is unaffected by the ongoing coronavirus situation. M&A activities in Italy have slowed down somewhat, mainly because of travel restrictions. However, the company continues to pursue several investment opportunities in this market.

The board and management emphasize that the company's financial position remains solid. Aega ASA has no debt and a strong cash balance with assets denominated in both EURO and NOK.

## Outlook

Given the current market situation the management and board of directors look positive and opportunistic on new investments. We have good access to deal flow and are in negotiations with several possible sellers of solar power plants in Italy. As reported earlier the near-term M&A activity in Italy is somewhat slowed down due to the Covid19 situation and the limitations imposed on travel. We monitor the situation closely and are ready to act when government restrictions are lifted enough to fulfil existing due-diligence processes.

In the event that the Covid 19 situation should drag out in time we are in parallel evaluating and considering other investment opportunities that could fit our investment profile to secure value-creation for our shareholders. It is the management's firm belief that our position as a solid and agile investment company will give us excellent chances to create shareholder value over the next year.

## Key risk factors

*The Group is dependent on government subsidies*

For the Italian solar power plants investments Aega depends substantially (80-90% of revenue) on government incentives. A reduction of government support and financial incentives for the installation of solar power plants in Italy could result in a material decline in revenues and possibly the availability of investment opportunities, which would have a material adverse effect on the business prospects, financial condition and results of operations of the Group.

*Currency risk*
The Company is located in Norway and has the main share of its operations through Italian subsidiaries. All revenues are denominated in EUR, while costs occur in both EUR and NOK. The Company will therefore be exposed to currency risk, primarily to fluctuations in EUR towards NOK. Such fluctuations could materially adversely affect the Company's business, financial condition or results of operations. In addition at year end the main reserves of the company was kept in EUR.

*Interest rate risk*

Aega prefers to fund any acquisition of solar power plants with debt and equity. The Company will consider fixing its interest rate exposure. Increasing interest rates could significantly reduce the profitability of investing in solar power plants, which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

*Credit risk*
The Company is exposed to credit risk through cash and cash equivalents, and receivables. The company's banks are mainly large Norwegian and Italian financial institutions. The main receivables are from GSE a subsidiary owned by the Italian Ministry of Economy and Finance. The risk of loss on cash and receivables is considered to be low.

*Liquidity risk*
Liquidity risk is the risk of the Company not being able to meet its obligations. The company seeks to have a high portion of its capital employed in the business, therefore taking liquidity risk. This risk is considered low.

**Employees, anti-discrimination and environment**

The Company had two employees as of 31 December 2019, both men. The Company seeks always to employ the best qualified regardless of race, gender, or sexual persuasion.

The Board of Directors consists of two women and one man.

The company's activities have in 2019 been investment in solar power plants. The company aims to have a negative carbon footprint.

**Corporate Social responsibility**

Aega observes the UN Global Compact's 10 principles in the areas of human rights, labour rights, the environment and anti-corruption, and it gives particular priority to the environmental principles.

The Corporate Strategy, Corporate Governance and the Code of Conduct Policy constitute the fundamental steering principles in the Company. Together these form the foundation of how we should act and operate in the Group as well as giving the priorities and the direction of the Company.

*Work environment*

The Company has a strong focus on health, safety and environment (HSE) for its employees, subcontractors and customers, embedded in our zero accident objective. We are closely monitoring the established procedures for operations, and on the solar parks. Continuous efforts involve planning, training of personnel and careful selection of subcontractors.

The objective of zero accident applies to personnel injuries, harm to the environment and material damage

*Environment*

The Company's main operation in the reporting period is production of renewable energy. The group has focus on getting as high production from our plants as possible and minimize downtime.

Code of conduct

The Company takes a zero tolerance approach to modern slavery, bribery and corruption and is committed to acting professionally and with integrity in all our relationship and business dealings.

The Company has not implemented specific guidelines for social responsibility.

### Corporate governance

Corporate governance is the Board of Directors' most important instrument for ensuring that the Company's resources are managed in an optimal manner and contribute to long-term value creation for shareholders. Reference is in this regard made to the separate presentation of the company's corporate governance in this annual report.

### Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, confirmation is hereby given that the going concern assumption is realistic. That assumption rests on the company's financial position, including events after the balance sheet date, as well as profit forecasts for 2020 and the company's long-term strategic predictions for the years to come.

### Allocation of profit and loss

The net profit for 2019 was EUR 2,802,353, total comprehensive income was EUR 2,236,805 and the Board proposes that the annual general meeting resolves that the gain is allocated to Other Reserves. Following this allocation, the company will have an equity of 8,273,785.

Oslo, 30 April 2020

Halldor Christen Tjoflaat
Chairman

Kathrine Breistøl
Board member

Kristine Malm Larneng
Board member

Nils Petter Skaset
CEO

**Responsibility statement**

The Board confirms, to the best of their knowledge, that the financial statements for the Company for 2019 have been prepared in accordance with the with IFRSs and IFRICs as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, and that should be used as of December 31, 2019

the information presented in the financial statements for 2019 gives a true and fair view of the Company's assets, liabilities, financial position and results for the period viewed in their entirety, and that

the Board of Directors' report gives a true and fair view of the development, performance and financial position of the company, and includes a description of the material risks that the Board of Directors, at the time of this report, deem might have a significant impact on the financial performance of the Group.

Oslo, 30 April 2020

| | | |
|---|---|---|
| Halldor Christen Tjoflaat<br>Chairman | Kathrine Breistøl<br>Board member | Kristine Malm Larneng<br>Board member |

Nils Petter Skaset
CEO

# Corporate governance in Aega ASA

### Implementation and reporting on corporate governance

Pursuant to section 3, sub-section 3b of the Norwegian Accounting Act, Aega ASA is required to include a description of its principles for good corporate governance in the directors' report of its annual report or alternatively refer to where this information can be found. The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code), which can be found at www.nues.no. Observance of the code is based on the "comply or explain" principle, which means that companies must explain either how they comply with each of the recommendations in the code or why they have chosen an alternative approach. The Oslo Stock Exchange requires that listed companies provide an annual explanation of their corporate governance policy in line with the applicable code. The following presentation of Aega ASA's corporate governance follows the same structure as the code.

### The business

After the acquisition of Aega Yieldco AS, the company's main activity is investing in and operating solar power plants. From 2014 to 2018 the company acquired eight individual solar parks in the in Italy and then the company sold it as a portfolio in 2019. In September 2019 Aega again started to build a new portfolio with acquisition of the one solar plant in Cori. The Company focuses on acquisitions of smaller existing solar parks (below 5MW capacity), strictly with top level concessions that are evaluated to be lower risk investments.

In Aega ASA's articles of association the company's activities and purpose is defined as "Investments in and ownership of companies within the solar energy industry and all activities related to this. The company may also invest in financial instruments, mainly in shares, equity certificates and derivatives of these, and engage in activities in relation to this.

### Equity and dividends

*Equity:*
Total equity as of end 2019 was EUR 8,273,786, and the number of outstanding shares was 48,375,949, all with equal rights and listed on Oslo Axess.

The company's equity capital is considered appropriate for the company's objectives, strategy and risk profile.

*Dividends:*
The Company repaid NOK 0.2 from the share premium in 2019.

### Equal treatment of shareholders and transactions with associated parties

*Share class:*
All outstanding shares of Aega ASA are of the same share class, carry the same rights to dividends and carry one vote.

*Transactions with associated parties:*
Should Aega ASA be a party to a transaction with parties associated to the company or with companies in which directors or senior executives, or their close associates, have a significant interest, directly or indirectly, the parties concerned must immediately notify the board. All such transactions must be approved by the board and, where required, also the general meeting. Such transactions must also, where required, be reported to the market. In the event of any not immaterial transactions between the company and associated parties, the board will arrange for a valuation to be obtained from an independent third party. See note 7 for related party transactions. All related party transactions during the year has been approved by the board and are in accordance with arm length principals.

*Own share transactions:*
Aega ASA has purchased 325,116 own shares in 2019, following the resolution in AGM.

*Conflicts of interest:*
The company has guidelines for handling of conflicts of interest. If a board member or executive has other commitments or interests that may result in a conflict of interest on a more regular basis, or in other extraordinary circumstances, additional procedures for the board's proceedings will be implemented, in order to avoid that such conflicts of interest occur.

**Freely negotiable shares**

The Aega ASA share is listed on Oslo Axess. All the shares are freely negotiable. The articles of association impose no restrictions on the negotiability of the shares.

**General meetings**

The general meeting is Aega ASA's highest authority. The board endeavours to ensure that the general meeting is an effective forum for communication between the board and the company's shareholders. As a result, the board seeks to facilitate the highest possible participation by the company's shareholders at the general meeting. The company's general meetings in 2019 were held in accordance with the Norwegian Public Companies Act.

The general meeting is normally held before 1st June. Notice of the meeting is published in a stock exchange release, and sent to all shareholders no later than 21 days before the general meeting. The notice and supporting documentation for items on the agenda are also published on the company's website not later the 21 days before the general meeting.

Provision is made to vote in advance of the company's general meeting. Shareholders who cannot attend the general meeting in person are able to appoint a proxy to vote on their behalf. In the proxy form the shareholder can also give the proxy instructions on how to vote on each agenda item.

The board determines the agenda for the general meeting. However, the most important items on the agenda are dictated by the Public Companies Act and the company's articles of association. Minutes of the meetings are published in stock exchange releases and posted to the company's website.

**Nomination committee**

The nomination committee submits justified recommendations to the general meeting on the election of directors and nominates candidates for the election of board members and chair. Furthermore, the committee will submit proposals for the remuneration of directors and recommend members to the nomination committee. Establishment of the committee is stipulated in the articles of association, and its work is regulated by instructions adopted by the general meeting. Nomination committee members are independent of the board and the company's executive management.

Members of the committee receive a fixed remuneration, which is not dependent on results. The general meeting decides on all recommendations made by the committee.

**Corporate assembly and board of directors: composition and independence**

Aega ASA does not have a corporate assembly.

The board is organized in accordance with the Public Companies Act, with two women and one man, all elected by the shareholders.

The directors represent both industry-specific and professional expertise from national and international companies, previous board experience, and knowledge about the regulations governing the company as a listed company.

Aega ASA regards all its board members as independent of the company's executive management. The board members are also regarded as independent from all significant business partners and the Company's main shareholders.

At year end, Halldor Christen Tjoflaat is a minority shareholder in AFT Development AS which owns 2,250,152 shares in Aega ASA. In addition he controls 1,085,005 shares in Aega.

Kathrine Breistøl, board member, controls 490,880 shares in Aega ASA.

Nils Petter Skaset, CEO, controls 393,208 shares in Aega ASA.

None of the other board members own shares directly or indirectly in Aega ASA. No director holds options to buy shares. The board members are encouraged to own shares in the company.

The board members and chair are elected by the general meeting, and are elected for two-year terms. Elections are conducted in such a way that new directors can join the board every year.

**The work of the board of directors**

The board is responsible for the management of the company, and the board’s work is regulated by instructions. The board is responsible for the management of the company, which includes determining the company’s strategy and overall goals, approving investments and ensuring an acceptable organization of the business in line with the company’s articles of association. The board can also determine guidelines for the business and issue orders in specific cases. The board members must look after Aega ASA’s interests as a whole, and not their individual interests.

The board shall keep itself updated on the financial position of the company, and ensure that the business, accounts and management are under assuring quality control. The board makes enquiries, if necessary, to perform its oversight responsibility. The board shall make such enquiries at the request of one or more board members. The board oversees the work of the executive management.

The board conducts an annual evaluation of its work, competence and performance.

The board of directors are the remuneration committee for the Chief executive officer.

The board has evaluated the need for an audit committee, and for the time being decided that the Board shall function collectively as the audit committee.

*Instructions for the board’s work:*
The company has instructions for the board's work (adopted on 7 November 2011). It contains the following main points; the board’s responsibilities and duties, the executive management’s obligations to inform the board, and guidelines for the board’s proceedings.

*Division of duties between the board and the executive management:*
A clear division of responsibility has been established between the board and the executive management. The chair is responsible for ensuring that the work of the board is conducted in an efficient and correct manner in accordance with relevant legislation. The chief executive is responsible for operational management of the company and reports regularly to the board.

