etrion

Condensed Consolidated Interim
Financial Statements
Three and Nine Months Ended September 30, 2020
UNAUDITED

9.3 MW Mito-site 4 solar power park in Japan

At a Glance

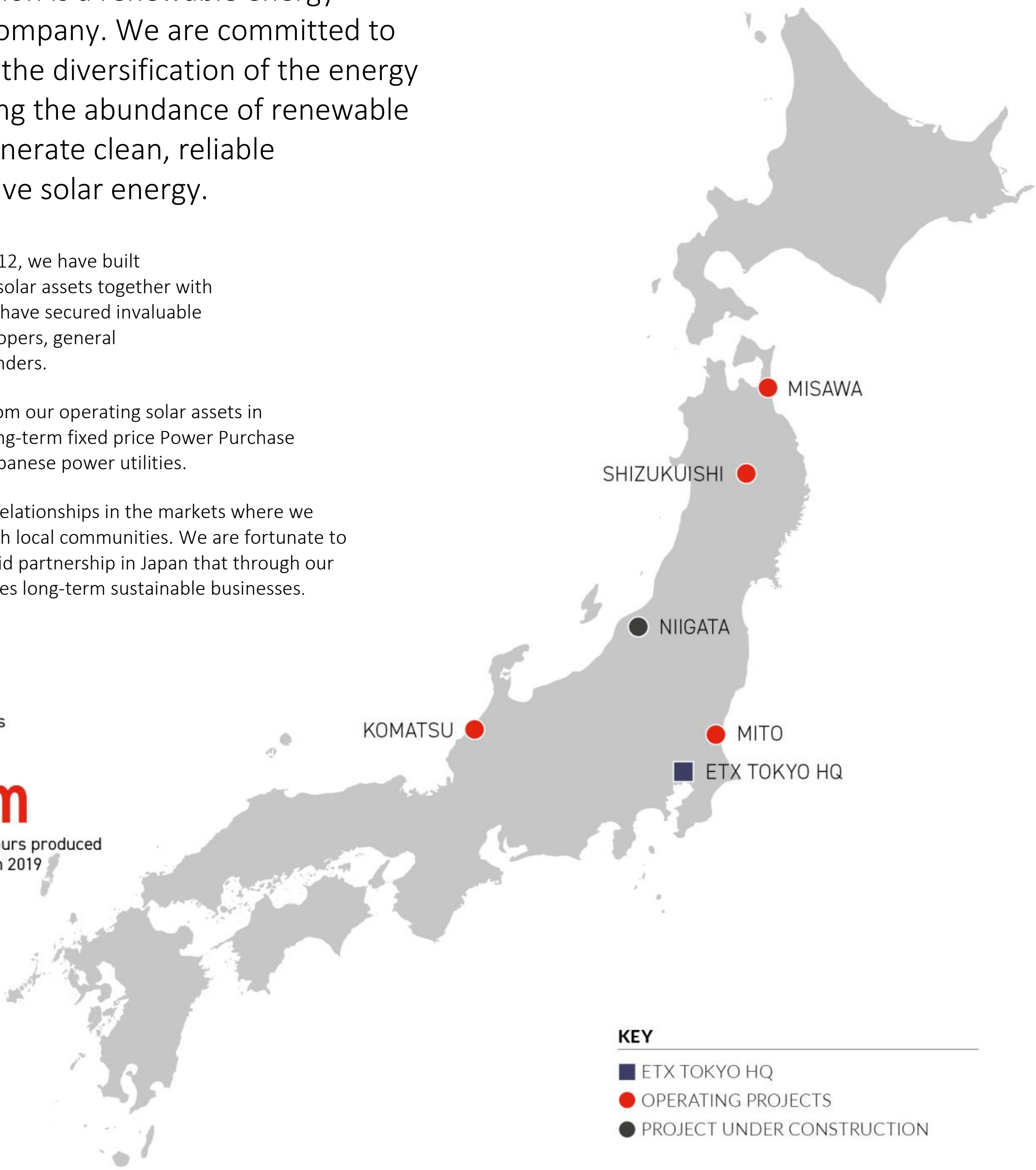
Etrion Corporation

Etrion Corporation is a renewable energy development company. We are committed to contributing to the diversification of the energy mix by leveraging the abundance of renewable resources to generate clean, reliable and cost-effective solar energy.

Active in Japan since 2012, we have built a best in class family of solar assets together with a strong local team and have secured invaluable partnerships with developers, general contractors and local lenders.

The revenue streams from our operating solar assets in Japan are secured by long-term fixed price Power Purchase Agreements with the Japanese power utilities.

We develop long-term relationships in the markets where we operate, particularly with local communities. We are fortunate to have an established, solid partnership in Japan that through our deep cooperation enables long-term sustainable businesses.



