

2020 Second Quarter Operations and Finance Update August 6th 2020

The Etrion logo, consisting of the word "etrion" in a white, lowercase, sans-serif font, is positioned within a solid red rectangular box in the top right corner of the slide.An aerial photograph of a vast solar farm, showing numerous rows of solar panels laid out in a grid across a green field. In the background, there are rolling green hills, a small town, and distant mountains under a cloudy sky. A semi-transparent dark rectangle is overlaid on the bottom center of the image, containing the text "Powered by the Sun" and a subtitle.

Powered by the Sun

Developing, building and operating solar
power generation plants

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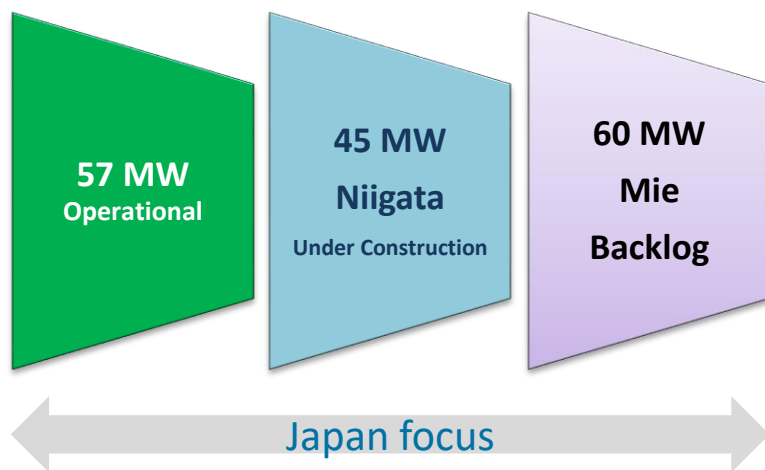
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Etrion Corporation

Company Overview

- Solar development platform focused in Japan, among the top 5 largest energy markets in the world
- 11 solar plants operational and 1 under construction with aggregate capacity of 102 MWs in Japan
- 60 MW backlog in Japan
- Company fully funded

Japan Asset / Pipeline Highlights



Financial Summary

Recent Share Price (TSX/OMX: ETX) ^{(1) (2)}	C\$0.245 / SEK 1.62
Shares Outstanding ⁽³⁾	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues 2019	US\$21.9 MM
Revenues half year 2020	US\$11.4 MM
Project-level EBITDA 2019	US\$16.5 MM
Project-level EBITDA half year 2020	US\$9.1 MM
Restricted / Unrestricted Cash as of June 30, 2020	US\$79.0 MM / \$7.6 MM
Market Capitalization ⁽²⁾	US\$61.6MM
Number of Employees	18

Notes:

