ALTERNUS ENERGY INC.

A Nevada Corporation Listed on the OTC Pink Market
Current Trading Symbol: ALTN.PK

CUSIP Number: 02156H100

Quarterly Report
For the Nine Months Ended September 30, 2018 and 2017
(Unaudited)

Including Financial Statements and Disclosures
Prescribed by OTC Pink Market for
Alternative Reporting Standards.

Filed on December 13, 2018

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Alternus Energy Inc. (November 29, 2018 – present)
Power Clouds Inc. (April 24, 2015 – November 28, 2018)
World Assurance Group, Inc. (09/12/2008 – April 23, 2015)

2) Address of the issuer's principal executive offices

Company Headquarters:

Address 1:	One World Trade Center, Suite 8500 New York, NY 10007
Phone:	+1 212 220 7434
Email:	info@alternusenergy.com
Website(s):	www.alternusenergy.com

3) Security Information

Trading Symbol: OTCMKTS:ALTN

Exact title and class of securities outstanding:

Common Stock:

CUSIP: 02156H100			
Par or Stated Value:	$0.001		
Total shares authorized:	100,000,000	as of:	September 30, 2018
Total shares outstanding:	71,726,725	as of:	September 30, 2018

Preferred Stock:

Par or Stated Value:	$0.001		
Total shares authorized:	50,000,000	as of:	September 30, 2018
Total shares outstanding: Series A	0	as of:	September 30, 2018
Total shares outstanding: Series B	0	as of:	September 30, 2018
Total shares outstanding: Series C	0	as of:	September 30, 2018
Total shares outstanding Series D	30,000,000	as of:	September 30, 2018

Transfer Agent

Name:	**ClearTrust, LLC**
Address 1:	16540 Pointe Village Dr., # 206
Address 2:	Lutz, Fl 33558
Phone:	813-235-4490
Web:	www.cleartrustonline.com

Is the Transfer Agent registered under the Exchange Act?* **Yes**
*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

NONE.

Describe any trading suspension orders issued by the SEC in the past 12 months.

NONE.

4) Issuance History

Listed below are any events that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period.

During the nine months ended September 30, 2018, the Company issued 250,000 shares of restricted common stock to a consultant for services rendered.

During the twelve months ended December 31, 2017, the Company issued 5,800,000 shares of restricted common stock to Gaia Energy as a portion of the consideration for the acquisition of certain third party PV solar assets and 199,627 shares of restricted common stock to two consultants for services rendered. Additionally, 1,000,000 shares of restricted common stock were returned to, and cancelled by, the Company from World Global Cash Ltd. as part of a stock exchange agreement. In addition, the Company also cancelled 300,000 shares of common stock issuable for non-performance of contractual commitments.

During the year ended December 31, 2016, the Company issued a total of 12,050,000 shares of restricted common stock, consisting of 4,200,000 shares to Gaia Energy in exchange for the acquisition of certain third party PV solar assets (see Financial Footnote 8 below for more detail on this transaction) and 7,850,000 shares to 5 third parties in exchange for services rendered. During the year ended December 31, 2016, the Company also issued 30,000,000 shares of Series D Convertible Preferred Stock in exchange for the return and cancellation of 30,000,000 shares of restricted common stock from Power Clouds Holdings Pte. Ltd.

Each of the above securities offerings or transactions was made by officers and directors of the issuer and was not a registered offering. The offerings relied upon an exemption under Regulation S or Regulation D or Rule 4(2) of the Securities Act of 1933, as amended. The shares in these offerings or transactions were restricted (i.e., not freely tradable), where indicated above; and the certificates evidencing such shares contained a legend (1) stating that the shares have not been registered under the Securities Act of 1933, as amended, and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act of 1933, as amended.

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The Company's financial statements were prepared by our Chief Financial Officer for its three and nine months ended September 30, 2018 and 2017, and are attached hereto and incorporated herein as part of the Company's Quarterly Report, and filed herewith at the end of this Report.

The financial statements requested pursuant to this item were prepared in accordance with US GAAP by persons with sufficient financial skills.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

Alternus Energy Inc. develops, owns and operates Utility Scale Solar projects internationally that provide clean energy to national power grids under long term, government supported, fixed price contracts. The Company currently has operational plants in Romania and Italy and Germany. The Company plans to expand further within Italy and Germany, and to other worldwide locations in the future.

The Company currently has ten operating subsidiaries as outlined in the table below:

Subsidiary	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	March 31, 2015	99.5%	Romania
F.R.A.N. Energy Investment SRL	March 31, 2015	99.5%	Romania
Power Clouds (Japan) GK	March 31, 2015	100%	Japan
Power Clouds Europe B.V. ("PCE")	Established August 2016	100%	Netherlands
PC_Italia_01 S.R.L.	Established June 2015	100% (via PCE)	Italy
PC_Italia_02 S.R.L.	Established August 2016	100% (via PCE)	Italy
Sant'Angelo Energia S.r.l.	March 30, 2017	100% (via PC_Italia_02)	Italy
PCG_HoldCo UG	July 6, 2018	100%	Germany
PCG_GP UG	August 30, 2018	100%	Germany
PSM 20 GmbH & Co KG	November 14, 2018	100% (via PCG_HoldCo)	Germany

B. Date and State (or Jurisdiction) of Incorporation:

Alternus Energy Inc. (formerly Power Clouds Inc.) (ALTN) was originally incorporated on January 1, 2000 in the State of Colorado. ALTN was reorganized and incorporated on November 8, 2006 in the State of Nevada.

C. the issuer's primary and secondary SIC Codes;

4911; 3674

D. the issuer's fiscal year end date;

December 31st

E. principal products or services, and their markets;

Alternus Energy Inc. owns and operates Utility Scale Solar projects internationally that provide clean energy to national power grids under long term, government supported, fixed price contracts. The Company currently has operational solar parks in Romania, Italy and Germany. The Company currently has ten operating subsidiaries: Power Clouds SRL, F.R.A.N. Energy Investment SRL, Power Clouds (Japan) GK, Power Clouds Europe B.V., PC_Italia_01 Srl, PC_Italia_02 Srl, Sant'Angelo Energia S.r.l, PCG_HoldCo UG, PCG_GP UG and PSM 20 Gmbh & Co KG.

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases office space for its operations on a month-to-month basis; its office is located at One World Trade Center, Suite 8500, New York, NY 10007.

The Company's two Romanian subsidiaries, Power Clouds SRL and F.R.A.N. Energy Investments SRL, are together under a three-year lease that continues until September 30, 2019; the office is located at Romania, White Boutique Residence, 218, Calea Floreasca, 2nd floor, District 1, Bucharest.

Through its Romanian subsidiaries, the Company owns and operates two solar parks with a combined power output of 6.1 MW constructed at Scornicesti and Nucet in Romania that generate an average of 7,100 MWh/yr. The parks occupy approximately 6 hectares of land that is leased on a 25 year term at combined cost of €16,000 per annum.

The Company's Italian subsidiary leases the land used to house the parks operated by it from local municipalities. The leases are for 20 years with 5 year extension options. Sant'Angelo Energia S.r.l. paid the land lease for the full term in a single payment when the park was constructed that was subsequently capitalized.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Chief Executive Officer, President and Chairman:	**Vincent Browne**
Chief Financial Officer:	**Joseph E. Duey**
General Counsel and Corporate Secretary:	**Taliesin Durant**
Director:	**John Thomas**
Control Persons:	**Power Clouds Holdings Pte. Ltd. (controlled by Vincent Browne)** **VestCo Corp. (controlled by Vincent Browne)** **Telenergia Europe S.r.l. (controlled by Roberto Forlani)** **Gaia Energy S.R.L. (controlled by Lorenzo Silvestre)**

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4.The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

No

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Vincent Browne
Ownership: Includes: 50,587,571 shares of restricted common stock held indirectly through Power Clouds Holdings Pte. Ltd., a Singapore company, of which Mr. Browne holds dispositive voting and investment control over through his dispositive voting and investment control of Growthcap Investments Inc., a Delaware company; 6,000,000 shares of restricted common stock indirectly held though VestCo Corp., a Delaware company owned and controlled by Mr. Browne, and 1,250,000 shares of restricted common stock held indirectly though his control of VestCo I Corp.
Address: One World Trade Center, Suite 8500, New York, NY 10007

Roberto Forlani
Ownership: Includes 21,701,784 shares of restricted common stock held indirectly through Telenergia Europe S.r.l., a Romanian corporation owned and controlled by Mr. Roberto Forlani.
Address: Strada Madrigalului 42A, Apartment 4, 2nd room

Gaia Energy S.R.L.:
Ownership: Includes 10,000,000 shares of restricted common stock held by Gaia, which is owned and controlled by Lorenzo Silvestre.
Address: via Ferrovie dello Stato zona A.S.I., 81030 Gricignano di Aversa (Caserta), Italy.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure: None

10) I, Vincent Browne, certify that:

1. I have reviewed this Quarterly Report of Alternus Energy Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

December 13, 2018

/s/ Vincent Browne
Vincent Browne
Chief Executive Officer

I, Joseph E. Duey, certify that:

1. I have reviewed this Quarterly Report of Alternus Energy Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

December 13, 2018

/s/ Joseph E. Duey
Joseph E. Duey
Chief Financial Officer

ALTERNUS ENERGY INC.
AND SUBSIDIARIES

FINANCIAL STATEMENTS

AS OF AND FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018 AND 2017 (Unaudited)

**ALTERNUS ENERGY INC.
AND SUBSIDIARIES**

Index to Financial Statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
Prepared by Management
(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Total cash and cash equivalents	629,052	130,366
Restricted cash	377,217	-
Accounts receivable	147,909	275,111
Amounts receivable under contracts for sale of assets	203,117	-
Energy incentives earned not invoiced	300,144	652,468
Taxes recoverable	151,438	365,485
Prepaid expenses and vendor deposits	109,934	30,521
Total Current Assets	**1,918,810**	**1,453,951**
Fixed assets - net		
Plant and machinery	4,894,383	5,424,370
Leased assets	1,408,268	1,521,364
Total Fixed Assets	**6,302,651**	**6,945,734**
Intangible assets - net		
Present value of contracted income streams	639,679	3,768,236
Capitalized costs relating to PV plants	56,856	1,898,975
Amounts receivable under contracts for sale of assets	334,714	-
Prepayments relating to acquisition of PV plants	1,117,530	59,101
Total Intangible Assets	**2,148,779**	**5,726,312**
Total Assets	**$ 10,370,239**	**$ 14,125,997**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	1,013,851	1,061,472
Contingent amounts payable under earn out agreements	-	1,559,820
Amounts used under short term lines of credit	74,481	71,747
Current portion - senior debt	322,751	332,953
Current portion - capital leases	84,572	142,155
Convertible loans - related parties	294,344	355,098
Convertible promissory notes	340,100	31,400
Promissory notes - related parties	356,268	1,682,110
Notes payable	1,457,697	-
Deferred amounts payable for acquisitions	20,258	18,694
Taxes payable	16,426	119,144
Accrued interest payable	157,996	51,907
Total Current Liabilities	**4,138,743**	**5,426,499**
Liabilities greater than 1 year		
Senior secured debt	465,506	729,935
Capital leases	1,060,123	1,097,077
Promissory notes payable - third parties	509,267	509,267
Convertible promissory notes - third parties	-	228,700
Deferred amounts payable for acquisitions	257,327	20,998
Total Long-term debt	2,292,223	2,585,976
Total Liabilities	**6,430,966**	**8,012,476**