11
Solar plants

64m
Kilowatt-hours produced for Japan in 2019

For more information about our Company, take a look on our website at: **www.etrion.com**

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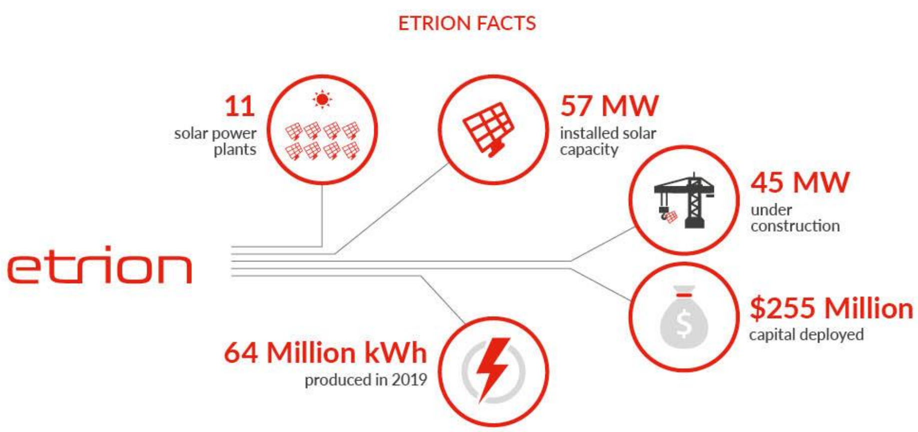

FINANCIAL STATEMENTS

The accompanying condensed consolidated unaudited interim financial statements of the Company for the three and nine months ended September 30, 2020, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements. Readers are cautioned that these condensed consolidated unaudited interim financial statements may not be appropriate for their purposes.

Condensed consolidated interim statement of net income and comprehensive net income

For the three and nine months ended September 30, 2020 and 2019
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
	Note	Q3-20	Q3-19 Restated*	Q3-20	Q3-19 Restated*
Continuing operations					
Gain on sale of solar project rights	6	33,401	1,841	33,401	2,760
Gain on disposal of non-core investment	7	-	-	3,318	-
General and administrative expenses	8	(1,352)	(933)	(4,606)	(2,830)
Other expense	9	(351)	-	(1,834)	-
Operating profit		**31,698**	**908**	**30,279**	**(70)**
Finance income	10	2	2,559	2	2,855
Finance costs	10	(1,709)	(744)	(3,352)	(2,307)
Net finance (costs) income		**(1,707)**	**1,815**	**(3,350)**	**548**
Income before income tax		**29,991**	**2,723**	**26,929**	**478**
Income tax expense	11	(3,173)	(1,097)	(3,121)	(1,717)
Income (loss) for the period from continuing operations		**26,818**	**1,626**	**23,808**	**(1,239)**
Profit from discontinued operations, net of tax	5	1,212	1,616	3,255	2,800
Net income for the period		**28,030**	**3,242**	**27,063**	**1,561**
Other comprehensive income					
Items that may be reclassified to profit and loss:					
Gain (loss) on currency translation		994	(1,264)	1,302	(495)
(Loss) gain on cash flow hedges, net of tax – discontinued operations		(349)	135	(398)	(790)
Total other comprehensive income (loss)		**645**	**(1,129)**	**904**	**(1,285)**
Total comprehensive net income for the period		**28,675**	**2,113**	**27,967**	**276**
Income attributable to:					
Owners of the parent		28,030	2,973	27,063	1,167
Non-controlling interests		-	269	-	394
Total		**28,030**	**3,242**	**27,063**	**1,561**
Total comprehensive income attributable to:					
Owners of the parent		28,675	1,827	27,967	13
Non-controlling interests		-	286	-	263
Total		**28,675**	**2,113**	**27,967**	**276**
Total comprehensive income attributable to owners of the Company:					
Continuing operations		27,812	362	25,110	(1,734)
Discontinued operations		863	1,751	2,857	2,010
Total		**28,675**	**2,113**	**27,967**	**276**
Basic and diluted earnings (loss) per share from continuing operations	12	$0.08	$0.00	$0.07	$(0.00)
Basic and diluted earnings per share for the period	12	**$0.08**	**$0.00**	**$0.07**	**$0.00**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.
*See note 5 for details regarding the restatement as a result of discontinued operations.

Condensed consolidated interim balance sheet

As at September 30, 2020
UNAUDITED
Expressed in US$'000

	Note	September 30 2020	December 31 2019
Assets			
Non-current assets			
Property, plant and equipment	13	22	191,796
Intangible assets	14	1,080	14,755
Deferred income tax assets		142	2,839
Trade and other receivables		-	3,949
Total non-current assets		**1,244**	**213,339**
Current assets			
Trade and other receivables	26	43,610	10,240
Cash and cash equivalents	15	5,468	123,382
		49,078	133,622
Assets held for sale	5	336,208	-
Total current assets		**385,286**	**133,622**
Total assets		**386,530**	**346,961**
Equity			
Attributable to common shareholders			
Share capital	16	111,304	111,304
Contributed surplus		13,587	13,443
Other reserves		948	(12,799)
Reserves of a disposal group held for sale		(12,843)	-
Accumulated losses		(87,985)	(115,048)
Total attributable to common shareholders		**25,011**	**(3,100)**
Total equity		**25,011**	**(3,100)**
Liabilities			
Non-current liabilities			
Borrowings	18	-	301,464
Derivative financial instruments	19	-	8,782
Provisions	20	1,017	15,848
Total non-current liabilities		**1,017**	**326,094**
Current liabilities			
Trade and other payables	20	1,351	12,917
Current tax liabilities	11	3,300	1,676
Borrowings	18	40,276	7,585
Derivative financial instruments	19	-	1,429
Provisions	20	-	319
Other liabilities		-	41
		44,927	23,967
Liabilities directly associated with the assets held for sale	5	315,575	-
Total current liabilities		**360,502**	**23,967**
Total liabilities		**361,519**	**350,061**
Total equity and liabilities		**386,530**	**346,961**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the nine months ended September 30, 2020 and 2019
UNAUDITED
Expressed in US$'000