(1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona

(2) ETX share price at closing on August 5, 2020

(3) ETX shares outstanding as of June 30, 2020

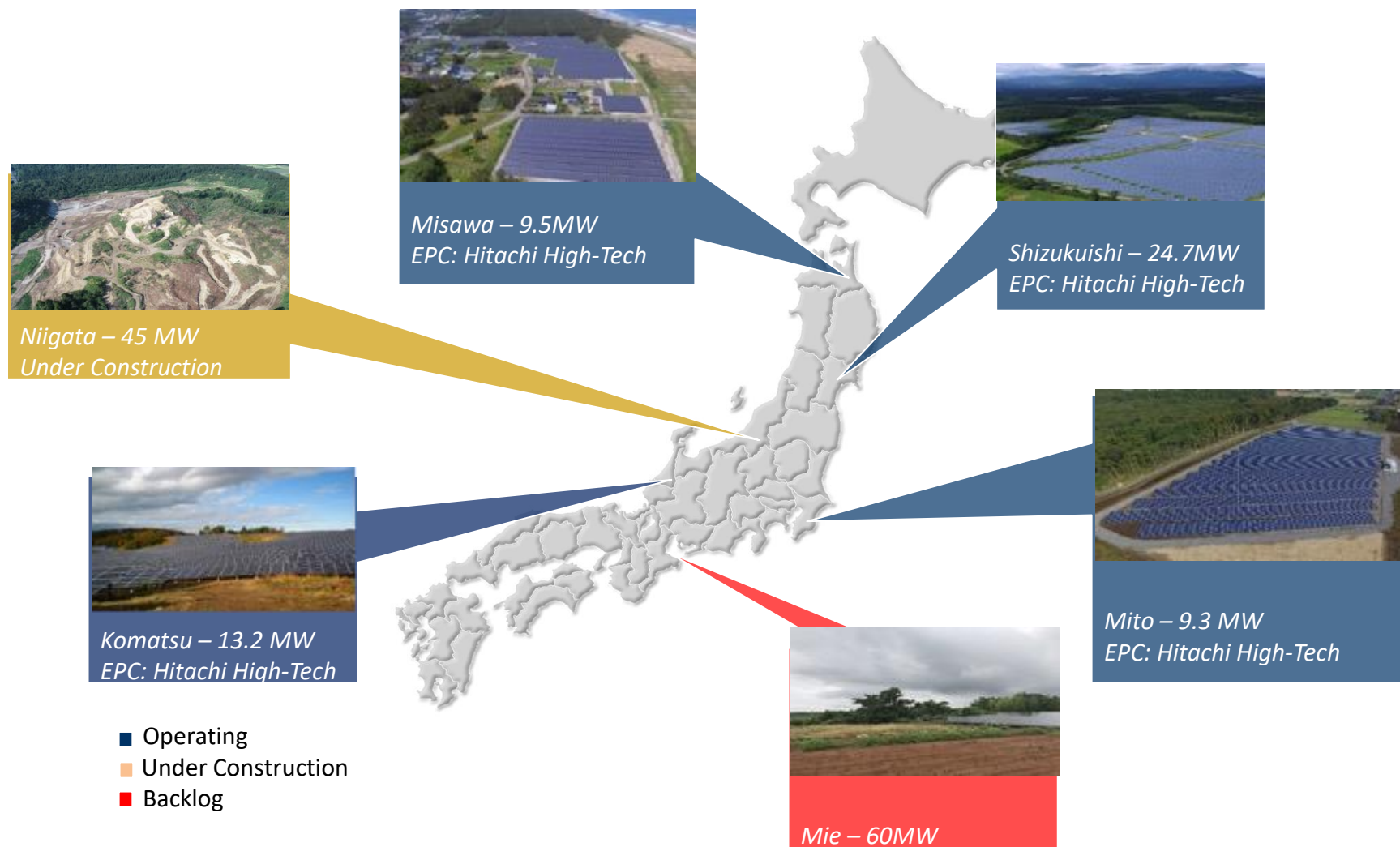


Operational Update

Q2-20 Highlights

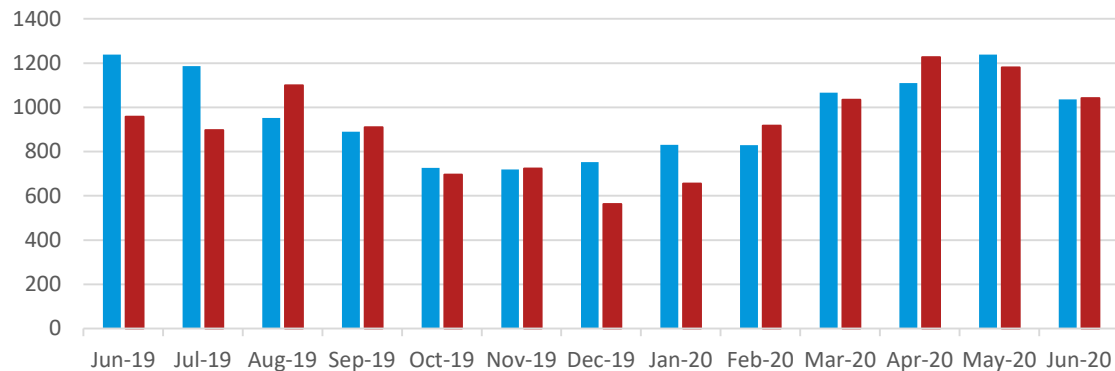
- Etrion's solar platform continues to deliver strong operational results without interruption as a result of COVID-19
- The company maintains its full year guidance for 2020
- The 45 MW Niigata solar project under construction:
 - is on schedule and budget; modules being delivered on site with first stage of installation under way
- On the development side, our team continues to advance on various initiatives to source new projects. Management remains optimistic about resolution of its dispute on the 60 MW Mie project
- Disposition of PV Salvador asset in Chile resulted in a positive cash flow impact in Q2-2020.

Our presence

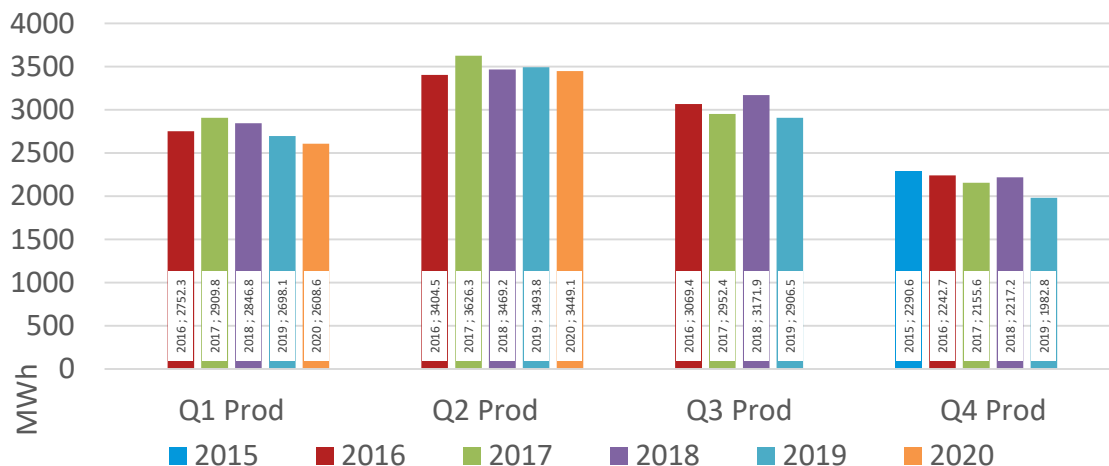


Mito – 9.3 MW Operational

MITO (MWh)



