



Alternus Energy Inc.

Non-US GAAP Results

Unaudited Financial Statements

For the three and six months ended June 30, 2019

August 27th, 2019

Caution Concerning Forward Looking Statements

DISCLAIMER

Some of the statements contained in this document, including information incorporated by reference, discuss future expectations, plans or prospects, or state other forward-looking information within the meaning of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Words such as "intends", "believes", "expects", "anticipates", "plans", "estimates", "should", "likely" or similar expressions reflecting something other than historical fact are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Such statements include, but are not limited to, statements about the benefits to the value of the Company's stock.

Such forward looking statements are based upon the current beliefs and expectations of the Company's management and are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of the company. Actual results may differ materially from the results anticipated in these forward looking statements. Factors, among others, that could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward looking statements include and are not limited to: General business and economic conditions; the performance of financial markets and interest rates; the ability to obtain government approvals; and possible delays in government approvals.

While we may elect to update these forward- looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our views change. Therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today. In addition, actual results or stockholder values may differ materially from those indicated by these forward- looking statements as a result of various important factors, including, but not limited to, our ability to raise the necessary financing required to acquire the targeted renewable energy power plants listed herein and in other documents, on suitable terms. At this time, we do not have any offer to finance these plants and there is no guarantee that such financing will be agreed on suitable terms, or at all. If the Company does not succeed in raising the required financing then the plans outlined herein will be significantly curtailed.

THIS IS NOT AN OFFER TO BUY OR SELL SECURITIES

DISCLAIMER: This document is for informational purposes only and does not constitute an offer or solicitation to sell shares or securities in the Company or any related or associated company. Any such offer or solicitation will be made only by means of the Company's confidential Offering Memorandum and in accordance with the terms of all applicable securities and other laws. None of the information or analyses presented are intended to form the basis for any investment decision, and no specific recommendations are intended. Accordingly this document does not constitute investment advice or counsel or solicitation for investment in any security. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities, nor should it or any part of it form the basis of, or be relied on in any connection with, any contract or commitment whatsoever. The Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in the document, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom.



About Alternus Energy



Alternus Energy Inc. (“ALTN”) is an international green energy producer with an initial focus on PV solar. ALTN currently owns and operates a diverse portfolio of PV solar parks that connect directly to national power grids on long-term government supply contracts.

ALTN is publicly listed on the US OTC Markets with activities underway to become a fully reporting SEC company and plans to pursue an up-listing to a national exchange, subject to favorable market conditions and provided it meets the applicable qualifying listing criteria.

Our Mission

Alternus Energy aims to become a leading global independent power producer in green energy, by owning and operating a global network of distributed and connected green energy power plants, in countries where the combination of economic, environmental and political policies are optimized and supportive for the long term, ever growing need for clean renewable energy.



Alternus Energy Inc.

Use of Non-GAAP Financial Measures

To supplement ALTN's financial statements presented on a GAAP basis, Alternus provides Adjusted EBITDA as supplemental measures of its performance.

To provide investors with additional insight and allow for a more comprehensive understanding of the information used by management in its financial and decision-making surrounding pro-forma operations, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, with EBITDA, Adjusted EBITDA and Adjusted EPS as non-GAAP financial measures of earnings.

- EBITDA represents net income before income tax expense (benefit), interest expense, depreciation and amortization.
- Adjusted EBITDA represents EBITDA plus stock-based compensation, plus costs relating to acquisitions of additional assets that are not capitalized under US GAAP, plus the change in fair value of derivative liabilities, plus any net bargain purchase gains on acquisition of assets and less any goodwill payments on acquisition.
- Adjusted EPS represents Adjusted EBITDA divided by the number of fully diluted shares outstanding.

Our management uses EBITDA, Adjusted EBITDA, and Adjusted EPS as financial measures to evaluate the profitability and efficiency of our business model. We use these non-GAAP financial measures to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measures that are derived from them, provide supplemental information to analyze our operations between periods and over time.