	September 30, 2018	December 31, 2017
Series D Convertible Preferred stock	30,000	30,000
Net Common stock, $0.001 par value; 100,000,000 shares authorized, 71,726,725 and 71,776,725 shares issued and outstanding as of June 30, 2018 and December 31, 2017 respectively.	71,726	71,778
Other comprehensive income (loss)	179,110	859,835
Additional paid in capital	11,668,781	11,641,231
Accumulated (deficit) surplus	(8,010,344)	(6,489,322)
Total Shareholders' Equity	3,939,272	6,113,522
Total Liabilities and Stockholders' Equity	**$ 10,370,239**	**$ 14,125,997**

See accompanying notes to the financial statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Prepared by Management
(unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Revenues	$ 887,041	$ 655,010	$ 2,308,844	$ 1,574,973
Cost of revenues	(464,881)	(361,890)	(1,112,584)	(879,312)
Gross profit	422,160	293,120	1,196,260	695,661
Operating expenses				
Sales and general administrative	129,849	264,267	598,822	661,313
Stock compensation costs	-	(30,000)	27,500	18,887
Costs relating to financing	109,200	5,000	231,659	28,200
Operating Income (loss)	**$ 183,111**	**$ 53,853**	**$ 338,279**	**$ (12,738)**
Interest costs	(115,309)	(69,103)	(282,773)	(162,130)
Depreciation and amortization	(248,843)	(235,064)	(642,320)	(537,759)
Other income	-	-	-	33,000
Gain (Loss) on foreign exchange	(2,289)	5,522	(2,289)	(278)
Gain (loss) on disposal of business	(922,890)	5,915	(922,890)	(353,136)
Provision for loss on sale of business		(165,148)		(165,148)
Net (loss) before tax	$ (1,106,219)	$ (404,025)	$ (1,511,992)	$ (1,198,190)
Income tax	-	-	(9,030)	-
Net (loss) after tax	**$ (1,106,219)**	**$ (404,025)**	**$ (1,521,022)**	**$ (1,198,190)**
Weighted average shares outstanding:				
Basic	71,726,725	71,400,638	71,600,361	69,695,606
Fully diluted	71,726,725	71,400,638	71,600,361	69,695,606

See accompanying notes to the financial statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
Prepared by Management
(Unaudited)

	Preferred Shares		Common stock issued		Common stock issuable		Additional Paid in Capital	Other Compreh-ensive Income	Accumulated Deficit	Total
	Series D	Amount	Shares	Amount	Shares	Amount				
Balance December 31, 2016	**30,000,000**	**$ 30,000**	**65,477,098**	**$ 65,477**	**300,000**	**$ 300**	**$ 11,356,147**	**$(182,826)**	**$(5,080,071)**	**$ 6,189,026**
Restricted shares issued to consultants for services			300,000	300			27,150			27,450
Restricted shares issued to consultants for services			74,627	75			12,612			12,687
Restricted shares issued to consultants for services			125,000	125			8,625			8,750
Acquisition of Italian operating companies					5,800,000	5,800	516,200			522,000
Stock issuable issued			5,800,000	5,800	(5,800,000)	(5,800)	-			-
Cancellation of stock issuable					(300,000)	(300)	(29,700)			(30,000)
Consolidation of subsidiary undertakings							(249,803)			(249,803)
Exchange translation of foreign held assets								1,042,662		1,042,662
Net loss for the period									(1,409,251)	(1,409,251)
Balance December 31, 2017	**30,000,000**	**$ 30,000**	**71,776,725**	**$ 71,776**	**-**	**-**	**$11,641,231**	**$ 859,836**	**$(6,489,322)**	**$ 6,113,521**
Adj. of Restricted shares issued for services in 2017			(300,000)	(300)			300			-
Restricted shares issued to consultants for services			250,000	250			27,250			27,500
Exchange translation of foreign held assets								(680,726)		(680,726)
Net loss for the period									(1,521,022)	(1,521,022)
Balance September 30, 2018	**30,000,000**	**$ 30,000**	**71,726,725**	**$ 71,726**	**-**	**$ -**	**$ 11,668,781**	**$ 179,110**	**$ (8,010,344)**	**$ 3,939,273**

See accompanying notes to the financial statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Prepared by Management
(Unaudited)

	For the nine months ended	
	September 30, 2018	September 30, 2017
Cash Flows from Operating Activities:		
Net loss	**$ (1,521,022)**	**$ (1,198,190)**
Adjustments to reconcile net loss to net cash used in operations		
Depreciation	642,320	537,760
Restricted common stock issued for services	27,500	39,961
Stock compensation costs (income)	-	(21,075)
Loss on sale of fixed assets	922,890	353,136
Provision for loss on sale of subsidiary	-	165,148
Changes in assets and liabilities, net of acquisition and disposals:		
Accounts receivable and other short-term receivables	77,051	69,165
Accounts payable & accrued liabilities	(46,721)	145,107
Energy incentives earned not yet received	158,837	(305,066)
Vendor deposits & prepayments	(79,414)	22,007
Accrued interest	106,089	(8,110)
Net cash generated (used) from operating activities	**287,530**	**(200,156)**
Cash flows from investing activities:		
Cash acquired / (disposed) in acquisitions	(29,597)	82,937
Restricted cash held in escrow for pending acquisitions	(377,217)	-
Deposits paid under asset acquisition contracts	(1,058,429)	-
Cash provided from sale of Japan plant	-	2,073,212
Proceeds from sale of assets	513,769	-
Investment banking fees associated with new funding	(89,200)	
Cash paid for the acquisition of Italian subs	-	(799,028)
Net cash (used) generated from investing activities	**(1,040,673)**	**1,357,121**
Cash Flows from financing activities:		
Net proceeds (repayment) of debt - related parties	147,000	(112,202)
Payments on debt principal - senior debt	(243,596)	(238,153)
Net proceeds from lines of credit	3,268	22,440
Payments on leased assets - principal	(50,887)	(31,825)
Payment on notes payable	(20,998)	(491,802)
Proceeds from issuance of notes payable	1,537,697	-
Net cash provided (used) from financing activities	**1,372,484**	**(851,542)**
Cash Flows from Foreign Currency Activities:		
Gain (loss) on foreign exchange	(2,289)	(278)
Translation of foreign held assets	(118,366)	(504,065)
Net cash (used in) provided by foreign currency activities	**(120,655)**	**(504,343)**
Net increase in cash and cash equivalents	498,686	(198,920)
Cash and cash equivalents, beginning of the period	130,366	302,265
Cash and cash equivalents, end of the period	**$ 629,052**	**$ 103,345**
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 130,680	$ 122,783
Cash paid for taxes	$ -	$ -

See accompanying notes to the financial statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED SUPPLEMENTAL STATEMENTS OF CASH FLOWS
Prepared by Management
(Unaudited)

	For the nine months ended	
	September 30 2018	September 30 2017
Restricted shares issued to consultants for services	$ 27,500	$ 39,961
Restricted shares cancelled for services	$ -	$ (30,000)
Sale of Tre Vallie SRL		
Present value of contracted income streams	(2,684,775)	-
Capitalized costs relating to PV plants	(1,800,111)	-
Energy incentives earned not invoiced	(193,487)	-
Tax Receivables	(161,374)	-
Cash disposed	(29,597)	-
Trade Payables & Accruals	(88,299)	-
Promissory notes - related parties	1,533,595	-
Contingent amounts payable under earn out - related parties	1,302,496	-
Deferred consideration - less than 1 year	203,117	-
Deferred consideration - greater than 1 year	334,714	-
Other Comprehensive (gain)/ loss	147,061	-
Cash received on sale of assets	513,769	-
Loss on disposal of business	(922,890)	-
Acquisition of Italian operating companies:		
Leased assets - net	-	1,361,271
Intangible Assets - capitalized costs relating to PV parks (net)	-	1,797,800
Intangible Assets - discounted contracted future income	-	2,797,831
Accounts Receivable	-	105,822
Tax Receivables	-	181,412
Cash assumed	-	83,356
Income Earned not invoiced	-	54,743
Prepayments	-	7,323
Trade Payables	-	(67,714)
Tax Payables	-	(3,405)
Lease ST	-	(127,196)
Lease LT	-	(1,140,515)
Cash paid	-	(799,028)
Loan notes issued	-	(1,970,056)
Prepaid expenses used	-	(1,049,731)
Contingent amounts payable under earn-out agreements	-	(709,913)
Common shares issued		522,000

See accompanying notes to the financial statements

ALTERNUS ENERGY INC. AND SUBSIDIARIES
Notes to Financial Statements
(Unaudited)

1. Organization and Formation

Alternus Energy Inc. (formerly Power Clouds Inc.) ("We", "ALTN" or the "Company") was incorporated in the State of Colorado on January 1, 2000, then reorganized as a Nevada corporation on November 8, 2006. On September 11, 2008 the corporation changed its name from Asset Realization, Inc. to World Assurance Group, Inc. On April 24, 2015, the Company changed its name from World Assurance Group, Inc. to Power Clouds Inc. Subsequently, on November 29, 2018, the Company changed its name to Alternus Energy Inc.

Power Clouds Europe B.V.
In August of 2016, the Company incorporated a new wholly owned subsidiary in the Netherlands, Power Clouds Europe company was incorporated to hold the Company's European operating companies and sub-holding companies as appropriate. It has no direct operating activities as at September 31, 2018.

PC_Italia_01 S.R.L.
In June of 2015, ALTN incorporated a company in Italy, PC_Italia_01 S.R.L. This company was incorporated to acquire Italian special purpose vehicles (SPV's), PV solar plants and / or other assets located in Italy. During the quarter ended March 31, 2017, this company completed the acquisition of an SPV in Italy which operates a 1MW PV solar park. During the nine months ended September 30, 2018, this company sold this SPV. (See Footnote 6 for more information).

PC_Italia_02 S.R.L.
In August of 2016, the Company incorporated a new company in Italy, PC_Italia_02 SRL as a wholly owned subsidiary of Power Clouds Europe B.V. This company was incorporated to acquire Italian special purpose vehicles, power plants and / or other assets located in Italy. During the quarter ended March 31, 2107, this company completed the acquisition of an SPV in Italy which operates a 702KW PV solar park. (See Footnote 6 for more information).

PCG_HoldCo UG & PCG_GP UG
In June of 2018, the Company acquired 100% of the share capital of two 'shelf companies' in Germany which were renamed as PCG_HoldCo UG and PCG_GP UG immediately thereafter. These two companies were acquired in order to acquire German special purpose vehicles, PV solar parks and/or other assets located in Germany. During the nine months ended September 30, 2018, these companies completed the acquisition of an SPV in Germany PSM 20 GmbH & Co KG.

