

Etrion Corporation
November 2020

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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MINING



OIL & GAS SOLAR



330,000
carats
DIAMONDS
per year

263,000
tonnes
COPPER
per year

157,000
tonnes
ZINC
per year

155,000
boepd
OIL
per year

330,000
tonnes
NICKEL
per year

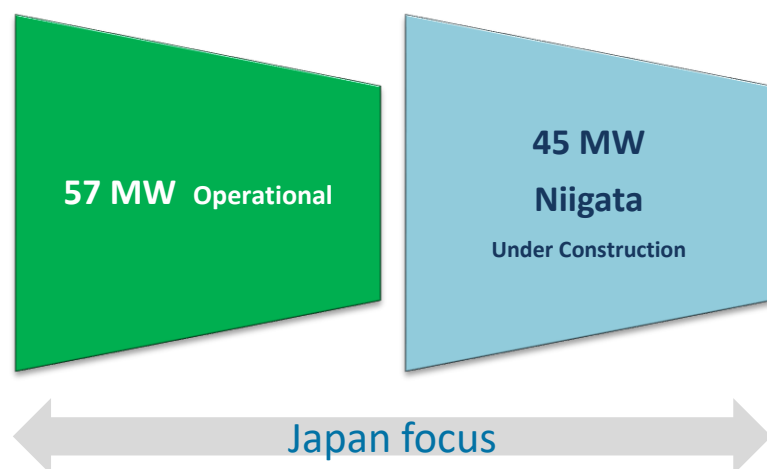
330,000
GWh
SOLAR ELECTRICITY
per year

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
- Company fully funded
- Company retained Mitsubishi UFJ Morgan Stanley Securities Co., Ltd (“MUMSS”) to sale all its Japanese assets