The mandate and responsibilities of the chief executive is regulated in the management agreement. The board oversees the fulfilment of the agreement.

*Financial accounting:*
The accounting is outsourced to an external accounting firm. The board receives financial reporting on the company and the group quarterly. Financial and performance reports from the solar plants are received more frequently. All these reports constitute the foundation for the evaluation and potential adjustments of the company's strategic goals. The reports also forms the basis for the company's external financial reporting. External financial reports are approved by the board.

The board ensures that the auditor fulfils a satisfactory and independent control function. It presents the auditor’s report to the general meeting, which also approves the remuneration of the auditor.

The audit committee’s duties are fulfilled by the board.

*Plan for the board's work:*
The board focuses on the company's objectives and strategy, and the implementation thereof, and every year the board sets a plan for the board meetings for the coming year. In addition to the planned meetings, the board is summoned for extra meetings if needed. All board members receive background information related to the agenda points well in advance of the meeting. The board members are free to consult the administration if needed. Normally the CEO summons the board, and the agenda is set by the CEO and the chair. The administration is responsible for preparing background material for the board meetings.

*Confidentiality:*
The board's proceedings and minutes are confidential, unless the board decides otherwise.

**Risk management and internal control**

The board receives financial and operational reporting from management on every quarterly board meeting and evaluates the operational and financial performance up against the assumptions in the projections underlying the initial investment decision and the investment criteria. The board makes a yearly evaluation of company risk, risk control and internal control including in relation to the financial reporting process.

*Managing investment risk:*
The company's investment criteria contain strict limitations on investment risk, and each investment case must pass a rigorous due diligence before the management company makes an investment recommendation to the board. The investment process is designed to minimize the risk of an investment turning out to not meet the financial goals set for the investments.

**Remuneration of the board of directors**

The nomination committee recommends the directors' fees to the general meeting, and takes account of their responsibility, qualifications, time spent and the complexity of the business. Directors' fees are not profit-related or in any other way linked to the company's performance. Aega ASA has not issued any options to its directors.

**Remuneration of executive management**

The Note 18 statement on the remuneration for senior executives highlights the remuneration policies adopted by the company.

*Guidelines for remuneration of executive personnel:*
The board has prepared guidelines for the remuneration of executive personnel which will be voted on by the annual general meeting in accordance with the Public Companies Act.

**Information and communication**

Aega ASA keeps shareholders and investors regularly informed about its commercial and financial status. The board is concerned to ensure than players in the stock market receive the same information at the same time, and all financial and commercial information is accordingly made available on the company's website. Stock exchange announcements are distributed through www.newsweb.no.

The annual financial statements for Aega ASA are made available on its website at least three weeks before the general meeting. Interim reports are published within two months of the end of each quarter. The company publishes an annual financial calendar which is available on the Oslo Stock Exchange website.

The board gives emphasis to openness and equal treatment in relation to all players in the market and strives always to give as correct a picture as possible of the company's financial position.

The board has established guidelines for handling of inside information, such as the company's reporting of financial and other information. These guidelines also guidance for the company's contact with shareholders other than through general meetings.

**Takeovers**

Aega ASA's articles of association contain no restrictions on or defence mechanisms against the acquisition of the company's shares, and the company has no internal guidelines that limits a takeover. In accordance with its general responsibility for the management of Aega ASA, the board will act in the best interests of all the company's shareholders in such an event. Unless special grounds exist, the board will not seek to prevent takeover offers for the company's business or shares. Should an offer be made for the shares of Aega ASA, the board will issue a statement, which recommends whether shareholders should accept it. If necessary, the board will also make available an independent third party assessment of the takeover offer.

**Auditor**

The auditor is elected by the general meeting. The annual financial statements are audited by PricewaterhouseCoopers AS. The board receives and considers the auditor's report after the financial statements for the relevant year have been audited. The auditor submits an annual plan for the conduct of audit work and attends board meetings when the consideration of accounting matters requires its presence. In at least one of these meetings, the auditor makes a presentation to the board without the executive management being present. The auditor presents a declaration of independence and objectivity. Relations with the auditor are regularly reviewed by the board to ensure that the auditor exercises an independent and satisfactory control function. The board presents the auditor's fee to the general meeting for approval by the shareholders.

Oslo, 30 April 2020

Halldor Christen Tjoflaat
Chairman

Kathrine Breistøl
Board member

Kristine Malm Larneng
Board member

Nils Petter Skaset
CEO

## Group financials 2019

### Consolidated statement of profit and loss and other comprehensive income

| *(EUR)* | Note | 2019 | 2018 |
|---|---|---|---|
| Feed-In Tariff revenue | **2** | 62 647 | 2 679 309 |
| Sales of electricity | **2** | 9 479 | 586 332 |
| Other revenue | **2** | 0 | 14 208 |
| **Revenues** | | **72 127** | **3 279 849** |
| | | | |
| Cost of operations | **3** | -77 418 | -355 463 |
| Sales, general and administration expenses | **3,5,6** | -701 747 | -748 514 |
| Acquisition and transaction costs | **3,4,5,12** | -144 379 | -129 868 |
| Depreciation and amortization | **14,16** | -90 668 | -1 361 009 |
| | | | |
| **Operating profit** | | **-942 085** | **684 996** |
| | | | |
| Other gains and losses | **15** | 0 | 68 544 |
| Finance income | **9,15** | 6 604 | 290 |
| Finance costs | **9,15** | -16 339 | -601 257 |
| Net foreign exchange gain/(losses) | **9** | -64 289 | 8 165 |
| | | | |
| **Profit before income tax** | | **-1 016 109** | **160 737** |
| | | | |
| Income tax gain/(expense) | **8** | 0 | -317 569 |
| | | | |
| **Profit from continuing operations** | | **-1 016 109** | **-156 832** |
| | | | |
| Profit from discontinued operation (attributable to equity holders of the company) | **4** | 3 818 462 | 0 |
| | | | |
| **Profit for the period** | | **2 802 353** | **-156 832** |
| | | | |
| Earnings per share continuing operations | **10** | -0,02 | 0,00 |
| Earnings per share | **10** | 0,06 | 0,00 |
| **Avg. no of shares** | **9** | **48 189 282** | **46 090 037** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit and loss* | | | |
| Translation differences | **1.5.1.3** | -565 548 | 301 926 |
| | | | |
| **Total comprehensive income** | | **2 236 805** | **145 094** |
| | | | |
| Profit for the period attributable to: | | | |
| **Equity holders of the parent company** | | **2 236 805** | **145 094** |

## Consolidated statement of financial positions

| *(EUR)* | **Note** | **2019** | **2018** |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | **12,14** | 3 436 051 | 17 527 616 |
| Other long term assets | **8** | 364 245 | 0 |
| **Non-current assets** | | **3 800 296** | **17 527 615** |
| Receivables | **15.1** | 515 402 | 1 226 678 |
| Other current assets | **15.1** | 54 918 | 2 038 435 |
| Cash and short term deposits | **15.2** | 7 304 018 | 975 971 |
| **Current assets** | | **7 874 338** | **4 241 084** |
| **TOTAL ASSETS** | | **11 674 634** | **21 768 699** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | **11** | 5 162 293 | 5 255 029 |
| Share premium | **11** | 7 237 469 | 8 208 942 |
| **Paid in capital** | | **12 399 762** | **13 463 970** |
| Accumulated profit & loss | | -4 114 783 | -6 917 136 |
| Foreign Currency translation reserve | | -11 193 | 554 355 |
| **Other equity** | | **-4 125 976** | **-6 362 781** |
| **Total equity** | | **8 273 785** | **7 101 189** |
| Long term loans | **15.3** | 3 020 207 | 4 473 595 |
| Leasing | **15.3,16** | 46 838 | 7 471 673 |
| Deferred tax liabilites | **8** | 0 | 272 961 |
| **Total non-current liabilities** | | **3 067 045** | **12 218 229** |
| Trade payables and other payables | **15.4,17** | 44 449 | 412 765 |
| Short term financing | **15.3** | 275 291 | 1 079 682 |
| Current tax | **8** | 14 063 | 219 059 |
| Derivative financial instruments | **15.5** | 0 | 737 776 |
| **Total current liabilities** | | **333 803** | **2 449 282** |
| **Total liabilities** | | **3 400 848** | **14 667 511** |
| **TOTAL EQUITY AND LIABILITIES** | | **11 674 634** | **21 768 700** |

Oslo, 30 April 2020

Halldor Christen Tjoflaat
Chairman

Kathrine Breistøl
Board member

Kristine Malm Lamneng
Board member

Nils Petter Skaset
CEO

## Consolidated statement of cash flow

| *(EUR)* | Note | 2019 | 2018 |
|---|---|---|---|
| Profit before tax continuing business | 4 | -1 016 109 | 0 |
| Profit before tax discontinued business | | 3 818 462 | 0 |
| **Profit before tax** | | **2 802 353** | **160 737** |
| Paid income taxes | 8 | 0 | 0 |
| Depreciation | 14 | 84 339 | 1 361 009 |
| Changes in trade receivables and trade payable | | -422 670 | -441 806 |
| Changes in other accruals | | -268 122 | 406 234 |
| Change in other accruals from discontinued business | | -3 580 894 | 0 |
| **Cash flow from operations** | | **-1 384 994** | **1 486 174** |
| Sale of solar portfolio net cash | 4 | 8 840 391 | 0 |
| Acquisition net of cash acquired | 12,1 | -328 102 | -260 108 |
| **Cash flow from investments** | | **8 512 289** | **-260 108** |
| Proceeds from issue | 11 | 41 048 | 385 049 |
| Dividends or shareholder distributions | | -971 473 | 0 |
| Repayment of loans | 15.3 | -68 823 | -1 152 174 |
| **Cash flow from financing** | | **-999 248** | **-767 125** |
| **Cash at beginning of period** | | **1 175 971** | **717 030** |
| Net currency translation effect | | 0 | 0 |
| Net increase/(decrease) in cash and cash equivalents | | 6 128 047 | 458 941 |
| Locked cash | | 0 | 200 000 |
| **Cash at end of period** | | **7 304 018** | **975 971** |

## Consolidated statement of changes in equity

| *(EUR)* | Share capital | Share premium fund | Other equity | Foreign Currency translation reserve | Total equity |
|---|---|---|---|---|---|
| **Equity 2018** | **5 255 029** | **8 208 942** | **-6 917 136** | **554 355** | **7 101 189** |
| Profit (loss) after tax | | | 2 802 353 | | 2 802 353 |
| Other comprehensive income | | | | -565 548 | -565 548 |
| Capital increase | 41 048 | | | | 41 048 |
| Capital repayment | | -971 473 | | | -971 473 |
| Own shares acquired | -133 784 | | | | -133 784 |
| **Equity 31.12.2019** | **5 162 293** | **7 237 469** | **-4 114 783** | **-11 193** | **8 273 785** |

| (EUR) | Share capital | Share premium fund | Other equity | Foreign Currency translation reserve | Total equity |
|---|---|---|---|---|---|
| **Equity 2017** | **4 842 179** | **8 208 942** | **-7 073 968** | **252 429** | **6 229 582** |
| Loan conversion | 432 082 | | | | 432 082 |
| Other comprehensive income | | | | 301 926 | 301 926 |
| Profit (loss) after tax | | | 156 832 | | 156 832 |
| Own shares acquired | -19 233 | | | | -19 233 |
| **Equity 31.12.2018** | **5 255 029** | **8 208 942** | **-6 917 136** | **554 355** | **7 101 189** |

**General information**

Aega ASA is a public limited company, incorporated and domiciled in Norway. The registered office of Aega ASA is Thunes Vei 2, NO-0274 Oslo, Norway.

At the beginning of 2019 Aega ASA owned and operated 8 photovoltaic power plants in Italy, and its main business activity is to invest in photovoltaic power plants in Italy. This portfolio was sold in August 2019. After the sale Aega has acquired one solar park and is actively looking for new investment opportunities.

The parent company was listed on Oslo Axess in 2011. The consolidated financial statements for Aega ASA, including disclosure requirements for the accounting period ended 31 December 2019, were approved by the Board of Directors and CEO on 30 April 2020, and will be presented for approval at the annual General Meeting on 30 May 2020.

