Aega ASA

Q4 REPORT – 2019

Contents

About Aega

Aega ASA is a solar utility company listed on the Oslo Axess exchange. It acquires and operates solar power plants, benefitting from government incentives in the form of feed-in tariffs. The company recently sold a portfolio of eight solar parks located in Italy, and has now started to establish a new portfolio. Aega ASA invests mainly in small operating solar parks (below 5MWp capacity) which meet its strict investment criteria. The company’s head offices are in Oslo (NO) and Trento (IT).

Fourth quarter report

FOURTH QUARTER IN BRIEF

- The company had one solar parks during the quarter, total production was 187 086 kwh. 18 per cent below base case, due to poor irradiation in November.
- During the fourth quarter Aega closed the deal to purchase Produzioni Energia Cori for EUR 580 000 and in a separate transaction purchased the land where the park is located for EUR 40 000.
- Aega gave a loan to Bolshøyden AS of NOK 3 000 000 with first priority lien in a property of about 55 000 square meters positioned outside Molde on Bolsøya.
- Continued work on due diligences related to solar parks in pipeline.

HIGHLIGHTS FROM THE REPORTING PERIOD

Outlook

The company is currently following several investment opportunities in the Italian solar market. Aega has the team and infrastructure on the ground in Italy to find and operate a solar portfolio up to 15 MWp.

Aega's operations are mainly in Italy. With regards to the Corona virus we have not had any material effects of the outbreak.

FINANCIAL REVIEW

In Q4 2018 Aega had 8 solar parks, these solar parks were sold with effect from 1 July 2019, these parks are classified as discontinued opearations. Aega had 1 solar park in Q4 2019. When comparing the numbers this should be taken into consideration.

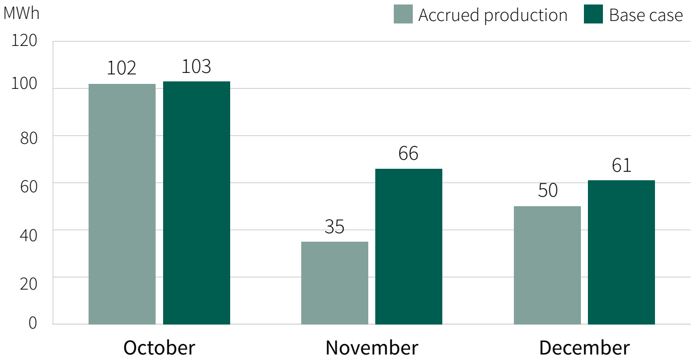
Total revenues in the fourth quarter was EUR 80 000 compared to a 0 a year previous. Total power generation in the quarter was 187 MWh compared to 0 MWh for the continued portfolio in Q4 2018.

Operating costs for the business was 77 000 compared to EUR 0 in Q4 2018, it was high in the quarter due to upgrade works performed on the new solar park. The SG&A cost was EUR 121 000 in the fourth quarter of 2019 compared to EUR 230 000.

The company's non-recurring expenses came to EUR 29 000 in the fourth quarter of 2019, this is mainly related to the transaction cost for purchasing Produzioni Energia Cori and also for due diligence work related to potential future purchases. In the same quarter in 2018 the non-recurring cost was EUR 58 000.

The balance sheet contains now mainly cash from the proceed of the sale and some payables. The company has exchanged about EUR 3 million to NOK, however, it keeps the main cash balance in euro, since the plan is to reinvest it in new solar plants in Italy.

Portfolio Cumulated production vs. Base case



STRUCTURAL CHANGES

Aega group has established of Norita Invest Srl, this is the intended Italian holding company for further solar expansion plans in Italy. Having an Italian holding company will make it easier to get a tax group in Italy and give taxable contributions between controlled subsidiaries.

PURCHASE OF SOLAR PLANT IN CORI

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 3.4 million in loan financing. Aega also purchased the land of the solar park for EUR 40 000.

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.

Key figures

As Produzioni Energia Cori Srl 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.

	2019E	2018[1]
Operating revenue	€ 530 000	€ 350 376
Operating result (EBITDA)	€ 460 000	€ 257 076
Debt outstanding end of year	€ 3 341 057	€ 3 527 721
Total assets	**€ 3 782 731**	**€ 4 131 925**

[1] 2018 from May to December

The revenue and EBITDA contribution from Produzioni Energia Cori Srl in 2019 to AEGA ASA's Revenue and the operating result is estimated to be around 16 per cent of the numbers indicated above since the plant is acquired with effect from Q4 2019. The interest on the loan if approximately 3M EURIBOR + a spread of 1.35 per cent.