We find this especially useful when reviewing pro-forma results of operations, which include large non-cash amortizations of intangible assets from acquisitions and stock-based compensation. Investors should consider our non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

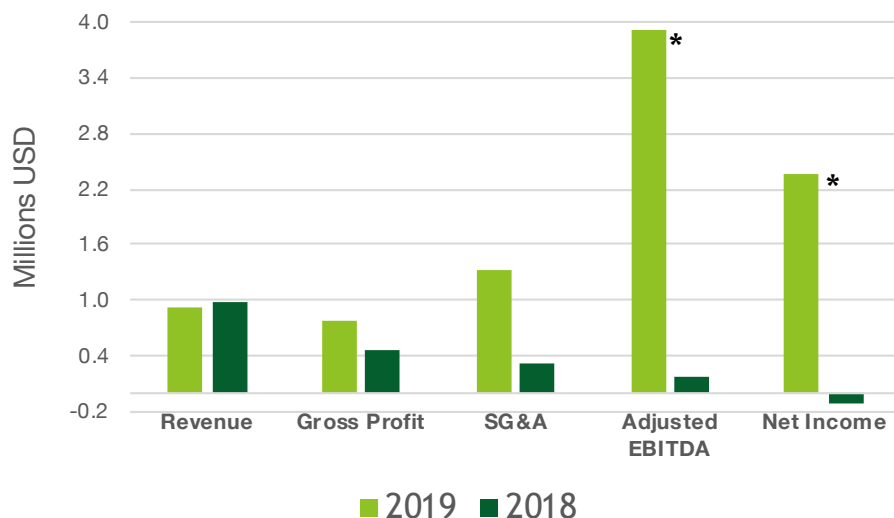


Alternus Energy Inc.

Financial highlights for the 3 & 6 Months Ended June 30, 2019

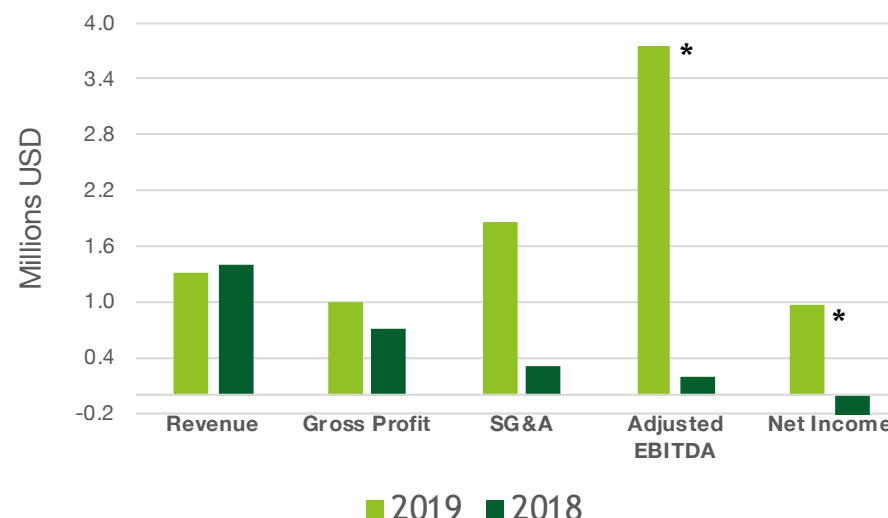
3 Months

- Revenues decreased by 4% to \$0.93 million
- Gross profit increased by 64% to \$0.77 million
- Gross margin improved to 83% from 48%
- Adjusted EBITDA increased to \$3.91 million from \$0.19 million in 2018
- Net Income of \$2.3 million, compared to a loss of \$(0.10) million in 2018
- Shareholders equity increased by \$2.99 million during the period



6 Months

- Revenues decreased by 8% to \$1.30 million
- Gross profit increased by 39% to \$0.98 million
- Gross margin improved to 76% from 50%
- Adjusted EBITDA income of \$3.76 million from \$0.18 million in 2018
- Net Income of \$0.97 million, compared to a loss of \$(0.30) million in 2018
- Shareholders equity increased by \$2.83 million during the period



* 2019 Includes a one-time bargain purchase gain of \$4.2 million relating to the purchase of 4.4MW's of solar parks in Italy



Alternus Energy Inc.

