PRESS RELEASE

Etrion Releases Third Quarter 2019 Results

November 15, 2019, Geneva, Switzerland – Etrion Corporation ("Etrion" or the "Company") (TSX: ETX) (OMX: ETX), a solar independent power producer, released today its condensed consolidated interim financial statements and related management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2019.

Etrion Corporation delivered strong project-level results in the third quarter of 2019 from its Japanese assets. Higher electricity production resulted in an increase in revenue and consolidated EBITDA compared to the same period in 2018.

Q3-19 HIGHLIGHTS

Operational

- Etrion produced 18.4 million kilowatt-hours ("kWh") of electricity from the Company's 57-megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan.
- Construction of the 45 MW Niigata project in central Japan is approximately 20% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- Etrion continues to advance in the development of a backlog solar power project in Japan with estimated capacity of 60 MW on a gross basis. This project remains at risk due to ongoing litigation with developer and may continue to experience delays or abandonment if the Company encounters issues that cannot be resolved.

Financial

- Consolidated revenues of US$6.4 million were 3% higher relative to Q3-18.
- Solar segment EBITDA of US$5.3 million was 4% higher relative to Q3-18.
- The Group collected ¥200 million (US$1.8 million) associated with the final payment from the sale of the rights of the 45 MW Kumamoto solar power project.
- Etrion closed the third quarter of 2019 with a cash balance of US$143.9 million, US$18.2 million of which was unrestricted and held at corporate level and working capital of $137.9 million.
- The Company received a VAT reimbursement of ¥300 million (US$2.8 million) associated with the Komatsu project and repaid the outstanding amount of the VAT credit facility for the same amount.
- On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥600 million (US$5.6 million) and anticipated land lease for ¥459 million (US$4.2 million).

Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "I am pleased to announce a strong quarterly performance compared to the same period of last year. With the 45 MW Niigata project now fully financed and under construction, we are set to double Etrion's installed capacity in Japan. Work continues on the development side to bring additional projects to our platform in Japan and we remain optimistic of the growth potential this market continues to offer in the near future to us."

FINANCIAL SUMMARY

US$ thousands (unless otherwise stated)	Three months ended		Nine months ended	
	Q3-19	**Q3-18**	**Q3-19**	**Q3-18**
Electricity production (MWh)[1]	**18,359**	**18,355**	**53,235**	**44,596**
Financial performance				
Revenues	6,356	6,185	18,277	15,452
Consolidated EBITDA	6,221	4,131	14,097	7,043
Net income (loss)	3,242	(1,453)	1,561	(6,052)
Project cash distributions	180	1,524	2,030	2,135
Cash flow from operations	7,926	3,854	12,965	6,625
Adjusted operating cash flow	6,288	3,259	14,253	6,598

Financial position	**Sep 19**	**Dec 18**
Unrestricted cash at parent level	18,171	9,328
Restricted cash at project level	125,769	15,399
Working capital	137,916	22,835
Consolidated net debt on a cash basis	178,060	151,918
Corporate net debt	20,893	29,476

Operations and Finance Update call

A conference call webcast to present the Company's third quarter 2019 Operations and Finance update will be held on Monday, November 18, 2019, at 9:00 a.m. Eastern Standard Time (EST) / 3:00 p.m. Central European Time (CEST).

Dial-in details:
North America: +1-647-788-4919 / Toll Free: +1-877-291-4570 / Sweden Toll Free: 02-079-4343

Webcast:
A webcast will be available at https://www.webcaster4.com/Webcast/Page/1297/29702

The Operations and Finance update call presentation and the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, as well as the related documents, will be available on the Company's website (www.etrion.com)

A replay of the telephone conference will be available until November 27, 2019

Replay dial-in details:
North America: +1-416-621-4642 / Toll Free: +1-800-585-8367
Pass code for replay: 7485547

[1] MWh-Megawatt-hour

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 57 MW of solar capacity and owns the 45 MW Niigata project under construction, all in Japan. Etrion also has several projects in the backlog and pipeline at different stages of development in Japan. 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.