Expected Actual



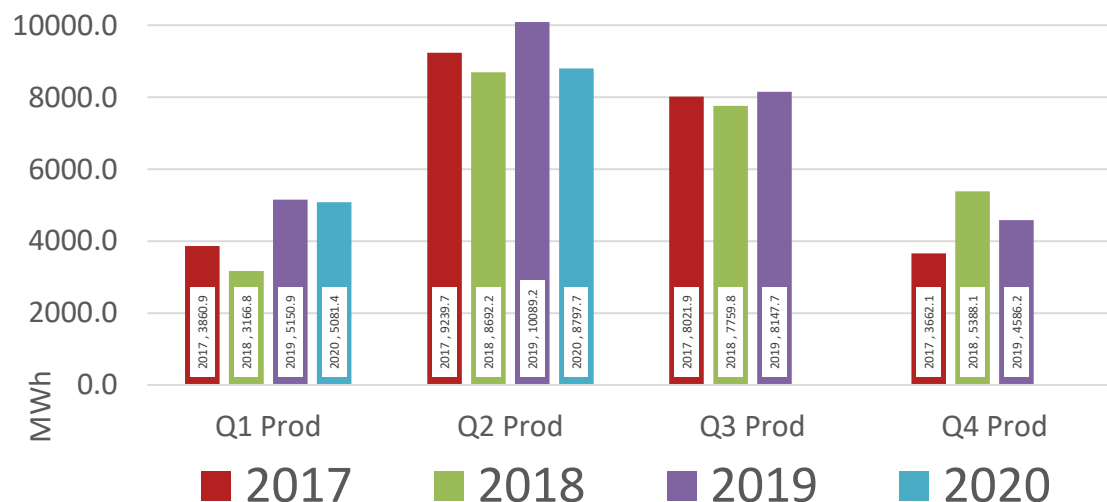
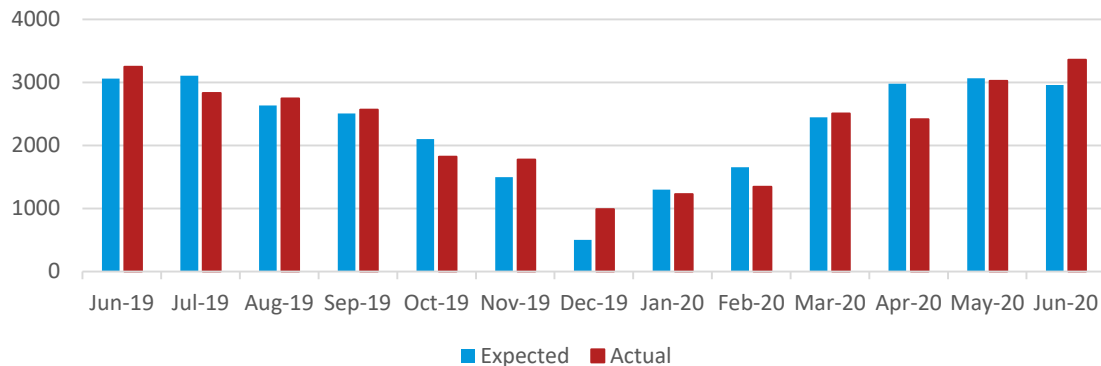
Mito	
Utility	Tepco
Capacity	9.3 MW
Ownership (as of now)	100%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech/ Hitachi LTD
Irradiation Yield	1,191 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	11.1 GWh/year
Total Project Cost	¥3.4Bn
Commencement of Operation	Aug-15



- Excellent technical performance. Performance is relatively better than in the same period in 2019 comparing to the sun hours available. Circa 1% below expected production for the first 6th months of 2020.

Shizukuishi – 24.7 MW Operational

Shizukuishi (MWh)



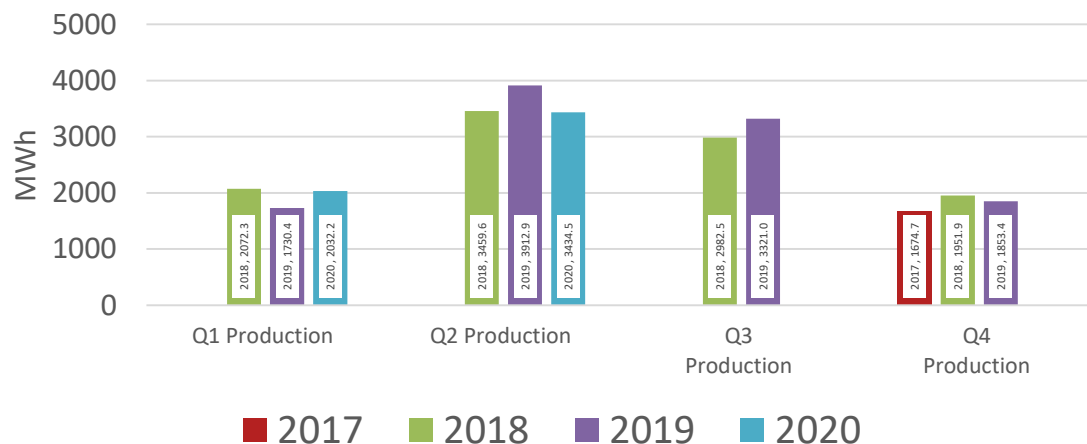
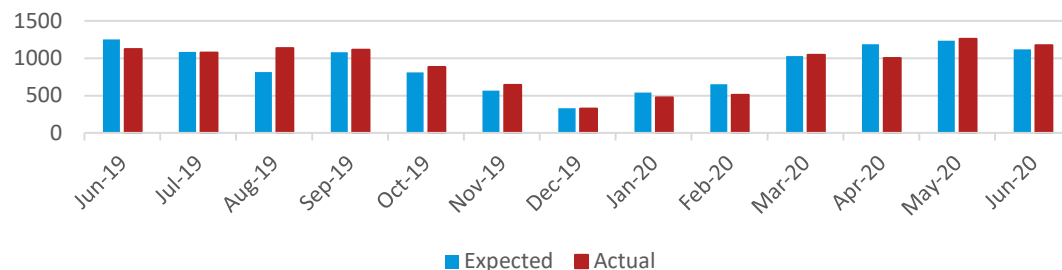
Shizukuishi	
Utility	Tohoku
Capacity	24.7 MW
Ownership (as of now)	100%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech/Hitachi LTD
Irradiation Yield	1,130 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	28.0 GWh/year
Total Project Cost	¥8.9Bn
Commencement of Operation	Oct-16



- Excellent technical performance. June performed c.13% above expectations. Catching up with the reduction in POA and snow effect during the first quarter. YTD production is 4% lower than expected.