CEO Commentary on Results for 2nd Quarter 2019

Q2 was another solid quarter for the business in both short term and long term achievements. Revenues only dropped 4% despite the loss of \$0.41 million in revenue year on year following the cessation of energy trading activities in Romania. Adjusting for this, revenues would be up 38% on like-for-like basis year on year. This also resulted in gross margins nearly doubling to 83% year on year which more accurately reflects the gross margins of the business model. The completion of the acquisition of 4.1MW of operating parks in Italy during Q2 immediately improved revenues and gross profit in the period and also added approximately \$1.8 million in contracted annual revenues for the next 12 years. The acquisition also increased net assets and resulted in a one-time gain of \$4.2 million reflecting the difference between the fair value of the projects acquired and the price actually paid, which is further proof of our ability to identify and acquire undervalued assets.

In addition to the financial performance in the quarter, we also strengthened our operational capabilities with the BayWa r.e. agreement, improved our financial position and funding relationships and expanded our operational footprint with the solar park acquisitions in Italy. Subsequent to the end of the quarter, our contract to acquire 11.75MW in The Netherlands, when completed, will bring our total park ownership to 40MW's. Our pipeline of additional opportunities remains robust as we push towards our goal of exiting 2019 with over 100 MW's of owned energy assets.”

Vincent Browne

Chairman and Chief Executive Officer



Alternus Energy Inc.

Key Financial Highlights – H12019 (six months ending June 30, 2019)

- **Revenues** for the six months ended June 30, 2019 was \$1.3 million, a 7.6% decrease compared to \$1.4 million for the six same period last year. The slightly lower revenue was due to the change in revenue mix in Romania toward higher margin activities. When adjusted for these lost revenues, revenues increased 38% on a like-for-like basis. See geographic revenue analysis on page 11.
- **Gross Profit** for the six months ended June 30, 2019 was \$0.98 million, an increase of \$0.28 million or 39%, compared to \$0.71 million for the same period last year. The increase is primarily due to higher margins generated in Romania and increased revenues from Italy – with 85% project margins - in the period.
- **Gross Margins** for the six months ended June 30, 2019 were 76%, compared to 50% for the six months ended June 30, 2018. The increase was driven by higher Gross Profit as above.
- **Selling, General and Administrative** expenses for six months ended were \$1.86 million, an increase of \$1.31 million compared to \$0.55 million for the six months ended June 30, 2018. A majority of the increase was due to non-cash stock compensation expense of \$0.46 million and approximately \$0.42 in costs related to the filing of the SEC Form 10, which was filed in August. Remainder reflects higher SGA costs from increased operating activities and key management and team hires since June 2018.
- **Net Assets:** At June 30, 2019, ALTN had \$36.6 million of total assets, \$26.3 total debt, compared to \$13.5 million and \$6.9 million of total debt as of June 30, 2018. ALTN had 132.9 million common shares issued and outstanding.
- **Cash position:** At June 30, 2019, ALTN had \$1.49 million of cash on hand.
- **Adjusted EBITDA:** For the six months ended June 30, 2019, adjusted EBITDA was \$3.8 million, which reflects an increase of \$3.6 million compared to adjusted EBITDA \$0.2 million for the same period last year. The increase is primarily due to \$4.2M of bargain purchase gain related to the Italian solar parks acquisition. Bargain purchase is the difference between the purchase price of the assets and the value based on a discounted cash flow of future earnings from the projects applying ALTN's weighted average cost of capital.
- **Adjusted cash flow from operations:** ALTN generated \$0.6 million in cash flow from operations for the six months ended June 30, 2019, in comparison to (\$0.3) million generated from cash flow for the same period last year. This is mainly due to cash receipts from newly acquired parks.



Alternus Energy Inc.