Summary:
Alternus Energy Inc. (ALTN) is a holding company that operated through ten operating subsidiaries as of September 30, 2018:

Subsidiary	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	March 31, 2015	99.5%	Romania
F.R.A.N. Energy Investment SRL	March 31, 2015	99.5%	Romania
Power Clouds (Japan) GK	March 31, 2015	100%	Japan
Power Clouds Europe B.V. ("PCE")	Established August 2016	100%	Netherlands
PC_Italia_01 S.R.L.	Established June 2015	100% (via PCE)	Italy
PC_Italia_02 S.R.L.	Established August 2016	100% (via PCE)	Italy
Sant'Angelo Energia S.r.l.	March 30, 2017	100% (via PC_Italia_02)	Italy
PCG_HoldCo UG	July 6, 2018	100%	Germany
PCG_GP UG	August 30, 2018	100%	Germany
PSM 20 GmbH & Co KG	November 14, 2018	100% (via PCG_HoldCo)	Germany

The Company has elected a calendar accounting period beginning on January 1 and ending on December 31 of each year.

2. Summary of Significant Accounting Policies

Basis of presentation
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of consolidation
The consolidated financial statements for the nine months ended September 30, 2018 and 2017 include 100% of the assets, liabilities, revenues, expenses and cash flows of Alternus Energy Inc. The Company also consolidated the financial statements of its operating subsidiaries: Power Clouds SRL, FRAN Energy Investments SRL, Power Clouds Japan GK, PC_Italia_01 SRL, PC Italia_02 SRL, Power Clouds Europe B.V., Sant'Angelo Energia S.R.L., PCG_HoldCo UG, PCG_GP UG and PSM 20 GmbH. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired or disposed of during the respective periods are included in the consolidated statements of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are adjusted to reflect actual experience when necessary. Significant estimates and assumptions affect many items in the financial statements. These include estimates of fair value of common stock and related impact to stock-based compensation. Actual results may differ from those estimates and assumptions, and such results may affect income, financial position or cash flows.

Risks and Uncertainties
The Company's operations are subject to significant risk and uncertainties including financial, operational, technological, and regulatory risks including the potential risk of business failure. Also see Footnote 3 regarding going concern matters.

Fair Value of Financial Instruments
The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements.

To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2 Pricing inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable as of the reporting date.
Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses, accounts payable and accrued expenses, approximate their fair value because of the short maturity of those instruments.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated. It is not however practical to determine the fair value of advances from stockholders, if any, due to their related party nature.

Related parties
The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the Related parties include: (a). affiliates of the Company; (b). entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; (c). trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (d). principal owners of the Company; (e). management of the Company; (f). other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g). other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of financial statements is not required in those statements. The disclosures shall include: (a). the nature of the relationship(s) involved; (b). a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; (c). the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d). amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Commitments and contingencies
The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company’s financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company’s business, financial position, and results of operations or cash flows.

Intellectual Property
To date, we do not have any federally registered trademarks. We do not currently have any patents or patent applications in process. Any future patent applications with respect to our technology may not be granted, and, if granted, patents may be challenged or invalidated. In addition, issued patents may not provide us with any competitive advantages and may be challenged by third parties. Our practice is to affix copyright notices on our product literature in order to assert copyright protection for these works.

Income Tax Provision
The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns.

Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

The Company adopted the provisions of paragraph 740-10-25-13 of the FASB Accounting Standards Codification. Paragraph 740-10-25-13 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under paragraph 740-10-25-13, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Paragraph 740-10-25-13 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry- forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In management's opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

Uncertain Tax Positions
The Company did not take any uncertain tax positions and had no unrecognized tax liabilities or benefits in accordance with the provisions of Section 740-10-25 at September 30, 2018 and 2017.

Revenue Recognition
The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

The Company derives its revenues from the generation of green energy from its power plants to the local power grid on long term contracts. In Romania, the Company also holds a license to sell energy directly to end users which is recorded as revenue in line with above policies for end customers.

Persuasive evidence of an arrangement is demonstrated via invoice; service is considered provided when the invoice is raised, or applicable government incentives/subsidies have been earned from the generation of energy from the plants, in line with the customer agreements and delivery of the products or service has taken place.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. The Company elected the modified-prospective method, under which prior periods are not revised for comparative purposes. The valuation provisions of ASC 718 apply to new grants and to grants that were outstanding as of the effective date and subsequently modified.

During the nine months ended September 30, 2018 and 2017, there were no stock options granted or outstanding.

As at September 30, 2018, warrants to purchase up to a total of 6,986,778 shares of restricted common stock were issued and outstanding and vested, with details as follows:

Grant Date	Total Potential Number of Shares of Common Stock	Exercise Price	Termination Date
06/11/2018	4,659,328	$0.122	06/11/2021
08/14/2018	93,700	$0.20	08/14/2023
08/10/2018	187,500	$0.20	08/10/2023
05/16/2018 (as amended on 8/14/2018)	1,406,250	$0.20	05/16/2023
Total:	**6,346,828**		

As all of the Warrants outstanding have exercise prices above the share price sine issuance the Company did not make any charges for Warrants.

Warrants to purchase up to 600,000 shares of common stock expired in July of 2018.

As the exercise price of the warrants is above the market price at the issuance dates, no beneficial conversion feature cost was recorded against either of these warrants in the current period. No charge has been taken for these warrants in the income statement for the nine months ended September 30, 2018 or 2017.

Net income (loss) per common share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants.

	For the Three Months Ended September 30,		**For the Nine Months Ended September 30,**	
	2018	**2017**	**2018**	**2017**
Net loss attributable to common stockholders	$ (1,106,219)	$ (404,025)	$ (1,521,022)	$ (1,198,190)
Weighted average shares issued				
Basic	71,726,725	71,400,638	71,600,361	69,594,151
Fully diluted				
Loss per share - attributable to common stockholders				
Basic	$(0.01)	$(0.00)	$(0.01)	$(0.01)
Fully diluted				

Cash flows reporting
The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments.

The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

Subsequent Events
The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company considers its financial statements issued when they are widely distributed to users, such as through filing them with OTC Markets.

Reclassification
Certain amounts from prior periods may have been reclassified to conform to the current period presentation. There is no effect on net loss, cash flows or stockholders' deficit as a result of these reclassifications.

Recently issued accounting pronouncements
The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

3. Going Concern

The financial statements for the nine months ended September 30, 2018 and 2017 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of our business. As reflected in the accompanying financial statements, we had a net loss of $1,106,219 and $404,025 for the three months ended September 30, 2018 and 2017, respectively, and $1,521,022 and $1,198,190 for the nine months ended September 30, 2018 and 2017, respectively.

We had accumulated stockholder's equity of $3,939,272 and $6,113,522 as at September 30, 2018 and December 31, 2017, respectively, and a working capital deficit of $2,219,933 and $3,972,549 as of September 30, 2018 and December 31, 2017, respectively. As at September 30, 2018 we had $629,052 of unrestricted cash on hand.

Given the current level of cash resources, receivables and long-term supply contracts, management is confident that current operations will continue for the foreseeable future. The Board of Directors of ALTN therefore feels that the Company has the ability to continue as a going concern in the foreseeable future.

As a result, the accompanying financial statements do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

As part of its business plan, the Company requires additional funds to finance the acquisition of additional renewable energy plants through debt and/or equity financing. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that even if achieved, the Company will have sufficient funds to execute its intended business plan. There is no guarantee that sufficient or any new funding will be achieved on terms suitable to the business, or at all.

4. Acquisition and Subsequent Disposition of Green Light:

In July of 2015, the Company acquired a 95% membership interest in Green Light GK, a Japanese company owned by Power Clouds Holdings Pte. Ltd.

In March of 2017, Power Cloud Inc., a Nevada corporation (the "Company" or "ALTN") entered into a definitive Sale Agreement, whereby ALTN's Japanese subsidiary Green Light GK, agreed to sell its Otaru PV project in Hokkaido province, including the land owned, in exchange for a gross total of JPY511 million ($4,466,880) including sales taxes. Under the contract Green Light will be responsible for the completion of the plant and connection to the local power grid.

ALTN incurred placement agent fees and expenses as part of this transaction in the amount of JPY86 million that are deducted from the gross proceeds.

ALTN also entered into an agreement to sell its Green Light GK to Nicola Greico as part of the placement agent fees and expenses and this ownership transfer completed on October 18, 2017.

The table below outlines the transaction details for the sale of the Japanese Solar project and operating companies:

	At Closing March 8, 2017		Exchange Gain / (Loss) in period	At Disposal October 18, 2017
	Yen	USD	USD	USD
	000's	000's	000's	000's
Proceeds from sale	511,816	$4,467	$109	$4,576
Costs to complete construction	(190,334)	$(1,661)	$(41)	$(1,702)
Placement agent fees & costs	(86,000)	$(751)	$(18)	$(769)
Net cash proceeds	235,482	$2,055	$50	$2,105
Net carrying cost of land and project assets at time of sale	(267,326)	$(2,333)	$(82)	$(2,415)
Working capital movements	13,063	$114	-	$114
Loss on sale of asset and related operating companies	(18,780)	$(164)	$(32)	$(196)

5. Series D Convertible Preferred Stock held by Power Clouds Holdings Pte. Ltd.

On October 4, 2016 the Company authorized and issued 30,000,000 shares of Series D Convertible Preferred Stock, $0.001 par value per share. The Series D Preferred rank pari-passu with the common shares and convert into a total of 30,000,000 common shares. The Series D Preferred vote on an as-converted basis with the common stock. Each share of Series D Preferred shall automatically convert to Common Stock on the earlier of (i) the date on which the Company's Articles of Incorporation shall have been amended to increase the number of total authorized shares of common stock to 150,000,000 or greater, or (ii) the date on which the Company completes a reverse stock split of its common stock, into that number of fully paid and non-assessable shares of Common Stock as is determined by a factor of at least 3, for a full conversion of all issued and outstanding shares of Series D Preferred into a maximum potential total of thirty million (30,000,000) shares of common stock. The Series D are not redeemable.

On October 4, 2016 a Stock Exchange Agreement was entered into by and among the Company and its majority shareholder, Power Clouds Holdings Pte. Ltd. ("PCH") whereby PCH returned 30,000,000 shares of ALTN common stock, which were cancelled and returned to the total authorized but unissued shares of common stock, in exchange for 30,000,000 shares of Series D Convertible Preferred Stock. All terms and conditions of the Series D Convertible Preferred Stock are set forth in the Certificate of Designation of Series D Convertible Preferred Stock, attached as an exhibit to the Company's Quarterly Report filed on November 25, 2016.

The Company did not record a net gain or loss on the cancellation of the common and issuance of the preferred shares of reflecting the net fair value of the shares on the day of the simultaneous return and issuance.