Japan Asset / Pipeline Highlights



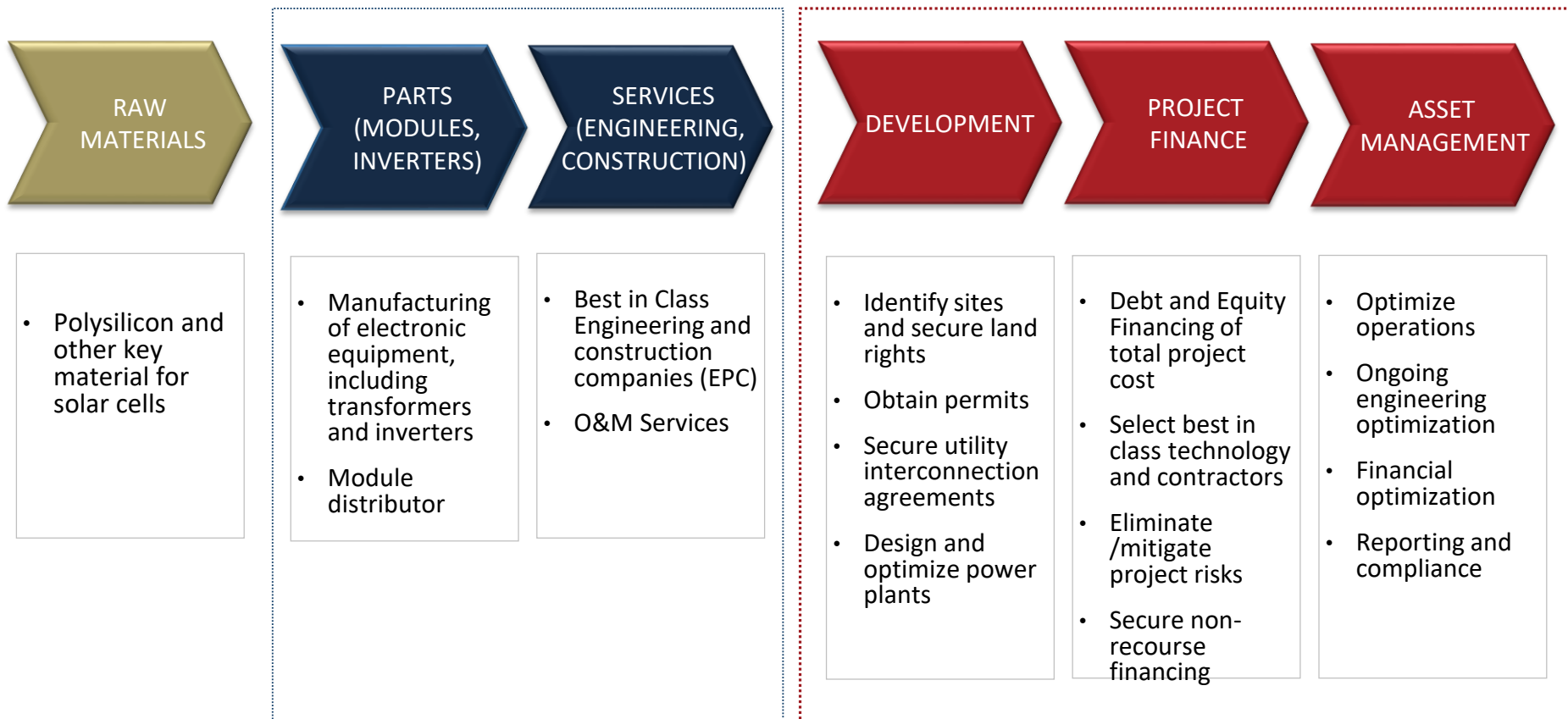
Financial Summary

Recent Share Price (TSX/OMX: ETX) ^{(1) (2)}	C\$0.325 / SEK 2.00
Shares Outstanding ⁽³⁾	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues 2019	US\$21.9 MM
Revenues nine months ended Sep 30, 2020	US\$17.4 MM
Project-level EBITDA 2019	US\$16.5 MM
Project-level nine months ended Sep 30, 2020	US\$13.9 MM
Restricted / Unrestricted Cash as of September 30, 2020	US\$86.3 MM / \$5.5 MM
Market Capitalization ⁽²⁾	US\$83.0MM
Number of Employees	17

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona
- (2) ETX share price at closing on November 11, 2020
- (3) ETX shares outstanding as of September 30, 2020

Downstream solar developer



Our focus is Japan

1 Among top 5 largest energy markets in the world

2 Solar supported by a Feed-in-Tariff program

3 Among highest electricity prices in OECD

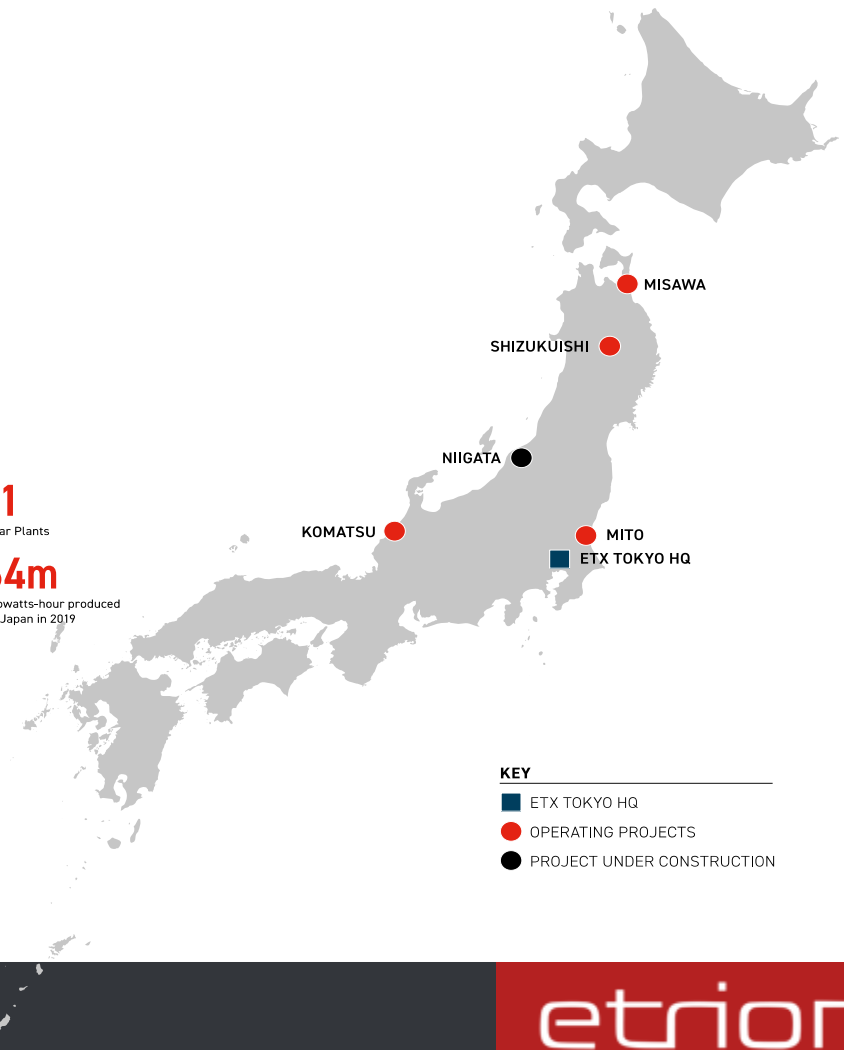
4 Strategic partnerships

5 Low cost financing

6 Energy sector deregulated in 2016

7 Strong institutional demand for yield

11
Solar Plants
64m
Kilowatts-hour produced
for Japan in 2019



Etrion's commitment to the environment

Respecting host country's history and nature

- Honoring wildlife – plan construction around the “garuma gull” bird nesting cycle
- Respecting local history - use geophysical survey techniques for the early detection of archaeological sites prior to the construction of solar plants
- Successful landscape integration of solar farms with surroundings



