Aega ASA

Q2 REPORT – 2020

Contents

About Aega

Aega ASA is an investment company listed on Oslo Axess exchange. Aega's main activity is to acquire and operate solar power plants in Italy, 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. The company's head offices are in Oslo (NO) and Trento (IT).

Second quarter report

SECOND QUARTER IN BRIEF

- The company had one solar park during the quarter, total production was 462 668 kwh. 2.6 per cent below base case, due to low irradiation in the quarter.
- The first quarter result was strongly influenced by the EUR/NOK movements from 9.86 at the end of Q4 2019 to 11.51 at the end of Q1 2020. These movements were slightly reversed during the second quarter when the EUR/NOK ended at 10.91. Functional currency of the group is NOK, therefore a weakening in NOK vs EUR results in a financial income. However, the presentation currency is EUR, therefore the assets held in NOK lowers the net equity and comprehensive income.
- During the quarter Aega's main focus has been to finish the due diligence of Villapiana Fotovoltaico. The solar park was purchased 30 July 2020. See subsequent events for further detail.

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 15MWp. Aega is optimistic with regards to its deal flow.

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

FINANCIAL REVIEW

In Q2 2019 Aega had 8 solar parks, these solar parks were sold with effect from 1 July 2019, these parks are classified as discontinued operations in the 2019 numbers. Aega had 1 solar park in Q2 2020. When comparing the numbers this should be taken into consideration. Also, the sold parks were first classified as discontinued business during Q3.

Total revenues in the second quarter was EUR 210 000 compared to a 942 000 a year previous. Total power generation in the quarter was 462 MWh compared to 3 035 MWh for the portfolio in Q2 2019.

Operating costs for the business was 6 000 compared to EUR 69 000 in Q2 2019, it was low in the quarter due to no extra work. The SG&A cost was EUR 130 000 in the second quarter of 2019 compared to EUR 167 000.

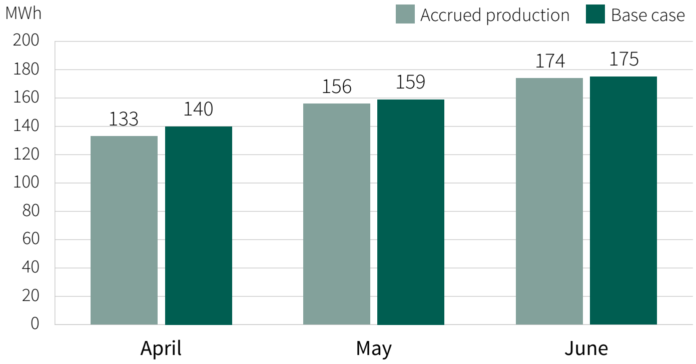
The company's non-recurring expenses came to EUR 7 000 in the second quarter of 2020, this is related to due diligence work for potential future purchases. In the same quarter in 2019 the non-recurring cost was EUR 39 000.