Outlook 2019 as at filing date

- ALTN's current business model is to buy solar parks with 15-20 year government counter-party Feed-in-Tariff contracts, or power purchase agreements with creditworthy off-takers, which provide long-term predictable positive cash flows.
- Owned assets at the end of Q2 2019 have contracted annual recurring revenues of ~\$5.5 million at average gross margins of 85% going forward.
- In August of 2019, Alternus filed its Form 10 Registration Statement with the US Securities and Exchange Commission
- Based on current contracts, backlog and business pipeline, ALTN has identified the following additional solar projects that are expected to be added during 2019:
 - **Germany:** 20MW-30MW of new development projects
 - **Italy:** acquisition of 18MW's of operational solar parks from an existing partner
 - **Netherlands:** expansion into new country with agreements to acquire up to 20MW's of operational solar parks initially and partner contract completed for further growth. 12MW's recently announced with contract to acquire Rilland park.
 - **Romania:** acquisition of 20MW's of operational solar parks from an existing partner
 - **Poland:** 70MW's of development projects
- Assuming that all of the above transactions conclude as expected, ALTN expects to end 2019 with:
 - Over 100MW's of owned diversified solar projects both operational and in development
 - Over \$11 million in recurring annual revenues at ~85% gross margins
 - ~\$150 million of contracted revenue backlog over the following 13–20 years



Alternus Energy Inc.



Consolidated US GAAP Income Statement to Adjusted EBITDA

USD 000's

Summary Income Statement per US GAAP Filing	June 30, 2019	June 30, 2018	Change
Revenues	\$ 1,304	\$ 1,411	(8%)
Cost of revenues	(319)	(704)	(55%)
Gross Profit	985	707	39%
	76%	50%	
Operating Expenses	(2,269)	(851)	167%
Loss from Operations	(1,284)	(144)	793%
Other (expense) income	2,258	(159)	(1517%)
Net Income (Loss) per US GAAP filings	974	(303)	(421%)
Depreciation and amortization	407	302	35%
Interest expense	1,915	160	1098%
EBITDA	3,296	158	1982%
Adjustments to EBITDA:			
Stock based compensation	463	28	1583%
Adjusted EBITDA (Profit from current operations)	3,759	186	1923%

	2019	2018
Selling, general and administrative	1,400	521
Non cash - stock compensation costs	463	28
Depreciation and amortization	407	302
Total operating expenses	2,269	851

	2019	2018
Interest expenses	(1,915)	(160)
Other income	1	-
Gain achieved on purchase of solar park	4,172	-
Total other expense	2,258	(160)

	2019	2018
Interest - senior project finance debt	109	92
Interest - project mezzanine debt	235	-
Total Non-recourse interest related to solar parks	344	92
Interest - short term financing for project acquisition	794	-
Interest - ALTN corporate debt	186	68
Corporate banking fees charged as interest	429	-
Charges for Warrants	163	-
	1,915	160

- EBITDA represents net income before income tax expense (benefit), interest expense, depreciation and amortization.
- Adjusted EBITDA represents EBITDA plus stock-based compensation, plus costs relating to acquisitions of assets that are not capitalized under US GAAP, plus the change in fair value of derivative liabilities, plus any net bargain purchase gains on acquisition of assets and less any goodwill payments on acquisition.

Please read this document in conjunction with the ALTN June 30, 2019 Quarterly Report filed with OTC Markets.



Alternus Energy Inc.