On December 28, 2016, Power Cloud Holdings Pte. Ltd.'s ownership and control was transferred to Growthcap Investments, Inc., a Delaware corporation owned and controlled by Vincent Browne, ALTN's CEO, acting CFO and Chairman of the Board.

6. Italian PV Solar Park Acquisitions

On March 30, 2017, the Company acquired two operating companies, Tre Valli Energia S.R.L. and Sant'Angelo Energia S.R.L. both based in Italy. Each company is a special purpose vehicle ("SPV") that either owns or operates Solar PV energy parks totalling 1.7MW in installed power. Details of each transaction are set out below.

In association with the acquisition of the Italian subsidiaries we also acquired identifiable intangible assets which are capitalized costs of the solar assets, licenses and permits, the future contracted income streams under governmental incentives fixed purchase rates (Feed-In-Tariffs) and guaranteed consumption of green energy produced by the parks for the next 16 and 14 years, respectively. The Company has made a preliminary valuation of these contracts using the current/expected weighted average cost of capital to acquire the Italian companies. (See Note 8: Intangible Assets).

Purchase allocation to net assets acquired is a preliminary estimate made by management. A preliminary allocation of the purchase price has been made to major categories of assets and liabilities based on available information. The estimate assumes that historical values of net assets acquired were approximately at their fair market value.

The actual allocation of purchase price and the resulting effect on income from operations may differ significantly from the pro-forma amounts included herein. These pro-forma adjustments represent ALTN's preliminary determination of purchase accounting adjustments and are based upon available information and certain assumptions that the Company believes to be reasonable. Consequently, the amount reflected in the pro forma financial statements are subject to change, and the final amounts may differ substantially.

The table below outlines the net assets acquired and consideration given in each transaction:

	Sant'Angelo Energia S.R.L	**Tre Valli Energia S.R.L**	**Total**
Leased assets - net	$1,361,271	-	$1,361,271
Intangible Assets - capitalized costs relating to PV parks (net)	$33,251	$1,916,845	1,950,097
Intangible Assets - discounted contracted future income	$593,261	$2,778,443	3,371,704
Accounts Receivable	$3,617	$12,086	15,703
Tax Receivables	$0	$178,949	178,949
Cash assumed	$65,669	$17,780	83,449
Govt Subsidy Receivables	$79,906	$89,363	169,270
Prepayments	$0	$5,298	5,298
Trade Payables and accruals	($13,872)	($135,879)	(149,752)
Tax payables	($714)	($76,795)	(77,509)
Lease ST	($127,196)	-	(127,196)
Lease LT	($1,023,317)	-	(1,023,317)
Net Assets Acquired	**$971,877**	**$4,786,090**	**$5,757,967**
Consideration paid:			
Cash paid at Closing	891,357	-	891,357
Cash deposit payments made in 2016 capitalized	42,944	494,930	537,874
Loan notes issued	37,576	1,932,480	1,970,056
Contingent amounts payable under earn-out agreements	-	1,395,680	1,395,680
4,800,000 ALTN Common Shares issued 2016	-	441,000	441,000
5,200,000 ALTN Common shares issued at Closing	-	522,000	522,000
Total Consideration	**$971,877**	**$4,786,090**	**$5,757,967**
Excess of purchase price over net assets acquired	-	-	-

Acquisition and Subsequent Sale of Tre Valli Energia S.R.L :

On March 30 2017, PC Italia 01 S.R.L., a wholly owned subsidiary of Power Clouds Europe B.V., which is, in turn, a wholly owned subsidiary of Alternus Energy Inc. ("ALTN" or the "Company") acquired 80% of the share capital of Tre Valli Energia S.R.L., an Italian SPV that owns a 1MW Solar Park in Central Italy.

Tre Valli Energia SRL is a Special Purpose Vehicle ("SPV") that owns and operates a 989kW PV Solar Park in the Abruzzo Region of Italy on municipal land pursuant to the relevant cadastral excerpts issued by the local Italian municipality. The plant has been fully operational for the past 4 years and is entitled to receive incentives from the Italian Government through the "Conto Energia II" that provides fixed purchase rates (Feed-In-Tariffs) and guaranteed consumption of green energy produced by the park for the next 16 years. In addition to the Feed in Tariffs, Tre Vallie has a Power Purchase Agreement (PPA) with a local electricity company that provides additional revenues to the business.

The shares were acquired from Gaia Energy S.R.L. pursuant to a Share Purchase Agreement entered into on July 26, 2016, as amended on March 30, 2017 (the SPA). The aggregate consideration provided by ALTN in exchange for the acquisition consisted of the following: (i) €400,000 (approximately $430,000) in cash previously already paid to Gaia Energy on or about July 26, 2017 and 4,200,000 shares of ALTN restricted common stock previously issued to Gaia Energy on July 26, 2016, which had a market value of $441,000 at time of issue, (ii) 5,800,000 shares of ALTN restricted common stock, issued in April of 2017 (the "Shares") which had a market value of $522,000 when issued, (iii) the issuance of a €1,300,000 (approximately $1,395,000) unsecured promissory note, accruing no interest and having a maturity date of December 31, 2017 (the "Note"), (iv) €500,000 (approximately $537,000) to be paid in cash by ALTN or its subsidiaries by no later than June 30, 2017, and (v) additional earn-out consideration of approximately €1,300,000 (approximately $1,395,000) based on the net production generated by Tre Valli Energia and delivered into the power grid between April 1, 2017 and March 31 2018. The full consideration, including the potential earn-out consideration, may all be available to compensate ALTN for certain damages or misrepresentations of Gaia Energy. ALTN paid no finders fees in connection with the acquisition and approximately €60,000 (approximately $65,000) in legal and due diligence costs.

In determining the consideration to be paid for the purchase, ALTN placed a primary value of €4,497,982 (approximately $4,786,090) on the acquired assets, based on the original costs of the assets used in the park and a discounted value of the future cash flows from the income to be generated from sale of green energy produced by the park over the next 16 years under the Feed-In-Tariffs. This acquisition should provide value to the Company in the expectation of a profitable ongoing business with meaningful revenues. Additional factors considered in the value determination included the strategic relationship that ALTN has with Gaia Energy in Italy in finding future potential acquisitions, that this is first operational PV acquisition operated by ALTN in Italy, a strategically important region for the Company, and that this also proves the Company's new revenue model.

Under the terms of the shareholder agreement of Tre Valli Energia S.R.L., even though the Company only owns 80% of the issued share capital, it is entitled to receive 100% of the profits generated by the SPV. In addition, the minority interest parties are not entitled to participate in any dividends, or share in any future sale of the SPV. As such, the Company has not made any calculation for minority interest valuations in the consolidated balance sheet.

The following are the Balance Sheet and Income Statement for Tre Valli Energia S.R.L for the twelve months ended December 31, 2016 and 2015:

TRE VALLI ENERGIA S.R.L
BALANCE SHEET (Unaudited)

	December 31, 2016	December 31, 2015
Accounts receivable	$ 113,647	$ 157,565
Cash at bank	248	26,080
Taxes recoverable	171,686	169,518
Prepayments	5,193	73,892
Total current assets	290,774	427,054
Intangible Assets - capitalized costs relating to PV parks (net)	1,935,153	2,085,286
TOTAL ASSETS	**2,225,927**	**2,512,341**
Trade payables	53,665	393,732
Tax payables	-	48,899
Total current liabilities	53,665	442,632
Shareholders loan	1,567,265	1,699,525

TOTAL LIABILITIES	1,620,930	2,142,156
Members equity	25,254	26,080
Other comprehensive income	(10,892)	-
Accumulated earnings	590,634	344,105
Total members' equity	604,997	370,184
TOTAL LIABILITIES & MEMBERS EQUITY	**$ 2,225,927**	**$ 2,512,340**

TRE VALLI ENERGIA S.R.L
STATEMENT OF OPERATIONS

	December 31, 2016	**December 31, 2015**
Revenues	$ 626,178	$ 588,966
Plant operating costs	(108,891)	(131,485)
EBITDA	517,287	457,481
Depreciation	(103,174)	(106,546)
Other costs	(51,570)	(83,672)
Net income before tax	362,544	267,262
Income taxes	(116,014)	(48,899)
Increase in retained earnings	**$ 246,530**	**$ 218,363**

Disposition of Tre Valli Energia S.R.L

On September 30, 2018, PC Italia 01 S.R.L. sold 100% of the share capital of Tre Valli Energia S.R.L. The shares were acquired by Italia T1 Roncolo S.r.l. pursuant to a Share Purchase Agreement entered into on July 24, 2018, as amended on September 27, 2018. The aggregate consideration paid in exchange for the sale was €3,288,704 (approximately $3,787,271), of which, €2,391,300 was paid directly in cash to Gaia Energy S.r.l. (Gaia) as repayment of a promissory note held by Gaia, €443,823 consisted of cash paid to ALTN at closing, €230,761 is held in escrow for ALTN (to be released at the end of the calendar year, of which €125,000 will be paid to Gaia (through repayment of a promissory note issued by PC Italia 02), and the remaining €222,819 is held in escrow for Gaia.

Acquisition of Sant'Angelo Energia S.R.L.

On March 30, 2017, PC Italia 02 S.R.L., a wholly owned subsidiary of Power Clouds Europe B.V., which is, in turn, a wholly owned subsidiary of Alternus Energy Inc. ("ALTN" or the "Company") acquired 100% of the share capital of Sant'Angelo Energia S.R.L., an Italian Special Purpose Vehicle ("SPV") that owns a 708kW Solar Park in Central Italy. The shares were acquired from KIS - Keep It Simple S.R.L. pursuant to a Share Purchase Agreement entered into on December 21, 2016.

Sant'Angelo Energia S.R.L owns and operates a 708,2kW PV Solar Park in the Marche Region of Italy on a 25 year land lease executed in 2010 and a 25 year surface and easement right agreement executed in 2011. The plant is entitled to receive public incentives from the Italian Government through the "Conto Energia IV" that provides fixed purchase rates (Feed-In-Tariffs) and guaranteed consumption of green energy produced by the park for 20 years. In addition to the Feed in Tariffs, Sant'Angelo has a Power Purchase Agreement (PPA) with a local electricity company that provides additional revenues to the business. The business also owns the land that the park is constructed on.

The aggregate consideration provided by ALTN in exchange for the acquisition consisted of the following: (i) €744,251 (approximately $799,000) in cash paid at Closing of which €40,000 (approximately $43,000) held in escrow for 12 months from Closing against certain tax open items and as a hold back for any unexpected costs not found in due diligence, and (ii) deferred consideration of €31,500 (approximately $37,500) is due to be paid in two equal payments on March 30, 2018 and 2019. The full consideration is available to compensate ALTN for certain damages or misrepresentations of the Seller. ALTN paid €116,000 (approximately $124,500) in finders fees, due diligence and legal costs in connection with the acquisition.

In determining the amount of cash to be paid in the transaction, ALTN placed a primary value of €1,851,512 ($1,954,932), including the assumption of existing leasing debt, on the acquired assets by assessing the original costs of the underlying physical assets present, net working capital and a discounted value of the future cash flows from the income to be generated from the sale of green energy produced by the park over the next 14 years under the Feed-In-Tariffs. This acquisition should provide value in the expectation of a profitable ongoing business with meaningful revenues.