For additional information, please visit the Company's website at www.etrion.com or contact:

Christian Lacueva – Chief Financial Officer
Telephone: +41 (22) 715 20 90

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").

Etrion discloses the information provided herein pursuant to the Swedish Securities Market Act. The information was submitted for publication at 8:05 a.m. CET on November 15, 2019.

Non-IFRS Measures:

This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA and Adjusted operating 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, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance. The most comparable IFRS measure to adjusted operating cash flow is cash flow used in operations. Refer to Etrion's MD&A for the three and nine months ended September 30, 2019, for a reconciliation of EBITDA and adjusted operating cash flow reported during the period.

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 the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the Company's development projects in Japan) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, without limitation, the ability of the Company to execute on its development projects in Japan on economic terms and in a timely manner. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company 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 the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the Company may not be able to obtain all applicable permits for the development of projects in Japan and the associated project financing required for the development of such projects on economic terms and the risk of unforeseen delays in the development and construction of its projects. Reference is also made to the risk factors disclosed under the heading "Risk factors" in the Company's AIF for the year ended December 31, 2018 which has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

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, the Company 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 the Company 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 therein.

Management's Discussion and Analysis
Three and Nine Months Ended September 30, 2019

24.0 MW Shizukuishi solar power park in Japan

At a Glance

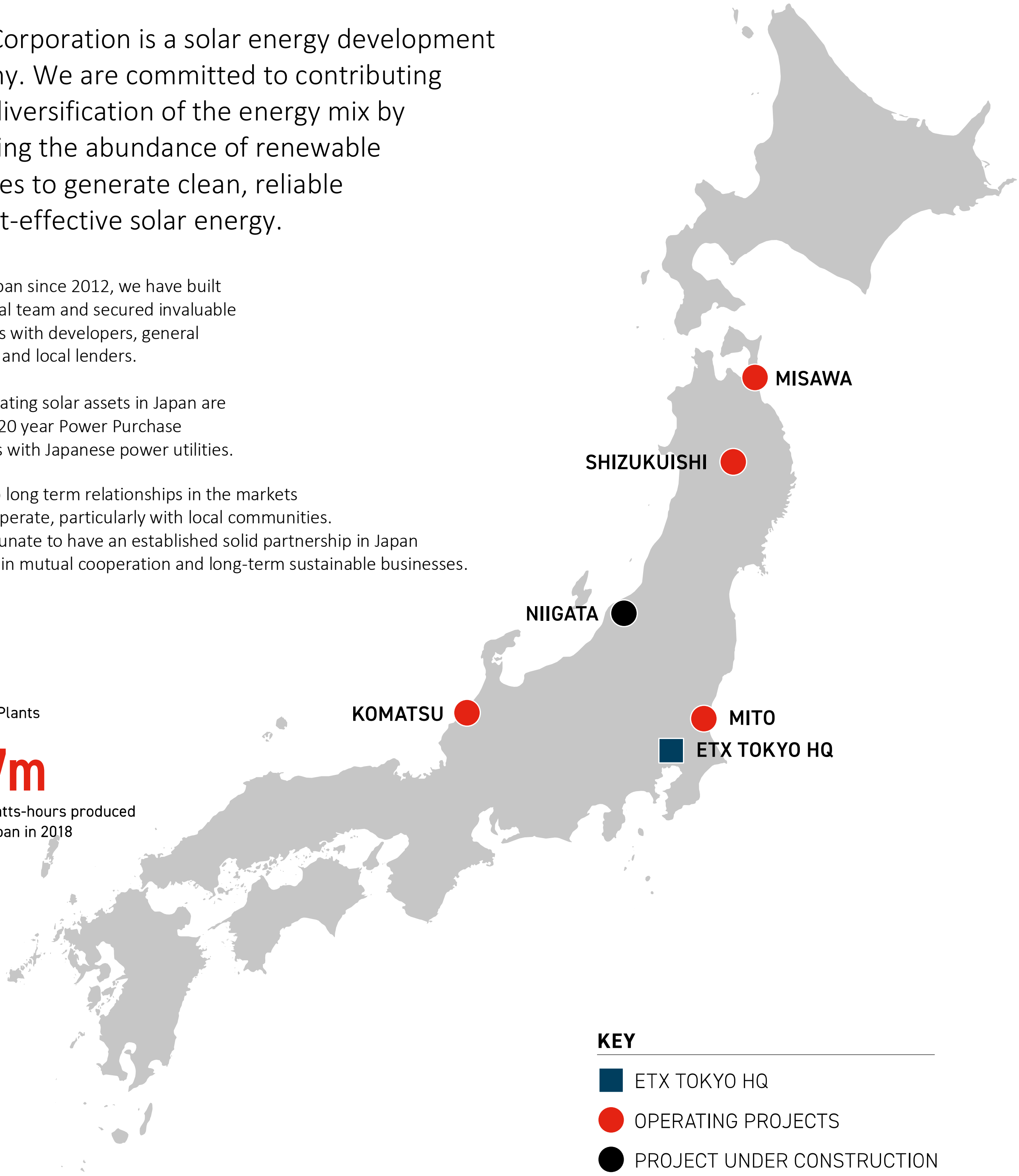
Etrion Corporation

Etrion Corporation is a solar 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 strong local team and secured invaluable partnerships with developers, general contractors and local lenders.

All our operating solar assets in Japan are secured by 20 year Power Purchase Agreements with 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 results in mutual cooperation and long-term sustainable businesses.



11
Solar Plants

57m
Kilowatts-hours produced for Japan in 2018

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

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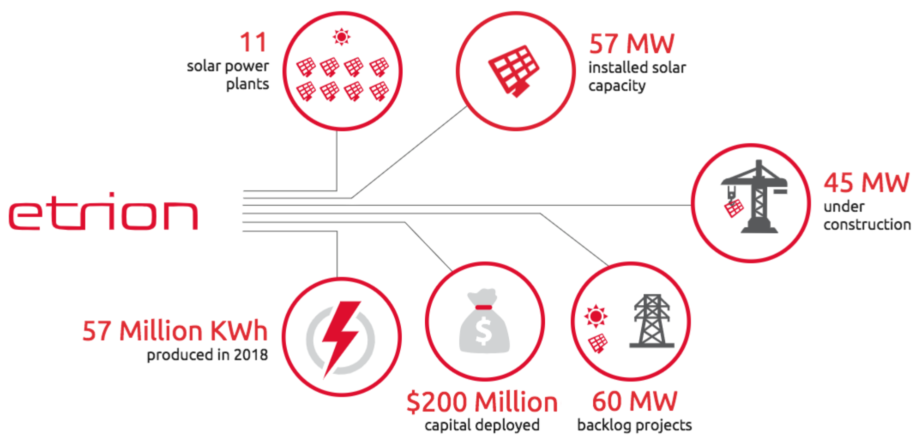
ETRION FACTS



Management's discussion and analysis

Management's discussion and analysis

This management's discussion and analysis ("MD&A") for Etrion Corporation ("Etrion" or the "Company" and, together with its subsidiaries, the "Group") is intended to provide an overview of the Group's operations, financial performance and current and future business opportunities. This MD&A, prepared as of November 14, 2019, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2019. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's outstanding corporate bonds are denominated in the latter currency. In addition, certain material financial information has also been reported in Japanese yen ("¥") because the Company has its main business activities in Japan. Exchange rates for the relevant currencies of the Group with respect to the $ and the ¥ are as follows:

	€/¥	**$/¥**	**€/$**
Closing rate at September 30, 2019	117.95	107.86	1.0889
Closing rate at September 30, 2018	131.81	113.44	1.1576
Nine months average rate 2019	122.65	109.11	1.1237
Nine months average rate 2018	130.95	109.59	1.1949

Non-IFRS financial measures and forward-looking statements

The terms "adjusted net income (loss)", "earnings before interest, tax, depreciation and amortization" ("EBITDA"), "Adjusted EBITDA", "solar segments EBITDA" and "adjusted operating cash flow", used throughout this MD&A, are non-IFRS measures and therefore do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures disclosed by other companies. The basis for calculation has not changed and has been applied consistently by the Company over all periods presented. Adjusted net income (loss) 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 (the most comparable IFRS measure is net income (loss) as reconciled on page 20). EBITDA, including solar segments EBITDA, is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and certain accounting policy decisions, while Adjusted EBITDA is also useful because it excludes expenses that are expected to be non-recurring (the most comparable IFRS measures for both EBITDA and Adjusted EBITDA is net income (loss) as reconciled on page 20). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance (the most comparable IFRS measure is cash flow used in operations as reconciled on page 20). This MD&A contains forward-looking information based on the Company's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially from the information contained herein. For information on material risk factors and assumptions underlying the forward-looking information, refer to the "Cautionary Statement Regarding Forward-Looking Information" on page 33.

THIRD QUARTER 2019 HIGHLIGHTS

Third quarter 2019 highlights

Operational highlights

- Etrion produced 18.4 million kilowatt-hours ("kWh") of electricity from the Company's 57-megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan.
- Construction of the 45 MW Niigata project in central Japan is approximately 20% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- Etrion continues to advance in the development of a backlog solar power project in Japan with estimated capacity of 60 MW on a gross basis. This project remains at risk due to ongoing litigation with developer and may continue to experience delays or abandonment if the Company encounters issues that cannot be resolved.

Financial highlights

- Consolidated revenues of $6.4 million were 3% higher relative to Q3-18.
- Solar segment EBITDA of $5.3 million was 4% higher relative to Q3-18.
- During Q3-19, the Group collected ¥200 million ($1.8 million) associated with the final payment from the sale of the rights of the 45 MW Kumamoto solar power project.
- Etrion closed the third quarter of 2019 with a cash balance of $143.9 million, $18.2 million of which was unrestricted and held at corporate level and working capital of $137.9 million.
- During Q3-19 the Company received a VAT reimbursement of ¥300 million ($2.8 million) associated with the Komatsu project and repaid the outstanding amount of the VAT credit facility for the same amount.
- On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥600 million ($5.6 million) and anticipated land lease for ¥459 million ($4.2 million).

Third quarter 2019 highlights

Continued

	Three months ended		Nine months ended	
USD thousands (unless otherwise stated)	Q3-19	Q3-18	Q3-19	Q3-18
Electricity production (MWh)[1]	**18,359**	**18,355**	**53,235**	**44,596**
Financial results				
Revenues	6,356	6,185	18,277	15,452
Gross profit	2,580	2,737	7,348	5,942
EBITDA	6,221	4,131	14,097	7,043
Adjusted EBITDA	4,127	3,667	11,342	8,058
Net income (loss)	3,242	(1,453)	1,561	(6,052)
Adjusted net income	3,615	449	5,989	1,475
Cash flow				
Project cash distributions	180	1,524	2,030	2,135
Cash flow from operations	7,926	3,854	12,965	6,625
Adjusted operating cash flow	6,288	3,259	14,253	6,598

	September 30 2019	December 31 2018
Balance sheet		
Total assets	359,617	203,226
Operational assets	148,061	138,842
Unrestricted cash at parent level	18,171	9,328
Restricted cash at project level	125,769	15,399
Working capital	137,916	22,835
Consolidated net debt on a cash basis	178,060	151,918
Corporate net debt	20,893	29,476

[1]MWh=Megawatt-hour

BUSINESS REVIEW

Business review

Business overview

Etrion is an independent power producer that develops, builds, owns and operates utility-scale power generation plants in Japan. The Company owns and operates 57 MW of installed solar capacity and 45 MW of solar projects under construction, all in Japan. Etrion has several projects at different stages of development also in Japan. The Company has eleven operational projects (consolidated into 4 SPCs). All operational projects benefit from revenues generated from 20-year feed-in tariff ("FiT") power purchase agreements ('PPAs') that are fixed price contracts with local utilities for all the electricity generated.