**1. Basis of preparation**

The consolidated financial statements for the financial year 2019 have been prepared in accordance International Financing Reporting Standards as adopted by the European Union ("IFRS") and interpretations that are relevant to the Group, as well as the disclosure requirements in the Norwegian Accounting Act and requirements set out by Oslo Stock Exchange, which are effective for financial periods commencing 1 January 2019.

All amounts are presented Euro if not otherwise stated.

*1.1 Going concern*

The annual accounts have been prepared based on the going concern assumption. This is based on the group's plans, budgets and level of activity going forward.

*1.2 Segment reporting*

For management purposes, the group is organised into one segment, the Italian solar power business. At the moment the company only owns one solar park and no other operational business.

Since the company only has one segment it does not publish separate segment reporting.

*1.3 Approved IFRSs and IFRICs with effect for the group*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019. None of these is expected to have significant effect on the consolidated statements of the Group, except the following set out below:

**IFRS 16, 'Leases'**

IFRS 16, 'Leases' significantly changes the accounting principles for many lease contracts, including leased premises, vehicles and equipment leases, and subleases. The standard will require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding assets. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, instead of recognising the expenses as today in Other operating costs.

Effects of IFRS 16:

The company did not previously have rent agreements above the thresholds in IFRS, however, it entered into a new HQ rent agreement at 1 September 2019. There are no other contracts that falls into the IFRS 16 category at time of reporting.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of sublease of offices or accrued lease payments. The adoption of IFRS 16 do not have a significant impact on Aega's statement of financial position as future lease payments under existing office lease contracts are limited, ref. Note 16.

*1.4 Use of estimates and assumptions*

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that both affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and costs. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from the estimated amounts. Estimates, judgments and underlying assumptions are continuously assessed. Changes in estimates are recognized in the accounting period when the estimates are changed and in future accounting periods affected by the changes.

Key areas for judgments, assumptions and estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in the respective note marked with the icon ⚖

*1.5 Significant accounting principles*

The accounting principles are outlined below or in the respective note marked with the icon 🕮. The accounting principles have been consistently applied in all periods for all of the group companies. Where required, the subsidiaries' financial statements have been adjusted to ensure consistent accounting principles within the Group.

### 1.5.1 Foreign currency

#### *1.5.1.1 Functional currency and presentation currency*

The group's presentation currency is the Euro (EUR) and the parent company's functional currency is the Norwegian Krone (NOK). The group's main activity main is in Italy. Revenue and related expenses are in EUR. As such, the Company is of the opinion that the results for the group are best reflected using EUR as the presentation currency.

#### *1.5.1.2 Consolidation*

The accounts of any unit in the group which uses a functional currency deviating from the group's functional currency are translated to NOK as follows:

- Assets and liabilities are translated at the foreign exchange rate at the balance sheet date,
- The income statement is translated at average exchange rates for the period, and
- All exchange differences are booked to other comprehensive income

On disposal of a foreign operation, the accumulated translation differences relating to the subsidiary are recognised in the statement of profit and loss.

Translation differences arising from the translation of a net investment in foreign operations are specified as translation differences in the statement of equity.

The functional currencies of the group entities are NOK and EUR. At year end, the statement of financial position was converted from functional currency to presentation currency EUR using 9,8638 and 9,9483 for 31 December 2019 and 2018 respectively.

The group consolidates all subsidiaries at the Aega ASA level.

### *1.5.1.3 Transactions and balances in foreign currency*

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Change in exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period. These changes are likely to be reversed in the profit and loss going forward.

## 2. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

From solar power plant operations, the group has two main sources of revenue:

<u>Feed-in Tariff (FiT)</u>

The Feed-in Tariff is a fixed nominal fee that is paid to the operator of a solar power plant for each kWh of produced electricity over the 20-year contract period. Payment of FiT is managed by Gestore dei Servizi Energetici ("GSE"), which is a governmental agency with the purpose of promoting and supporting renewable energy sources in Italy.  The fixed Feed-in Tariff received from GSE typically represents approximately 80-90% of the solar power plant revenues. Since 6 July 2013, FiTs are no longer available to newly permitted Photovoltaic plants (PV) projects.

The incentive is paid in equal instalments each month based on 90% of a basis production set out by GSE. In June/July the following year the Group receives the difference between the payments received by GSE and the actual production multiplied by the Feed-in Tariff.

From an accounting perspective Aega recognises full Feed-in Tariff when the electricity is produced.

<u>Sales of electricity</u>

The actual wholesale price of electricity is paid to the operator of a solar power plant for each kWh of produced electricity the system feeds into the grid. The system operator can decide whether to sell the electricity on the spot market or agree on a fixed contract. The operator's dependency on the market price will primarily depend on the level of fixed FiT relative to variable wholesale price.

The wholesale power price in Italy has been fairly volatile since 2004. In recent years, the price has dropped to around 50 EUR/MWh.

Revenue from the sale of electricity is recognised in the statement of profit and loss once delivery has taken place and the risk and rewards of ownership have been transferred.

The group derives the following types of revenue:

| *(EUR)* | **Note** | **2019** | **2018** |
|---|---|---|---|
| Feed-In Tariff revenue | **2** | 62 647 | 2 679 309 |
| Sales of electricity | **2** | 9 479 | 586 332 |
| Other revenue | **2** | 0 | 14 208 |
| **Revenues** | | **72 127** | **3 279 849** |

### *2.1.1.1 The Group is dependent on government subsidies, incentives and supportive regulatory framework*

The Group depends substantially on government incentives. Without government incentives, or with reduced government incentives, the cost of electricity generated by solar power plants currently would not be competitive with conventional energy sources (e.g., nuclear power, oil, coal and gas) in most current markets, and the availability of profitable investment opportunities to the Group would be significantly lower, which could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the incentives for solar power plants. It is also possible that government financial support for solar power plants will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements, or be significantly reduced or discontinued for other reasons. A reduction of government support and financial incentives for the installation of solar power plants in any of the markets in which the Group currently operates or intends to operate in the future could result in a material decline in the availability of investment opportunities, which would have a material adverse effect on the business prospects, financial condition and results of operations of the Group. The Group's current investments are located in Italy and hence subject to the same incentive scheme regime; i.e. there is limited or no risk diversification with respect to this specific risk.

### *2.1.1.2 Weather variations could have a material adverse effect on the Group*

Even in a stable climate, the weather, and hence the production of energy from the solar power plants, varies from year to year. This will influence the periodic revenues, and hence the results of operation and cash-flows of the Group. Over time the irradiation and production may approach the expected average, but still with the risk of less production than anticipated. However, due to climate changes it is also possible that the expected annual irradiation changes over long periods of time. It is possible that this may materially adversely influence the expected performance of the Group's plants during their technical lifetime.

### *2.1.1.3 Falling power prices may materially reduce the Group's income and profitability*

The market price for electricity changes according to market conditions. In Italy, the total revenue from power sales is composed of a fixed Feed-in Tariff plus the market price for electricity. The market price component currently represents approximately 20% of revenues for the Group's current portfolio, and in certain projects even more of the power sale revenues. If local power market prices fall, the Group's revenues, results of operation and cash flow may be materially adversely affected.

Power prices may be affected by several factors, including the level of installed photovoltaic ("**PV**") capacity and changes in the prices of hydrocarbons (e.g. oil, gas and carbon).

### 3. Operating cost

Operating cost is presented by function in the statement of comprehensive income as this provides the most relevant and reliable information of the group's performance.

| (EUR) | 2019 | 2018 |
|---|---|---|
| **Revenues** | **72 127** | **3 279 849** |
| **Cost of operations** | **-77 418** | **-355 463** |
| Land rent | 0 | 0 |
| Insurance | -11 200 | -47 290 |
| Operation & Maintenance | -57 139 | -214 906 |
| Other operations costs | -9 079 | -93 267 |
| **Sales, General & Administration** | **-701 747** | **-748 514** |
| Commercial management | -17 364 | -32 900 |
| Accounting, audit & legal fees | -54 511 | -177 808 |
| IMU tax | -1 453 | -19 316 |
| Salary and other payroll cost | -274 611 | -237 705 |
| Other administrative costs | -353 809 | -280 785 |
| **Acquisition & financing cost** | **-144 379** | **-129 868** |
| Acquisition transaction costs | -122 722 | -64 970 |
| Funding & IPO costs | 0 | 0 |
| Other non-recurring items | -21 657 | -64 899 |

REMUNERATION TO AUDITORS

| | 1 Jaunuary through 31 December | |
|---|---|---|
| *(EUR)* | **2019** | **2018** |
| Statutory audit | 38 018 | 87 377 |
| Other Assurance services | 0 | 637 |
| **Total renumerations to auditors** | **38 018** | **88 014** |

OPERATING COST RISK

*Increasing OPEX*

The Group plans to operate and maintain the power plant according to best practice and continuous improvements in a cost efficient manner. However, increased costs related to the number of consumables or the manpower cost may change over time. Replacement of main or auxiliary systems may come at more frequent intervals than planned. Financing, insurance and regulatory requirements may also lead to increased operating cost. This may have a material adverse effect on the Group's operating results and cash-flows.

MARKET RISK

*Foreign exchange risk*

The Group is exposed to currency risk relating to costs, receivables and liabilities in currency other than the functional currencies for its entities, which are NOK and EUR. All revenue is denominated in EUR. Costs are in EUR and NOK. At present, the Group does not utilize financial instruments to handle this currency risk.

The Group's balance sheet is exposed to exchange rate movements between the functional currencies and the presentation currency (EUR). The Group holds most of the cash available in EUR but aims to keep at least 5 MNOK to cover costs in the Norwegian entities. A decreasing EUR compared to NOK could limit the cash flow to investors.

*Inflation*

Increasing inflation could have a significant negative impact on the profitability of investing in solar power plants. As the major part of the income generated by solar power plants is fixed in nominal terms and operational expenses are subject to inflation there is a risk that increasing inflation will have a material adverse effect on the profitability of the Group.

*Interest rates*

Increasing interest rates could have a significant negative impact on the profitability of investing in solar power plants. The Group plans to fund the acquisition of solar power plans with 70-80% debt in normal cases, and with up to 100% debt in special cases. Increasing interest rates could significantly reduce the profitability of investing in solar power plants, which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations. To remedy this risk the Group always consider interest rate swap agreements for its loans.

## 4. Discontinued operations

On 6 August 2019 Aega ASA completed its sale of all its solar parks to Italia T1 Roncolo S.r.l (the Buyer), a subsidiary of Mareccio Energia ("Mareccio"). Aega received EUR 9.46 million and in addition EUR 550,000 was paid into an escrow account.

The transaction involved a takeover by Mareccio of all of Aega's Italian subsidiary at the time and their respective solar power plants. A total of eight solar power plants in Italy, with a combined production capacity of 8 MW, are part of the transaction.

The total enterprise value as of the financial cut-off date (30 June 2018) was EUR 22.6 million and an equity value of EUR 10.6 million. Since 30 June 2018 Aega ASA has paid out more than EUR 600,000 in dividends and shareholder loan repayments. Due to these payments and other adjustments in the agreement, Aega consideration is EUR 9.96 million where EUR 550,000 of the consideration was paid into escrow mainly related to a specific tax issue.

The sold companies are classified as discontinued business.