Misawa – 9.5 MW Operational

MISAWA (MWh)

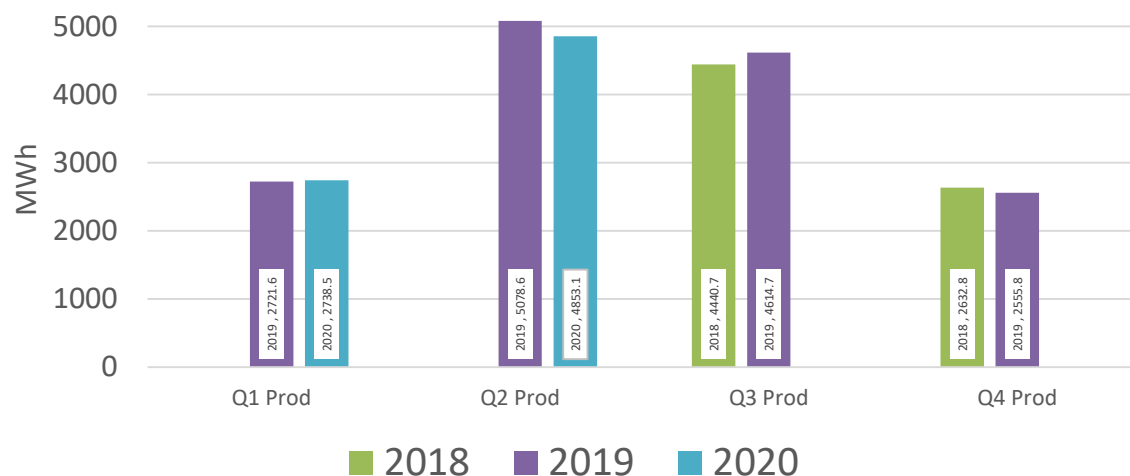
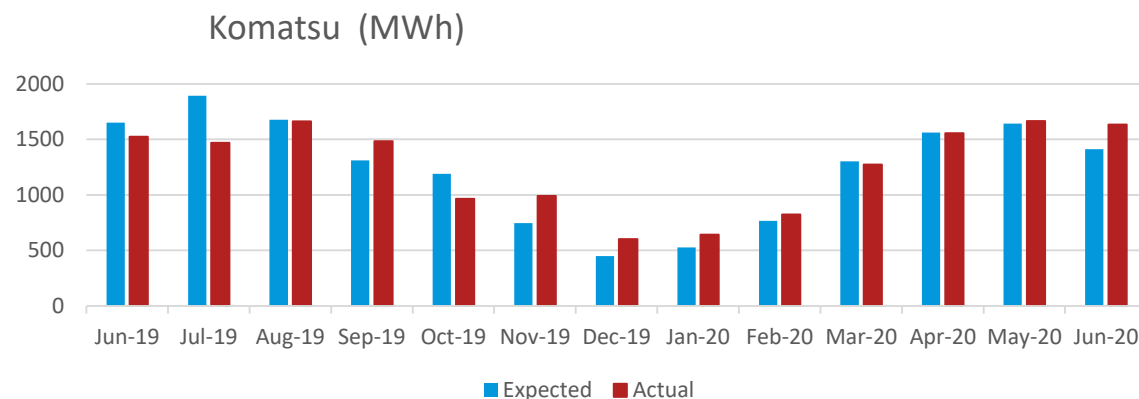


- Excellent technical performance. June performed c.5% above expectations. Catching up with the reduction in POA and snow effect during the first quarter. YTD production is 5% lower than expected.

Misawa	
Utility	Tohoku
Capacity	9.5 MW
Ownership (as of now)	100%
Technology	Fixed-tilt
Module	AOU
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech/ Hitachi Systems
Irradiation Yield	1,135 kWh/kWp
Revenue Stream	FiT: ¥36/kWh Term: 20 years
Production	10.8 GWh/year
Total Project Cost	¥3.5Bn
Commencement of Operation	Feb-2017



Komatsu – 13.2 MW Operational



Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership (as of now)	100%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech/Hitachi LTD
Irradiation Yield	1,132 kWh/kWp
Revenue Stream	FiT: ¥32/kWh Term: 20 years
Production	15.0 GWh/year
Total Project Cost	¥4.3 Bn
Commencement of Operation	May-2018



- Excellent technical performance. It continues from 2019. In June the production was c.16% above expected. YTD production is c.5% above expected.

The background of the slide features a grayscale photograph of a wind farm. Several wind turbines are visible, their three-bladed rotors and towers extending across the landscape. The image is slightly blurred, giving it a sense of depth and movement.