Purchase price allocation

Current assets & liabilities	**186 906**
Cash and cash equivalents	242 960
Receivables	16 192
Other current assets	-
Trade payables and other current liabilities	(5 574)
Tax and VAT outstanding	65 531
Other current liabilities	(132 203)
Long term positions	**396 883**
Deferred tax	-
Property, plant and equipment	3 705 489
Derivative agreement	-
Long term financing	(3 308 605)
Assets identified for acquisition	**(583 789)**
Paid for shareholder loan at closing	(90 000)
Paid for corporate capital at closing	(493 789)
Paid into escrow	-

LOAN TO BOLSHØYDEN AS

On 16 October Aega loaned out NOK 3 million to Bolshøyden AS. The loan has a 12 per cent interest rate for the first year and can be prolonged with another year but then with an interest rate of 15 per cent.

The loan is secured with first priority lien in a property of about 55 000 square meters positioned outside Molde on Bolsøya (1502-19/59).

PURCHASE OF OWN SHARES

Aega ASA repurchased 133 784 shares in Q4 2019 at an average price of 1.05 per share. In total the company now owns 325 116 own shares.

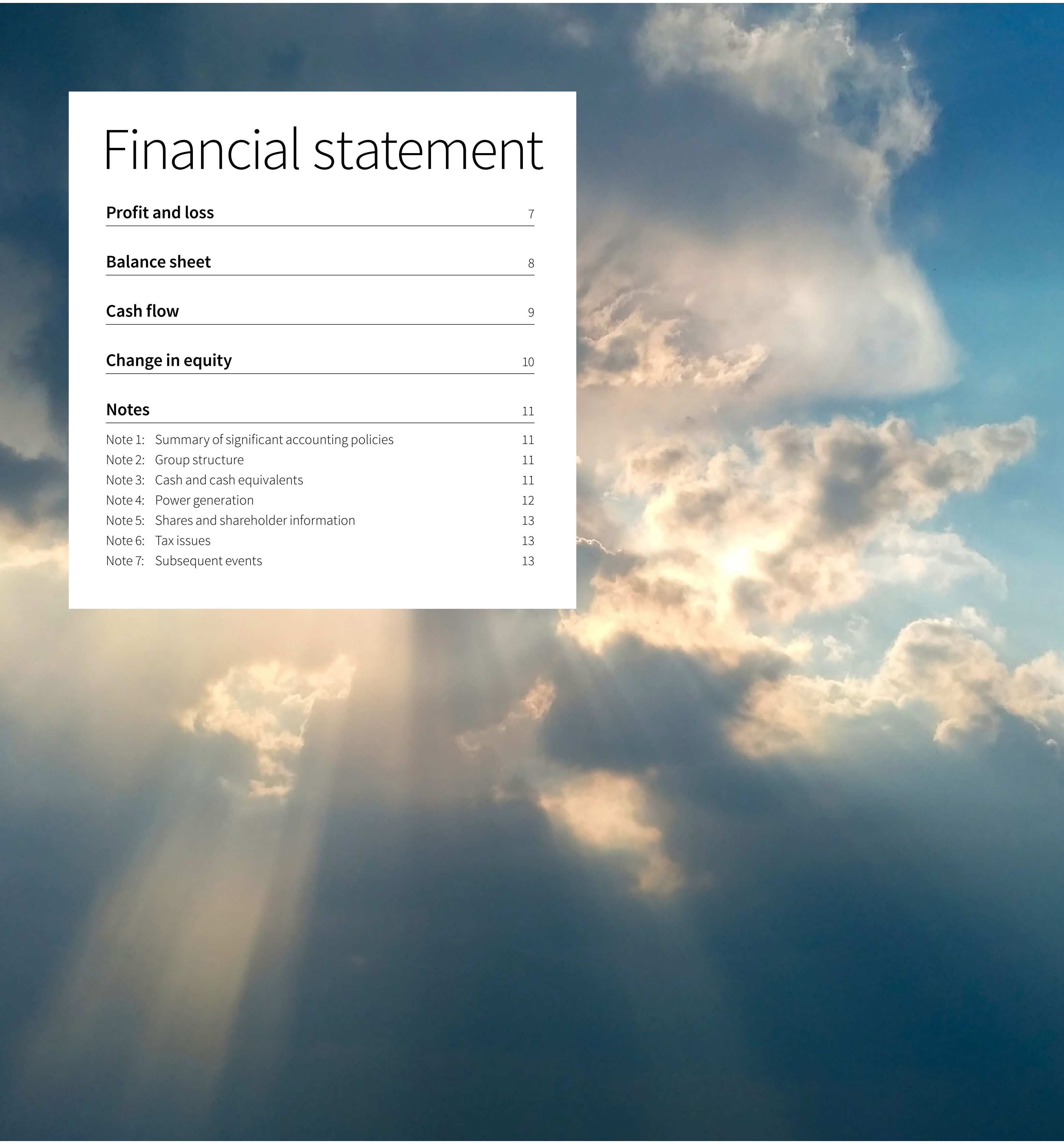
SUBSEQUENT EVENTS

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.



Financial statement

Profit and loss

Continued operations

(EUR)	Q4 2019	Q4 2018	FY 2019	FY 2018
Feed-In tariff revenue	**62 647**	-	62 647	-
Sales of electricity	**9 479**	-	9 479	-
Other revenue	**8 057**	-	8 057	500
Revenues	**80 183**	-	80 183	500
Operating costs	**(77 418)**	-	-	-
Sales, general and administrative expenses	**(121 333)**	(166 540)	(735 843)	(563 183)
Acquisition and transaction costs	**(29 105)**	(58 391)	(122 722)	(129 678)
EBITDA	**(147 673)**	(224 931)	(778 381)	(692 361)
Depreciation, amortisations and write downs	**(84 739)**	(190)	-	(190)
Other operating profit before OGL (EBIT)	**(232 411)**	(225 121)	(778 381)	(692 551)
Finance income	**55 138**	(3 628)	17 216	290
Finance costs	**(23 423)**	(11 096)	-	(11 096)
Mark to market adjustment derivatives	**(4)**	-	-	-
Net foreign exchange gain/(losses)	**7 370**	44 395	(51 065)	(14 040)
Profit before income tax	**(193 330)**	(195 450)	(812 231)	(717 397)
Income tax gain/(expense)	**-**	-	-	-