## Financial performance and cash flow information

| (EUR) | 2019 |
|---|---|
| Revenue | 1 785 692 |
| Expenses | -1 114 413 |
| **Profit before income tax** | **671 280** |
| | |
| Income tax expense | -68 448 |
| **Profit after income tax of discontinued operation** | **602 832** |
| Gain on sale of the subsidiary after income tax see below | 3 215 630 |
| **Profit from discontinued operation** | **3 818 462** |
| | |
| Net cash inflow from operating activities | 0 |
| Net cash inflow/(outflow) from investing activities (2019 includes an inflow of from the sale of the division | 8 840 391 |
| Net cash (outflow) from financing activities | 0 |
| **Net increase in cash generated by the subsidiary** | **8 840 391** |

Details of the sale of the subsidiary

*(EUR)*

| **Consideration received or receivable:** | **2019** |
|---|---|
| Cash | 9 370 887 |
| Fair value of contingent consideration | 145 000 |
| **Total disposal consideration** | **9 515 887** |
| Carrying amount of net assets sold | -5 832 843 |
| **Gain on sale before income tax and reclassification of foreign currency translation reserve** | **3 683 044** |
| | |
| Foreign currency translation reserve | -467 413 |
| Income tax expense on gain | 0 |
| **Gain on sale after income tax** | **3 215 631** |

| *(EUR)* | **2019** |
|---|---|
| Property, plant and equipment | 15 648 945 |
| Intangibles | 590 867 |
| Deferred tax assets | 0 |
| Other long term assets | -85 695 |
| **Non-current assets** | **16 154 117** |
| | |
| Receivables | 1 882 130 |
| Other current assets | 851 670 |
| Cash and short term deposits | 1 121 486 |
| **Current assets** | **3 855 286** |
| | |
| **TOTAL ASSETS** | **20 009 403** |

| *(EUR)* | **2019** |
|---|---|
| Property, plant and equipment | 15 648 945 |
| Intangibles | 590 867 |
| Deferred tax assets | 0 |
| Other long term assets | -85 695 |
| **Non-current assets** | **16 154 117** |
| | |
| Receivables | 1 882 130 |
| Other current assets | 851 670 |
| Cash and short term deposits | 1 121 486 |
| **Current assets** | **3 855 286** |
| | |
| **TOTAL ASSETS** | **20 009 403** |

## 5. Salary and salary related

| **Payroll and related expenses** | **2019** | **2018** |
|---|---|---|
| Salaries and vacation pay | 171 023 | 138 070 |
| Social security tax | 28 198 | 57 021 |
| Pension expense ("OTP") | 4 326 | 6 238 |
| Renumeration to the Board of Directors | 71 064 | 36 376 |
| **Total payroll and related expenses:** | **274 611** | **237 705** |

In 2019 the group had 2 average work years employed compared to roughly 2 in 2018.

PENSION SCHEME

The Company has a defined contribution pension scheme that complies with the Norwegian occupational pension legislation (called "OTP"). The pension contributions was 2 % for the Company in 2019. The retirement age for all employees, including the management, is 70 years. The Group is obliged to have an occupational pension scheme pursuant to the Act on Occupational Pensions. The Group's pension plans meet the requirements of this Act.

The group does not any active share-based payment incentive schemes.

## 6. Remuneration to management and Board of Directors

MANAGEMENT

All numbers in NOK:

Total remuneration paid to management from the Group during the year ended 31 December is as follow:

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | **Salary** | **Other** | **Pension cost** | **Salary** | **Other** | **Pension cost** |
| Markus H. Enge (CFO & CEO) | 900 000 | 262 972 | 18 000 | 900 000 | 12 972 | 27 000 |

**From 1 February 2017, Markus H. Enge was employed as CFO of Aega ASA, and he has been acting CEO since 29 September 2017.

BOARD OF DIRECTORS

The remuneration to Board members for their services for the period from the Annual General Meeting held 30 May 2019 to the Annual General Meeting to be held in 2020 is NOK 250,000 for the Chairman of the Board and NOK 150,000 for each board member.

Remuneration to the Board of Directors:

All numbers in NOK:

| | | | Board renumeration | | Other expensed benefits and bonus | |
|---|---|---|---|---|---|---|
| **Name** | **Position** | **Periode served to/f** | **2019** | **2018** | **2019** | **2018** |
| Halldor Chisten Tjoflaat* | Chairman | From 28 December | 250 000 | 250 000 | 426 000 | 132 000 |
| Kathrine Breistøl | Member | From 28 December | 150 000 | 150 000 | 0 | 0 |
| Kristine Malm Larneng | Member | From 28 December | 150 000 | 150 000 | 0 | 0 |
| Nils Petter Skaset** | Member | From 28 December | 150 000 | 150 000 | 300 000 | 0 |

*In addition to his role as Chairman of Aega ASA, Mr.Tjoflaat is hired from his 100% owned Talk Talk AS to fill the role as sole director of all subsidiaries. For all the Italian positions he receives 2000 NOK per month per company. He received NOK 300.000 for extra work related to Aega´s strategic review.

** Nils Petter Skaset has been appointed CEO from 1 February 2020. In 2019 he received NOK 300.000 for extra work related to Aega´s strategic review.

No member of the Board of Directors has any service contracts providing for benefits upon termination of employment.

Shares held by the board of directors and management as of 31.12.2019

| **Person** | **Role** | **Ownership with control** | **Other** |
|---|---|---|---|
| Halldor Christen Tjoflaat | Chair | Through RYBO NOR AS, controls 1 085 005 shares (2.2 per cent) | A minority shareholder in AFT Development AS, which owns 2 250 152 shares (4.69 per cent) |
| Kathrine Breistøl | Director | Through Vesoldo AS, controls 490 880 shares (about 1 per cent) | |
| Nils Petter Skaset | Director (CEO from 1 Feb. 2020) | Through Brezza AS, controls 393 208 shares (0.8 per cent) | |
| Markus Huseby Enge | Former CEO | Through E3 Consulting, controls 81 928 shares and through Klunken Blessenborg Invest AS 160 000 shares.(0.5 per cent) | |
| Fabio Buonsanti | COO | Owns directly 35 526 shares (0.1 per cent) | |

**7. Related party transactions**

Related party transactions are transfers of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

On 16 October 2019 Aega loaned out NOK 3 million to Bolshøyden AS. The chairman Mr. Tjoflaat, of Aega ASA is also chairman of Bolshøyden AS. The loan has a 12% interest rate for the first year and can be prolonged with another year, then with an interest rate of 15%.

The loan is secured with first priority lien in a property of about 59,000 square meters positioned outside Molde on Bolsøya (1502-19/59).

In addition Aega ASA rents offices spaces from Kontorfellesskapet i Thunesvei 2 AS a company controlled by the chairman Mr. Tjoflaat. The agreement is a back to back rent agreement with a potential 2% margin to cover cost of the renting company. See note 16 for further details.

**8. Tax**

Income tax expense consists of current tax and changes to deferred tax. Current tax compromises the expected tax payable on the taxable income for the year. Current tax is measured using tax rates enacted or substantively enacted at the reporting date. Deferred tax liability/tax asset is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences related to investments in subsidiaries where the group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future is not recognized. Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the deferred tax asset. The company recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset. Deferred tax liability and deferred tax asset are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax liability and deferred tax asset are recognised at their nominal value and classified as non-current asset and liability in the balance sheet. Deferred tax asset and deferred tax liabilities are offset only if certain criteria are met. Tax payable and deferred tax are recognised directly in equity to the extent that they relate to equity transactions.

Amounts recognised in statement of profit and loss:

All numbers in EUR:

| **Income tax expense** | **2019** | **2018** |
|---|---|---|
| Income tax payable | -20 313 | -219 059 |
| Income tax set of by deferred tax | 20 313 | 18 603 |
| Other changes deferred tax | 0 | -105 674 |
| Adjustment for previous years income tax | 0 | -11 439 |
| **Income tax expense** | **0** | **-317 569** |

Movement in deferred tax balances:

| **Tax payable** | **2019** | **2018** |
|---|---|---|
| Income tax payable | 14 063 | 219 059 |
| **Tax payable** | **14 063** | **219 059** |

| Tax assets recognized | 2019 | 2018 |
|---|---|---|
| Deferred tax asset | 0 | 0 |
| **Total tax assets** | **0** | **0** |
| | | |
| **Tax asset not recognized in the balance sheet** | **1 845 308** | **1 755 467** |

All recognized deferred tax is related to the Italian subsidiaries. The deferred tax in Norway is not recognized due to high uncertainty related to the usage of the position.

Specification of source of deferred tax:

| Deferred tax | 2019 | 2018 |
|---|---|---|
| Tax losses carried forward | 0 | 85 014 |
| Deferred tax leasing | 0 | -68 159 |
| Deferred tax property plant and equipment | 0 | -513 114 |
| Deferred tax derivatives | 0 | 177 298 |
| Deferred tax depreciation adjustment | 0 | 59 176 |
| Other adjustments | 0 | -13 176 |
| **Deferred tax** | **0** | **-272 961** |

## 9. Financial income and expense

Financial income consists of interest income on financial investments, gains related to the disposal of financial investments and changes in the fair market values of financial assets at fair value through profit and loss. Interest income is recognized by applying the effective interest rate method.

Financial expenses consist of interest expense on financial instruments, finance charges in respect of finance leases and changes in the fair market values of financial assets at fair value through profit and loss.

Currency gains and losses are reported net.

| *(EUR)* | 2019 | 2018 |
|---|---|---|
| | | |
| Interest income | 6 628 | 290 |
| Other financial income | 24 | 0 |
| **Total finance income** | **6 653** | **290** |
| | | |
| Interest expense | -8 422 | -191 615 |
| Leasing costs | 0 | -399 069 |
| Other financial cost | -7 899 | -10 470 |
| **Total finance costs** | **-16 321** | **-601 153** |
| | | |
| **Net foreign exchange gain/losses** | **-64 289** | **8 165** |

**10. Earnings per share**

Basic earnings per share is calculated by dividing the majority shareholders' share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period.

| | 2019 | 2018 |
|---|---|---|
| Weighted average of ordinary and potential shares | 48 189 282 | 46 090 037 |
| | | |
| Profit for continued business | -1 016 109 | -156 832 |
| Profit for the year EUR | 2 802 353 | -156 832 |
| Total comprehensive income | 2 236 805 | 145 094 |
| **Basic earnings continuing business per share** | **-0,02** | **0,00** |
| **Basic earnings per share** | **0,06** | **0,00** |
| **Bastic earnings toal comprehensive income** | **0,05** | **0,00** |
| **Diluted earnings per share** | **0,06** | **0,00** |

**11. Share capital and shareholder information**

Ordinary shares are classified as equity. Financial instruments are classified as equity in accordance with the underlying economic realities. Amounts distributed to holders of financial instruments that is categorized as equity, will be recorded directly in equity.

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Dividend distributions to the shareholders of the Company are classified as liability from the date on which the dividend is adopted by the general meeting.

GENERAL

As at 31 December 2019, Aega ASA had a share capital of NOK 48,375,949 comprising 48,375,949 shares with a par value of NOK 1. Aega ASA has only one share class. All shares have equal voting rights and rights to dividends from the Company. All shares are fully paid.

SHARE RECONCILIATION

| | Number of shares |
|---|---|
| **Shares 1 Jaunary 2015 - AEGA ASA (Nordic Financials ASA)** | **2 209 020** |
| | |
| Registered capital increase 10 January 2016 | 25 151 275 |
| Registered capital increase 16 June 2016 | 8 530 662 |
| **Shares as of 31 December 2016** | **35 890 957** |
| | |
| Registered capital increase 3 January 2017 | 4 991 184 |
| Registered capital increase 8 February 2017 | 3 000 000 |
| **Shares as of 31 December 2017** | **43 882 141** |
| | |
| Registered capital increase 1 June 2018 | 4 093 808 |
| **Shares as of 31 December 2018** | **47 975 949** |
| | |
| Registered capital increase | 400 000 |
| **Shares as of 31 December 2019** | **48 375 949** |

In addition Aega as of 31.12.2019 has the following warrants outstanding:

**Warrants:** the Company has 2,000,000 warrants outstanding. Each of the warrants will entitle the holder to subscribe for one share in Aega ASA at an initial exercise price of NOK 3.10 per share. The exercise price for each warrant shall at the time of exercise of such warrant be adjusted downwards on a NOK-for-NOK basis by any dividend per share paid by Aega ASA in excess of an annual dividend of 7% of NOK 3.10 in the period from the issue of the warrant until the exercise of the warrant. The warrants shall be exercisable during exercise periods lasting for four weeks from the date of publication of Aega ASA's annual financial statements for the financial years 2017, 2018, 2019 and 2020, provided, however, that the last exercise period shall end no later than 30 June 2021. Any unexercised warrants shall expire without any compensation to the holder on 30 June 2021.

DIVIDEND

Aega made a repayment of capital in August 2019 of NOK 0.2 per share.