	Attributable to owners of the parent							
	Share capital	Contributed surplus	Other reserves	Accumulated losses	Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity
Balance at January 1, 2019	**111,304**	**13,281**	**(12,940)**	**(109,848)**	**-**	**1,797**	**1,132**	**2,929**
Comprehensive income:								
Income for the period	-	-	-	1,167	-	1,167	394	1,561
Other comprehensive (loss) income:								
Cash flow hedges (net of tax)	-	-	(629)	-	-	(629)	(161)	(790)
Currency translation	-	-	(525)	-	-	(525)	30	(495)
Total comprehensive (loss) income	**-**	**-**	**(1,154)**	**1,167**	**-**	**13**	**263**	**276**
Transactions with owners in their capacity as owners:								
Share-based payments	-	120	-	-	-	120	-	120
Balance at September 30, 2019	**111,304**	**13,401**	**(14,094)**	**(108,681)**	**-**	**1,930**	**1,395**	**3,325**
Balance at January 1, 2020	**111,304**	**13,443**	**(12,799)**	**(115,048)**	**-**	**(3,100)**	**-**	**(3,100)**
Comprehensive income:								
Income for the period	-	-	-	27,063	-	27,063	-	27,063
Other comprehensive (loss) income:								
Cash flow hedges (net of tax)	-	-	(398)	-	-	(398)	-	(398)
Discontinued operations (note 5)	-	-	12,843	-	(12,843)	-	-	-
Currency translation	-	-	1,302	-	-	1,302	-	1,302
Total comprehensive income (loss)	**-**	**-**	**13,747**	**27,063**	**(12,843)**	**27,967**	**-**	**27,967**
Transactions with owners in their capacity as owners:								
Share-based payments	-	144	-	-	-	144	-	144
Balance at September 30, 2020	**111,304**	**13,587**	**948**	**(87,985)**	**(12,843)**	**25,011**	**-**	**25,011**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flow

For the three and nine months ended September 30, 2020 and 2019
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
	Note	Q3-20	Q3-19 Restated*	Q3-20	Q3-19 Restated*
Operating activities:					
Net income for the period		**28,030**	**3,242**	**27,063**	**1,561**
Less: net income from discontinued operations		1,212	1,616	3,255	2,800
Income (loss) for the period from continuing operations		**26,818**	**1,626**	**23,808**	**(1,239)**
Adjustments for the following non-cash items:					
Depreciation and amortization	8	36	36	104	106
Income tax expense, net	11	3,173	1,097	3,121	1,717
Gain on disposal of non-core investment	7	-	-	(3,318)	-
Share-based payment expense	8/17	50	67	144	156
Interest expense	10	715	668	2,093	2,039
Amortization of transaction costs	10	86	71	246	214
Foreign exchange loss	10	-	(2,559)	-	(2,855)
Other (income) expense		(530)	379	228	122
Sub-total		**30,348**	**1,385**	**26,426**	**260**
Changes in working capital:					
Trade and other receivables		(33,328)	(1,203)	(29,231)	3,085
Trade and other payables		805	17,705	(2,618)	13,789
Income tax (paid) recovered		(112)	61	(1,639)	(233)
Net cash (outflow)/inflow from continuing operations		(2,287)	17,948	(7,062)	16,901
Net cash inflow/(outflow) from discontinued operations		5,783	(10,023)	5,495	(3,936)
Total cash flow generated from (used in) operating activities		**3,496**	**7,925**	**(1,567)**	**12,965**
Investing activities:					
Purchases of intangible assets	14	(33)	(2,228)	(318)	(3,885)
Cash proceeds from disposal of non-core investment	7	-	-	3,318	-
Net cash inflow/(outflow) from continuing operations		(33)	(2,228)	3,000	(3,885)
Net cash outflow from discontinued operations		-	(21,064)	(27,925)	(21,435)
Total cash flow generated from (used in) investing activities		**(33)**	**(23,292)**	**(24,925)**	**(25,320)**
Financing activities:					
Interest paid		-	-	(1,383)	(1,395)
Repayment of borrowings		-	(2,817)	-	(2,818)
Net cash outflow from continuing operations		-	(2,817)	(1,383)	(4,213)
Net cash (outflow)/inflow from discontinued operations		(145)	(5,783)	(6,615)	136,010
Total cash flow used in (generated from) financing activities		**(145)**	**(8,600)**	**(7,998)**	**131,797**
Net increase (decreased) in cash and cash equivalents		**3,318**	**(23,967)**	**(34,490)**	**119,442**
Effect of exchange rate changes on cash and cash equivalents		1,832	(545)	2,851	(229)
Cash and cash equivalents at the beginning of the period		**86,593**	**168,452**	**123,382**	**24,727**
Cash and cash equivalents at the end of the period	15	**91,743**	**143,940**	**91,743**	**143,940**
From continuing operations		5,468	143,940	5,468	143,940
From discontinued operations		86,275	-	86,275	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.
*See note 5 for details regarding the restatement as a result of discontinued operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2020 and 2019
UNAUDITED
Expressed in US$'000 unless otherwise stated

1. General information

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm Stock Exchange in Sweden under the same ticker symbol, "ETX".