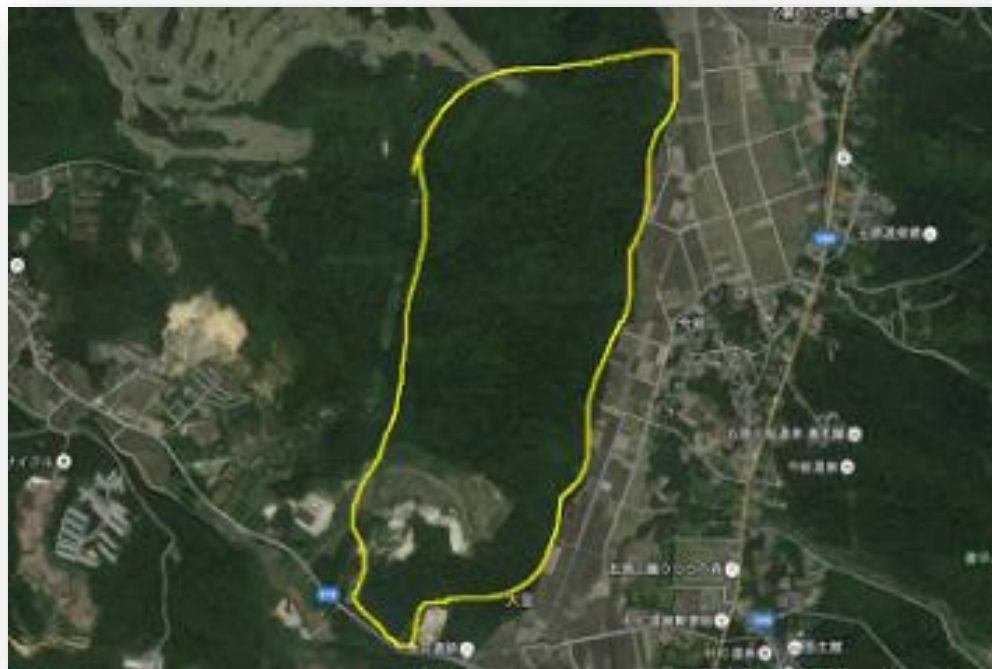
etrion

Niigata

Niigata – 45 MW

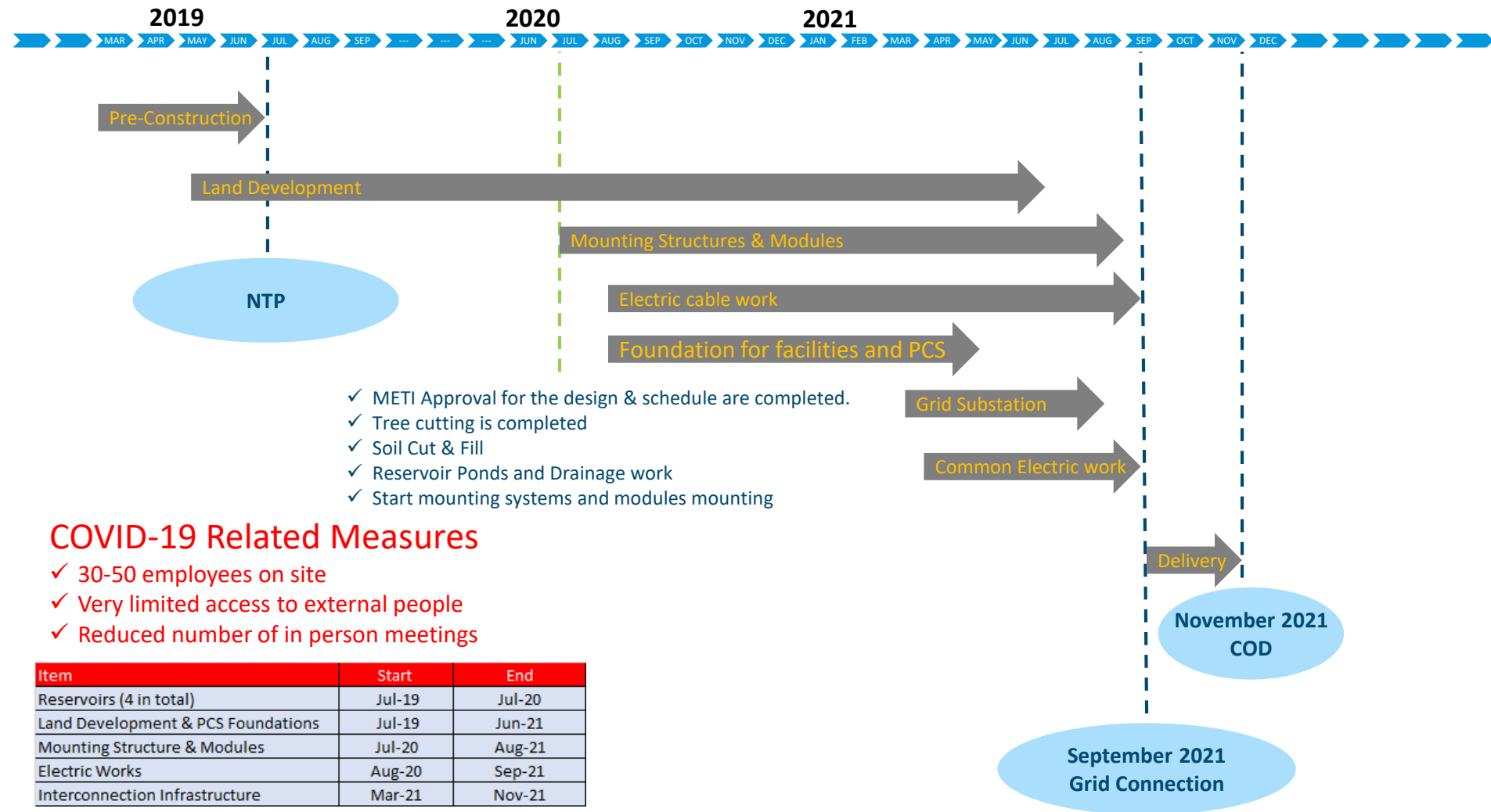
Key project metrics

Ownership	100% ETX
Capacity	45 MW
Region / Utility	Tohoku
PPA Price	¥36/kWh - FiT until March 2040
Irradiation	1,050 kWh/kWp
Total Capex	US\$ 154.2M
Finance Structure	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Debt tenor	Construction period plus 16.8 years.
Interest rate	All-in non-recourse project loan interest rate of 1.2%
Total Equity	US\$ 7.7M
EPC Contractor	Toyo Engineering
O&M Contractor	TMEIC / TAG
AMS Provider	Etrion
COD Target	Q4-2021
Average ⁽¹⁾ Revenue	US\$ 15.5 m/year
Average EBITDA	US\$ 13.7 m/year
Average free cash flow at project level	US\$ 3.6m/ year