The group’s objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The company invest in predictable cash yielding solar assets. In order to maintain or adjust the capital structure, the group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board of Directors will propose a repayment of share premium of NOK 0.04 per share to the AGM in 2020.

20 LARGEST SHAREHOLDERS

31.12.2019:

| Shareholders | Shares | Percentage |
|---|---|---|
| BEARHILL INC AS | 3 359 034 | 6,9% |
| AFT DEVELOPMENT AS | 2 250 152 | 4,7% |
| HARALDSEN THORVALD MORRIS | 1 627 119 | 3,4% |
| LJM AS | 1 471 926 | 3,0% |
| PENTHOUSE MIRADORES AS | 1 420 237 | 2,9% |
| SÆTREMYR TORE | 1 277 694 | 2,6% |
| MOGER INVEST AS | 1 134 890 | 2,3% |
| RYBO NOR AS | 1 085 055 | 2,2% |
| JAN STEINAR NEREM | 1 032 069 | 2,1% |
| MORO AS | 933 667 | 1,9% |
| GN Power Invest AS | 922 818 | 1,9% |
| VESAAS OLAV | 877 141 | 1,8% |
| STRØM-RASMUSSEN FINN | 779 012 | 1,6% |
| JAN P HARTO AS | 770 566 | 1,6% |
| FIN SERCK-HANSSEN | 740 780 | 1,5% |
| MAGNOLIA SYSTEM AS | 715 357 | 1,5% |
| RACCOLTA AS | 708 186 | 1,5% |
| TORSTEIN SØLAND | 668 890 | 1,4% |
| KÅRE REIDAR JOHASEN | 644 722 | 1,3% |
| C - BY - C AS | 593 208 | 1,2% |
| Total 20 largest shareholders | 23 012 523 | 47,6 % |
| Aega ASA outstanding shares | 48 375 949 | 100,0 % |

**12. Business combination**

Business combinations are accounted for using the acquisition method when control is transferred to the group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value as are the identifiable net assets acquired.

Acquisition costs incurred are expensed, except if related to the issue of debt or equity securities. When the group acquires a business, it assesses the fair value of financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured.

*12.1 Acquisition and transaction costs*

| (EUR) | **2019** | **2018** |
|---|---|---|
| **Acquisition & financing cost** | **-144 379** | **-129 678** |
| Acquisition transaction costs | -122 722 | -64 780 |
| Funding & IPO costs | 0 | 0 |
| Other non-recurring items | -21 657 | -64 899 |

In 2019 the main transaction cost was related to the sale of the solar portfolio and cost related to purchase of the solar park in Cori.

In 2018 the main transaction cost was related to the purchase of Solar Park Luino and cost for a lawsuit regarding the severance package of the former CEO.

The costs are included in the line item acquisition and transaction costs in the statement of comprehensive income.

12.2 *Purchase price allocation*

PURCHASES 2019

Purchase of Produzioni Fotovoltaiche Cori Srl

On 10 October 2019 Aega purchased a 1 MWp solar park in Cori, Latina. The purchase price for the equity (inc. shareholder loan) was set at EUR 420,000 and EUR 160,000 for the working capital. The project has about EUR 3.4m in loan financing.

The solar park is a single axis tracker plant and has a second conto energia feed-in tariff and is ten years into its 20-year concession period.

As Produzioni Energia Cori S.r.l is a special purpose company established in May 2018 through a transformation, there is only one annual report available for May 2018 until December 2018. The key figures below are estimates for the current year.

| | |
|---|---|
| **Current assets & liabilities** | **171 116** |
| Cash and cash equivalents | 242 960 |
| Receivables | 16 192 |
| Other current assets | 0 |
| Trade payables and other current liabilities | -5 574 |
| Tax and VAT outstanding | 49 742 |
| Other current liabilities | -132 203 |
| | 0 |
| **Long term positions** | **462 672** |
| Deferred tax | 0 |
| Property, plant and equipment | 3 771 278 |
| Derivative agreement | 0 |
| Long term financing | -3 308 605 |
| | 0 |
| **Assets identified for acquisition** | **-633 789** |
| Paid for shareholder loan at closing | -90 000 |
| Paid for corporate capital at closing | -493 789 |
| Withheld payment | -50 000 |
| | |
| **Consideration not allocated** | - |

PURCHASES 2018

*Acquisition of Solar Park Luino:*

15 February 2018 Aega signed a contract to acquire all shares in Solar Park Luino S.r.l , which owns a 0.8MW solar plant in Luino, Lombardy, Italy, from a group of Italian investors.

The acquisition is completed and settlement for the acquisition was made in cash. Aega’s funding of the project has been through a loan from investors later converted into shares at the AGM of 2018.

The 0.8MW solar park in Luino is fixed ground mounted, has a second conto energia feed in tariff and is seven years into its 20-year concession period. It delivers an internal rate of return (IRR) in line with Aega's current assets and the group's overall investment target.

After the acquisition the Chairman of the group Mr. Halldor Tjoflaat has been appointed CEO and constitute the Board of Directors in Solar Park Luino S.r.l. There are no employees in the acquired company. Solar Park Luino S.r.l has a max cap interest swap related to the loan agreement.

There are no significant off balance sheet assets or liabilities.

| EUR (unaudited figures) | Net PPA |
|---|---|
| **Current assets & liabilities** | **145 501** |
| Cash and cash equivalents | 100 562 |
| Receivables | 14 081 |
| Other current assets | 4 660 |
| Trade payables and other current liabilities | -14 002 |
| Tax and VAT outstanding | 40 201 |
| Other current liabilities | 0 |
| | |
| **Long term positions** | **215 169** |
| Deferred tax | 0 |
| Property, plant and equipment | 2 302 773 |
| Derivative agreement | -113 237 |
| Long term financing | -1 974 367 |
| | |
| **Assets identified for acquisition** | **-360 670** |
| Paid for shareholder loan at closing | 0 |
| Paid for corporate capital at closing | -306 569 |
| Paid into escrow | -54 100 |
| | |
| **Consideration not allocated** | **0** |

The excess value of EUR 42,997 has been allocated to the solar power plant. The excess value is depreciated linear over the remaining life of the Feed-In tariff period. The deferred tax on the gross excess value has been estimated to 24%.

## 13. Interests in other entities

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The acquisition method is applied when accounting for business combinations. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

All intra-group balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

OWNERSHIP

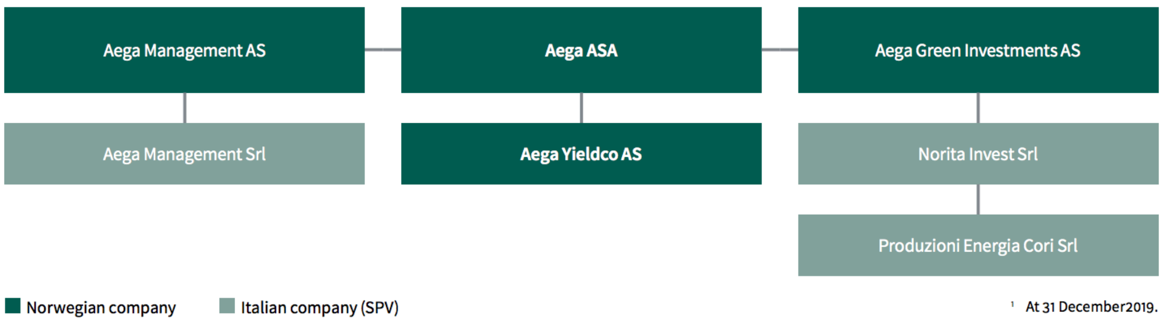
The group's subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business | Ownership interest held 2019 | Ownership interest held 2018 | Voting power held 2019 | Voting power held 2018 | Principal activities |
|---|---|---|---|---|---|---|
| Aega Yieldco AS | Norway | 100 | 100 | 100 | 100 | Holding company |
| Aega Energy Prima AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Energy Seconda AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Energy Terza AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Management AS | Norway | 100 | 100 | 100 | 100 | Management Company |
| Aega Green Investments AS | Norway | 100 | 0 | 100 | 0 | Holding company |
| Allebo Eiendom AS | Norway | 100 | NA | 100 | NA | Holding company |
| Norita Invest S.r.l | Italy | 100 | NA | 100 | NA | Holding company |
| Aega Mangement S.r.l | Italy | 100 | NA | 100 | NA | Management Company |
| Produzioni Energia Cori S.r.l | Italy | 100 | 0 | 100 | 0 | Company owning solar park |
| Photo-Volt One S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| DT S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Collesanto S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| JER-12 S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Piano Mulino S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Casale S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Solar Park Luino S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |

*Aega Energy Prima, Seconda and Terza was merged into Aega Yieldco AS during 2018.

ORGANISATIONAL CHART

**SPV structure minimizes financial and operational risk**




In addition, Aega Management owns 100% of the shares of Allebo Eiendom AS not included in the overview.

## 14. Property, plant and equipment

All property, plant and equipment (including solar power plants) are valued at their cost, less accumulated depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income. The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income as incurred, while other costs expected to provide future financial benefits are capitalised.

| | Aega Group |
|---|---:|
| Power plant 31. December 2018 | 16 752 365 |
| Disposal and depreciation on sold | -16 752 365 |
| Addition of Cori | 3 520 390 |
| Depreciation Cori | -84 339 |
| **Power plant 31. December 2019** | **3 436 051** |

Depreciation is calculated using the straight-line method over the useful lives. The depreciation period and method are assessed each year.

Aega has assessed the useful life to be 20 years from the start of the Feed-In Tariff period. Some components like the inverter have shorter guarantee periods however; the group insures the remaining risk. On leased solar power plants, the group has estimated a certain value at the end of the leasing period, the leased assets are depreciated over the shorter of the lease term and their useful lives.

Assets are tested for impairment whenever events or change in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

## 15. Financial instruments

Classification

Financial instruments are classified in the following categories
- fair value with changes in value through profit or loss
- held to maturity financial assets
- loans and receivables
- available for sale financial assets
- financial (assets and) liabilities measured at amortized costs
- derivatives

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

At 31 December 2019 and 2018, the group has financial instruments in the following categories:
- receivables, and
- derivatives (only 2018)
- financial (assets and) liabilities measured at amortized costs

Reclassification

The group may choose to reclassify is financial instruments if this meets the reclassification criteria. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

The group initially recognize loans and receivables and debt securities on the date when they are originated. All other financial assets and liabilities are initially recognized on the trade date when the entity become a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership and does not retain control over the transferred asset.

The group holds derivative financial instruments to hedge its interest rate risk exposure. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit and loss as incurred.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for ‘financial assets and liabilities at fair value through profit or loss’ – in profit or loss within other income or other expenses

- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Interest income and interest expense for all financial instruments are measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate which exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit and loss. The group has not applied hedge accounting for 2019 and 2018.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

The group has the following financial instruments:

FINANCIAL ASSETS

**2019**

| (EUR) | Asset at FVPL | Financial asset at amortized cost | Total |
|---|---|---|---|
| Receivables | | 515 402 | **515 402** |
| Other current assets; Tax and VAT | | 54 918 | **54 918** |
| Cash and cash equivalents | | 7 304 018 | **7 304 018** |
| | **0** | **7 874 338** | **7 874 338** |

**2018**

| (EUR) | Asset at FVPL | Financial asset at amortized cost | Total |
|---|---|---|---|
| Receivables | | 1 157 593 | **1 157 593** |
| Other current assets; Tax and VAT | | 2 038 435 | **2 038 435** |
| Cash and cash equivalents | | 975 971 | **975 971** |
| | **0** | **4 171 999** | **4 171 999** |

FINANCIAL LIABILTIES

**2019**

| (EUR) | Derivatives at FVPL | Liabilities at amortised cost | Total |
|---|---|---|---|
| Long term borrowing | | 3 175 291 | **3 175 291** |
| Trade payables | | 91 287 | **91 287** |
| Other payable | | -46 838 | **-46 838** |
| | **0** | **3 219 740** | **3 219 740** |

**2018**

| (EUR) | Derivatives at FVPL | Liabilities at amortised cost | Total |
|---|---|---|---|
| Long term borrowing | | 4 473 595 | **4 473 595** |
| Leasing | | 7 471 673 | **7 471 673** |
| Trade payables | | 368 505 | **368 505** |
| Other payable | | 44 260 | **44 260** |
| Short term borrowing and leasing | | 1 079 682 | **1 079 682** |
| Derivatives finacial instrur | 737 776 | | **737 776** |
| | **737 776** | **13 437 715** | **14 175 491** |

Derivatives is valued using a marked to market approach. Fair value was determined by reference to a market price quotations in an active market (classified as level 1 in the fair value hierarchy under IFRS)

The group is exposed to various risks arising from its normal business activities. The group's risk management is carried out by the central administration under policies approved by the board of directors. The management proposes to the board hedging options if they are deemed necessary. Marked- and credit risks related to the financial statement and how these risks could affect the group's future financial performance are discussed in its associated notes.