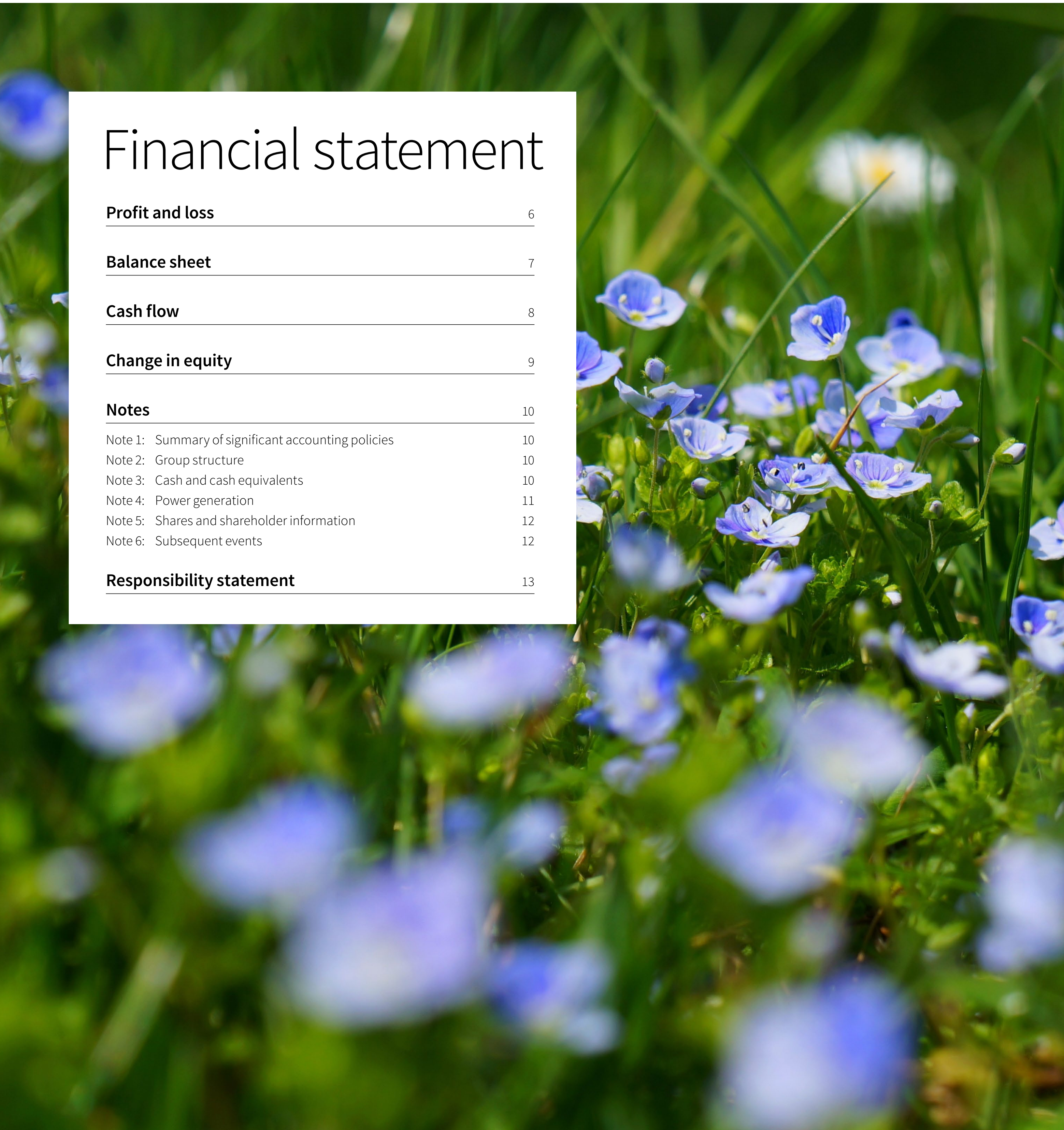
The balance sheet contains now mainly cash from the proceed of the sale and some payables and one solar park with debt linked to the park.

PURCHASE OF SOLAR PARK

Aega purchased Villapiana Fotovoltaico Srl during July. See subsequent event for future details.