The following are the Balance Sheet and Income Statement for Sant'Angelo Energia S.R.L for the twelve months ended December 31, 2016 and 2015:

SANT'ANGELO ENERGIA S.R.L
BALANCE SHEET
(Unaudited)

	December 31, 2016	**December 31, 2015**
Accounts receivable	$ 6,868	$ 4,347
Cash at bank	28,934	15,213
Income earned not invoiced	57,354	67,372
Taxes recoverable	-	14,126
Prepayments	101,880	120,618
Total current assets	195,037	221,677
Leased assets - net	1,351,095	1,465,025
Intangible assets - capitalized costs relating to PV parks (net)	32,841	35,860
TOTAL ASSETS	**$ 1,546,132**	**$ 1,686,702**
Trade payables	13,637	58,679
Tax payables	3,802	6,520
Lease ST	124,667	128,742
Total current liabilities	142,107	193,941
Payments due on leases greater than 12 months	1,149,005	1,248,487
TOTAL LIABILITIES	1,291,112	1,442,428
Members equity	105,225	108,665
Other comprehensive income	(4,293)	-
Accumulated earnings	154,087	135,609
Total members' equity	255,020	244,274
TOTAL LIABILITIES & MEMBERS EQUITY	**$ 1,546,132**	**$ 1,686,702**

SANT'ANGELO ENERGIA S.R.L
STATEMENT OF OPERATIONS

	December 31, 2016	**December 31, 2015**
Revenues	$ 276,916	$ 303,176
Plant operating costs	(51,753)	(57,593)
EBITDA	225,163	245,583
Depreciation	(67,555)	(69,763)
Leasing interest	(56,966)	(61,243)
Net Income before tax	100,642	114,578
Income taxes	(27,522)	(33,686)
Net income after tax	73,120	80,891
Dividends declared	(54,641)	-
To retained earnings	**$ 18,479**	**$ 80,891**

ALTERNUS ENERGY INC.
UNAUDITED PRO-FORMA CONDENSED COMBINED FINANCIAL INFORMATION
DECEMBER 31, 2016 AND DECEMBER 31, 2015

The following are condensed (unaudited) pro-forma financial information prepared as though the acquisition of the Italian operating companies had occurred as of the beginning of the years ended December 31, 2016 and 2015 and up to acquisition on March 30, 2017.

	Three Months Ended March 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Revenues	**$ 464,370**	**$ 2,329,593**	**$ 1,770,172**
t/o ALTN	279,251	1,426,499	878,030
t/o Italian operations	185,119	903,094	892,142
EBITDA	**23,572**	**(282,326)**	**459,585**
t/o ALTN	(124,524)	(1,024,776)	(243,480)
t/o Italian operations	148,096	742,450	703,064
Net Income	**(282,613)**	**(1,004,682)**	**(287,818)**
t/o ALTN	(347,232)	(1,440,347)	(635,972)
t/o Italian operations	64,619	435,664	348,154

These pro-forma adjustments represent ALTN's preliminary determination of purchase accounting adjustments and are based upon available information and certain assumptions that the Company believes to be reasonable. Consequently, the amount reflected in the pro-forma financial statements are subject to change, and the final amounts may differ substantially.

Definitive Agreement Executed for the Acquisition of Liquid Sun S.R.L.
On July 25, 2017, Power Clouds Europe B.V. a wholly owned subsidiary of Alternus Energy Inc., and Liquid Sun Srl, an Italian company (the "Seller") entered into a Preliminary Business Cessation Agreement (the "APA"). Pursuant to the terms of the APA, the Seller agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Seller, certain assets, agreements and liabilities related to three photovoltaic installations located on three power plants with a total of 2,244.37 KW (2.24MW) of power located in the Budrio and Anagni regions of Italy in exchange for €3,650,000 (approximately $4,250,000), to be paid on closing.

The closing is subject to Alternus Energy closing a third party financing of a minimum sum of $3,625,000 on acceptable terms. The APA is subject to certain closing conditions, including, among other things, the execution of definitive agreements related to the transfer of the ownership of the assets, agreements and liabilities, the payment of the sales price and the fulfillment of all obligations agreed to, including, but not limited to, any outstanding issues under the operations and maintenance contract having been fully and finally resolved. The APA contemplated that closing will take place by October 15, 2017, which was extended by the parties pursuant to an amendment to the APA to March 30, 2018 with a further extension until November 30 of 2018 in order to allow both parties to complete the transaction. However, the conditions precedent to closing are such that there can be no assurance that the acquisition will be completed in that time or at all. As at September 30, 2018, ALTN had paid a cumulative amount of €180,000 ($209,589) as part of the consideration to extend the closing date under the amendment to the APA.

7. Germany Acquisition: PSM 20 GmbH & Co KG

Alternus Energy Inc. (the "Company") entered into a Purchase and Transfer Agreement, as Amended and Restated, dated on or about June 7, 2018 (the "SPA") with Greenrock Energy GmbH, Greenrock Construction GmbH (together referred to as "Greenrock"), Salvatori Cammileri (the former limited partner) and PSM 20 GmbH & Co KG ("PSM"), pursuant to which the Company, through a newly acquired wholly owned German subsidiary, PCG_HoldCo UG (the "PCG"), shall purchase one hundred percent (100%) of PSM's entire share capital in exchange for €100.00 in cash paid at Closing and the deposit of €961,187.92 (approx. $1.3m) in cash deposited into an escrow account pursuant to an Escrow Agreement by and among the Company, Greenrock and a German Notary. The Escrow funds will be disbursed by the Notary on a park by park basis and upon certain acceptance dates related to EEG Commissioning and Grid Connection and acceptable due diligence, as further defined and set forth in more detail in the SPA and Escrow Agreement.

As part of the above transaction, the Seller is constructing 7 photovoltaic installations located on 7 power commercial and industrial rooftops (to be constructed as a closing condition) in Germany with a total of 3,084 KW (3.1MW) of power that PSM owns. The Agreement provides for certain additional rights and obligations of the Parties, and for standard reps and warranties to be given from the Seller to the Purchaser, including warranties on the full park and workmanship on the park's PV modules (as defined in the Agreement). The closing is also still subject to certain closing conditions, including, among other things, the power plants being technically constructed and commissioned by the Seller in compliance with German laws and having passed all of Alternus Energy' legal and technical due diligence.

8. Fixed Assets

As of September 30, 2018, the Company had $6,302,649 of net fixed assets as outlined in the table below. The assets have been valued based on actual cost of construction in local currency and subsequently adjusted for changes in currency in the respective periods. We currently depreciate the plants with a useful life of between 16 and 20 years.

	Plant & Machinery	Leased Assets	TOTAL
Cost			
January 1, 2018	$ 6,853,240	$ 1,925,778	$ 8,779,018
Additions	-	-	-
Disposals	-	-	-
Foreign exchange translation adjustment	(209,989)	(67,830)	(277,819)
September 30, 2018	6,643,251	1,857,948	8,501,199
Accumulated depreciation			
January 1, 2018	(1,428,871)	(404,413)	(1,833,284)
Additions	-	-	-
Charge for period	(319,999)	(45,267)	(365,266)
September 30, 2018	(1,748,869)	(449,680)	(2,198,550)
Net Book Value			
January 1, 2018	$ 5,424,370	$ 1,521,364	$ 6,945,734
September 30, 2018	$ 4,894,382	$ 1,408,267	$ 6,302,649
t/o Romania	$ 4,894,382	-	$ 4,894,382
t/o Italy	-	$ 1,408,267	$ 1,408,267

On March 30, 2017, the Company acquired two operating companies, Tre Valli Energia S.R.L. and Sant'Angelo Energia S.R.L. both based in Italy. Each company is a special purpose vehicle ("SPV") that either owns or operates Solar PV energy parks totaling 1.7MW in installed power. (See Footnote 6).

8. Intangible Assets

As of September 30, 2018, the Company had $2,148,778 of intangible fixed assets as outlined in the table below.

	Prepayments relating to acquisition of PV solar plants	Capitalized costs relating to PV solar plants	Present value of future contracted income streams	Amounts receivable under contracts for sale of assets	Total
As at January 1, 2018	$ 59,101	$ 1,898,975	$ 3,738,236	-	$ 5,726,312
Prepayments relating to acquisition of PV plants	1,058,429	-	-	-	1,058,429

Amortization charge for period	-	(85,520)	(191,536)	-	(277,056)
Sale of Tre Vallie Energia srl	-	(1,800,111)	(2,684,775)	334,714	(4,150,172)
Foreign exchange translation adjustment	-	43,511	(252,246)	-	(208,735)
As at September 30, 2018	**$ 1,117,530**	**$ 1,797,380**	**$ 3,666,540**	**$ 334,714**	**$ 2,148,778**

In association with the acquisition of the Italian subsidiaries we also acquired identifiable intangible assets which are capitalized costs of the solar assets, licenses and permits and the future contracted income streams under governmental incentives fixed purchase rates (Feed-In-Tariffs) with guaranteed consumption of green energy produced by the parks for the next 16 and 14 years, respectively. The Company has made a preliminary valuation of these contracts by discounting the future income streams using the actual and/or expected weighted average cost of capital for the acquisitions.

The Company amortizes the intangible assets over the remaining useful life of the assets.

9. Capital Leases

We have acquired equipment through capital lease obligations with an initial value of €1,605,000, primarily for the PV assets used to construct the Sant'Angelo park in Italy. As at September 30, 2018 there was approximately $1,144,656 remaining on the lease. The lease commenced in 2011, has a term of 18 years and will expire in September 2029. Interest is calculated on the outstanding principal based on EURIBOR 3 months (EUR3M) plus an agreed margin for the lender. The average interest rate based on previous years is approximately 4.5% per annum. This interest amount may vary due to future changes in EUR3M index.

10. Convertible and Unconvertible Promissory Notes

The following table reflects the total debt balances of the Company as of September 30, 2018:

	Less than 1 year	**Greater than 1 year**	**Total**
Senior Secured Debt	322,751	465,506	788,257
Capital leases	84,572	1,060,123	1,144,696
Deferred consideration due for acquisitions	-	257,327	257,327
Promissory Notes – third parties	1,477,955	509,267	1,987,221
Convertible promissory notes - third parties	340,100	-	340,100
Deferred amounts payable for acquisitions	20,258	-	20,258
Total third party debt	$ 2,225,378	$2,292,223	$4,517,601
Convertible promissory note – related parties	294,344	-	294,344
Promissory note – related parties	356,268	-	356,268
Total related party debt	$650,612	$ -	$650,612
Total notes payable	**$2,875,990**	**$2,292,223**	**$5,168,213**
Accrued interest	**$157,996**	**$0**	**$157,996**

During the nine months ended September 30, 2018, the Company issued the following notes: Notes issued to three accredited investors (the "Lenders") in the aggregate principal amount of $275,000, offered with an original issue discount of $25,000 for an aggregate purchase price of $250,000, having a three-month term and a maturity date of August of 2018, which was extended through an amendment to i) extend the Maturity Date of the Notes to October 31, 2018 and ii) increase the points on the Notes from 10 to 15, and modify the warrant coverage from 50% to 75%, and to also issue two new notes in the aggregate principal total amount of $57,500, offered with an original issue discount of $50,000, in exchange for the cash investment amount of $25,000 each from two of those Lenders with identical terms and conditions to the current Notes.