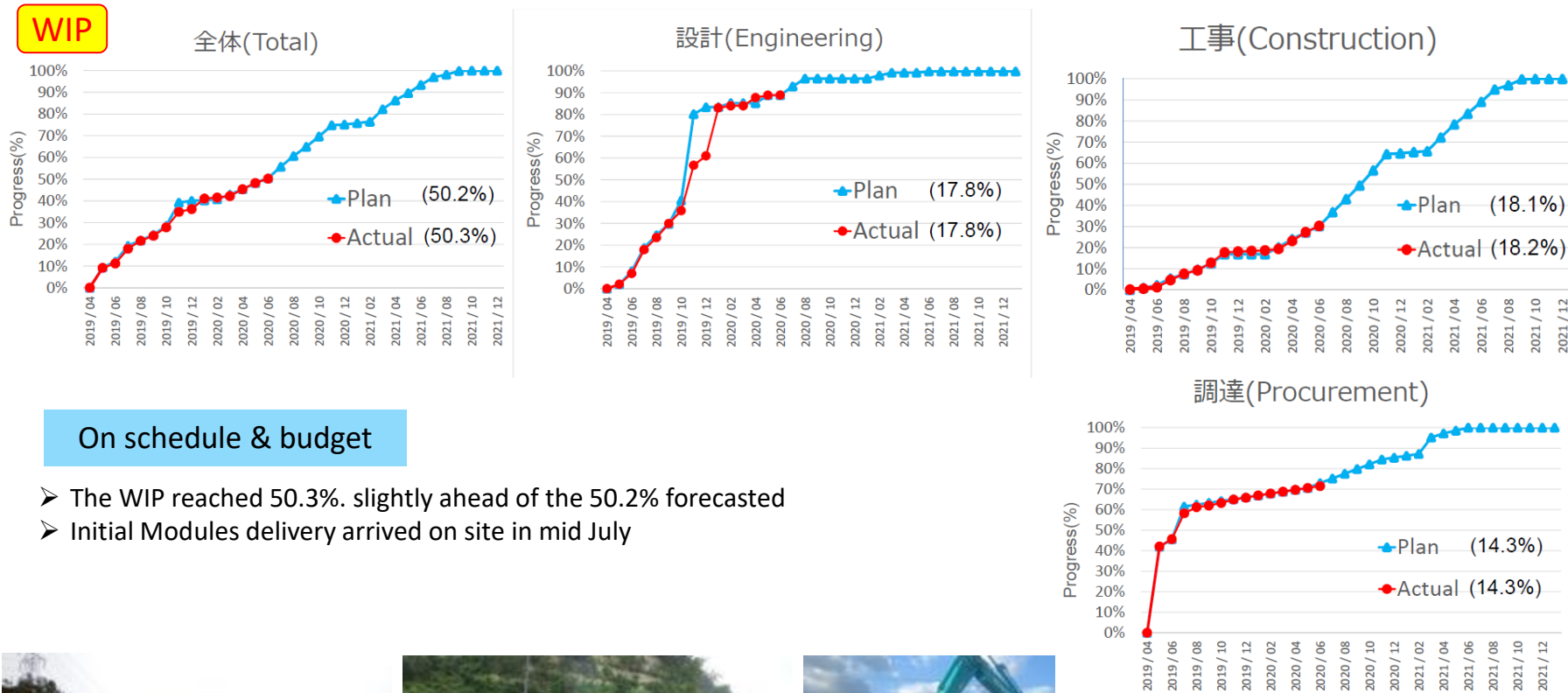


⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

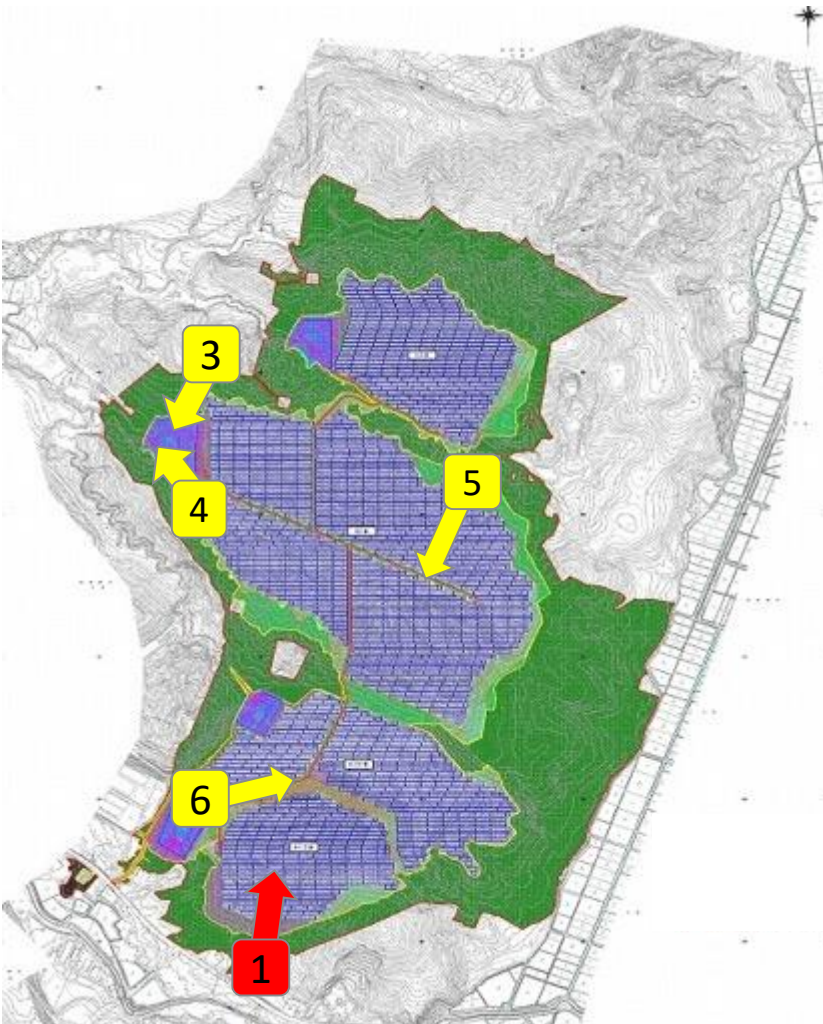
Niigata Project Timeline (Planned = Actual; 50.3% WIP)