Corporate responsibility and sustainable investments

Our approach

- Understanding community and regional needs
- Master the local dynamics
- Demonstrate cultural sensitivity
- Leverage our international expertise complementing local partner's know-how



Examples of community benefits

- We organize tours and educational activities on environmental matters for schools
- Sponsor local sport events for the communities
- Provided financial assistance to rebuild a school destroyed by a natural disaster in north of Chile



Japan Market

Japan – Solar position in the world and growth perspectives

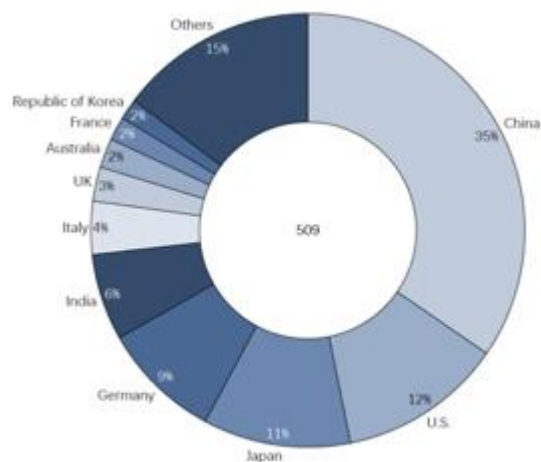


Figure 1: Cumulative solar PV Capacity Globally as of 2018
Source: REN21

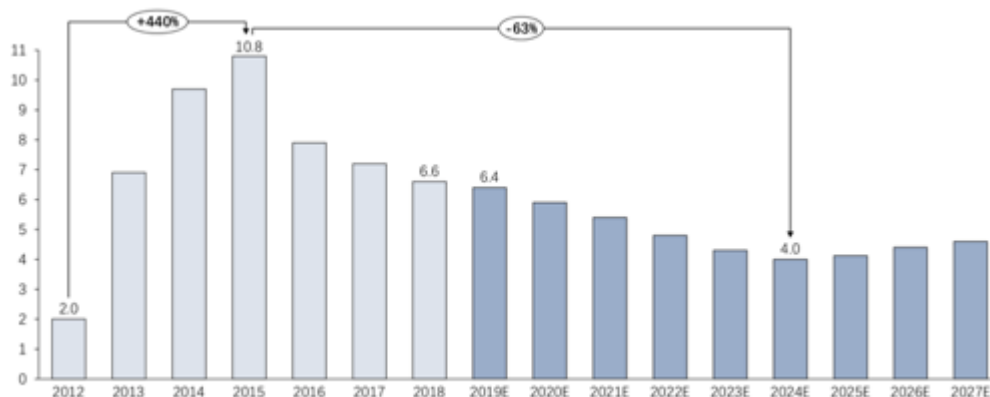


Figure 2: Japan solar PV market growth scenario 2019-2026 (GW)
Source: JPEA

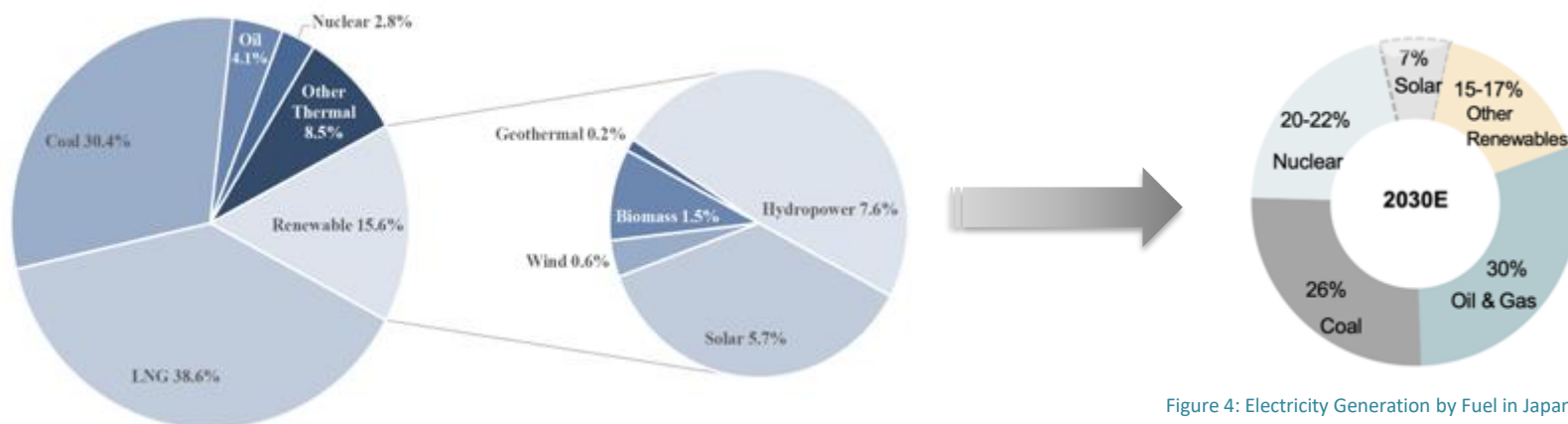
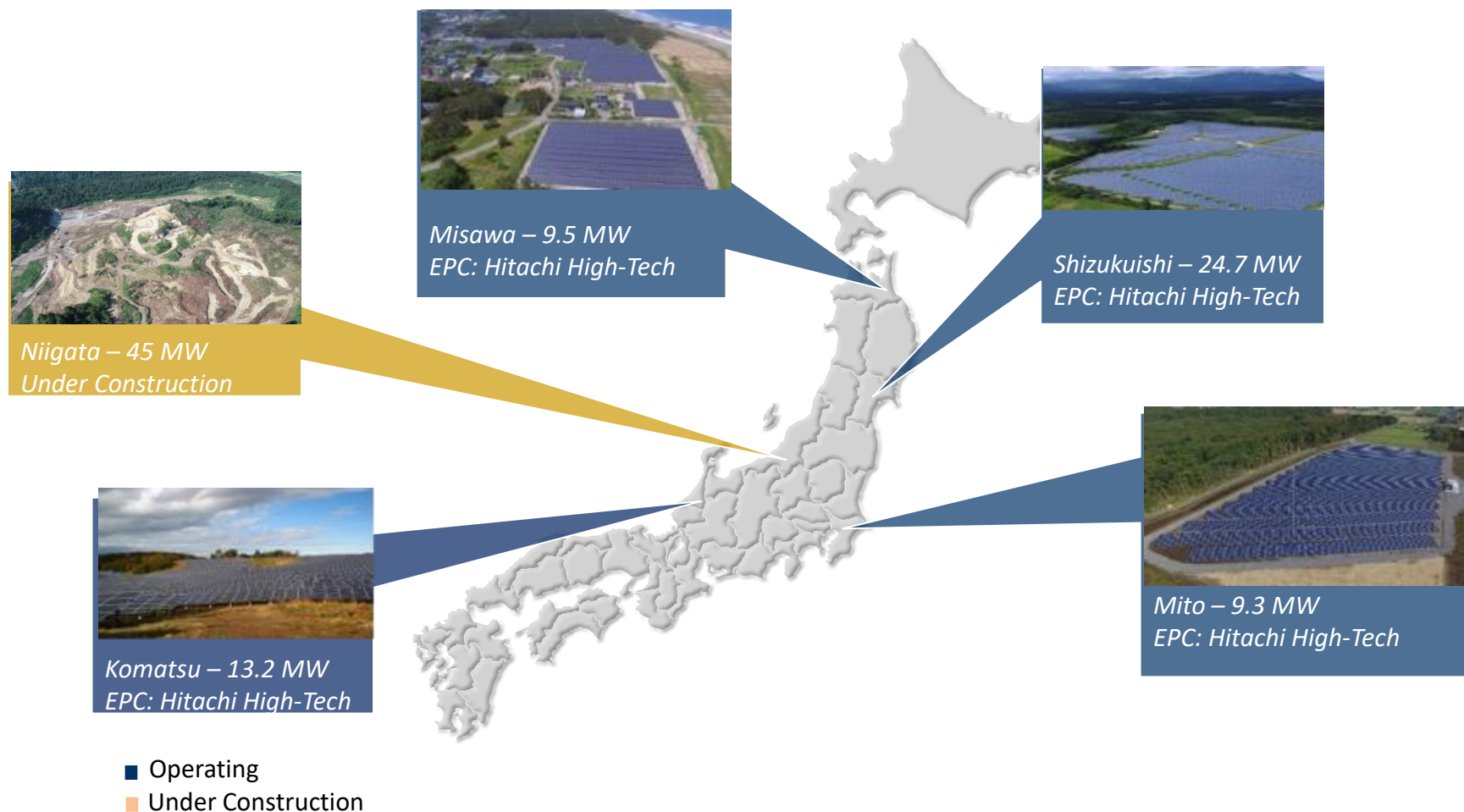


Figure 4: Electricity Generation by Fuel in Japan in 2030

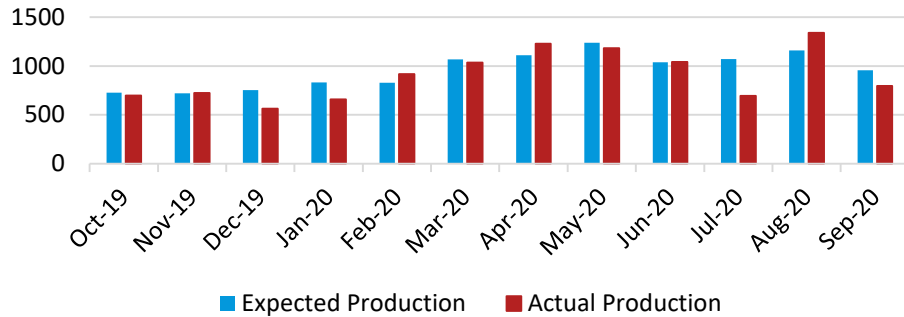
Figure 3: Electricity Generation by Fuel in Japan in 2017
Source: METI