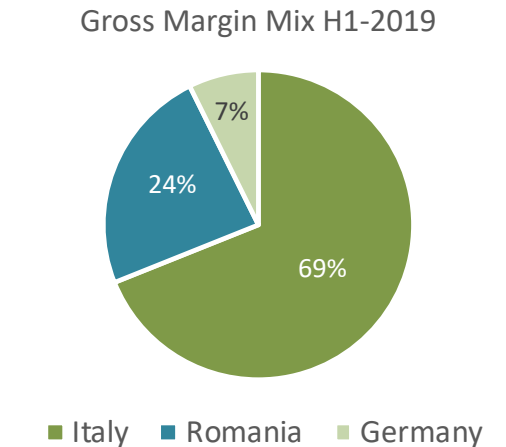
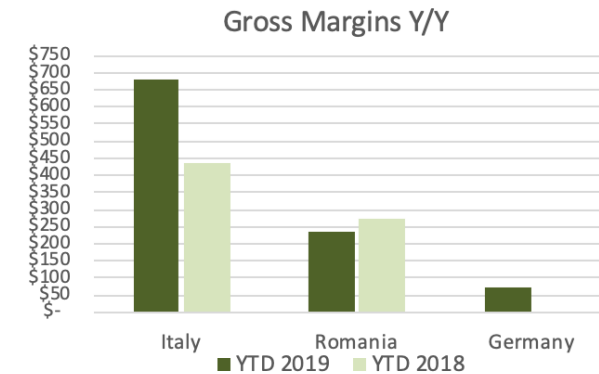
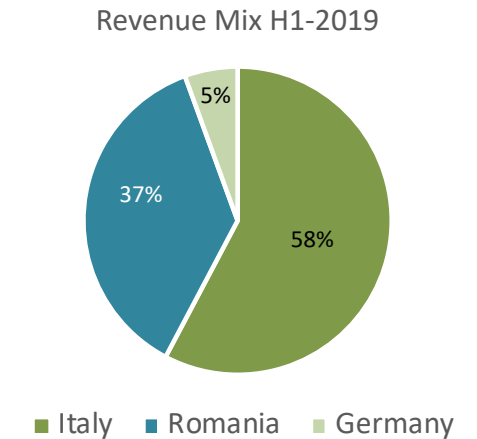
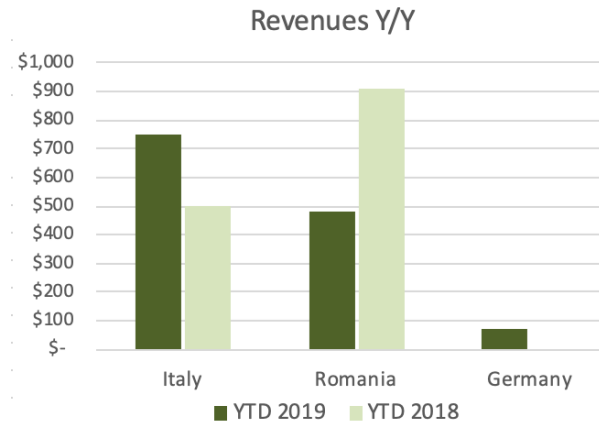
Geographic Revenue and Gross Margin Mix H12019 (six months ending June 30, 2019)

USD 000's

REVENUES	YTD 2019	YTD 2018	Change
Italy	\$ 753	\$ 499	51%
Romania	\$ 479	\$ 912	(48%)
Germany	\$ 72	\$ -	n/a
Total	\$ 1,304	\$ 1,411	(8%)

GROSS MARGINS	YTD 2019	YTD 2018	Change
Italy	\$ 679	\$ 435	56%
Romania	\$ 234	\$ 272	(14%)
Germany	\$ 72	\$ -	n/a
Total	\$ 985	\$ 707	39%

GROSS MARGIN %age	YTD 2019	YTD 2018	Change
Italy	90%	87%	4%
Romania	49%	30%	64%
Germany	99%	0%	n/a
Total	76%	50%	



Please read this document in conjunction with the ALTN June 30, 2019 Quarterly Report filed with OTC Markets.



Alternus Energy Inc.

Consolidated Balance Sheet & Adjusted Working Capital

USD 000's

	June 30, 2019	December 31, 2018	Change
Current Assets			
Cash and cash equivalents	\$ 1,491	\$ 1,027	45%
Receivables	1,059	472	124%
Prepaid expenses and other current assets	1,482	1,045	42%
Total Current Assets	4,032	2,543	59%
Investment in Energy Property and Equipment, Net	24,226	14,740	64%
Construction in Process	7,612	6,979	9%
Prepaid expenses, long term and other	700	-	n/a
Restricted cash for Italian acquisition	-	8,858	(100%)
Total Assets	\$ 36,570	\$ 33,120	10%
Accounts payable , taxes and accrued liabilities	\$ 2,240	\$ 1,724	30%
Convertible and non-convertible promissory notes, current portion	26,320	25,948	1%
Derivative Liability	\$ -	\$ 339	
Asset retirement obligation	145	75	93%
Total Liabilities	28,704	28,086	2%
Common stock and additional paid in capital	15,300	13,275	15%
Accumulated surplus (deficit)	(7,434)	(8,241)	(10%)
Total Shareholders' Equity	7,866	5,034	56%
Total Liabilities and Shareholders' Equity	\$ 36,570	\$ 33,120	10%