Etrion is an independent power producer that develops, builds, owns and operates solar power generation plants. The Company owns 57 megawatts ("MW") of installed solar capacity in Japan and 45 MW of project under construction (the "Niigata Project").

Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd ("MUMSS") as financial advisor to assist with the potential sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. The Company has received several non-binding proposals from strategic and financial investors regarding the potential purchase of its Japanese assets. A short-listed group of interested parties is now engaged in detailed due diligence of the assets. 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. The Company's management has concluded that as of September 30, 2020, the Japanese solar assets and the entire Solar Segment have met the definition of assets held-for-sale and discontinued operation as per IFRS 5.

These condensed consolidated interim financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's Board of Directors approved these condensed consolidated interim financial statements on November 11, 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019. These condensed consolidated interim financial statements have been prepared on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2019.

(b) Going concern

The Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At September 30, 2020, the Group had unrestricted cash and cash equivalents of $5.5 million (December 31, 2019: unrestricted $10.6 million). During the nine months ended September 30, 2020, the Group recognized a net income of $27.1 million (2019: $1.6 million). In October 2020, the Group received a total of JPY 4.4 billion (approximately $41.6 million) of cash proceeds from the Mie settlement and increased its unrestricted cash position to $47.1 million. The Company's management is confident that the Group will be able to fund its working capital requirements for at least 12 months from the date of these consolidated financial statements.The Company's interim consolidated financial statements for the three and nine months ended September 30, 2020, do not include the adjustments that would result if the Group were unable to continue as a going concern.

(c) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

(d) Assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is considered as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: (1) represents a separate major line of business or geographical area of operations, (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (3) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 4. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3. Accounting estimates and assumptions

In connection with the preparation of the Company's condensed consolidated interim financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. These assumptions, estimates and judgments are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the condensed consolidated interim financial statements are prepared.

On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results may differ from the assumptions and estimates, and such differences could be material. There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2019.

4. Segment reporting

While the only Company's segment (Solar Japan) is now classified as discontinued operations Note 5, management continues to disclose the segment information together with the corporate activities as it believes that this information is useful for readers of the consolidated financial statements. The Group's country of domicile is Canada. However, all consolidated revenues from external customers are derived from Japan. The Group's electricity production in Japan is sold to the Japanese public utilities, Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU"), and Tohoku Electric Power Co., Inc. ("TOHOKU"). The Company's revenue breakdown by major customers in Japan is as below:

	Three months ended		Nine months ended	
	Q3-20	Q3-19	Q3-20	Q3-19
TEPCO	1,069	850	3,306	3,105
HOKURIKU	1,221	1,370	3,464	3,641
TOHOKU	3,721	4,136	10,667	11,531
TOTAL	**6,011**	**6,356**	**17,437**	**18,277**

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2020 and 2019
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The Group's revenues, EBITDA and results are presented as follows:

	Three months ended					
	Q3-20			Q3-19		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**6,011**	**-**	**6,011**	**6,356**	**-**	**6,356**
Operating expenses	(1,134)	-	(1,134)	(1,412)	-	(1,412)
General and administrative expenses	(128)	(1,316)	(1,444)	(46)	(897)	(943)
Gain on sale of solar project rights	-	33,401	33,401	-	1,841	1,841
Other income (expense)	8	(351)	(343)	380	-	380
EBITDA	**4,757**	**31,734**	**36,491**	**5,278**	**944**	**6,222**
Depreciation and amortization	(2,367)	(36)	(2,403)	(2,365)	(36)	(2,401)
Finance income	(1)	2	1	-	2,559	2,559
Finance costs	(1,100)	(1,709)	(2,809)	(1,209)	(744)	(1,953)
Income before income tax	**1,289**	**29,991**	**31,280**	**1,704**	**2,723**	**4,427**
Income tax expense	(77)	(3,173)	(3,250)	(88)	(1,097)	(1,185)
Net income for the period	**1,212**	**26,818**	**28,030**	**1,616**	**1,626**	**3,242**

	Nine months ended					
	Q3-20			Q3-19		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**17,437**	**-**	**17,437**	**18,277**	**-**	**18,277**
Operating expenses	(3,326)	-	(3,326)	(4,080)	-	(4,080)
General and administrative expenses	(286)	(4,502)	(4,788)	(258)	(2,724)	(2,982)
Gain on sale of solar project rights	-	33,401	33,401	-	2,760	2,760
Gain on disposal of non-core investment	-	3,318	3,318	-	-	-
Other income (expense)	33	(1,834)	(1,801)	122	-	122
EBITDA	**13,858**	**30,383**	**44,241**	**14,061**	**36**	**14,097**
Depreciation and amortization	(6,978)	(104)	(7,082)	(6,849)	(106)	(6,955)
Finance income	3	2	5	-	2,855	2,855
Finance costs	(3,325)	(3,352)	(6,677)	(3,614)	(2,307)	(5,921)
Income before income tax	**3,558**	**26,929**	**30,487**	**3,598**	**478**	**4,076**
Income tax expense	(303)	(3,121)	(3,424)	(798)	(1,717)	(2,515)
Net income (loss) for the period	**3,255**	**23,808**	**27,063**	**2,800**	**(1,239)**	**1,561**

The Group's assets and liabilities can be presented as follows:

	September 30, 2020			December 31, 2019		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Property, plant and equipment	224,396	22	224,418	191,744	52	191,796
Intangible assets	12,029	1,080	13,109	12,493	2,262	14,755
Cash and cash equivalents	86,275	5,468	91,743	112,786	10,596	123,382
Other assets	13,508	43,752	57,260	9,326	7,702	17,028
Total assets	**336,208**	**50,322**	**386,530**	**326,349**	**20,612**	**346,961**
Borrowings	276,895	40,276	317,171	271,504	37,545	309,049
Trade and other payables	11,889	1,351	13,240	9,626	3,291	12,917
Other liabilities	26,791	4,317	31,108	25,550	2,545	28,095
Total liabilities	**315,575**	**45,944**	**361,519**	**306,680**	**43,381**	**350,061**

5. Discontinued operations

Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the potential sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. The sale of the Solar Japan segment is expected to be completed within a year from the reporting date. At September 30, 2020, the Solar Japan segment was classified as a disposal group held for sale and as a discontinued operation.

The results of the Solar Japan discontinued operation for the period are presented below:

	Three months ended		Nine months ended	
	Q3-20	Q3-19	Q3-20	Q3-19
Revenue	6,011	6,356	17,437	18,277
Operating expenses	(1,134)	(1,412)	(3,326)	(4,080)
General and administrative expenses	(128)	(46)	(286)	(258)
Other (expense) income	8	380	33	122
EBITDA	**4,757**	**5,278**	**13,858**	**14,061**
Depreciation and amortization	(2,367)	(2,365)	(6,978)	(6,849)
Finance income	(1)	-	3	-
Finance costs	(1,100)	(1,209)	(3,325)	(3,614)
Income before income tax from discontinued operations	**1,289**	**1,704**	**3,558**	**3,598**
Income tax expense	(77)	(88)	(303)	(798)
Net Income for the period from discontinued operations	**1,212**	**1,616**	**3,255**	**2,800**

The major classes of assets and liabilities of the Solar Japan disposal group classified as held for sale as at September 30, 2020, are as follows:

	September 30 2020
Assets	
Property, plant and equipment (Note 13)	224,396
Intangible assets (Note 14)	12,029
Deferred income tax assets	2,657
Trade and other receivables	10,851
Cash and cash equivalents (Note 15)	86,275
Assets classified as held for sale	**336,208**

Liabilities	
Borrowings (Note 18)	276,895
Trade and other payables	11,889
Tax liabilities	3
Derivative financial instruments (Note 19)	11,532
Provisions (Note 20)	15,256
Liabilities directly associated with assets held for sale	**315,575**
Net assets directly associated with disposal group	**20,633**
Amounts included in other reserves:	
Loss on cash flow hedges	17,947
Deferred tax on cash flow hedges	(5,104)
Reserve of disposal group classified as held for sale	**12,843**

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2020 and 2019
UNAUDITED
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6. Gain on sale of solar project rights

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Gain on sale of Mie solar project rights	30,882	1,841	30,882	2,760
Development fee Mie project	2,790	-	2,790	-
Compensation on Mie deposit reimbursement	598	-	598	-
Write-off Mie development costs	(869)	-	(869)	-
Total gain on sale of solar project rights	**33,401**	**1,841**	**33,401**	**2,760**

The Company reached an agreement and sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately $31.0 million). As part of the agreement Etrion also received a development fee of ¥300 million (approximately $2.8 million) and interest of ¥64 million (approximately $0.6 million). The Company's capitalized development costs of US$0.9 incurred in the Mie 60 MW solar project were written-off. During the nine months ended September 30,2019, the Company fully collected ¥300 million (approximately $2.8 million) from a local Japanese developer of gain on sale of the project rights of the Kumamoto project. USD equivalents were calculated using the applicable average exchange rate.

7. Gain on disposal of non-core investment

	Three months ended		Nine months ended	
	Q3-20	Q3-19	Q3-20	Q3-19
Disposal of shares in PV Salvador SpA	-	-	2,977	-
AMS termination fee received	-	-	341	-
Total gain on disposal of non-core investment	**-**	**-**	**3,318**	**-**

After deconsolidation in 2017, Etrion's 70% economic interest in PV Salvador was accounted for as an equity investment and recorded at a fair value of nil. On May 14, 2020, Etrion disposed of its retained investment in PV Salvador in exchange for cash proceeds of $3.0 million resulting in a net gain on disposal of $3.0 million. Concurrent with this transaction, Etrion received a termination fee of $0.3 million as compensation for the early termination of the asset's management service contract with PV Salvador.

8. General and administrative expenses

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Salaries and benefits	443	300	1,797	838
Board of Directors' fees	50	68	156	204
Share-based payments	50	67	144	156
Professional fees	580	182	1,766	761
Listing and marketing	38	57	157	204
Depreciation and amortization	36	36	104	106
Office lease	78	75	228	219
Office, travel and other	77	148	254	342
Total general and administrative expenses	**1,352**	**933**	**4,606**	**2,830**

During the nine months ended September 30, 2020, the Company reclassified from development costs to professional fees and salaries, all accumulated costs to date of $0.7 million associated with the litigation on the Mie 60 MW solar project. The increase in salaries compared with the same period in 2019 also reflect a decrease in recharges to the projects in the pipeline, following the development completion of the Niigata project in June 2019.