Our presence

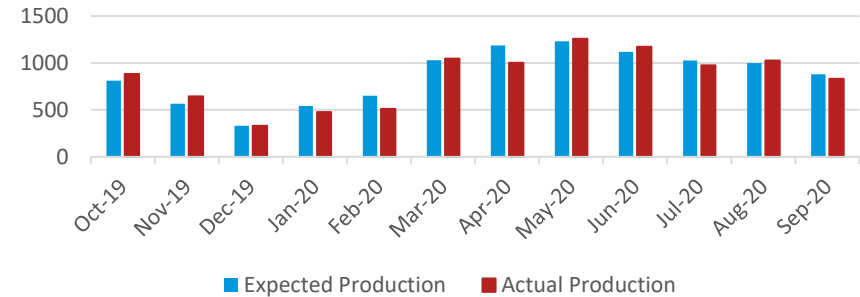


12 months historical performance to Q3-2020

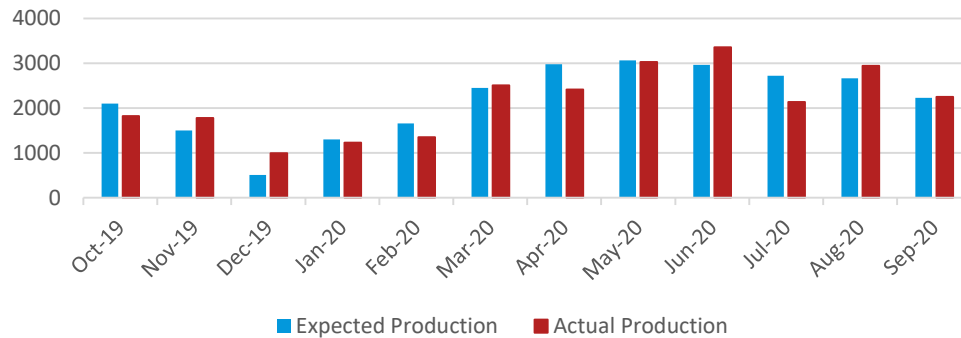
MITO comparison (MWh)



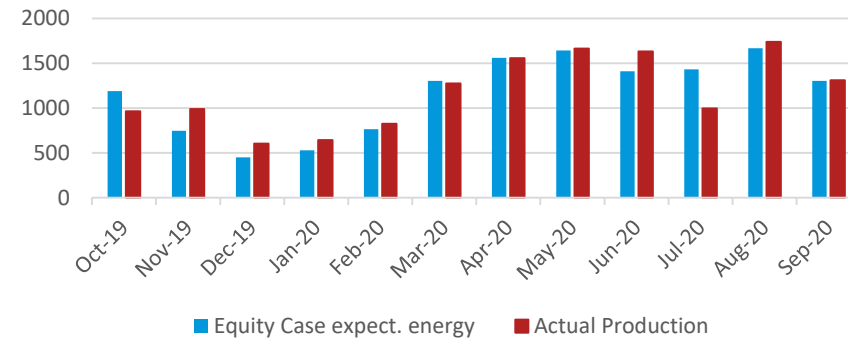
MISAWA comparison (MWh)



Shizukuishi comparison (MWh)



Komatsu comparison (MWh)



- ❑ Systems are performing slightly better than last year but we have less sun hours.
- ❑ YTD delta in POA is c.8% and YTD delta in performance comparing to 2019 is c.7%. Overall, the production is c.3% less than expected.