Adjusted Working Capital

	June 30, 2019	December 31, 2018	
Current Assets			
Cash and cash equivalents	\$ 1,491	\$ 1,027	45%
Accounts receivable	747	307	143%
Other receivables, sale of asset	430	532	(19%)
Unbilled energy incentives earned	312	165	89%
Prepaid expenses and other current assets	525	334	57%
Taxes recoverable	527	179	194%
Total Current Assets	4,032	2,543	59%
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,158	\$ 1,696	27%
Convertible and non-convertible promissory notes, current portion	14,430	14,510	(1%)
Capital leases, current portion	85	85	(1%)
Derivative liability	-	339	(100%)
Taxes payable	82	27	197%
Total Current Liabilities	16,754	16,658	1%
Net Working Capital	(12,722)	(14,115)	(10%)
Adjustments to Working Capital			
Short term debt used for acquisition, to be replaced with long term debt	13,251	13,283	(0%)
Current portion of senior debt related to long term assets being serviced by project cash flows	748	672	11%
Adjusted Net Working Capital	1,276	(160)	(899%)

Please read this document in conjunction with the ALTN June 30, 2019 Quarterly Report filed with OTC Markets.



Alternus Energy Inc.



Asset / Liabilities Schedule by Geography

USD 000's

<----- SPV Operating Companies ----->

	Germany	Italy	Romania	Total Projects	ALTN Corp	Total
ASSETS:						
Current Assets	246	2,451	580	3,277	755	4,032
Investment in Energy Property and Equipment Net (Note 1)	1,374	17,763	5,090	24,226	-	24,226
Construction in Process (Note 2)	7,612	-	-	7,612	-	7,612
Other Assets	-	-	-	-	700	700
Total Assets	8,986	17,763	5,090	31,838	1,455	36,570
LIABILITIES:						
Senior debt - current portion (Note 3)	350	13,336	385	14,071	-	14,071
Convertible notes payable	-	-	-	-	640	640
Debt discount associated with warrants and fees	-	-	-	-	(365)	(365)
Promissory notes - related parties	-	-	-	-	169	169
Total Current Debt	350	13,336	385	14,071	444	14,515
Senior debt (Note 3)	5,300	984	216	6,500	-	6,500
Junior / mezzanine debt	3,634	-	-	3,634	-	3,634
Promissory notes - third party - unsecured	-	-	-	-	1,186	1,186
Promissory notes - third party - secured	-	-	-	-	352	352
Promissory notes - related party - secured	-	-	-	-	292	292
Debt discount associated with warrants and fees	-	-	-	-	(159)	(159)
Total Long Term Debt	8,934	984	216	10,134	1,671	11,805
Total Convertible and non-convertible promissory notes	9,284	14,319	601	24,205	2,115	26,320
Other Liabilities	549	709	139	1,397	988	2,385
Total Liabilities	\$ 9,834	\$ 15,028	\$ 740	\$ 25,602	\$ 3,102	\$ 28,704
				89%	11%	



Notes

- (1) **Investments in Energy Property and Equipment, Net** represents the construction costs or acquisition value of our operating solar assets - less accumulated depreciation over the expected useful life of the assets.
- (2) **Construction in process** represents the costs to date of construction of solar assets that are not yet connected. Once they become operational they are classified as Investments in Energy Property and Equipment.
- (3) **Senior debt** is provided to project SPV's by local banks as first secured lien, non-recourse to ALTN, at rates varying between 2.5% - 4.5% for periods between 12-18 years depending on the specific project. At June 30, 2019 ALTN had \$13.3 million in short term secured loans for the initial acquisition of Italian solar assets. These notes are 6 months in duration at a rates of between 7.5% - 12% per annum and are planned to be replaced with senior debt from local banks at usual senior terms within this timeframe. No cash is payable on the interest until such refinancing.