Also during the nine months ended September 30, 2018, the Company entered into the following agreements with Inmost Partners LLC, an accredited investor (the "Lender"), in connection with the Lender depositing €961,210 into an escrow account and the Company's subsidiary, PCG_HoldCo issuing a loan note in the aggregate principal amount of €961,210 (the "Note"). The Note accrues interest at 12% per annum and has a 6 month term, and upon the other terms and subject to the limitations and conditions set forth in the Note. Commensurate with the Note, the Company also entered i) A Security Agreement whereby the Company grants a security interest to all of the Company's property, unless related to assets located in Italy or Romania, which are expressly excluded, ii) a Guaranty whereby the Company guarantees the payment of the Note issued by PCG, iii) a Partnership Interest Pledge Agreement whereby PCG pledges its Partnership Interest in PSM, and iv) the Company issued warrants to purchase up to a total of 4,659,328 shares of the Company's common stock at an exercise price of $0.122 per share, subject to adjustment as described in the Warrants, having a three year term and no cashless exercise provisions. All above-referenced agreements and documents are subject to other terms and conditions as set forth in the exhibits to the Supplemental Report filed on June 21, 2018.

Also during the nine months ended September 30, 2018, VestCo Corp. (controlled by our Chief Executive) advanced $84,000 to the Company, accruing interest at 10% per annum and payable on demand, which amounts have not yet been repaid.

In July of 2018, the Corporation issued to a third party accredited investor a convertible promissory note in the principal amount of up to a maximum total of $200,000, convertible at $0.20 per share, accruing compounded interest at 15% and having a term of 1.5 years, and with such other terms and conditions as set forth in the Promissory Note attached hereto as an exhibit in exchange for the cash investment into the Corporation of up to $200,000. To date $80,000 in cash has been received by the Company on foot of this note,

Also in July of 2018, the Corporation entered into a settlement agreement with a contractor, pursuant to which the Corporation issued a convertible promissory note in the amount of €80,000, convertible at $0.20 per share, accruing compounded interest at 15% and having a term of 1.5 years, to settle certain commission fees owed to the independent contractor pursuant to a consulting agreement.

During the year ended December 31, 2017, the Company issued a $100,000 convertible promissory note to Vincent Browne, our CEO and Chairman, and a $100,000 convertible promissory note to VestCo Corp., a company controlled by Mr. Browne, in exchange for $200,000 cash provided to the Company as required for working capital purposes. The notes accrue 10% annual interest and are convertible into shares of restricted common stock at $0.20 per share, at the noteholder's option, and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest. None of these events have transpired at June 30, 2018. The notes are now payable on demand, however Mr. Browne has expressed his willingness to extend the term until either (ii) or (iii) above has occurred.

Senior Secured Note:
During the year ended December 31, 2016, the Company guaranteed a 6.5 million RON (equivalent to approximately US$1,592,500) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.3% and having a term of 60 months. 3.175 million RON ($788,257 at current exchange rates) is outstanding at September 30, 2018.

Line of Credit
During the year ended December 31, 2017, Power Clouds S.R.L entered into a 300,000 RON ($75,000) line of credit with OTP Bank. The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit. The initial term is twelve months which can be renewed at agreement by both parties. Drawn funds accrue interest annually at a rate of ROBOR 3M + 3.3%. The Company had used $74,481 of the facility at September 30, 2018.

Loans from Officer:
As at September 30, 2018, $284,000 was due under loan notes issued to Mr. Browne, our CEO and Chairman of the Board, and Mr. Browne's company, VestCo Corp that accrues interest at 10%. Additionally, Power Clouds Holdings pte Ltd has advanced $207,753 to the Company which amounts have not yet been repaid.

On December 11, 2017, the Company issued a $100,000 convertible promissory note to VestCo Corp., a company controlled by Mr. Browne, our CEO and Chairman, in exchange for $100,000 cash to be provided to the Company, such notes accruing 10% annual interest, convertible into shares of restricted common stock, et the holder option, at $0.20 per share and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest.

On November 7, 2017, the Company issued a $100,000 convertible promissory note to Vincent Browne, our CEO and Chairman, in exchange for $100,000 cash provided to the Company, such notes accruing 10% annual interest, convertible, at the holder option, into shares of restricted common stock at $0.20 per share and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest.

On November 12, 2015, the Company issued to Mr. Forlani a $75,000 convertible promissory note, accruing 10% annual interest, convertible into shares of restricted common stock at $0.20 per share and having a 1 year term, which was extended to December 31, 2017 (unless the Professional Consulting Agreement, as described in the Related Parties Footnote 13 below, is terminated, in which case the note is due on such termination date). As of December 31, 2017, this note has been fully repaid by the Company.

On November 12, 2015 the Company entered into a First Amendment to a $100,000 Promissory Note issued to Mr. Forlani, our CEO, on March 25, 2015, whereby the maturity date of the Note was extended to December 31, 2016 or the termination date of the Professional Consulting Agreement with Mr. Forlani, as described above; the Note shall accrue 10% interest annually commencing January 1, 2016, and the Note is now convertible at any time at the option of Mr. Forlani at $0.20 per share. This note was extended again to December 31, 2017. As of December 31, 2017, this note has been repaid in full by the Company.

In December 2015, the Company received $100,000 in cash from Roberto Forlani. As a result, the Company issued to Mr. Forlani a $100,000 convertible promissory note, accruing 10% annual interest, convertible into shares of restricted common stock at $0.20 per share and having a 1 year term, which was extended to December of 2017 (unless the Professional Consulting Agreement, as described in the Related Parties Footnote 13 below, is terminated, in which case the note is due on such termination date). During the year ended December 31, 2017 the Company repaid $203,031 to Mr. Forlani representing $186,120 in principal and interest of $16,911.

Promissory Notes – third parties
On May 16, 2018, the Company entered into a Securities Purchase Agreement with three accredited investors (the "Agreement"), in connection with the issuance of notes of the Corporation, in the aggregate principal amount of $275,000.00, offered with an original issue discount of $25,000 for an aggregate purchase price of $250,000.00 (the "Notes"), upon the other terms and subject to the limitations and conditions set forth in the Notes, (the "Notes"), and the issuance of warrants to purchase up to an aggregate of 625,000 shares of the Common Stock, exercisable at $0.20 per share, subject to adjustment as described in the Warrants, having a four year term, and with other terms and conditions (the "Warrants"), and entered into a Pledge Agreement whereby it pledged its ownership interest in one of its solar parks, Tre Valli Energia Srl, to be used as security for the Notes, and with such other terms and conditions (the "Pledge"). The Company paid Ardour Capital Investments, LLC a finder's fee of $25,000 and issued a warrant to purchase up to 312,500 shares of the Common Stock, exercisable at $0.20 per share, having a four year term and with identical terms to the Warrants. All above referenced agreements and documents are subject to other terms and conditions as set forth in the exhibits to the Supplemental Report filed on June 7, 2018.

In August of 2018, the above notes were extended through an amendment to i) extend the Maturity Date of the Notes to October 31, 2018 and ii) increase the points on the Notes from 10 to 15, and modify the warrant coverage from 50% to 75%, and to also issue two new notes in the aggregate principal total amount of $57,500, offered with an original issue discount of $50,000, in exchange for a cash investment amount of $25,000 each from two of the three investors, with identical terms and conditions to the current Notes. As part of the finders fees and consideration paid by the Corporation in order to close the above transaction, the Corporation amended the current warrant issued to

Jean-Marc E. O-Brien with Ardour Capital to purchase up to 468,750 shares of Common Stock and having a term of 5 years, and issued additional warrants to purchase up to an aggregate of 93,750 shares of the Common Stock, containing the same terms and conditions of the Warrants as described above.

During the year ended December 31, 2017 the Company issued to Gaia Energy S.R.L. ("Gaia") a €1,300,000 (approximately $1,395,680) unsecured promissory note, accruing no interest and having a maturity date of December 31, 2017 (the "Note"), and a promissory note for €500,000 (approximately $536,800) to be paid in cash by ALTN or its subsidiaries by no later than June 30, 2017, as part of the consideration for the acquisition of Tre Valli Energia S.R.L. During the year ended December 31, 2017 the Company paid €400,000 to GAIA. During the quarter ended March 31, 2018 the Company paid €125,000 to GAIA. As at March 31, 2018 €1,275,000 is due under the notes. On April 3, 2018 Gaia filed an Arbitration Application with the Arbitration Chamber of Milan, Italy, against PC-Italia-01, requesting the appointment of an arbitrator and demanding the unwinding of the above transaction due to the delay in payment of the remaining amounts due to Gaia. PC-Italia-01 has responded to the claim and does not expect any damages to result as there is no basis for damages. On agreement of both parties the arbitration has been suspended until September 15, 2018 to allow for (i) the closing of a third party funding/financing/investment in the Company, or (ii) the sale of Tre Valli Energia S.R.L. by the Company, whichever is the earliest. ALTN has agreed to settle the Note and the additional earn-out consideration under the acquisition contract (See Footnote 6) totaling €2,771,560 ($3,415,815) from the proceeds of either (i) or (ii) whichever is the earliest. As of September 30, 2018 €350,586 ($405,838) remained on the Note.

On September 30, 2015, the Company issued a convertible loan note for $1,000,000 to World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT. The note had a three-year term, accrued no interest, and was convertible at a fixed price of $0.20 per share, subject to certain triggers and restrictions. The Company can repay the note at any time without penalty. As the conversion price was above the market price at the time of issuance, no beneficial conversion cost was recorded. In 2016 a portion of the convertible loan note ($300,000) was assigned to various third parties and is now convertible at market price, with a floor price of $0.20 per share and a maturity date of December 31, 2018. Another portion of this note ($492,000) was assigned to various third parties, is not convertible and includes a maturity date of December 31, 2020. The remainder of the note was forgiven by WGA. As a result of the above assignments and the forgiveness of the remainder of the note by WGA, a related party at the time of the transaction, we booked a contribution to Additional Paid in Capital of $173,352 as gain on forgiveness of debt in the year ended December 31, 2016. As at September 30, 2018 $769,367 was due under the assigned notes plus $93,109 in accrued unpaid interest.

