

PRESS RELEASE

Etrion Buys Out Minority Shareholders and Optimizes Solar Portfolio in Japan

January 16, 2020, Geneva, Switzerland – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), a solar independent power producer, has closed a multi-step transaction to create significant value across its Japanese solar portfolio. Etrion acquired the minority interests of Hitachi High Technologies (“Hitachi High-Tech” or “HHT”) and Tamagawa Holdings (“Tamagawa”), optimized the related Japanese corporate structure and renegotiated the operations and maintenance (“O&M”) contracts for Etrion’s 56.8 megawatt (“MW”) solar portfolio in Japan.

Etrion purchased HHT’s minority ownership in all four of its solar projects, as well as Tamagawa’s share in the Misawa 9.5 MW project, for a total of USD 4.4 million. As a result, Etrion’s net solar capacity increased from 47.0 MW to 56.8 MW. In addition, the O&M contracts originally provided by HHT were re-negotiated on better terms and transferred to other companies within the Hitachi group. Etrion has taken over two asset management contracts from HHT as of January 2020 in order to provide asset management services to all of Etrion’s four solar projects. Finally, the entire Etrion solar portfolio was transferred into a so-called “TK-GK” structure, which is currently the Japanese market standard that results in enhanced cash flow distributions and other benefits. As part of the transaction, the project debt in the Mito 9.3 MW project was increased by 295 million JPY (USD 2.7 million) to pay for the transaction costs and fees, to be repaid with the remainder of the existing loan within the original tenor.

Management Comments

Marco A. Northland, Etrion’s Chief Executive Officer, commented: “I am very happy to announce this important milestone after a year of hard work by the entire Etrion team. We are simplifying our operations, maximizing our project economics, increasing our net capacity and creating significant shareholder value.”

Key Project Metrics¹

Etrion will continue to provide a range of guidance for annual production, revenue and earnings before interest, taxes, depreciation and amortization (“EBITDA”) at the project level. The following five-year projected averages, as of the date of the transaction, demonstrate the increased scale of the Company pro forma:

Ownership	Key Metrics Post-Closing Forecast ⁽¹⁾
Capacity	56.8 MW
Production	62.4 GWh/year
Revenue	USD 21.7 million/year
EBITDA	USD 15.7 million/year
After-Tax Free Cash Flow at project level	USD 4.9 million/year

¹ Average Production, Revenue, EBITDA and After-Tax Free Cash Flow forecasts are calculated as an average from five years of projected operations based on historical weather data. Actual results will depend on actual weather conditions and other operational matters. Actual revenues are generated in JPY. An FX rate of 109 JPY per 1 USD is assumed for presentation purposes.

About Etrion

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns and operates solar parks in Japan, including four operational projects totaling 56.8 MW plus the 45 MW Niigata solar project under construction. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under ticker symbol “ETX”. Etrion’s largest shareholder is the Lundin family, which owns approximately 36% of the Company’s shares directly and through various trusts.

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Note: The capacity of power plants in this release is described in approximate megawatts on a direct current (“DC”) basis, also referred to as megawatt-peak (“MWp”).

This information is information that Etrion Corporation is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above at 08:05 a.m. CET on January 16, 2020.

Non-IFRS Measures:

This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA and after-tax free cash flow. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. EBITDA is a useful metric to quantify the Company’s ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements. In addition, EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting policy decisions. The most comparable IFRS measure to EBITDA is net income (loss). In addition, after-tax free cash flow is used by investors to compare funds available for distribution after debt service and taxes. The most comparable IFRS measure to after-tax free cash flow is cash flow from operations net of cash flow from financing activities.

Forward-Looking Information:

This press release contains certain “forward-looking information”. All statements, other than statements of historical fact, that address activities, events or developments that Etrion believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the projected operating performance of Etrion’s solar projects). This forward-looking information reflects the current expectations or beliefs of Etrion based on information currently available to it as well as certain assumptions (including that the future production of Etrion’s operating projects is consistent with historical production and that the economic impact of the transactions described in this press release will be as anticipated). Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause actual results to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Etrion. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the future production of Etrion’s operating projects and the economic impact of the transactions described in this press release may not be as good as anticipated.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, Etrion disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although Etrion believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty thereof.