9. Other expense

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Unrecoverable withholding taxes	-	-	1,008	-
Municipality tax reassessment from disposed assets	-	-	382	-
Other	351	-	444	-
Total other expense	**351**	**-**	**1,834**	**-**

During the nine months ended September 30, 2020, the Company recognized approximately $1.0 million of unrecoverable withholding taxes triggered by an investment contribution to one of its Japanese subsidiaries. In addition, the Company recognized a full impairment of $0.3 million on its wind project. Finally, during the nine months ended September 30, 2020, the Company recognized $0.4 million of tax expense relating to tax reassessments received from the Italian municipalities where two of its previously owned solar parks operated. Under the terms of the original sale and purchase agreement, the seller was responsible for certain specific potential claims not confirmed at the date of sale in December 2016.

10. Net finance costs

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Finance income:				
Foreign exchange gain	-	2,559	-	2,855
Other finance income	2	-	2	-
Total finance income	**2**	**2,559**	**2**	**2,855**
Finance costs:				
Corporate bond	715	668	2,093	2,039
Amortization of transaction costs	86	71	246	214
Foreign exchange loss	900	-	968	-
Other finance costs	8	5	45	54
Total finance costs	**1,709**	**744**	**3,352**	**2,307**
Net finance costs (income)	**1,707**	**(1,815)**	**3,350**	**(548)**

The Group has a fixed rate corporate bond outstanding to be repaid by May 2021 associated with the Group financing structure. The finance costs associated with the projects held for sale are disclosed under Note 5.

11. Income taxes

(a) Income tax expense

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Current income tax expense:				
Corporate income tax expense	3,173	1,097	3,121	1,717
Total income tax expense	**3,173**	**1,097**	**3,121**	**1,717**

During the three and nine months ended September 30, 2020, the Group recognized an income tax expense of $3.2 million and $3.1 million, respectively (2019: $1.1 million and $1.7 million) associated with its management services subsidiaries. The corporate income tax expense has increased in comparison to 2019 mainly due to the tax effect recognized on the third quarter of 2020 associated with the gain on sale of the Mie 60 MW solarproject rights.

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(b) Current income tax liabilities

	September 30 2020	December 31 2019
Corporate income tax	3,300	1,676
Total current income tax liabilities	**3,300**	**1,676**

12. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to owners of the Company by the weighted average number of shares outstanding during the period. The calculation of basic and diluted income per share is as follows:

	Three months ended		Nine months ended	
	Q3-20	Q3-19 Restated	Q3-20	Q3-19 Restated
Income attributable to common shareholders:				
Income (loss) from continuing operations	26,818	1,626	23,808	(1,239)
Income from discontinued operations	1,212	1,616	3,255	2,800
Total Income attributable to common shareholders	**28,030**	**3,242**	**27,063**	**1,561**
Weighted average number of thousand shares outstanding	334,094	334,094	334,094	334,094
Adjusments for dilutive potential ordinary shares (RSU):	11,667	11,667	11,667	11,667
Weighted average number of thousand shares outstanding (diluted)	345,761	345,761	345,761	345,761
Basic and diluted earnings per share:				
Income (loss) from continuing operations	$0.08	$0.00	$0.07	$(0.00)
Income from discontinued operations	$0.00	$0.00	$0.00	$0.00
Total basic and diluted earnings per share	**$0.08**	**$0.00**	**$0.07**	**$0.00**

13. Property, plant and equipment

	Land	Solar power projects	Assets under construction	Right of use assets	Other PPE	Total
Cost:						
At December 31, 2019	**8,137**	**151,061**	**40,782**	**10,559**	**5,435**	**215,974**
Additions	-	-	32,324	-	2	32,326
Disposal	-	-	-	-	(37)	(37)
Assets held for sale (Note 5)	(8,403)	(156,062)	(75,133)	(11,185)	(5,375)	(256,158)
Exchange differences	266	5,001	2,027	626	170	8,090
At September 30, 2020	**-**	**-**	**-**	**-**	**195**	**195**
Accumulated depreciation:						
At December 31, 2019	**-**	**22,645**	**-**	**650**	**883**	**24,178**
Depreciation	-	5,825	-	452	220	6,497
Disposal	-	-	-	-	(22)	(22)
Assets held for sale (Note 5)	-	(29,455)	-	(1,367)	(940)	(31,762)
Exchange differences	-	985	-	265	32	1,282
At September 30, 2020	**-**	**-**	**-**	**-**	**173**	**173**
Net book value:						
At December 31, 2019	8,137	128,416	40,782	9,909	4,552	191,796
At September 30, 2020	**-**	**-**	**-**	**-**	**22**	**22**

During the nine months ended September 30, 2020, the Group capitalized as assets under construction $33 million (2019: $23.4 million) of incurred capital expenditures associated with the Niigata Project. In addition, during the nine months ended September 30, 2020, the Group capitalized $1.4 million (2019: $0.4 million) of borrowing costs associated with credit facilities obtained to finance the construction of the Niigata Project. Following the IFRS 5 presentation all solar projects associated PPE have been reclassified under assets held for sale. Note 5