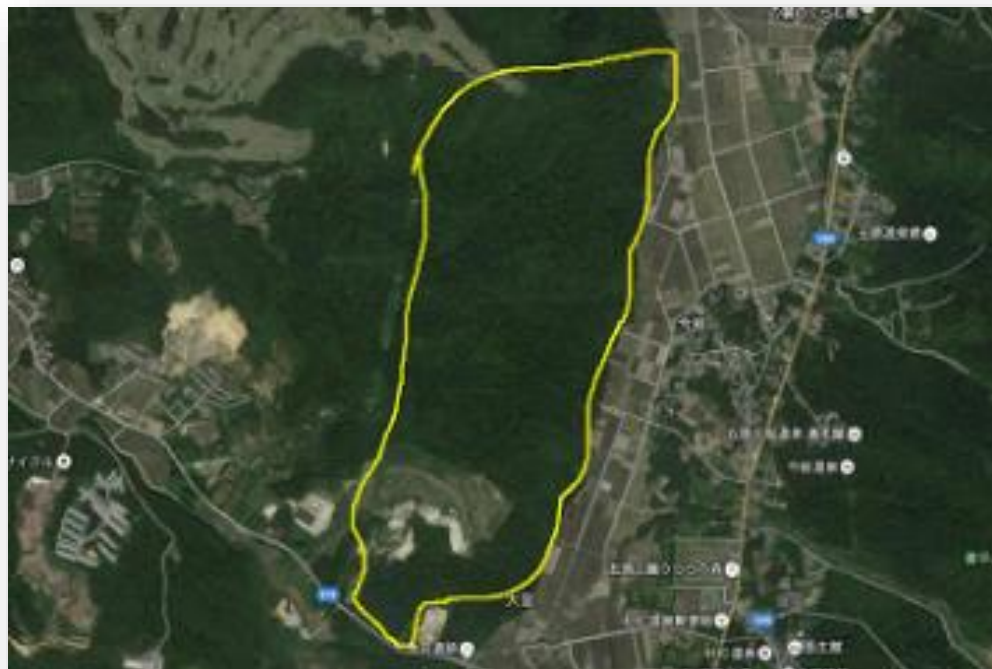
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Niigata – Under construction
45 MW solar park