Progress Curve (as of 30th June 2020)



Sites Construction status photo (Jun 2020)



Sites Construction status photo (Jun 2020)



Modules Arriving on Site



Business Development Update

Growth Opportunity

- MIE 60 MW Project.
 - Etrion has a development agreement in place with local developer. Terms of agreement outlines responsibility of the parties to develop the project. Under this contract, Etrion is to take 100% ownership once project reaches ready to build status
 - Etrion commenced litigation in Q4-2018. Management is cautiously optimistic that litigation will be favorable to Etrion and regain full control of the project
 - Expected resolution by later part of 2020 unless settlement agreement is reached with developer prior to the completion of the legal process
- Additional growth opportunities
 - The Company continue to pursue new opportunities in Japan and remains evaluating different brownfield FiT projects

Financial results

Q2-20 highlights

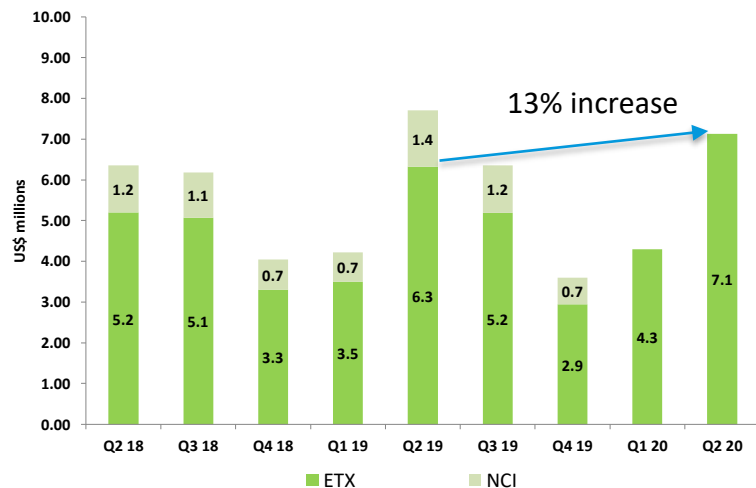
US\$ millions <small>otherwise indicated</small>	Q2-20	Q2-19	Q2-20	Q2-19
	Three months		Six months	
Production KWh millions	20.5	22.6	33.0	34.9
Revenue	7.1	7.7	11.4	11.9
Project-EBITDA	5.9	6.2	9.1	8.8
Corporate G&A	(1.9)	(1.0)	(3.2)	(1.8)
Gain on disposal of Salvador	3.3	-	3.3	-
Other expenses	(1.0)	0.9	(1.5)	0.9
Consolidated EBITDA	6.3	6.1	7.7	7.9
Depreciation and amortization	(2.4)	(2.3)	(4.7)	(4.5)
Net finance costs	(2.2)	(2.5)	(3.8)	(3.7)
Income before tax	1.7	1.3	(0.8)	(0.3)
Net income tax	(0.1)	(0.8)	(0.2)	(1.3)
Net income (loss)	1.6	0.5	(1.0)	(1.6)

Q2-20 Highlights

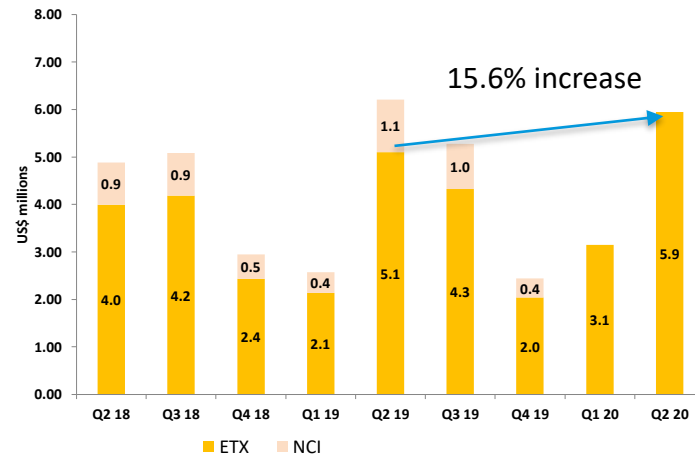
- Q2-20 production (-9%), revenue (-7.5%) and project-EBITDA (-4.2%) vs Q2-19 driven by lower solar irradiation compared to same period 2019
- Consolidated EBITDA improvement mainly driven by (1) gain on the disposal of PV Salvador partially offset by (2) US\$ 1.0 m unrecoverable withholding tax
- Q2-20 net income of US\$1.6 million driven by (1) gain on disposal of PV Salvador and (2) Japan SPV tax reduction as a result of TK-GK restructuring
- Corporate G&A affected by reclassification from B/S to P&L of accumulated legal and personnel costs to date in connection with the Mie litigation (\$0.7 million)
- 45 MW Niigata project 50% completed end Q2-20
- Disposal of PV Salvador resulted in additional income of US\$3.3 million cash, including the AMS termination fee
- Cash balance of US\$86.6 million (US\$7.6 million unrestricted)

Performance of Japanese assets

Revenue from electricity sales



Project-level EBITDA



- Decrease in Q2-20 compared to 2019 driven by lower irradiation as a result of unfavorable weather conditions
- Q2-20 project-level EBITDA decreased due to lower electricity production, partially offset by Opex reduction