LIQUIDITY RISK
Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The asset manager in Italy carries out monthly and yearly liquidity budgets, these are used as basis for the group cash flow.

### *15.1 Trade and other receivables*

Trade receivables are amounts due from customers in the ordinary course of business. Other receivables are related to tax and vat. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The fixed Feed-in Tariff received from GSE typically represents approximately 80-90 per cent of the solar power plant revenues. The incentive is normally paid after 60 days in equal instalments each month based on 90 per cent of a basis production set out by GSE. In June/July the following year the Group receives the difference between the payments received by GSE and the actual production multiplied by the Feed-in Tariff. The remaining 10-20 per cent of the revenue is the market price which the Group sells to energy trading companies normally with 30 days payment notice and on one year contracts.

The group considers that there is evidence of impairment if any of the following indicators are present

- significant financial difficulties of the debtor

- probability that the debtor will enter bankruptcy or financial reorganisation, and

- default or delinquency in payments (more than 30 days overdue)

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

There are no indications of impairment at 31 December 2019 and 2018, no provision is booked.

OVERVIEW OF RECEIVABLES

| *(EUR)* | **31-Dec-19** | **31-Dec-18** |
|---|---|---|
| Trade receivables | 515 402 | 1 157 593 |
| Tax Outstanding and VAT | 54 918 | 2 038 435 |
| **Receivables financial instruments** | **570 320** | **3 196 028** |
| Prepayments | 0 | 69 085 |
| **Receivables** | **570 320** | **3 265 113** |

CREDIT RISK

The group's credit risk related to receivables are mainly related to the government and governmental institution as approximately 90% of total receivables, in 2018 and 2017 respectively, are related to this. GSE is not credit rated, however, GSE is 100% owned by the Italian Ministry of Economy and Finance and financed directly over the energy bills of the Italian power consumers. The Group assess the risk related to GSE as very low.

### *15.2 Cash and cash equivalents*

Cash includes cash in hand or at the bank. Cash equivalents are short-term liquid investments which can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

| *(EUR)* | **2019** | **2018** |
|---|---|---|
| Cash Norway | 7 017 874 | 31 653 |
| Cash Italy | 286 143 | 944 318 |
| Restricted cash Italy* | 0 | 200 000 |
| **Total cash** | **7 304 018** | **1 175 971** |

*in the 2018 annual report restricted cash has been reclassified to long term financial receivable, since this is locked up until the financing in DT S.r.l and Photo-Volt One S.r.l have been paid back. And is therefore not freely available to Aega ASA.

For liquidity risk, see under General

INTEREST RATE RISK

The group is exposed to interest rate risk in relation to variation in interest rates of bank deposits.

| **(EUR)** | **2019** | **2018** |
|---|---|---|
| Debt | 3 400 848 | 14 667 511 |
| Total equity | 8 273 786 | 7 101 189 |
| **Equity percentage** | **70,9 %** | **32,6 %** |

For liquidity risk, see under General

*15.3 Long term loans and Leasing*

The group leases certain property, plant and equipment, mainly solar power plants. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The group leased various property, solar parks in 2018 with at carrying amount of EUR 12,313,927 at 31 December 2018, but was sold together with the solar parks in 2019.

Overview long term loans:

| **Plant** | **Cori** |
|---|---|
| SPV | Produzioni Energia Cori S.r.l |
| Bank | Unicredit |
| Financing form | Project finance |
| Original finance amount | 4 222 971 |
| Expiration date | 30-Jun-28 |
| Interest rate | 3M Euribor+ 1,35% spread |
| Covenants | The Target undertakes for all the duration of the loan to have financial availabilities (EQUITY + QUASI EQUITY) for an amount equal or higher to € 553,000.00 |

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

| **(EUR)** | **2019** | **2018** |
|---|---|---|
| Cash and cash equivalents | 7 304 018 | 1 175 971 |
| Liquid investments | 0 | 0 |
| Borrowings - repayable within one year | -275 291 | -1 079 682 |
| Borrowings - repayable after one year | -3 020 207 | -12 218 229 |
| **Net debt** | **4 008 520** | **-12 121 940** |

*15.4 Trade payable and other payables*

Trade and other payable represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting date.
The carrying amount of trade receivables and trade payables is approximately equal to fair value, as they are agreed at "normal" conditions and normally have a short period to maturity.

The Group has five main trade payables, the operator of the solar power plants, the insurance of the power plants, the outstanding salaries, outstanding fees to board and fees to the asset manager.

| (EUR) | 2019 | 2018 |
|---|---|---|
| Trade payables | 44 449 | 368 505 |
| Other payables | 0 | 44 260 |
| **Total trade and other payables** | **44 449** | **412 765** |

All trade and other payables at 31 December 2019 and 2018 have a maturity of less than 6 months

Trade payables are unsecured and are usually paid within 30 days of recognition.

*15.5 Derivative financial instruments*

Derivatives are classified as held for trading unless they are designated and meet the hedging criteria.

At end of 2019 Aega had no derivate contracts.

### 16. IFRS 16 Leasing

The company did not previously have rent agreements above the thresholds in IFRS, however, it entered into a new HQ rent agreement at 1 September 2019. There are no other contracts that falls into the IFRS 16 category at time of reporting. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of sublease of offices or accrued lease payments. The adoption of IFRS 16 do not have a significant impact on Aega's statement of financial position as future lease payments under existing office lease contracts are limited.

In EUR:

| Right-to Use Assets | Office rent agreement |
|---|---|
| As of 1 January 2019 | - |
| Addition of right-to use assets building | 63 185 |
| **Acquisition cost 31 December 2019** | **63 185** |
| | |
| Depreciation | 6 329 |
| **Net right-to use asset as of 31 December 2019** | **56 856** |

| Undiscounted Lease Liabilities and Maturity of Cash Outflows | Office rent agreement |
|---|---|
| Less than 1 year | 23 483 |
| 1-3 years | 46 838 |
| **Total undiscounted lease liabilities at 31 December 2019** | **70 321** |

| Reconcilliation | Statement of: | Office rent agreement |
|---|---|---|
| At start of 2019 | | - |
| New lease liabilities recognized in the year | | 78 149 |
| Cash payments for the principal portion of the lease liability | Cash flows | -7 828 |
| Cash payments for the interest portion of the lease liability | Cash flows | -5 055 |
| Interest expense on lease liabilities | P&L | 5 055 |
| Reassessment of the discount rate on previous lease liabilities | P&L | - |
| Currency exchange differences | P&L and other compr. | - |
| Total undiscounted lease liabilities at 31 December 2019 | | 70 321 |
| Current lease liabilities | Financial position | 23 483 |
| Non-curremt lease liabilities | Financial position | 46 838 |
| Total cash outflows for leases | Cash flows | -12 883 |

**17. Provisions**

A provision is recognised when the group has an obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably. Provisions are not recognised for future operation losses.

Provision are measured at the present value of management's best estimate of the future cash flow required to settle the present obligation at the end of the reporting period. If the effect is material, the provision is calculated by discounting estimated future cash flows using a discount rate before tax which reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation. The increase in provision due to passage of time is recognised as interest expense.

**18. Statement on the remuneration for senior executives**

The Statement on senior executives' remuneration has been prepared in accordance with the Norwegian Public Limited Companies Act, the Norwegian Accounting Act and the Norwegian Code of Practice and is adopted by the board of directors.

For the purposes of this statement, company employees referred to as senior executives are: Markus Enge (CEO & CFO). For future periods it will be Nils Petter Skaset

The following guidelines are applied for 2019.

<u>General principles for the remuneration of senior executives</u>

The remuneration of the CEO is determined by the board of directors, whereas remuneration of other senior executives is determined administratively on the basis of a framework specified by the board of directors.

The remuneration level shall reflect the complexity and responsibilities of each role and shall take into account the company's international operations. Being headquartered in Norway, the board of directors will primarily look to other Norwegian companies operating in an international environment for comparison.

Remuneration of the senior executives shall be at a competitive level in the relevant labour market(s). It should be a tool for the board of directors to attract and retain the required leadership and motivational for the individual executive. The total remuneration package shall therefore consist of fixed remuneration (basic salary and benefits in kind) and variable, performance-based remuneration (short- and long term incentives). The remuneration system should be flexible and understandable.

Market comparisons will be conducted on a regular basis to ensure that remuneration levels are competitive.

Fixed salary

The main element of the remuneration package shall be the annual base salary. This is normally evaluated once a year according to individual performance, market competitiveness and local labour market trends.

Benefits in kind

The senior executives receive benefits in kind that are common for comparable positions. These include newspapers, telecommunication, broadband, insurance and car salary.

Pension scheme

A pension contribution "innskuddspensjon" of 2% of the base salary up to 12G will be provided by the Company.

Severance package scheme

The CEO has no severance payment beyond a normal three-month notice period.

Statement on senior executive remuneration in the previous fiscal year:

See note 5 for details about the remuneration.

**19. Market risk**

Sensitivity currency

The group is primarily exposed to changes in EUR/NOK exchange rates. The sensitivity comes mainly from the cash balances held in the group.

| | Impact on post tax profits | |
|---|---|---|
| **(EUR)** | **2019** | **2018** |
| EUR/NOK exchange rate – increase 10% | 635 170 | 43 936 |
| EUR/NOK exchange rate – decrease 10% | -605 170 | -53 700 |

The group's exposure to other foreign exchange movements is not material.

Sensitivity Interest rate

The group is currently considering to fix the interest rate on Cori, 1% increase would increase interest cost annually with about EUR 30,000

**20. Subsequent events**

CEO change

On 23 October Markus Enge resigned from his role as CEO of Aega ASA. Mr. Enge has continue to work for Aega until the end of his resignation period, 31 January 2020.

The Board of Directors of Aega ASA has appointed Nils Petter Skaset as interim CEO of Aega ASA with effect from 1 February 2020. Mr. Skaset has been a member of the Board of Directors in Aega since the end of 2017. He has extensive experience from the investment and asset management industry.

Following his appointment, Mr. Skaset has resigned from the Board of Directors. The Board of Directors still has a quorum and there is not planned to call for an extraordinary general assembly at this time

Corona virus:

The company currently owns and operates one solar park in Italy. Power production from this park continues as normal and is unaffected by the ongoing coronavirus situation.

M&A activities in Italy have slowed down somewhat, mainly because of the restrictions on travel. However, the company continues to pursue several investment opportunities in this market.

The board and management emphasize that the company’s financial position remains solid. Aega ASA has no debt and a strong cash balance with assets denominated in both EURO and NOK.