Etrion's plan is to remain focused exclusively to develop, to grow its installed capacity and to operate renewable power generation projects in Japan.

The Company's business model focuses on seven key drivers for success: (1) long term contracts with stable revenues; (2) low risk jurisdictions; (3) strategic partnerships; (4) low equipment cost and operating expenses; (5) available long-term project financing; (6) low cost of debt, and (7) attractive liquid market for future divesture.

The Company's common shares are listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden. Etrion has corporate bonds listed on the Frankfurt Stock Exchange Open Market and also on the Oslo Stock Exchange in Norway. Etrion is based in Geneva, Switzerland and Tokyo, Japan. As of the date of this MD&A, the Company has a total of 20 employees.

The development of a solar power plant can be described as having four phases: (1) site development, (2) project financing, (3) construction and (4) operations and asset management.

Business process – solar energy

PPA = power purchase agreement
SPV = special purpose vehicle (operational subsidiary)
EPC = engineering, procurement and construction
FiT = feed-in-tarif

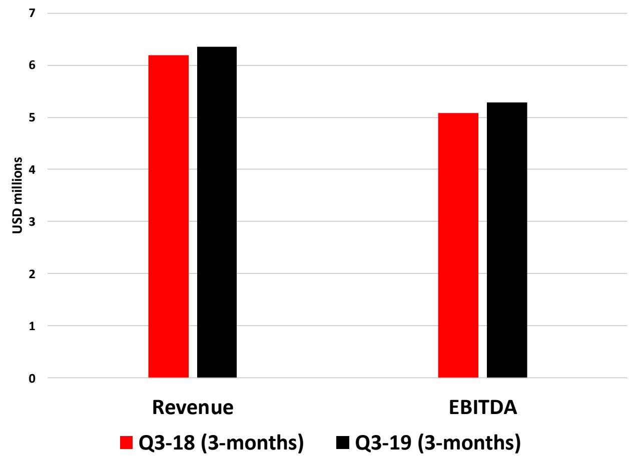
Business Review

Continued

Operations review
Three months ended September 30

USD thousands (unless otherwise stated)	JAPAN Q3-19	JAPAN Q3-18
Operational data (1)		
Electricity production (MWh)	18,359	18,355
Operational performance (1)		
Electricity revenue		
Feed-in-Tariff (2)	6,356	6,185
Total revenues	6,356	6,185
EBITDA (3)	5,278	5,084
EBITDA margin (%)	83%	82%
Net income	1,616	1,627

1. Operational and performance data is disclosed on a gross basis because Etrion consolidates 100% of its operating subsidiaries.
2. FiT scheme under PPA with utilities.
3. Refers to segment EBITDA as reconciled in the segment information section on page 20

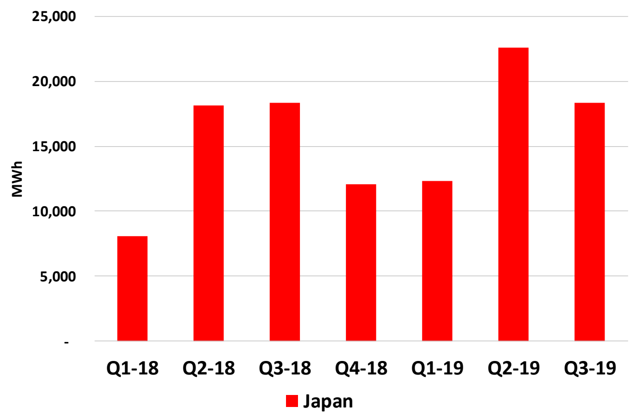


Operating performance in Japan (3 Months)
During Q3-19, the Group produced the same quantity of electricity in Japan as in the same period in 2018