14. Intangible assets

	Licenses and permits	Internally generated development costs and other	Total
Cost:			
At December 31, 2019	**15,684**	**3,886**	**19,570**
Additions	-	712	712
Reclassification to general and administrative expenses	-	(711)	(711)
Disposal	-	(820)	(820)
Impairment	-	(294)	(294)
Assets held for sale (Note 5)	(16,219)	-	(16,219)
Exchange differences	535	121	656
At September 30, 2020	**-**	**2,894**	**2,894**
Accumulated amortization:			
At December 31, 2019	**3,161**	**1,654**	**4,815**
Amortization	907	84	991
Assets held for sale (Note 5)	(4,190)	-	(4,190)
Exchange differences	122	76	198
At September 30, 2020	**-**	**1,814**	**1,814**
Net book value:			
At December 31, 2019	12,523	2,232	14,755
At September 30, 2020	**-**	**1,080**	**1,080**

During the nine months ended September 30, 2020, general and administrative expenses of $0.7 million (2019: $3.9 million) representing internally-generated costs of $0.1 million (2019: $1.0 million) and third-party costs of $0.6 million (2019: $2.9 million) were capitalized during the period within intangible assets as they directly related to the Group's development activities in Japan. In addition, during the second quarter, the Company reclassified from development costs to professional fees and salaries, all accumulated costs to date of $0.7 million associated with the litigation on Mie 60 MW solar project. Following the IFRS 5 presentation all solar projects associated Intangible assets have been reclassified under assets held for sale. Note 5

15. Cash and cash equivalents

The Group's cash and cash equivalents (including restricted cash) are held in banks in Canada, Luxembourg, Switzerland, the United States and Japan with high and medium grade credit ratings assigned by international credit agencies. The fair value of cash and cash equivalents approximates their carrying value owing to short maturities.

	September 30 2020	December 31 2019
Unrestricted cash at parent level	5,468	10,596
Restricted cash at project level	-	112,786
Total	**5,468**	**123,382**

Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks for future payment of interest and principal and working capital requirements related to each project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions. For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at September 30, 2020:

	September 30 2020	December 31 2019
Cash and cash equivalents attributable to continuing operations	5,468	123,382
Cash and cash equivalents attributable to discontinued operations	86,275	-
Total	**91,743**	**123,382**

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16. Share capital

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 shares are issued and outstanding at September 30, 2020 (December 31, 2019: 334,094,324). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all of the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors. No dividends were declared during the nine months ended September 30, 2020 and 2019.

17. Share-based payments

The Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, Directors and officers. Outstanding RSUs have a contractual term of nine years and have market-based performance and vesting conditions. During the three and nine months ended September 30, 2020, the Group recognized share-based payment expenses of $50 thousand and $144 thousand, respectively, (2019: $67 thousand and $156 thousand) related to its RSU scheme. Note 8

During the three and nine months ended September 30, 2020, there were no changes in the Company's outstanding RSUs totalling 11,666,667. The Company recognizes an expense within general and administrative expenses when RSUs are granted to employees, consultants, Directors and officers using the grant date share fair value for RSUs with service and non-market performance conditions. For RSUs with market-based performance conditions, share-based compensation is calculated using an adjusted grant date share fair value calculated with a valuation model that incorporates all the variables included in the market vesting conditions.

18. Borrowings

	Corporate bond	Project bond	Project loans	Total
At December 31, 2019	**37,545**	**140,642**	**130,862**	**309,049**
Proceeds from loans	-	-	2,730	2,730
Transaction costs on acquired debt	-	-	(2,730)	(2,730)
Repayment of loans and interest	(1,411)	(886)	(4,734)	(7,031)
Accrued interest	2,093	1,453	1,203	4,749
Amortization of transaction costs	253	204	213	670
Transferred to liabilities held for sale (Note 5)	-	(146,093)	(130,802)	(276,895)
Exchange differences	1,796	4,680	3,258	9,734
At September 30, 2020	**40,276**	**-**	**-**	**40,276**
- Current portion	**40,276**	**-**	**-**	**40,276**

At September 30, 2020 and December 31, 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans. On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank ("SMTB"), to increase the size of the non-recourse Mito project loan by $2.8 million (¥295 million), with existing tenor and slightly lower interest rate. As at September 30, the corporate bond of $40.3 million (€33.7 million) has been classified as short term debt as it is due to be repaid in May 2021. Following the IFRS 5 presentation, all borrowings associated with solar projects have been reclassified under liabilities associated with assets held for sale. Note 5

19. Derivative financial instruments

	September 30 2020	December 31 2019
Derivative financial liabilities:		
Interest rate swap contracts		
- Current portion	-	1,429
- Non-current portion	-	8,782
Total derivative financial liabilities	**-**	**10,211**

Interest rate swap contracts

The Group enters into interest rate swap contracts in order to hedge against the risk of variations in the Group's cash flows as a result of floating interest rates on its non-recourse project loans in Japan. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR interest rate forward yield curves and an appropriate discount factor.

At September 30, 2020, and December 31, 2019, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs. Following the IFRS 5 presentation, all derivatives associated with solar projects in the amounts of $15.3 million,have been reclassified under liabilities associated with assets held for sale. Note 5

20. Trade and other payables and provisions

	September 30 2020	December 31 2019
Trade and other payables		
Trade payables	192	493
Accrued expenses	1,000	10,933
Other payables	159	1,491
Total trade and other payables	1,351	12,917

	September 30 2020	December 31 2019
Provisions		
Leased land liability	9,871	9,992
Site restoration provision	5,385	5,206
Pension plan	1,017	969
Transferred to liabilities held for sale (Note 5)	(15,256)	-
Total provisions	1,017	16,167
- Current portion	-	319
- Non-current portion	1,017	15,848

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21. Related parties

For the purposes of preparing the Company's condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 36% of the Company's common shares (2019: 36%). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed below. Details of transactions between the Group and other related parties are disclosed below.