## Parent company financials 2019

*Statement of profit and loss and other comprehensive income*

| *(NOK)* | Note | 2019 | 2018 |
|---|---|---|---|
| Managment fees | **3** | 1 119 252 | 2 153 072 |
| Other Income | | 8 047 554 | 0 |
| **Revenues** | | **9 166 806** | **2 153 072** |
| | | | |
| Sales, general and administration expenses | **4,5,6** | -7 542 819 | -5 270 145 |
| Acquisition, transaction and writedown costs | | -1 051 001 | -1 160 491 |
| Depreciation and amortization | **10** | -62 428 | 0 |
| **Operating profit** | | **-8 656 248** | **-6 430 636** |
| | | | |
| Finance income | **8** | 168 959 | 2 514 |
| Finance costs | **8,1** | -152 887 | -185 579 |
| Net foreign exchange gain/(losses) | **8** | -727 729 | -9 630 |
| **Profit before income tax** | | **-201 099** | **-4 470 259** |
| | | | |
| Income tax gain/(expense) | **7** | 0 | 0 |
| | | | |
| **Profit/(loss) for the period** | | **-201 099** | **-4 470 259** |
| | | | |
| **No. Of shares** | | **48 375 949** | **47 975 949** |
| | | | |
| **Other comprehensive income** | | | |
| Items that may be reclassifed to profit and loss | | | |
| Translation differences | | 0 | 0 |
| | | | |
| **Total comprehensive income** | | **-201 099** | **-4 470 259** |
| | | | |
| Profit for the period attributable to: | | | |
| **Equity holder of the parent company** | | **-201 099** | **-4 470 259** |

## Statement of financial positions

| | | | |
|---|---|---|---|
| Property, plant and equipment | **10** | 560 816 | 0 |
| Shares in subsidiaries | **2** | 57 649 957 | 69 191 564 |
| **Non-current assets** | | **58 210 773** | **69 191 564** |
| | | | |
| Receivables | **7** | 12 550 368 | 3 019 531 |
| Cash and short term deposits | **9** | 68 684 278 | 197 012 |
| **Current assets** | | **81 234 645** | **3 216 543** |
| | | | |
| **TOTAL ASSETS** | | **139 445 418** | **72 408 107** |

**EQUITY AND LIABILITIES**

| | | | |
|---|---|---|---|
| Share capital | **12** | 48 375 949 | 47 975 949 |
| Share premium | **12** | 64 723 965 | 74 360 889 |
| Own shares | **12** | -325 116 | -191 332 |
| **Paid in capital** | | **112 774 798** | **122 145 506** |
| | | | |
| Accumulated profit & loss | | -61 820 162 | -61 639 227 |
| **Other equity** | | **-61 820 162** | **-61 639 227** |
| | | | |
| **Total equity** | | **50 954 636** | **60 506 279** |
| | | | |
| Trade payables and other payables | **7** | 5 077 570 | 3 870 060 |
| Intergroup loans | **7** | 83 413 212 | 8 031 768 |
| **Total current liabilities** | | **88 490 782** | **11 901 828** |
| | | | |
| **Total liabilities** | | **88 490 782** | **11 901 828** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **139 445 419** | **72 408 107** |

30 April 2020

Halldor Christen Tjoflaat
Chairman

Kathrine Breistøl
Board member

Kristine Malm Larneng
Board member

Nils Petter Skaset
CEO

## Statement of cash flow

| *(NOK)* | Note | 2019 | 2018 |
|---|---|---|---|
| Ordinary profit before tax | | -201 099 | -4 470 259 |
| Changes in trade receivables and trade payable | **7** | -8 323 327 | -497 372 |
| Changes in other accruals | | 20 164 | 9 497 |
| **Cash flow from operations** | | **-8 504 262** | **-4 958 133** |
| Acquisition/sale of subsidiary, net of cash acquired | | 0 | -100 000 |
| Sale of financial investments | | 11 541 607 | 0 |
| Reclassification IFRS 16 | | -560 816 | 0 |
| **Cash flow from investments** | | **10 980 791** | **-100 000** |
| Proceeds from issue of share capital | | 400 000 | 4 093 808 |
| Dividends or shareholder distributions | **12** | -9 636 923 | 0 |
| Proceeds from new loans | | 75 381 444 | 967 986 |
| Purchase of own shares | | -133 784 | -191 332 |
| **Cash flow from financing** | | **66 010 737** | **4 870 462** |
| **Cash at beginning of period** | | **197 012** | **384 684** |
| Net currency translation effect | | 0 | 0 |
| Net increase/(decrease) in cash and cash equivalents | | 68 487 265 | -187 672 |
| **Cash at end of period** | **9** | **68 684 278** | **197 012** |

## Statement of changes in equity

| *NOK* | Share capital | Share premium fund | Own shares | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity IB 2019** | **47 975 949** | **74 360 889** | **-191 332** | **-61 639 227** | **60 506 279** |
| Profit (loss) after tax | | | | -201 099 | -201 099 |
| Other comprehensive income | | 38 267 | | 20 164 | 58 431 |
| Capital increase | 400 000 | | | | 400 000 |
| Capital repayment | | -9 675 190 | | | -9 675 190 |
| Own shares acquired | | | -133 784 | | -133 784 |
| **Equity 31.12.2019** | **48 375 949** | **64 723 966** | **-325 116** | **-61 820 162** | **50 954 637** |

| *NOK* | Share capital | Share premium fund | Own shares | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity IB 2018** | **43 882 141** | **74 366 689** | **0** | **-57 184 265** | **61 064 564** |
| Loan conversion | 4 093 808 | -5 800 | 0 | 15 297 | 4 103 305 |
| Purchase own shares | | | -191 332 | 0 | -191 332 |
| Profit (loss) After tax | | | 0 | -4 470 259 | -4 470 259 |
| **Equity 31.12.2018** | **47 975 949** | **74 360 889** | **-191 332** | **-61 639 227** | **60 506 279** |

**Note 1: Accounting principals**

**General information**
Aega ASA is a public limited company, incorporated and domiciled in Norway. The registered office of Aega ASA is Thunes vei 2, NO-0274 Oslo, Norway.

Aega ASA indirectly sold a 8 photovoltaic power plants portfolio during 2019, and invested in one new solar park.

The company was listed on Oslo Axess in 2011. The consolidated financial statements for Aega ASA, including disclosure requirements for the accounting period ended 31 December 2019, were approved by the Board of Directors and CEO on 30 April 2020, and will be presented for approval at the annual General Meeting on 29 May 2020.

**Basis of preparation**
The consolidated financial statements for the financial year 2019 have been prepared in accordance International Financing Reporting Standards as adopted by the European Union ("IFRS") and interpretations that are relevant to the Group, as well as the disclosure requirements in the Norwegian Accounting Act and requirements set out by Oslo Stock Exchange, which are effective for financial periods commencing 1 January 2019.

All amounts are presented NOK if not otherwise stated.

*Going concern*
The annual accounts have been prepared based on the going concern assumption. This is based on the group's plans, budgets and level of activity going forward.

*Approved IFRSs and IFRICs with future effective dates with effect for the group*
Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. Note that only relevant standards and interpretations are discussed. The group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval.

**IFRS 16, 'Leases'**
IFRS 16, 'Leases' significantly changes the accounting principles for many lease contracts, including leased premises, vehicles and equipment leases, and subleases. The standard will require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding assets. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, instead of recognising the expenses as today in Other operating costs.

Effects of IFRS 16:

The company did not previously have rent agreements above the thresholds in IFRS, however, it entered into a new HQ rent agreement at 1 September 2019. There are no other contracts that falls into the IFRS 16 category at time of reporting.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of sublease of offices or accrued lease payments. The adoption of IFRS 16 do not have a significant impact on Aega's statement of financial position as future lease payments under existing office lease contracts are limited, ref. Note 10.

**Note 2: Investment In subsidiaries**

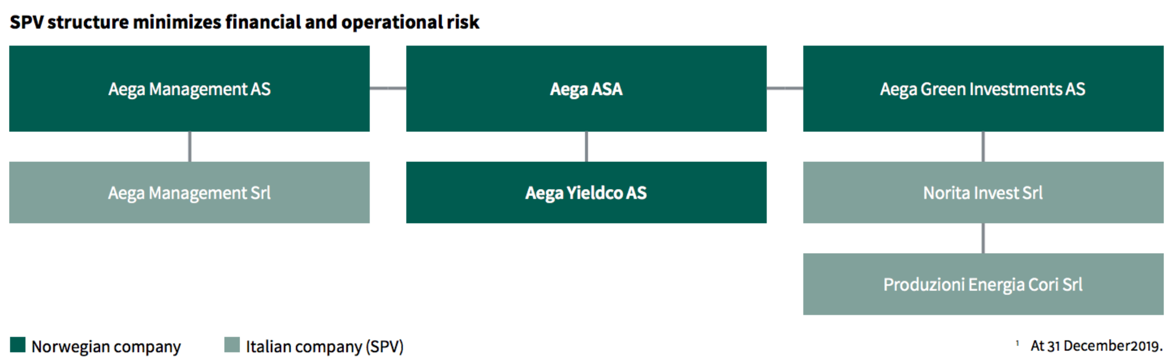
OWNERSHIP

The company subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the company. The country of incorporation or registration is also their principal place of business.

| | | Ownership interest held | | Voting power held | | |
|---|---|---|---|---|---|---|
| **Name of entity** | **Place of business** | **2019** | **2018** | **2019** | **2018** | **Principal activities** |
| Aega Yieldco AS | Norway | 100 | 100 | 100 | 100 | Holding company |
| Aega Energy Prima AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Energy Seconda AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Energy Terza AS | Norway | NA | 100* | NA | 100* | Holding company |
| Aega Management AS | Norway | 100 | 100 | 100 | 100 | Management Company |
| Aega Green Investments A | Norway | 100 | 0 | 100 | 0 | Holding company |
| Allebo Eiendom AS | Norway | 100 | NA | 100 | NA | Holding company |
| Norita Invest S.r.l | Italy | 100 | NA | 100 | NA | Holding company |
| Aega Mangement S.r.l | Italy | 100 | NA | 100 | NA | Management Company |
| Produzioni Energia Cori S.r. | Italy | 100 | 0 | 100 | 0 | Company owning solar park |
| Photo-Volt One S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| DT S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Collesanto S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| JER-12 S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Piano Mulino S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Casale S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |
| Solar Park Luino S.r.l | Italy | 0 | 100 | 0 | 100 | Company owning solar park |

*Photo-Volt One S.r.l, DT S.r.l, Collesanto S.r.l, JER-12 S.r.l, Piano Mulino S.r.l, Casale S.r.l and Solar Park Luino S.r.l was sold during 2019

## ORGANISATIONAL CHART




* In addition, Aega Management AS owns 100% of the shares in Allebo Eiendom AS.

| **Investments in Aega ASA** | **Bookvalue as of 31.12.2019** |
|---|---|
| Shares in Aega Green Investments AS | **35 570** |
| Shares in Aega Yieldco AS | **57 514 387** |
| Shares in Aega Management AS | **100 000** |
| **Total investment** | **57 649 957** |

**Note 3: Revenue**

**Revenue recognition**

Revenues are exclusively from management services delivered to group companies.

| | | 1 Jaunuary through 31 December | |
|---|---|---|---|
| *(NOK)* | **Note** | **2019** | **2018** |
| Managment fees | **3** | 1 119 252 | 2 153 072 |
| Other Income | | 8 047 554 | 0 |
| **Revenues** | | **9 166 806** | **2 153 072** |

Geographical distribution

| *(NOK)* | **Note** | **2019** | **2018** |
|---|---|---|---|
| Norway | | 0 | 4 800 |
| Italy | | 1 119 252 | 2 148 272 |
| **Revenues** | | **1 119 252** | **2 153 072** |

**Note 4: Audit fee**

| *(NOK)* | **Note** | **2019** | **2018** |
|---|---|---|---|
| Statutory audit | | 345 000 | 664 500 |
| Other assurance services | | 0 | 6 336 |
| **Auditor cost** | | **345 000** | **670 836** |

The numbers are excluding VAT.

**Note 5: Remuneration to Board of Directors**

MANAGEMENT

All numbers in NOK:

Total remuneration paid to management from the Group during the year ended 31 December is as follow:

| | | 2019 | | | 2018 | |
|---|---|---|---|---|---|---|
| | **Salary** | **Other** | **Pension cost** | **Salary** | **Other** | **Pension cost** |
| Markus H. Enge (CFO & CEO) | 900 000 | 262 972 | 18 000 | 900 000 | 12 972 | 27 000 |

**From 1 February 2017, Markus H. Enge was employed as CFO of Aega ASA, and he has been acting CEO since 29 September 2017.

BOARD OF DIRECTORS

The remuneration to Board members for their services for the period from the Annual General Meeting held 30 May 2019 to the Annual General Meeting to be held in 2020 is NOK 250,000 for the Chairman of the Board and NOK 150,000 for each board member.