Profit/(loss) Continued operations	**(193 330)**	(195 450)	(812 231)	(717 397)

Discontinued operations

(EUR)	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit/loss from discontinued operations	**-**	(50 998)	3 843 863	560 565
Profit/loss for the period	**(193 330)**	(246 448)	3 031 632	(156 832)

Other comprehensive income

(EUR)	Q4 2019	Q4 2018	FY 2019	FY 2018
Currency translation differences	**(424 019)**	89 894	(978 374)	301 926
Other comprehensive income net of tax	**(424 019)**	89 894	(978 374)	301 926
Total comprehensive income	**(617 349)**	(156 555)	2 053 258	145 094
Profit for the period attributable to:				
Equity holders of the parent company	**(617 349)**	(156 555)	2 053 258	145 094
Total comprehensive income attributable to:				
Equity holders of the parent company	**(617 349)**	(156 555)	2 053 258	145 094
Earnings per share	**(0.013)**	(0.003)	0.043	0.003
Avgerage no of shares	**48 375 949**	47 975 949	48 189 282	46 090 037

Balance sheet

(EUR)	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Property, plant and equipment		**3 370 262**	-
Other long-term assets		**550 000**	-
Non-current assets		**3 920 262**	-
Receivables		**115 777**	(504)
Other current assets		**907 062**	-
Cash and short-term deposits	3	**7 332 238**	60 088
Assets held for sale		-	21 709 116
Current assets		**8 355 077**	21 768 699
TOTAL ASSETS		**12 275 338**	21 768 699
EQUITY AND LIABILITIES			
Share capital	5	**5 162 292**	5 255 029
Share premium	5	**7 237 469**	8 208 942
Paid-in capital		**12 399 761**	13 463 970
Accumulated profit and loss		**(3 886 606)**	(6 897 327)
Other equity		**(19 397)**	(19 809)
Foreign currency translation reserve		**(424 019)**	554 355
Other equity		**(4 330 022)**	(6 362 781)
Total equity		**8 069 739**	7 101 189
Long-term loans		**2 900 000**	-
Leasing		-	-
Other long-term debt		**319 557**	-
Total non-current liabilities		**3 219 557**	-
Trade payables and other payables		**491 691**	104 802
Short-term financing – interest-bearing		**275 291**	-
Other current liabilities		**219 059**	1 568
Liabilities held for sale		-	14 561 141
Total current liabilities		**986 041**	14 667 511
Total liabilities		**4 205 599**	14 667 511
TOTAL EQUITY AND LIABILITIES		**12 275 338**	21 768 700