11. Commitments and Contingencies

Litigation

Other than as set forth below, the Company is not currently involved in any litigation that it believes could have a material adverse effect on its financial condition or results of operations. Other than a set forth below, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect. On April 3, 2018 Gaia filed an Arbitration Application with the Arbitration Chamber of Milan, Italy, against PC-Italia-01, requesting the appointment of an arbitrator and demanding the unwinding of the above transaction due to the delay in payment of the remaining amounts due to Gaia and seeking damages in the amount of no less than €1,200,000 in addition to the amount due under the original contract which the parties have agreed is €2,771,560. PC-Italia-01 has responded to the claim and does not expect any damages to result as there is no basis for damages. The parties have mutually agreed to suspend all arbitration proceedings until September 15, 2018 to allow for (i) the closing of a third party funding/financing/investment in the Company, or (ii) the sale of Tre Valli Energia S.R.L. by the Company, whichever is the earliest. ALTN has agreed to settle the Note and the additional earn-out consideration under the acquisition contract (See Footnote 6) totaling €2,771,560 ($3,415,815) from the proceeds of either (i) or (ii), whichever is the earliest.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

Leases
Our Romanian companies lease the land for the solar parks at a combined annual cost of $18,000. The leases commenced in 2013 and run for 25 years.

Our Italian SPVs hold surface rights for the land that the parks are constructed on and pay an annual fee of €51,000 ($53,400) to one of the municipalities for those surface rights. In the other case, the surface right has been paid in full for the duration of the term. Each of the surface rights are for a minimum of 20 years with a 5 year extension option.

12. Shareholder's Equity

Common Stock:
As of September 30, 2018 and 2017, 100,000,000 total shares of common stock, par value $0.001 per share, were authorized, 71,726,725 and 71,351,725 shares were issued and outstanding, respectively. There are no special voting or economic rights or privileges. Dividends may be paid on the outstanding shares as declared by our board of directors. Each share of common stock is entitled to one vote.

During the nine months ended September 30, 2018, the Company issued 250,000 shares of restricted common stock to a consultant for services rendered.

During the twelve months ended December 31, 2017, the Company issued 5,800,000 shares to Gaia Energy as a portion of the consideration for the acquisition of certain third party PV solar assets (See Financial Footnote 6 below for more detail) and 199,627 shares of restricted common stock to two consultants for services rendered. Additionally, 1,000,000 shares of restricted common stock were returned to, and cancelled by, the Company from World Global Cash Ltd. as part of a stock exchange agreement. (See Footnote 13 for more details). In addition, the Company also cancelled 300,000 shares of common stock issuable for non-performance of contractual commitments.

During the twelve months ended December 31, 2016, the Company issued a total of 12,050,000 shares of restricted common stock in exchange for services rendered, consisting of 4,200,000 shares to Gaia Energy in exchange for the acquisition of certain third party assets and 7,850,000 shares to 5 third parties in exchange for services rendered. During the year ended December 31, 2016, the Company also issued 30,000,000 shares of Series D Convertible Preferred Stock in exchange for the return and cancellation of 30,000,000 shares of restricted common stock from Power Clouds Holdings Pte. Ltd.

Preferred Stock:
As of September 30, 2018 and 2017, 50,000,000 total shares of preferred stock, par value $0.001, were authorized, and 30,000,000 shares of Series D Convertible Preferred Stock were issued and outstanding. Series A, B and C Preferred Stock have been retired.

On October 4, 2016 the Company authorized and issued 30,000,000 shares of Series D Convertible Preferred Stock, $0.001 par value per share. The Series D Preferred rank pari-passu with the common shares and convert into a total of 30,000,000 common shares. The Series D Preferred vote on an as-converted basis with the common stock. Each share of Series D Preferred shall automatically convert to Common Stock on the earlier of (i) the date on which the Company's Articles of Incorporation shall have been amended to increase the number of total authorized shares of common stock to 150,000,000 or greater, or (ii) the date on which the Company completes a reverse stock split of its common stock, into that number of fully paid and non-assessable shares of Common Stock as is determined by a factor of at least 3, for a full conversion of all issued and outstanding shares of Series D Preferred into a maximum potential total of thirty million (30,000,000) shares of common stock. The Series D are not redeemable.

During the nine months ended September 30, 2018, no additional preferred stock was issued.

Warrants:
During the nine months ended September 30, 2018, a total of 6,346,828 warrants to purchase shares of common stock were issued, as follows:

Grant Date	Total Potential Number of Shares of Common Stock	Exercise Price	Termination Date
06/11/2018	4,659,328	$0.122	06/11/2021
08/14/2018	93,700	$0.20	08/14/2023
08/10/2018	187,500	$0.20	08/10/2023
05/16/2018 (as amended on 8/14/2018)	1,406,250	$0.20	05/16/2023
Total:	**6,346,828**		

Warrants to purchase up to 600,000 shares of common stock expired in July of 2018.

As all of the Warrants outstanding have exercise prices above the share price sine issuance the Company did not make any charges for Warrants.

Dividend
The Company's Board of Directors will evaluate on a quarterly basis the amount and timing of future dividends based on the Company's operating results, financial condition, capital requirements and general business conditions. The amount and timing of dividends may vary, and the payment of any dividend does not assure that the Company will be able to pay or will declare dividends in the future.

13. Related Party Transactions

On December 11, 2017, the Company issued a $100,000 convertible promissory note to VestCo Corp., a company controlled by Mr. Browne, our CEO and Chairman, in exchange for $100,000 cash lent to the Company, such notes accruing 10% annual interest, convertible into shares of restricted common stock at $0.20 per share and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest

On November 7, 2017, the Company issued a $100,000 convertible promissory note to Vincent Browne, our CEO and Chairman, in exchange for $100,000 cash lent to the Company, such notes accruing 10% annual interest, convertible into shares of restricted common stock at $0.20 per share and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest.

Additionally, PCH has advanced $207,753 to the Company and VestCo Corp. has advanced $84,000 to the Company, accruing 10% interest per annum and payable on demand, which amounts have not yet been repaid.
Effective December 31, 2016, Vincent Browne, our CEO, and Roberto Forlani, our CTO, each agreed to cancel, effective immediately, all unvested warrants issued to them pursuant to their consulting agreements described below. This resulted in 7,200,000 warrants being cancelled and 600,000 vested warrants remaining issued and outstanding to Mr. Browne, and 5,400,000 warrants being cancelled by Mr. Forlani.

On October 4, 2016 a Stock Exchange Agreement was entered into by and among the Company and its majority shareholder, Power Clouds Holdings Pte. Ltd. ("PCH") whereby PCH returned 30,000,000 shares of ALTN common stock, which were cancelled and returned to the total authorized but unissued shares of common stock, in exchange for 30,000,000 shares of Series D Convertible Preferred Stock. At the time of this transaction, PCH was owned and controlled by Fabio Galdi, our former CEO and Director. As of December 31, 2016, PCH is owned and controlled by Vincent Browne, our CFO and Director, through his ownership and control of Growthcap Investments Inc. PCH is currently our largest stockholder, holding 50% of ALTN's total outstanding stock; PCH and its affiliates, Vincent Browne, Growthcap Investments, VestCo I Corp. and VestCo Corp. collectively own 57% of ALTN's outstanding stock.

In July of 2016, the Company entered into a new Professional Consulting Agreement with VestCo Corp., a company owned and controlled by Mr. Vincent Browne, our CFO and a member of the Company's Board of Directors, which supersedes and replaces the previous Professional Consulting Agreement entered into a year ago with VestCo. The initial term of the Consulting Agreement is three years with automatic renewal for additional three year terms. As consideration for the continuation of Mr. Browne's services, the Company agreed to pay a quarterly base fee of $45,000, a potential cash bonus of 2% of adjusted annual income. On November 7, 2017, VestCo executed an amendment whereby the fees were reduced to $120,000 per year.

On November 12, 2015, the Company entered into a Professional Consulting Agreement with Mr. Forlani, subsequently assigned to Telenergia Europe S.r.l., a company controlled by Mr. Forlani ("TES"), effective as of January 1, 2016, having an initial term of 3 years with automatic renewal for additional 3 year terms thereafter, pursuant to which, as amended, Mr. Forlani is appointed as the Company's Chief Technology Officer, as well as a member of the Company's Board of Directors. As consideration for such services, commencing January 1, 2016 the Company agreed to pay a quarterly base fee of $45,000 to Mr. Forlani, a potential cash bonus of 2% of adjusted annual earnings, to be applied at December 31, 2016 and each year thereafter. On November 7, 2017, Roberto Forlani, executed an amendment whereby the fees were reduced to $120,000 per year. Mr. Forlani resigned as CTO effective August 19, 2018. Subsequently, in October of 2018, a settlement agreement was executed between Mr. Forlani, TES and the Company. (See Subsequent Events Footnote).

On September 30, 2015, ALTN sold two of its wholly owned subsidiaries, World Global Assets Pte. Ltd. (WGA) and Cellad, to Fabio Galdi, our former executive officer and director and former majority shareholder of ALTN. The Company issued a convertible loan note for $1,000,000 to WGA as part of the disposition of the space technology business to Fabio Galdi. (See Footnote 10 for more details on this loan note.)

In March of 2015, the Company acquired a controlling interest in three companies: Alternus Energy Japan GK (PCGK), Parc Solar Moldoveni SRL ("SPM") (now called Alternus Energy S.R.L.) and F.R.A.N. Energy Investment SRL ("FRAN"), each a subsidiary of Power Clouds Holdings Pte. Ltd. (formerly Alternus Energy Pte. Ltd.) a Singapore company owned and controlled at the time of the transaction by Roberto Forlani, our CEO at the time and current CTO. In July of 2015, the Company acquired a 95% interest in another subsidiary of Alternus Energy Pte. Ltd., Green Light GK.

There are no family relationships among the Company's officers and directors.

Other than as set forth above, the Company has not entered into any transactions with our officers, directors, persons nominated for these positions, beneficial owners of 5% or more of its common stock, or family members of these persons wherein the amount involved in the transaction or a series of similar transactions exceeded $100,000.

The Company's management is involved in other business activities and may, in the future become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between our business and their other business interests. In the event that a conflict of interest arises at a meeting of our directors, a director who has such a conflict will disclose his interest in a proposed transaction and will abstain from voting for or against the approval of such transaction.

14. Resignation and Appointment Of Certain Officers and Directors.

During the nine months ended September 30, 2018:

Resignation of Officer:
Mr. Roberto Forlani resigned as the Company's Chief Technology Officer effective as of August 19, 2018. Subsequently, Mr. Forlani also resigned as a member of the Company's Board of Directors effective as of November 14, 2018 (See Subsequent Events FN).

Appointment of Director:
As of February 6, 2018, John Thomas was elected as a member of the Company's Board of Directors. Mr. Thomas has served in senior operating and management roles in a variety of corporate and public enterprises for over 35 years. Currently, he is Managing Partner of the Doonbeg Group, which he co-founded in 2013. Doonbeg Group is a merchant bank offering advisory services across a wide spectrum of interests. Prior to co-founding the Doonbeg Group, he was a founding partner of Pfife Hudson Group, a boutique investment bank. Prior to that, Mr. Thomas spent 12 years at the Grundstad Maritime Group, a Norwegian holding company with various maritime assets including product tankers and a cruise line, culminating as CEO and President of the Group. He joined Grundstad from Northrop Corporation,

where for 5 years he was responsible for Northrop's corporate counter trade and offset operations worldwide. Before joining Northrop, Mr. Thomas was Owners Representative for West Africa and Resident Managing Director in Nigeria for Farrell Lines, a US Flag shipping company. He began his African experience as a U.S. Peace Corps Volunteer in The Gambia, West Africa and later transferred to Micronesia. Mr. Thomas graduated with a BS in Business Administration from Manhattan College.