Portfolio Cumulated production vs. Base case





Financial statement

Profit and loss

(EUR)	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Feed-In tariff revenue	1, 4	**160 392**	775 374	247 899	1 488 590	62 647
Sales of electricity	1, 4	**10 928**	159 046	20 918	286 934	9 479
Other revenue		**37 770**	7 970	37 770	10 169	-
Revenues	1, 4	**209 090**	942 390	306 586	1 785 692	72 127
Operating costs		**(5 728)**	(68 883)	(41 941)	(113 723)	(77 418)
Sales, general and administrative expenses		**(130 410)**	(167 222)	(260 734)	(364 213)	(701 747)
Acquisition and transaction costs		**(6 796)**	(38 571)	(13 970)	(80 562)	(144 379)
EBITDA		**66 156**	667 714	(10 058)	1 227 195	(851 417)
Depreciation, amortisations and write downs		**(84 561)**	(339 576)	(168 494)	(767 744)	(90 668)
Other operating profit before OGL (EBIT)		**(18 405)**	328 138	(178 552)	459 451	(942 085)
Finance income		**(5 720)**	78	(9 970)	105	-
Finance costs		**(20 502)**	(173 413)	(28 431)	(297 590)	6 604
Mark to market adjustment derivatives		-	1	-	(15 421)	(16 339)
Net foreign exchange gain(/losses)		**(258 087)**	752	606 668	(9 620)	(64 289)
Profit before income tax		**(302 714)**	155 555	389 716	136 926	(1 016 109)
Income tax gain(/expense)		-	(49 925)	20 313	(46 596)	-
Profit from continuing operations		**(302 714)**	105 630	410 028	90 330	(1 016 109)
Profit from discontinued operation (attributable to equity holders of the company)		-	-	-	-	3 818 462
Profit for the period		**(302 714)**	105 630	410 028	90 330	2 802 353

Other comprehensive income

(EUR)	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Currency translation differences	**376 805**	293 521	(785 073)	130 685	301 926
Other comprehensive income net of tax	**376 805**	293 521	(785 073)	130 685	301 926
Total comprehensive income	**(63 115)**	399 152	(375 044)	221 015	(714 183)
Profit for the period attributable to:					
Equity holders of the parent company	**(302 714)**	105 630	410 028	90 330	(1 016 109)
Total comprehensive income attributable to:					
Equity holders of the parent company	**74 091**	399 152	(375 044)	221 015	(714 183)
Earnings per share	-	0.008	(0.008)	0.005	(0.015)
Avgerage no of shares	**48 375 949**	48 020 893	48 375 949	47 998 421	46 090 037

Balance sheet

(EUR)	Note	30 Jun 2020	31 Dec 2019
ASSETS			
Property, plant and equipment		**3 268 438**	3 436 051
Other long-term assets		**381 353**	364 245
Non-current assets		**3 649 791**	3 800 296
Receivables		**517 016**	515 402
Other current assets		**104 298**	54 918
Cash and short-term deposits	3	**6 617 778**	7 304 018
Current assets		**7 239 092**	7 874 338
TOTAL ASSETS		**10 888 883**	11 674 634
EQUITY AND LIABILITIES			
Share capital	5	**5 162 293**	5 162 293
Share premium	5	**7 056 246**	7 237 469
Paid-in capital		**12 218 539**	12 399 762
Accumulated profit and loss		**(3 704 755)**	(4 114 783)
Foreign currency translation reserve		**(796 266)**	(11 193)
Other equity		**(4 501 021)**	(4 125 976)
Total equity		**7 717 519**	8 273 785
Long-term loans		**2 763 819**	3 020 207
Leasing		**-**	46 838
Other long-term debt		**-**	-
Total non-current liabilities		**2 763 819**	3 067 045
Trade payables and other payables		**51 610**	44 449
Short-term financing – interest-bearing		**275 291**	275 291
Current tax		**-**	14 063
Derivative financial instruments		**-**	-
Other current liabilities		**80 645**	-
Total current liabilities		**407 546**	333 803
Total liabilities		**3 171 364**	3 400 848
TOTAL EQUITY AND LIABILITIES		**10 888 883**	11 674 633

Oslo, 28 August 2020

Halldor Christen Tjoflaat	Jan Peter Harto	Kristine Larneng	Nils Petter Skaset
Chair	*Director*	*Director*	*Chief Executive Officer*