The Group receives revenues denominated in Japanese yen from its operating solar projects. Revenues come from the FiT system, whereby a premium fixed price is received for each kWh of electricity produced through a 20-year PPA contract with the Japanese public utility, Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU") or Tohoku Electric Power Co., Inc. ("TOHOKU"), as applicable, depending on the location of the solar project. During Q3-19, the Group received the FiT of ¥40 per kWh applicable to the Mito and Shizukuishi solar park sites, the FiT of ¥36 per kWh applicable to the solar park sites of the Misawa project and the FiT of ¥32 per kWh applicable to the solar park site of the Komatsu project.

During Q3-19, the Group's revenue and project-level EBITDA increased by approximately 3% and 4%, respectively, compared with the same period in 2018, primarily due to the incremental installed capacity in Japan and the higher performance of the solar power plants, partially affected by the Mito business interruption during the summer. Mito experienced robbery of cables which resulted in service interruption. Replacement cost is covered by insurance as well as service interruption. Mito is expected to be fully online this November 2019. The Company is taking additional measures to reduce future robbery risks including installation of cameras and 24-hour site surveillance monitoring.

Historical production
Solar-related production is subject to seasonality due to the variability of daily sun hours in the summer months versus the winter months. However, on an annual basis, solar irradiation is expected to vary less than 10% year-over-year. The historical quarterly electricity production in Japan is shown below, reflecting the impact of seasonality.



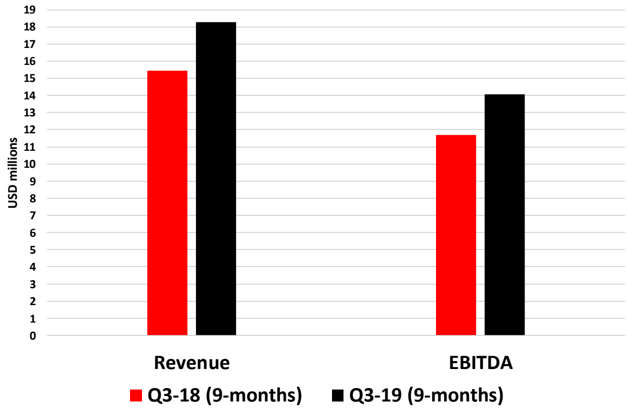
Business review

Continued

Nine months ended September 30

USD thousands (unless otherwise stated)	JAPAN Q3-19	JAPAN Q3-18
Operational data (4)		
Electricity production (MWh)	53,235	44,596
Operational performance (4)		
Electricity revenue		
Feed-in-Tariff (5)	18,277	15,452
Total revenues	**18,277**	**15,452**
EBITDA (6)	**14,061**	**11,701**
EBITDA margin (%)	**77%**	**76%**
Net income	**2,800**	**2,470**

4. Operational and performance data is disclosed on a gross basis because Etrion consolidates 100% of its operating subsidiaries.
5. FiT scheme under PPA with utilities.
6. Refers to segment EBITDA as reconciled in the segment information section on page 20



Revenues from Japan are received in Japanese yen and have been translated to the Group's presentation currency $ using the corresponding implied Q3-19 average rates. Accordingly, changes in the ¥/$ applicable exchange rates have an impact in the accounting conversion process of the income statement to the Group's reported figures in $.

Operating performance in Japan (9 Months)

During the nine months ended September 30 of 2019, the Group produced 19% more electricity in Japan compared with the same period in 2018, primarily due to the incremental production from the Komatsu solar power project that started operations in May 2018 and the higher performance of the solar power plants, partially affected by the Mito business interruption during the summer.