Niigata – 45 MW

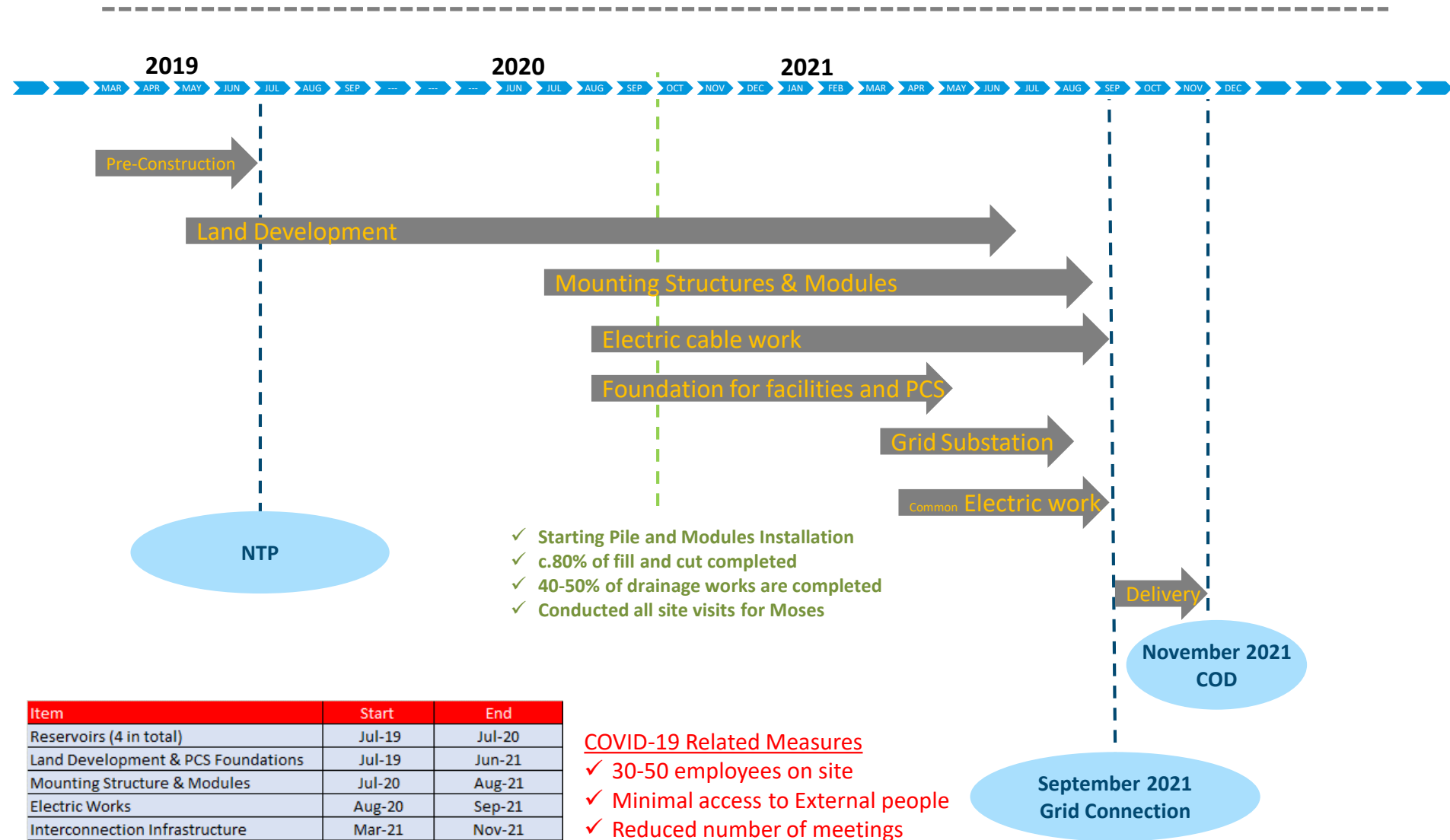
Key project metrics

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

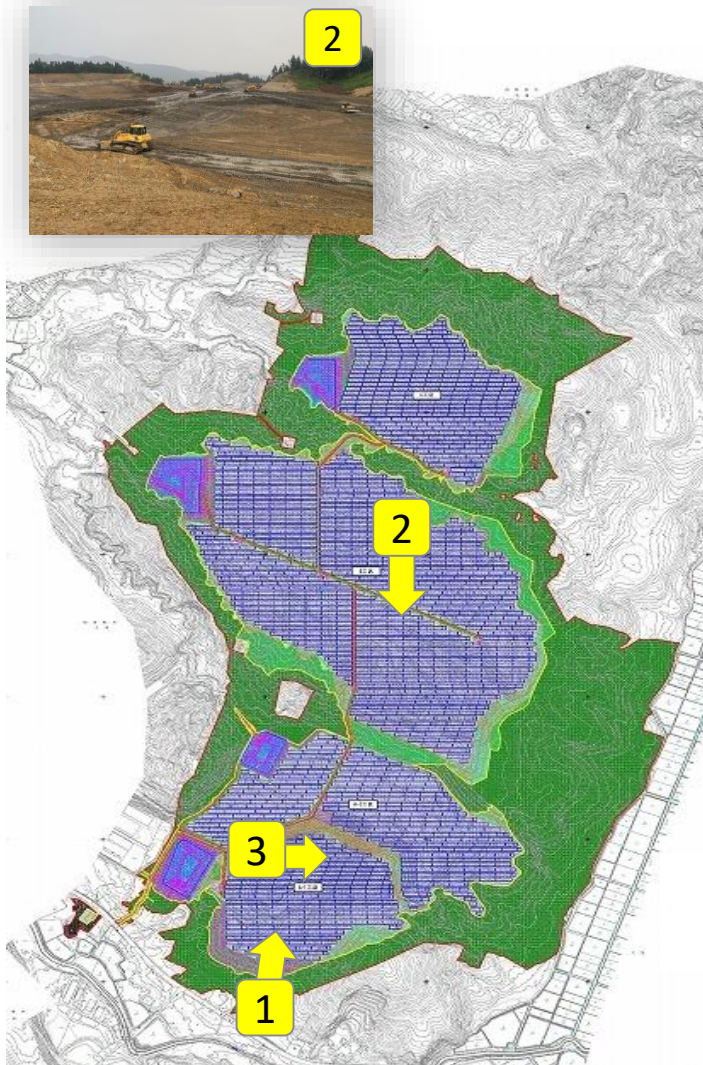


⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

NIIGATA PROJECT TIMELINE (Planned = Actual; 59.3% WIP)



WIP YTD is on time and budget 59.3%



Financial Results

Q3-20 highlights

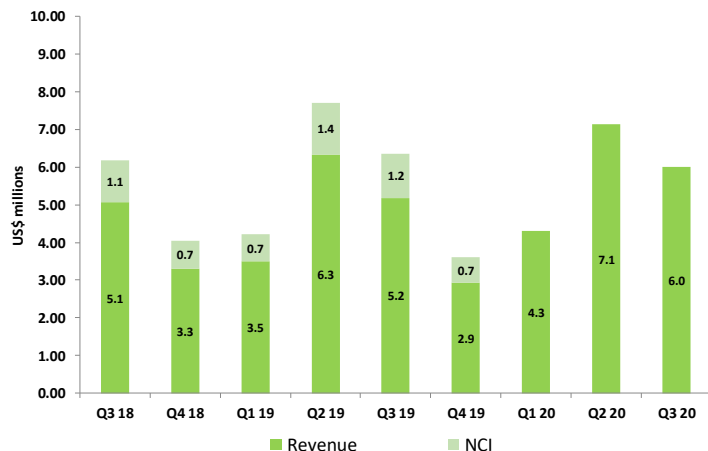
US\$ millions <small>otherwise indicated</small>	Q3-20	Q3-19	Q3-20	Q3-19
	Three months		Nine months	
Production KWh millions	17.0	18.4	50.0	53.2
Discontinued operations				
Revenue	6.0	6.4	17.4	18.3
Project-EBITDA	4.8	5.3	13.9	14.1
Depreciation and amortization	(2.4)	(2.4)	(6.9)	(6.9)
Net finance costs	(1.1)	(1.2)	(3.3)	(3.6)
Net income tax	(0.08)	(0.09)	(0.3)	(0.8)
Net income	1.2	1.6	3.3	2.8
Continuing operations				
Gain on sale of project rights	33.4	1.8	33.4	2.8
Gain on disposal of investment	-	-	3.3	-
Corporate G&A	(1.3)	(0.9)	(4.6)	(2.9)
Other expenses	(0.4)	-	(1.8)	-
Corporate-EBITDA	31.7	0.9	30.3	(0.1)
Net finance costs	(1.7)	1.8	(3.4)	0.6
Net income tax	(3.2)	(1.1)	(3.1)	(1.7)
Net income	26.8	1.6	23.8	(1.2)