Non-controlling interest (NCI) = Hitachi and Tamagawa

Financial results

Etrion consolidated results

Q2-20 Segment information (3M)			
US\$ millions	Japan	Corp	TOTAL
Revenues	7.1	-	7.1
Operating expenses	(1.1)	-	(1.1)
G&A expenses	(0.1)	(2.0)	(2.0)
Gain on disposal of non-core investment	-	3.3	3.3
Other income	0.0	(1.0)	(1.0)
EBITDA	6.0	0.3	6.3
Depreciation and amortization	(2.3)	(0.0)	(2.4)
Net finance costs	(1.1)	(1.1)	(2.3)
Loss before taxes	2.5	(0.8)	1.7
Tax expense	-	(0.0)	(0.0)
Net income (loss)	2.5	(0.9)	1.6

Gain on disposal of PV Salvador positively impacted the Q2-20 Corporate EBITDA and net results

- Steady revenue and project level EBITDA in Q2-20
- Project-level EBITDA improvement due to the portfolio optimization completed in December 2019
- Gain on disposal of PV Salvador of US\$3.3 million

Financial position

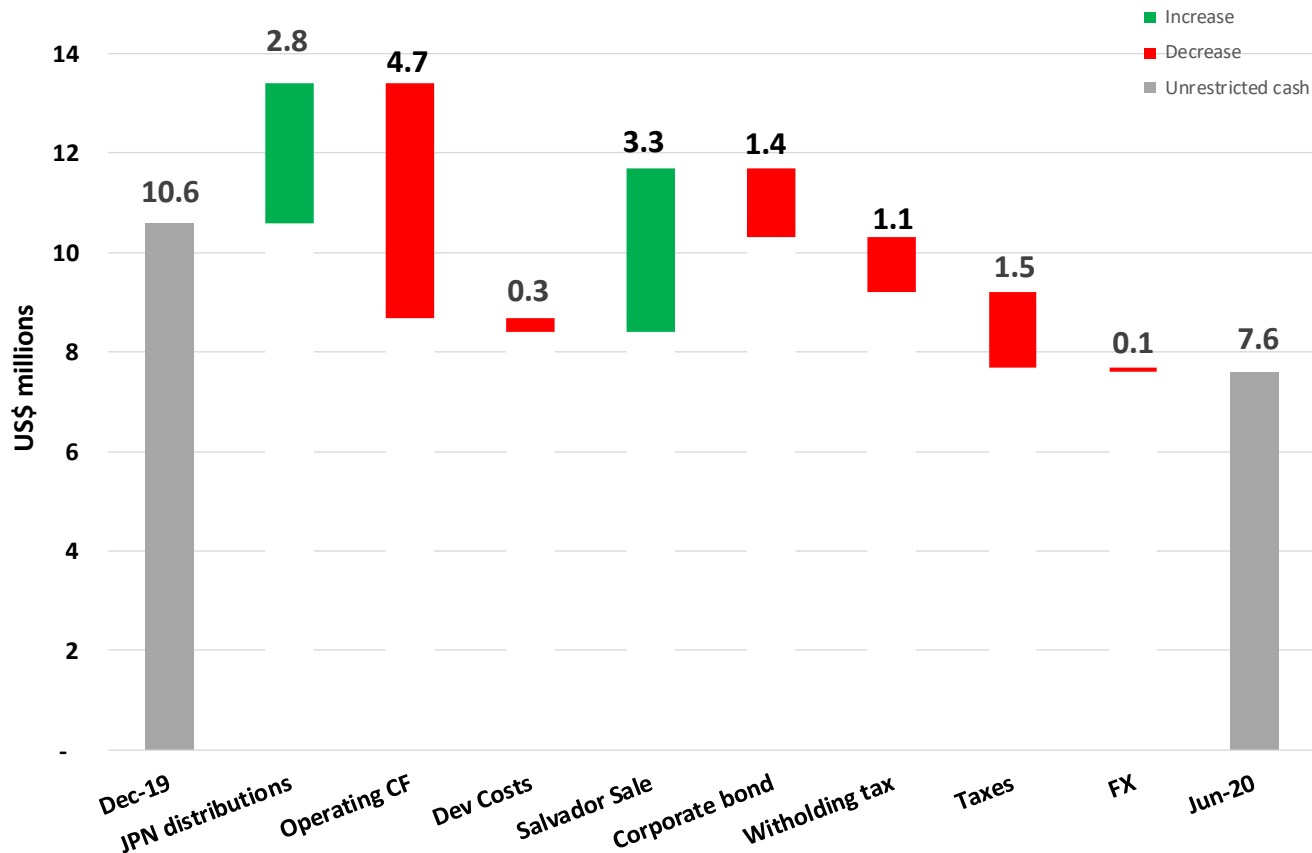
Consolidated Balance Sheet

June 30, 2020			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	213.7	0.0	213.7
Intangible assets	12.1	2.2	14.2
Cash and cash equivalents	79.0	7.6	86.6
Other assets	13.2	7.8	21.0
Total assets	317.9	17.6	335.5
Borrowings	270.1	37.7	307.8
Trade and other payables	3.4	1.4	4.8
Other liabilities	25.7	1.1	26.7
Total liabilities	299.1	40.2	339.3
Net equity	18.84	(22.6)	(3.7)

- Etrion has a working capital of \$46.3 million and a consolidated cash position of \$86.6 million, of which \$7.6 million is unrestricted at corporate level
- As at June 30, 2020, the Japanese assets represent approximately 95% of consolidated assets of the Group

Cash and liquidity

Unrestricted cash reconciliation



Summary

Summary

- Etrion well positioned for continued growth in one of the largest solar markets in the world
- Strong financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Restructuring in 2019 increased net operational capacity by 22%, improved maintenance contracts, simplified corporate structure and optimized future cash flows. Niigata 45 MW project on track to be connected by Q4-21
- Fully funded with no additional capital required to complete construction of the Niigata project
- Significant potential upside beyond Niigata with resolution of 60 MW Mie project litigation and potential Italian tax refund.

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