Remuneration to the Board of Directors:

All numbers in NOK:

| | | | Board renumeration | | Other expensed benefits and bonus | |
|---|---|---|---|---|---|---|
| **Name** | **Position** | **Periode served to/f** | **2019** | **2018** | **2019** | **2018** |
| Halldor Chisten Tjoflaat* | Chairman | From 28 December | 250 000 | 250 000 | 426 000 | 132 000 |
| Kathrine Breistøl | Member | From 28 December | 150 000 | 150 000 | 0 | 0 |
| Kristine Malm Larneng | Member | From 28 December | 150 000 | 150 000 | 0 | 0 |
| Nils Petter Skaset** | Member | From 28 December | 150 000 | 150 000 | 300 000 | 0 |

*In addition to his role as Chairman of Aega ASA, Mr.Tjoflaat is hired from his 100% owned Talk Talk AS to fill the role as sole director of all subsidiaries. For all the Italian positions he receives 2000 NOK per month per company. He received NOK 300,000 for extra work related to Aega´s strategic review.

** Nils Petter Skaset has been appointed CEO from 1 February 2020. In 2019 he received NOK 300,.000 for extra work related to Aega´s strategic review.

No member of the Board of Directors has any service contracts providing for benefits upon termination of employment.

Shares held by the board of directors and management as of 31.12.2019

| **Person** | **Role** | **Ownership with control** | **Other** |
|---|---|---|---|
| Halldor Christen Tjoflaat | Chair | Through RYBO NOR AS, controls 1 085 005 shares (2.2 per cent) | A minority shareholder in AFT Development AS, which owns 2 250 152 shares (4.69 per cent) |
| Kathrine Breistøl | Director | Through Vesoldo AS, controls 490 880 shares (about 1 per cent) | |
| Nils Petter Skaset | Director (CEO from 1 Feb. 2020) | Through Brezza AS, controls 393 208 shares (0.8 per cent) | |
| Markus Huseby Enge | Former CEO | Through E3 Consulting, controls 81 928 shares and through Klunken Blessenborg Invest AS 160 000 shares.(0.5 per cent) | |
| Fabio Buonsanti | COO | Owns directly 35 526 shares (0.1 per cent) | |

**Note 6: Tax**

| *(NOK)* | **2019** | **2018** |
|---|---|---|
| Profit before income tax | -201 099 | -4 470 259 |
| Tax at current tax rate | -44 242 | -1 028 159 |
| Non deductible expenses | -1 498 499 | 13 298 |
| Adjustment tax rate | 0 | 800 923 |
| Deferred tax asset not recognized | 1 542 741 | 213 938 |
| **Sum** | **0** | **0** |

*(NOK)*

| **Deferred tax asset** | **2019** | **2018** |
|---|---|---|
| Loss carried forward | 18 176 667 | 16 633 926 |
| **Net deferred tax asset** | **18 176 667** | **16 633 926** |
| **Deferred tax asset not recognized** | **18 176 667** | **16 633 926** |

*Significant estimates:*
Deferred tax asset has not been recognized as it is not probable that the loss carried forward will be recoverable. Most of the company's investments and revenue are located in Italy and taxed in Italy.

The Board of Directors are investigating whether some or all the deferred tax asset is recoverable.

**Note 7: Receivable and liabilities**

| *(NOK)* | **2019** | **2018** |
|---|---|---|
| Trade receivable | 0 | 623 661 |
| VAT receivable | 0 | 0 |
| Other receivable | 12 550 368 | 2 395 869 |
| **Total receivables** | **12 550 368** | **3 019 531** |

| *(NOK)* | **2019** | **2018** |
|---|---|---|
| Trade payables | 848 680 | 824 674 |
| Tax, sosial contribution VAT etc. | 23 285 | 65 982 |
| Intergroup loans | 83 413 212 | 11 011 172 |
| Other current liabilities | 4 205 605 | 0 |
| **Total liabilities** | **88 490 782** | **11 901 828** |

## Note 8: Financial income and expenses

| | 2019 | 2018 |
|---|---|---|
| Interest income | 168 959 | 2 514 |
| Profit realized financial intruments | 0 | 0 |
| Received dividends | 0 | 0 |
| Fair value adjustments | 0 | 0 |
| **Financial income** | **168 959** | **2 514** |

| | 2019 | 2018 |
|---|---|---|
| Interest cost | 152 887 | 94 978 |
| Fair value adjustments | 0 | 0 |
| Other financial expenses | 0 | 90 601 |
| **Financial cost** | **152 887** | **185 579** |
| | | |
| **Net foreign exchange gain/(losses)** | **-727 729** | **-9 630** |

## Note 9: Cash and cash equivalents

| *NOK* | 2019 | 2018 |
|---|---|---|
| Cash | 68 023 873 | 151 441 |
| Restricted cash | 660 405 | 45 571 |
| **Total cash** | **68 684 278** | **197 012** |

## Note 10: IFRS 16 Leasing

The company did not previously have rent agreements above the thresholds in IFRS, however, it entered into a new HQ rent agreement at 1 September 2019. There are no other contracts that falls into the IFRS 16 category at time of reporting. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of sublease of offices or accrued lease payments. The adoption of IFRS 16 do not have a significant impact on Aega's statement of financial position as future lease payments under existing office lease contracts are limited.

In EUR:

| Right-to Use Assets | Office rent agreement |
|---|---|
| As of 1 January 2019 | - |
| Addition of right-to use assets building | 63 185 |
| **Acquisition cost 31 December 2019** | **63 185** |
| | |
| Depreciation | 6 329 |
| **Net right-to use asset as of 31 December 2019** | **56 856** |

| Undiscounted Lease Liabilities and Maturity of Cash Outflows | Office rent agreement |
|---|---|
| Less than 1 year | 23 483 |
| 1-3 years | 46 838 |
| **Total undiscounted lease liabilities at 31 December 2019** | **70 321** |

| Reconcilliation | Statement of: | Office rent agreement |
|---|---|---|
| At start of 2019 | | - |
| New lease liabilities recognized in the year | | 78 149 |
| Cash payments for the principal portion of the lease liability | Cash flows | -7 828 |
| Cash payments for the interest portion of the lease liability | Cash flows | -5 055 |
| Interest expense on lease liabilities | P&L | 5 055 |
| Reassessment of the discount rate on previous lease liabilities | P&L | - |
| Currency exchange differences | P&L and other compr. | - |
| Total undiscounted lease liabilities at 31 December 2019 | | 70 321 |
| Current lease liabilities | Financial position | 23 483 |
| Non-curremt lease liabilities | Financial position | 46 838 |
| Total cash outflows for leases | Cash flows | -12 883 |

## Note 12: Shareholders and share capital

| | Number of shares | Share capital | Sharepremium | Total |
|---|---|---|---|---|
| Total as of 31 December 2015 | 2 209 020 | 2 209 020 | 0 | 2 209 020 |
| Total as of 31 December 2016 | 35 890 957 | 35 890 957 | 59 282 734 | 95 173 691 |
| Total as of 31 December 2017 | 43 882 141 | 43 882 141 | 74 366 689 | 118 248 830 |
| Total as of 31 December 2018 | 47 975 949 | 47 975 949 | 74 360 889 | 122 336 838 |
| Total as of 31 December 2019 | 48 375 949 | 48 375 949 | 64 723 965 | 113 099 914 |

20 Largest shareholders:

| Shareholders | Shares | Percentage |
|---|---|---|
| BEARHILL INC AS | 3 359 034 | 6,9% |
| AFT DEVELOPMENT AS | 2 250 152 | 4,7% |
| HARALDSEN THORVALD MORRIS | 1 627 119 | 3,4% |
| LJM AS | 1 471 926 | 3,0% |
| PENTHOUSE MIRADORES AS | 1 420 237 | 2,9% |
| SÆTREMYR TORE | 1 277 694 | 2,6% |
| MOGER INVEST AS | 1 134 890 | 2,3% |
| RYBO NOR AS | 1 085 055 | 2,2% |
| JAN STEINAR NEREM | 1 032 069 | 2,1% |
| MORO AS | 933 667 | 1,9% |
| GN Power Invest AS | 922 818 | 1,9% |
| VESAAS OLAV | 877 141 | 1,8% |
| STRØM-RASMUSSEN FINN | 779 012 | 1,6% |
| JAN P HARTO AS | 770 566 | 1,6% |
| FIN SERCK-HANSSEN | 740 780 | 1,5% |
| MAGNOLIA SYSTEM AS | 715 357 | 1,5% |
| RACCOLTA AS | 708 186 | 1,5% |
| TORSTEIN SØLAND | 668 890 | 1,4% |
| KÅRE REIDAR JOHASEN | 644 722 | 1,3% |
| C - BY - C AS | 593 208 | 1,2% |
| Total 20 largest shareholders | 23 012 523 | 47,6 % |
| Aega ASA outstanding shares | 48 375 949 | 100,0 % |

**Note 13: Subsequent events**

Corona virus:

The company currently owns and operates one solar park in Italy. Power production from this park continues as normal and is unaffected by the ongoing coronavirus situation.

M&A activities in Italy have slowed down somewhat, mainly because of the restrictions on travel. However, the company continues to pursue several investment opportunities in this market.

The board and management emphasize that the company’s financial position remains solid. Aega ASA has no debt and a strong cash balance with assets denominated in both EURO and NOK.

CEO change

On 23 October Markus Enge resigned from his role as CEO of Aega ASA. Mr. Enge has continue to work for Aega until the end of his resignation period, 31 January 2020.

The Board of Directors of Aega ASA has appointed Nils Petter Skaset as interim CEO of Aega ASA with effect from 1 February 2020. Mr. Skaset has been a member of the Board of Directors in Aega since the end of 2017. He has extensive experience from the investment and asset management industry.

Following his appointment, Mr. Skaset has resigned from the Board of Directors. The Board of Directors still has a quorum and there is not planned to call for an extraordinary general assembly at this time

**Investors contacts:**

For further queries please contact: Nils Petter Skaset, CEO email: ceo@aega.no

To the General Meeting of Aega ASA

## *Independent Auditor's Report*

*Report on the Audit of the Financial Statements*

### *Opinion*

We have audited the financial statements of Aega ASA, which comprise:

- The financial statements of the parent company Aega ASA (the Company), which comprise the statement of financial positions as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aega ASA and its subsidiaries (the Group), which comprise the statement of financial positions as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are mainly unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key Audit Matters for our audit of this year's financial statements. Consequently, our areas of focus have been the same in 2019 as in the previous year.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| *Acquisition of solar parks* | |
| In 2019 the group have sold their portfolio of existing solar park and acquired one new park. The new solar park has installed capacity of 1 MWp.<br><br>Acquisitions of new solar parks have been a part of the company's regular business. The group has therefore established a process and internal controls in order ensure that only solar parks with a reasonable expectation of making a profit are acquired. The process includes among other things, due diligence work, decision rules and policies for purchase price allocations.<br><br>We have focused on this process due to its importance to the business, the judgement required of management and the material amounts involved.<br><br>See note 13 in the annual report where management explains about the acquisition of solar parks. | Through discussions with management, we have obtained an understanding of the group's investment process. For this year's acquisition, we tested whether due process was followed by obtaining due diligence reports and board meeting protocols. Our testing supported that due process was followed.<br><br>For the acquisition, we obtained the purchase price allocation documentation. We verified that the said policies were consistently applied and that the purchase price agreed with previous board decisions. Further, we identified and reviewed key information in the contract and compared this to the purchase price allocation and considered whether it was correctly reflected in the financial reporting.<br><br>To assess management's judgement in allocation of excess value where all material amounts are allocated to the solar parks, we reviewed managements accounting memo and scrutinized the documentation available in the transaction. To satisfy ourselves about the allocation of excess values, we reviewed the equity in the purchased companies and agreed with management's assumption that there were no excess values to be identified other than the solar parks.<br><br>We considered whether the disclosures in notes appropriately explained the acquisition process and allocation of cost price to solar parks. |

*Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on Other Legal and Regulatory Requirements*

## *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

## *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 April 2020

**PricewaterhouseCoopers AS**

Jone Bauge

State Authorised Public Accountant

(This document is signed electronically)

Revisjonsberetning

**Signers:**

| *Name* | *Method* | *Date* |
|---|---|---|
| Bauge, Jone | BANKID_MOBILE | 2020-04-30 07:53 |