(a) Related party transactions

During the three and nine months ended September 30, 2020, the Group entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	Q3-20	Q3-19	Q3-20	Q3-19
General and administrative expenses:				
Lundin Energy AB	3	5	9	19
Lundin SA	15	30	45	90
Finance costs:				
Lundin family:				
- Interest expense	-	-	-	181
- Transaction costs	-	-	-	19
Total transactions with related parties	**18**	**35**	**54**	**309**

There were no amounts outstanding to related parties at September 30, 2020 and December 31, 2019.

There were no amounts outstanding from related parties at September 30, 2020 and December 31, 2019.

22. Financial assets and liabilities

	September 30, 2020			December 31, 2019		
	Financial assets at amortized cost	Fair value recognized in profit and loss	Total	Financial assets at amortized cost	Fair value recognized in profit and loss	Total
Financial assets						
Current						
Trade receivables	-	-	**-**	1,272	-	**1,272**
Cash and cash equivalents	5,468		**5,468**	123,382	-	**123,382**
Total financial assets	**5,468**	**-**	**5,468**	**124,654**	**-**	**124,654**

	September 30, 2020			December 31, 2019		
	Financial and other liabilities at amortized cost	Derivatives used for hedging	Total	Financial and other liabilities at amortized cost	Derivatives used for hedging	Total
Financial liabilities						
Non-current						
Borrowings	-	-	**-**	301,464	-	**301,464**
Derivative financial instruments	-	-	**-**	-	8,782	**8,782**
Total non-current	**-**	**-**	**-**	**301,464**	**8,782**	**310,246**
Current						
Trade payables	192	-	**192**	493	-	**493**
Borrowings	40,276	-	**40,276**	7,585	-	**7,585**
Derivative financial instruments	-	-	**-**	-	1,429	**1,429**
Total current	**40,468**	**-**	**40,468**	**8,078**	**1,429**	**9,507**
Total financial liabilities	**40,468**	**-**	**40,468**	**309,542**	**10,211**	**319,753**

The Group's financial instruments carried at fair value are classified within the following measurement hierarchy depending on the valuation technique used to estimate their fair values:

Level 1: includes fair value measurements derived from quoted prices in active markets for identical assets or liabilities. The fair values of financial instruments traded in the active market are based on quoted market prices at the balance sheet date. At September 30, 2020 and December 31, 2019, the Group's cash and cash equivalents were classified as Level 1.

Level 2: includes fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that maximize the use of observable market data, where they are available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At September 30, 2020 and December 31, 2019, the Group's interest rate swap contracts were classified as Level 2 and the fair value of such instruments was calculated as the present value of the estimated future cash flows, calculated using the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR forward interest rate curves and an appropriate discount factor. The fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates.

Level 3: includes fair value measurements derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data. At September 30, 2020 and December 31, 2019, the Group had no financial instruments classified as Level 3.

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The Group's assets and liabilities that are measured at fair value are as follows:

	September 30 2020	December 31 2019
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	5,468	123,382
Total financial assets	**5,468**	**123,382**
Financial liabilities:		
Level 2: Borrowings	40,276	309,049
Level 2: Interest rate swaps	-	10,211
Total financial liabilities	**40,276**	**319,260**

23. Contingencies

On August 10, 2015, the Group received a litigation notice from a former employee alleging unreconciled labor-related differences. The Company's Directors believe the claim is without merit, and the Group intends to vigorously defend itself. Given the current stage of the legal process, the Company is unable to make a reliable estimate of the financial effects of the litigation and has not included a provision for liability under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, in these condensed consolidated interim financial statements.

24. Commitments

The Group enters into engineering, procurement and construction agreements with large international contractors that design, construct, operate and maintain utility-scale solar photovoltaic power plants. As of September 30, 2020, as part of its discontinued operations, the Group had a contractual obligation payable over a period of over one year to acquire construction services in the amount of $49.4 million related to the construction of the 45 MW Niigata solar power project in Japan. This contractual obligation will be funded from existing cash available at the project company level.

25. Coronavirus (COVID-19)

The magnitude of any potential disruption of the Company's business operations due to the coronavirus outbreak will depend on certain developments, including the duration, spread and severity of the COVID-19 outbreak in Japan. The Company is actively monitoring and implementing specific precautionary measures to mitigate any potential disruptions. As of the date hereof, none of the Company's operating or development projects has been adversely affected. However, the duration and extent of the COVID-19 outbreak and the potential financial impact on the Company's operations and development activities cannot be reasonably predicted at this time and it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition including, without limitation, the possible temporary suspension of construction activities at the Niigata Project.

26. Subsequent events

On October 23,2020, the Company completed the sale of its interest in the Mie 60 MW solar project and received a total of ¥3.4 billion (approximately $32.2 million) and a development fee of JPY 300 million (approximately $2.8 million). On October 6, 2020, The Company also received a payment of ¥700 million (approximately $6.6 million) as reimbursement of advances given to the Mie 60 MW solar project developer, including ¥64 million (approximately $0.6 million) as interest. In aggregate, Etrion received a total of JPY 4.4 billion (approximately $41.6 million) on this Mie 60 MW final agreement. USD equivalents were calculated using the actual transaction date exchange rate.