15. Subsequent Events

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through December 13, 2018, the date of available issuance of these unaudited financial statements. During this period, we had the following materially recognizable subsequent events.

Resignation and Appointment of Officers:
Effective as of November 15, 2018, Mr. Vincent Browne resigned as acting CFO and Mr. Joseph E. Duey was appointed Alternus Energy Inc.'s Chief Financial Officer. As of October 1, 2018, the Company and Mr. Duey entered into an Employment Agreement pursuant to which the Company agreed to pay (i) a monthly base salary of $10,000, (ii) a potential cash bonus of up to 100% of base salary, based on Mr. Duey achieving certain milestone deliverables and the Company achieving specific operating objectives and based on reasonable specific performance targets, (iii) the issuance of 1,000,000 shares of restricted common stock (the "Stock"), and iv) an additional 1,000,000 shares of restricted common stock through the Company's Stock Incentive Plan, based on Mr. Duey achieving certain milestone deliverables and the Company achieving specific operating objectives based on reasonable specific performance targets (the "Earn Out Stock"). The Employment Agreement has an initial term of 3 years; if the Employment Agreement is terminated early without cause by the Company within the Initial term, Mr. Duey shall receive severance pay equal to 6 months base salary.

Mr. Duey has over 20 years' experience successfully developing, constructing and financing utility scale solar and wind generating assets. His experience includes key operating management, finance and audit functions. Prior to Alternus Energy, Mr. Duey served as Chief Financial Officer of Green States Energy, Inc. (GSE), an independent power producer focused on developing, acquiring, owning, and operating clean energy generation. Mr. Duey helped grow GSE from zero assets to over $70M of assets and over $7M of annual long term contracted revenue in a 3 year period. He was also the Controller for Power Partners, a division of MasTec (MTZ). The Power Partners group installed over 3,500MW of wind assets in the United States as an electrical contractor over a 7 year period. Other positions have included various finance and operations roles with Fortune 500 manufacturing companies, including the SPX Corporation and the Goodrich Corporation. At Goodrich (at the time a $5B public company), he was the Manager of Consolidations Planning and Analysis which comprised over 40 consolidating entities in 17 countries. Mr. Duey's early career experience was at Arthur Andersen, where he performed external, internal, and operational audits for Fortune 1000 Companies. He received an MBA from the University of Illinois and achieved CPA, CMA, CIA, and CFM designations.

Effective as of December 1, 2018, Mr. Vincent Browne resigned as Corporate Secretary and Ms. Taliesin Durant was appointed Alternus Energy Inc.'s Corporate Secretary and General Counsel. As of December 1, 2018, the Company and Ms. Durant entered into an Employment Agreement pursuant to which the Company agreed to pay (i) a monthly base salary of $10,000, (ii) a potential cash bonus of up to 100% of base salary, based on Ms. Durant achieving certain milestone deliverables and the Company achieving specific operating objectives and based on reasonable specific performance targets, (iii) the issuance of 1,000,000 shares of restricted common stock (the "Stock"), and iv) an additional 1,000,000 shares of restricted common stock through the Company's Stock Incentive Plan, based on Ms. Durant achieving certain milestone deliverables and the Company achieving specific operating objectives based on reasonable specific performance targets (the "Earn Out Stock"). The Employment Agreement has an initial term of 3 years; if the Employment Agreement is terminated early without cause by the Company within the Initial term, Ms. Durant shall receive severance pay equal to 6 months base salary.

Ms. Durant was appointed General Counsel of ALTN on December 1, 2018. Ms. Durant has worked with Mr. Browne throughout the last decade, most recently as President of a boutique legal services firm, DART Business Services LLC, she founded to provide general and securities legal services to small public companies. Prior to founding Dart, she was Chief Legal Officer and Corporate Secretary of Flint Telecom Group, Inc. Prior to this, Ms. Durant was with Semotus Solutions Inc. as General Counsel and Corporate Secretary where she was instrumental in taking the company from the OTC Markets to Amex and then to Nasdaq. Ms. Durant graduated with a BA in

Economics from Connecticut College. Ms. Durant is a member of the California State Bar Association, having earned a Juris Doctor degree at Northwestern School of Law at Lewis and Clark College and completed her final year at Santa Clara University School of Law.

Settlement Agreement:
In October of 2018, the Company entered into a settlement agreement with Roberto Forlani and Telenergia Europe S.r.l., a company controlled by Mr. Forlani (TES) whereby the Company agreed to pay $100,000 to TES in settlement of all amounts due and owed to Roberto Forlani and TES.

Resignation of Director:
Effective as of November 14, 2018, Mr. Roberto Forlani resigned as a member of the Board of Directors of Alternus Energy Inc. His resignation was not a result of any disagreements with the Company.

Germany Acquisition: GRK 17.2 GmbH & Co KG:
On or about November 20, 2018, Alternate Energy's wholly owned German subsidiary, PCG_HoldCo UG ("PCG") entered into a Purchase and Transfer Agreement (the "SPA") with Greenrock Karftwerk GmbH, Solution For Energy GmbH (together referred to as "Greenrock") and GRK 17.2 GmbH & Co KG ("GRK 17.2"), pursuant to which PCG purchased one hundred percent (100%) of GRK 17.2's entire share capital in exchange for €100.00 in cash paid at Closing and the deposit of €364,703.63 in cash deposited into GRK 17.2. The deposit funds will be disbursed by GRK 17.2 (which is now owned by PWCL through PCG) to the EPC Contractor, Greenrock Karftwerk GmbH, on a park by park basis and upon certain acceptance dates related to construction, EEG Commissioning and Grid Connection, as further defined and set forth in more detail in the EPC Contract.

As part of the above transaction, the Seller is constructing 7 photovoltaic installations located on 7 power commercial and industrial rooftops in Germany with a total of 2,521.12 KW of power that GRK 17.2 will own once the parks are constructed and connected to the power grid. The Agreement provides for certain additional rights and obligations of the Parties, and for standard reps and warranties to be given from the Seller to the Purchaser, including warranties on the full park and workmanship on the park's PV modules (as defined in the Agreement). The closing of the EPC Contract is also still subject to certain closing conditions, including, among other things, the power plants being technically constructed and commissioned by the Seller in compliance with German laws and having passed all of Power Clouds' legal and technical due diligence.

Financing:
In October of 2018, in order to complete additional solar park acquisitions in Germany, the Company entered into the following agreements with a third party accredited investor (the "Lender"), in connection with the Company's German subsidiary, PCG_HoldCo UG (PCG) issuing a loan note in the aggregate principal amount of €3,197,005 (the "Note") and the Lender depositing €2,195,424 into PCG's bank account, which is the net amount after the Company's repayment of the first Note issued by this Lender (including accrued interest) for the first Greenrock solar park acquisition project as disclosed in the Company's Supplemental Report issued on June 21, 2018. The Note accrues interest at 12% per annum and has a 24 month term, and upon the other terms and subject to the limitations and conditions set forth in the Note. Commensurate with the Note, the Company also entered i) A Security Agreement whereby the Company grants a security interest to all of the Company's property, unless related to assets located in Italy or Romania, which are expressly excluded, ii) a Guaranty whereby the Company guarantees the payment of the Note issued by PCG, iii) a Free Cash Flow Agreement, whereby the Corporation pledges 80% of the Assets Free Cash Flow (as defined in the Agreement) until 20% of the Second Note is paid for, and 20% of the Assets' Free Cash Flow thereafter in perpetuity, and iv) the Company issued warrants to purchase up to a total number of shares equal to $646,525 divided by the exercise price of eighty percent (80%) of the price per share paid by third party investors in a qualified offering of $1,000,000 or greater and closed within one hundred eighty (180) days from the Issuance Date, or, if no qualified offering of $1,000,000 or greater shall have closed within 180 days from the Issuance Date, the exercise price per share of the Common Shares under this Warrant shall be equal to i) eighty percent (80%) of the ten day VWAP (volume weighted average price) of the Company's common stock over the previous ten trading days ending on the 180 day anniversary from the Issuance Date, or ii) $0.122 per share, whichever is higher, subject to adjustment as described in the Warrants, having a three year term and no cashless exercise provisions; all above agreements and documents are subject to other terms and conditions as set forth in the attached exhibits.

The description of the agreements above are qualified in their entirety by reference to the full text (partially redacted due to confidentiality) of the agreements filed as an Exhibit hereto, which is incorporated herein by reference. The agreements have been included as exhibits to this Supplemental Report to provide investors and security holders with information regarding its terms and conditions. It is not intended to provide any financial or other information about the parties to the agreements or their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the agreements are made only for purposes of that agreement and as of specific dates, are solely for the benefit of the parties to the agreements, may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the parties to the agreements or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the agreements, and such subsequent information may not be fully reflected in public disclosures by the parties to the agreements.

Amendments to Articles of Incorporation

The Company has received notification that FINRA has approved the Company's name change from Power Clouds Inc. to Alternus Energy Inc. and related stock ticker symbol change from PWCL to ALTN, with an effective date at the open of the market today, November 29, 2018.

On November 15, 2018, through the written consent of the holders of a majority of our issued and outstanding voting securities, a majority, constituting fifty seven percent (57%) of our holders of common stock, par value $0.001 per share (the "Common Stock") voted in favor of amending our Articles of Incorporation to change the Company's name from Power Clouds Inc. to Alternus Energy Inc. The Company has filed a Certificate of Amendment to the Articles of Incorporation with the Office of the Secretary of the State of Nevada to change its name from Power Clouds Inc. to Alternus Energy Inc.

On November 20, 2018, through the written consent of the holders of a majority of our issued and outstanding voting securities, a majority, constituting fifty seven percent (57%) of our holders of common stock, par value $0.001 per share (the "Common Stock") voted in favor of amending our Articles of Incorporation to increase the total authorized common stock to 450,000,000. On November 27, 2018 the Company filed a Certificate of Amendment to the Articles of Incorporation with the Office of the Secretary of State of Nevada to effect this change in total authorized common stock.

Common Stock Issuances and Automatic Conversion of Series D Convertible Preferred Shares:

On November 27, 2018 the 30,000,000 shares of Series D Convertible Preferred Stock held by Power Clouds Holdings Pte. Ltd. automatically converted into 30,000,000 shares of restricted common stock due to the increase in total authorized common shares to 450,000,000.

During the period from October 1, 2018 to the time of the filing of this report, a total of 6,000,000 shares of restricted common stock were issued as compensation for services rendered by the directors and officers of the Company: 1,000,000 to Joseph Duey, 1,000,000 to Taliesin Durant and 4,000,000 to John Thomas.