Oslo, 28 February 2020

Halldor Christen Tjoflaat
Chair

Kathrine Breistøl
Director

Kristine Larneng
Director

Nils Petter Skaset
Chief Executive Officer

Cash flow

(EUR)	Q4 2019	Q4 2018
Ordinary profit before tax	**(193 330)**	(301 350)
Paid income taxes	**-**	-
Depreciation	**84 739**	335 155
Changes in trade receivables and payables	**42 803**	42 477
Changes in other accruals	**(323 486)**	130 207
Cash flow from operations	**(389 274)**	206 490
Acquisition net of cash acquired	**(340 829)**	-
Cash flow from investments	**(340 829)**	-
Proceeds from issue of share capital	**-**	-
Dividends or shareholder distributions	**-**	-
Purchase of own shares	**(133 784)**	-
Proceed from loan	**-**	-
Repayment of loans	**-**	(240 171)
Cash flow from financing	**(133 784)**	(240 171)
Cash at beginning of period	**8 196 125**	919 758
Net currency translation effect	**-**	89 894
Net increase/(decrease) in cash and cash equivalents	**(863 887)**	(33 681)
Locked cash	**-**	200 000
Cash at end of period	**7 332 238**	975 971

Change 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	-	-	3 031 632	-	**3 031 632**
Other comprehensive income	-	-	-	(978 374)	**(978 374)**
Capital increase	41 048	-	-	-	**41 048**
Capital repayment	-	(971 473)	-	-	**(971 473)**
Own shares acquired	(133 784)	-	-	-	**(133 784)**
Adjustment	-	-	(20 499)	-	**(20 499)**
Equity 31 December 2019	5 162 293	7 237 469	(3 906 003)	(424 019)	**8 069 740**

(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 December 2018	5 255 029	8 208 942	(6 917 136)	554 355	**7 101 189**

Notes

Note 1: Summary of significant accounting policies

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 Energy Prima AS was the first company in the group, founded on 28 April 2014. Aega ASA sold eight photovoltaic power plants in Italy in August 2019, and its business is to find and invest in new photovoltaic power plants in Italy.

Basis for preparing the interim financial statements

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with the International Financing Reporting Standards (IFRS) as adopted by the European Union for interim reporting under the International Accounting Standard (IAS) 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

The group's presentation currency is the euro (EUR) and the parent company's functional currency is the Norwegian krone (NOK). Balance sheet items in group companies with a functional currency other than the EUR are converted to EUR by applying the currency rate applicable on the balance sheet date. Currency translation differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period. The interim financial report has been prepared on the assumption that the company is a going concern.

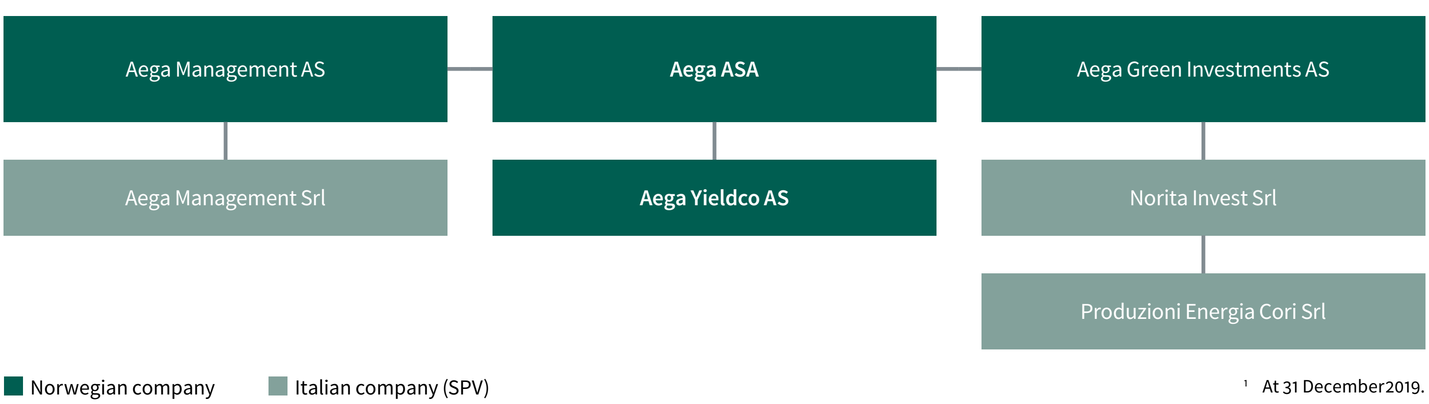
See the 2018 annual report for a full overview of the accounting principles applied by Aega ASA.