Cash flow

(EUR)	Q2 2020	Q2 2019	2019
Profit before tax	**389 716**	(148 305)	2 802 353
Paid income taxes	**-**	-	-
Depreciation	**168 494**	339 576	90 668
Write down	**-**	-	-
Changes in trade receivables and payables	**(105 025)**	(87 843)	(422 670)
Changes in other accruals	**391 649**	268 349	(268 122)
Change in other accruals from discontinued business			(3 580 894)
Cash flow from operations	**844 834**	371 777	(1 378 665)
Sale of solar portfolio net cash	**-**	-	8 840 391
Acquisition net of cash acquired	**-**	-	(328 102)
Cash flow from investments	**-**	-	8 512 289
Proceeds from issue of share capital	**-**	41 048	41 048
Dividends or shareholder distributions	**(181 222)**	-	(971 473)
Repayment of loans	**(68 453)**	(269 924)	(68 823)
Cash flow from financing	**(249 675)**	(228 876)	(999 248)
Cash at beginning of period	**6 807 691**	855 081	1 175 971
Net currency translation effect	**(785 073)**	-	-
Net increase(/decrease) in cash and cash equivalents	**595 159**	142 901	6 128 047
Locked cash	**-**	200 000	-
Cash at end of period	**6 617 778**	997 982	7 304 018

Change in equity

(EUR)	Share capital	Share premium fund	Other equity	Foreign currency translation reserve	Total equity
Equity 2019	5 162 293	7 237 469	(4 114 783)	(11 193)	**8 273 785**
Profit (loss) after tax	-	-	410 028	-	**410 028**
Capital repayment	-	(181 222)	-	-	**(181 222)**
Other comprehensive income	-	-	-	(785 073)	**(785 073)**
Equity 30 June 2020	5 162 293	7 056 247	(3 704 755)	(796 266)	**7 717 519**

(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 December 2019	5 162 293	7 237 469	(4 114 783)	(11 193)	**8 273 785**

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 2019 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 solar parks was sold in Q3 2019 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 [1,2]

SPV structure minimizes financial and operational risk

Norwegian company   Italian company (SPV)

[1] At 30 June 2020.
[2] In addition Aega Management owns 100 per cent of the shares in Allebo Eiendom AS.

Note 3: Cash and cash equivalents

(EUR)	Q2 2020	2019
Cash Norway	**6 290 915**	7 017 874
Cash Italy	**326 863**	286 143
Locked cash discontinued operations	-	-
Total cash	**6 617 778**	7 304 018

Note 4: Power generation

Power generation kWh	**Q2 2020**	Q1 2020	YTD 2020	Q4 2019	Q3 2019	**Q2 2019**	**Q1 2019**	**YTD 2019**
Photo-Volt One Srl	**-**	-	-	-	-	**393 995**	**304 806**	**698 801**
DT Srl	**-**	-	-	-	-	**384 948**	**304 776**	**689 724**
Collesanto Srl	**-**	-	-	-	-	**804 718**	**623 607**	**1 428 325**
JER-12 Srl	**-**	-	-	-	-	**410 140**	**302 542**	**712 681**
Piano Mulino Srl	**-**	-	-	-	-	**409 314**	**294 257**	**703 571**
Casale Srl	**-**	-	-	-	-	**359 764**	**286 054**	**645 818**
Solar Park Luino Srl	**-**	-	-	-	-	**272 242**	**189 773**	**462 015**
Produzioni Energia Cori Srl	**462 668**	252 424	715 092	187 086	-	**-**	**-**	**187 086**
Total	**462 668**	252 424	715 092	187 086	-	**3 035 121**	**2 305 815**	**5 528 021**

Base case[1] power generation kWh	**Q2 2020**	Q1 2020	YTD 2020	Q4 2019	Q3 2019	**Q2 2019**	**Q1 2019**	**YTD 2019**
Photo-Volt One Srl	**-**	-	-	-	-	**389 752**	**175 847**	**565 600**
DT Srl	**-**	-	-	-	-	**407 834**	**252 769**	**660 602**
Collesanto Srl	**-**	-	-	-	-	**846 106**	**553 047**	**1 399 153**
JER-12 Srl	**-**	-	-	-	-	**421 455**	**148 044**	**569 499**
Piano Mulino Srl	**-**	-	-	-	-	**433 755**	**241 257**	**675 012**
Casale Srl	**-**	-	-	-	-	**415 642**	**222 470**	**638 112**
Solar Park Luino Srl	**-**	-	-	-	-	**238 779**	**146 263**	**385 042**
Produzioni Energia Cori Srl	**474 771**	270 304	745 075	229 145	-	**-**	**-**	**229 145**
Total	**474 771**	270 304	745 075	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

	30 Jun 2020
Aega ASA Shares	**48 375 949**
Aega ASA warrants 1	**2 000 000**
Own shares	**325 116**

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

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.