Q3-20 Highlights

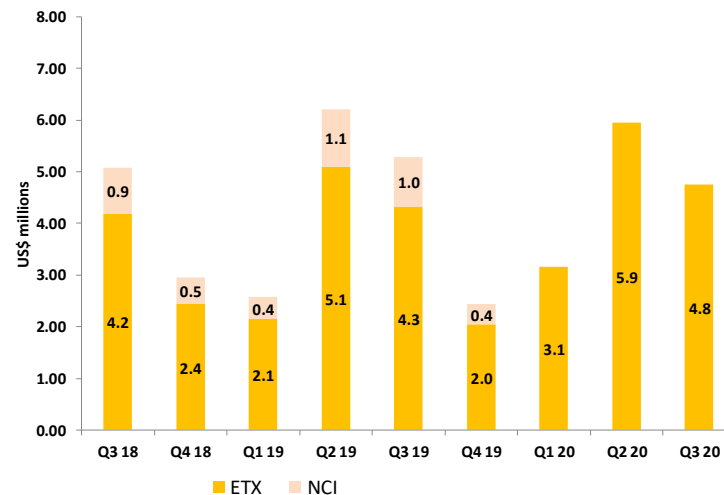
- Q3-20 financials are presented as per IFRS 5 assets held for sale and discontinued operations
- Q3-20 production (-7.2%), revenue (-5.4%) and project-EBITDA (-9.9%) vs Q3-19 driven by lower solar irradiation
- Q3-19 project-level EBITDA also included US\$0.3 m of business interruption compensation – none in Q3-20
- Q3-20 was positively impacted by the sale of the Yokkaichi project rights. Net gain of US\$ 33.4 m recognised.
- Corporate G&A is significantly higher than prior year due to lower capitalized development costs for the Yokkaichi project.
- YTD Corporate G&A affected by reclassification from B/S to P&L of accumulated legal and personnel costs in connection with the Yokkaichi litigation (\$0.7 million) during Q2 2020
- 45 MW Niigata project approximately 60% completed end Q3-20
- Income tax increased due to the accrued tax on the gain of the Yokkaichi deal

Performance of Japanese assets

Revenue from electricity sales



Project-level EBITDA



- Steady revenue and project-level EBITDA in Japan
- Strong performance quarter after quarter only impacted by seasonality
- Q3-19 project-level EBITDA included US\$0.3 m of business interruption insurance reimbursement

Non-controlling interest (NCI) = Hitachi and Tamagawa

Financial results

Etrion consolidated results

Q3-20 Segment information (3M)			
US\$ millions	Japan	Corp	TOTAL
Revenues	6.0	-	6.0
Operating expenses	(1.1)	-	(1.1)
G&A expenses	(0.1)	(1.3)	(1.5)
Gain on sale of solar project rights	-	33.4	33.4
Other income	0.0	(0.4)	(0.3)
EBITDA	4.8	31.7	36.5
Depreciation and amortization	(2.4)	(0.0)	(2.4)
Net finance costs	(1.1)	(1.7)	(2.8)
Loss before taxes	1.3	30.0	31.3
Tax expense	-	(3.2)	(3.2)
Net income (loss)	1.3	26.8	28.1

Net gain on sale of
Mie 60 MW solar project rights

- Steady revenue and project-level EBITDA in Japan
- Significant corporate-level EBITDA and net income

COVID-19 impact on the business

- All IT the systems in place enable the company to run the business remotely. Cloud based accounting, finance, email, file storage and video conference services, enable the company to experience minimum disruption and operate business-as-usual
- All employees have been advised to work from home as much as possible
- All travel are limited to essential travel only
- Operational assets do not require onsite operators except when a repair is required. O&M contractors are operating without disruption
- No impact on revenue stream since all power generation is paid on fixed price.
- Niigata project under construction is on track. Delivery of modules (from China) is currently not affected. Construction labor on site is currently not affected

Summary

Summary

- Strong financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Fully funded with no additional capital required to complete construction of the Niigata project
- Management anticipates receiving one or more binding offers by end of the year and expects to close a sale by the end of the first quarter in 2021, subject to the negotiation of final agreements and the receipt of any required shareholder and regulatory approvals.

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