Key risk factors

No significant change has occurred in risk exposures or risks and uncertainties as described in the second quarter report, compared with those described in the annual report. However, after the quarter all the solar parks was sold which has changed the risks somewhat. After the sale the main asset in the company is cash held in NOK and EUR, so the currency development of this will change the underlying values, also the currency risk described in the annual report is more substantial. Also the availability of good solar parks at attractive prices are now more important to the company to be able to secure future returns on capital.

Note 2: Group structure [1]

SPV structure minimizes financial and operational risk



[1] At 31 December2019.

Note 3: Cash and cash equivalents

(EUR)	2019	2018
Cash continued operations	**7 332 238**	60 088
Cash discontinued operations	-	715 883
Escrow amount	**550 000**	-
Locked DSRA	-	200 000
Total cash	**7 882 238**	975 971

Note 4: Power generation

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

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

[1] Base case generation is based on the forecast Aega made for the solar plant before acquisition.

Note 5: Shares and shareholder information

	31 Dec 2019
Aega ASA Shares	48 375 949
Aega ASA warrants 1	2 000 000
Own shares	325 116

	31 Dec 2018
Aega ASA Shares	47 975 949
Aega ASA warrants 1	2 000 000
Aega ASA warrants 2	400 000
Own shares	191 332

Warrants 1

The warrants are freely tradable non-listed warrants, each of which entitles the holder to subscribe for one share in Aega at an exercise price of NOK 3.10 per share. The exercise price for each warrant is adjusted downwards on a NOK-for-NOK basis by any dividend per share paid by Aega in excess of an annual dividend of seven per cent on NOK 3.10 in the period from 31 January 2017 until the exercise of the warrant.

The warrants are exercisable during exercise periods which last for four weeks from the date of publication of Aega's annual financial statements for the 2017, 2018, 2019 and 2020 fiscal years, provided, however, that the last exercise period ends no later than 30 June 2021. Any unexercised warrants will expire without compensation to Solex on 30 June 2021.

Warrants 2

The warrants was freely tradable non-listed warrants, each of which entitles the holder to subscribe for one share in Aega at an exercise price of NOK 1.00 per share. The deadline for exercising the subscription was 14 days after the AGM in 2019. All the warrants was used during Q2, increasing the share capital with NOK 400 000.

Largest 20 shareholders at 31 December 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%**

Note 6: Tax issues

Tax dispute in Italy

The group is currently involved in a tax dispute with the Italian tax authorities with respect to two of the group's Italian subsidiaries. The Italian tax authorities have claimed repayment from the group of about EUR 1 500 000. The group has disputed this claim in court, and won in the court of first and second instance related to the year 2012. The Italian tax authorities have appealed for the supreme court.

Should the outcome be unfavourable, the group's view is that any liability deriving from the said claims is covered by the warrants provided for in the share purchase agreements signed with the seller of the relevant plants, as the (potential) tax due dates from the period before Aega purchased the assets, and the warrants in the purchase agreements place liability for any tax claims prior to the acquisition solely on the seller. The company has deemed it necessary to pay instalments on the tax claim until a final ruling is made. So far, the group has paid about EUR 120 000 related to this case to the tax authorities.

As mentioned in the Q3 report following the sale of the solar plants the risk is now carried by the Buyer of the solar parks. However, there is an escrow amounting to EUR 550 000 will be held by the Buyer to cover potential future damages.

Note 7: Subsequent events

CEO change, Nils Petter Skaset has been appointed as new CEO. See page 5.

Investor contact

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