Largest 20 shareholders at 30 June 2020

Shareholders	Shares	Percentage
BEARHILL INC AS	3 359 034	6.9%
AFT DEVELOPMENT AS	2 090 152	4.3%
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%
GN POWER INVEST AS	1 185 575	2.5%
MOGER INVEST AS	1 134 890	2.3%
RYBO NOR AS	1 085 005	2.2%
NEREM, JAN STEINAR	1 032 069	2.1%
MORO AS	933 667	1.9%
VESAAS, OLAV	877 141	1.8%
WAHLSTRØM, ERIK	844 933	1.7%
JAN P HARTO AS	770 566	1.6%
SERCK-HANSSEN, FIN	764 505	1.6%
MAGNOLIA SYSTEM AS	715 357	1.5%
RACCOLTA AS	708 186	1.5%
SILVERCOIN INDUSTRIES AS	707 955	1.5%
SØLAND, TORSTEIN	668 890	1.4%
JOHANSEN, KÅRE REIDAR	644 722	1.3%
Total 20 largest shareholders	**23 319 623**	**48.2%**
Aega ASA outstanding shares	**48 375 949**	**100.0%**

Note 6: Subsequent events

Aega ASA (Aega) has through a wholly owned subsidiary (NORITA INVEST Srl) entered a final share purchase agreement with Sunrock Assets I B.V and C6. TV Srl to buy a 1 MWp solar park in Sardinia, Italy.

The Transaction and consideration

Aega ASA signed on 29 May 2020 signed a contract to acquire all shares in Villapiana Fotovoltaico Srl, which owns a 1 MW solar plant in Sardinia, Italy, from the builders of the solar park. The acquisition was completed and settlement on 30 July 2020. Aega's funding of the project was through existing cash. EUR 10 000 was paid for the share capital and EUR 1 677 356 to existing shareholder loans. After the transaction the investment on AEGA´s hand is free of debt.

Description of the business to which the Transaction applies:

The 1 MW solar park in Sardinia is an elevated ground mounted power plant, conto energia feed-in tariff, is eight years into its 20-year concession period and 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 was appointed CEO and constitute the Board of Directors in Villapiana Fotovoltaico Srl.

There are no employees in the acquired company.

Key figures

Villapiana Fotovoltaico Srl is a special purpose company established in Q4 2012.

(EUR)	2019[1]	2018	2017
Operating revenue	**317 864**	309 451	369 000
Operating result (EBITDA)	**249 862**	234 858	260 000
Debt outstanding end of year	**2 713 975**	2 905 267	2 289 193
Total assets	**2 826 694**	**2 998 540**	**2 370 550**

[1] 2019 numbers are preliminary.

The revenue and contribution from Villapiana Fotovoltaico Srl in 2020 to AEGA is expected to come in around Euro 315 000 and the operating result (EBITDA) is estimated to Euro 210 000. These numbers will be affected by, among other factors, electricity prices.

There are no significant off-balance assets or liabilities.

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January 2020 to 30 June 2020 has been prepared in accordance with the IAS 34 Interim Financial Reporting and 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 interim report includes a fair review of any significant events which arose during the six-month period and their effect on the half-yearly financial report and any significant related party transactions. The report includes, to the best of our knowledge, a description of the material risks which the board of directors deems at the time of this report might have a significant impact on the financial performance of the company.

Oslo, 28 August 2020

Halldor Christen Tjoflaat	Jan Peter Harto	Kristine Larneng	Nils Petter Skaset
Chair	*Director*	*Director*	*Chief Executive Officer*

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