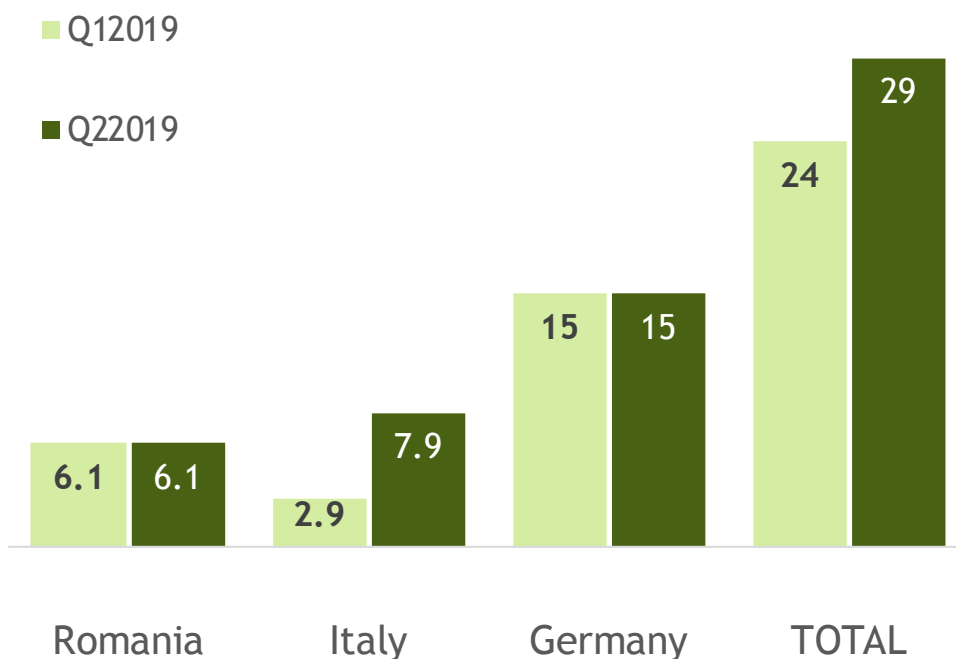
Please read this document in conjunction with the ALTN June 30, 2019 Quarterly Report filed with OTC Markets.



Alternus Energy Inc.

Nameplate Capacity (DC) as at June 30, 2019

Nameplate Capacity (DC) MWp



\$5.2 million⁽¹⁾ annual recurring contracted revenues for the next 13 – 20 years

\$181,000 average annual revenue per MW

85% average gross margins ⁽²⁾

(1) This is the full year contracted revenues for parks currently owned translated to USD. Not all parks are currently in production at this time and so the actual amounts booked to revenues throughout 2019 will be lower than the amounts shown above as the parks will come into operation at various times throughout the year. Also, the contracted revenues are based on expected energy production using historical and expected levels and converted to USD at current exchange rates, these parameters may vary in reality in the future which may cause actual results to vary from the ones shown.

(2) This is expected Gross Margins from the portfolio of the parks owned based on historical and expected performance and converted to USD at current exchange rates, these parameters may vary in reality in the future which may cause actual results to vary from the ones shown.

Please read this document in conjunction with the ALTN June 30, 2019 Quarterly Report filed with OTC Markets.



Corporate Details

**Corporate
Headquarters**

One World Trade Center,
Suite 8500
New York, NY, 10007, USA
Phone: +1-212-220-7434

Website

www.AlternusEnergy.com

Executive Management:

Vincent Browne (Irish) – CEO
Joseph Duey (US) – CFO
Tali Durant (US) – General Counsel

Board of Directors:

Vincent Browne (Irish) – Chairman and CEO
John Thomas (US) – Non-Executive Director
John McQuillan (Irish) - Non-Executive Director

Incorporated in:

Nevada, USA

Trading Symbol

OTCMKTS: ALTN

Public Filings and Disclosures

<https://www.otcmarkets.com/stock/altn/profile>

Current Share Structure

<https://www.otcmarkets.com/stock/ALTN/security>



Alternus Energy Inc.

Consolidated Financial Statements – Non-GAAP Financial Measures

Three and Six Months ended June 30, 2019

The information provided in this report should be read in conjunction with the June 30, 2019 Quarterly Report as filed with the OTC Markets Alternative Reporting Disclosure service at:

<https://www.otcmarkets.com/stock/ALTN/disclosure>

Contact:

Alternus Energy Inc.
One World Trade Center, Suite 8500
New York, NY 10007, USA.
contact@alternusenergy.com
www.alternusenergy.com