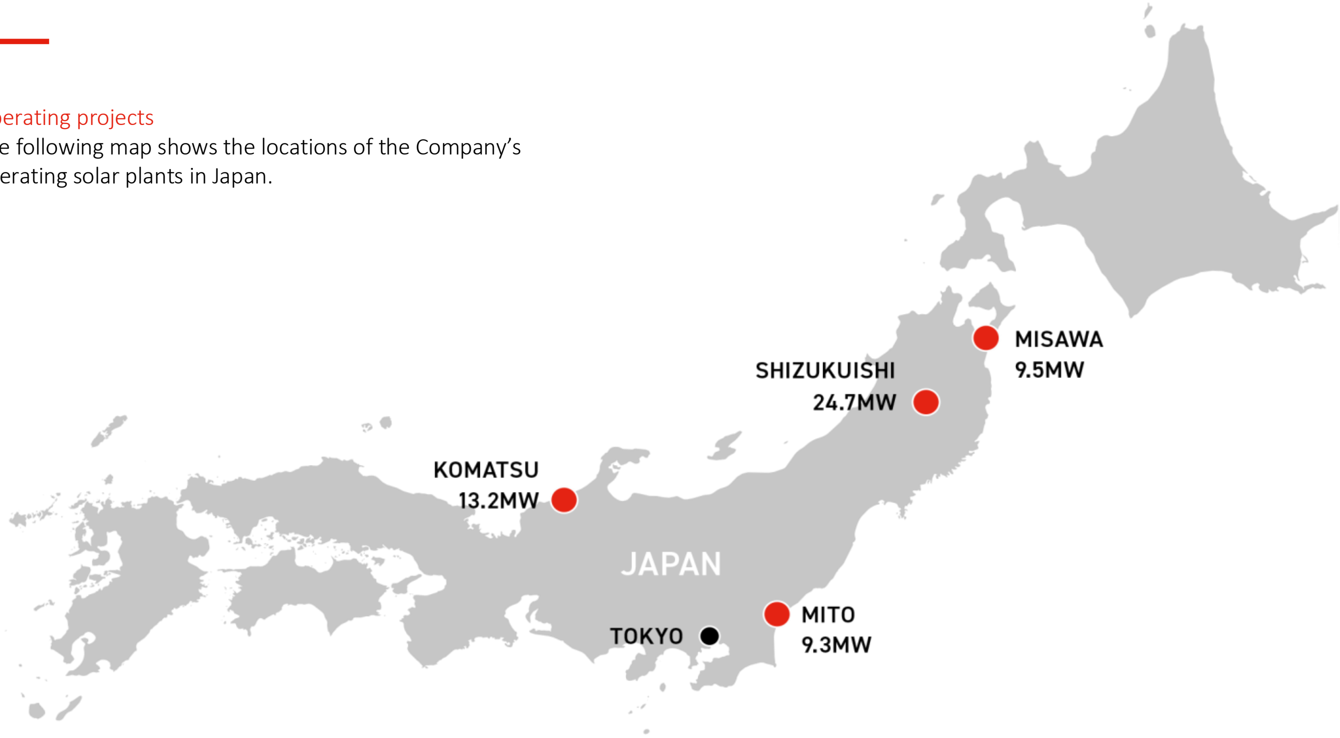
During the nine months ended September 30 of 2019, the Group's revenue and project-level EBITDA increased by 18% and 20%, respectively, compared with the same period in 2018.

Business review

Continued

Operating projects

The following map shows the locations of the Company's operating solar plants in Japan.



Mito

As of the date of this MD&A, the remaining PPA contract life of Mito is approximately 16 years. Details of the Group's 87%-owned operating solar power project in Japan are shown below:

Project	Region	Sites	Gross MW	Technology	Connection date
Mito-site 1	Ibaraki	1	1.3	Fixed-tilt	Jun-2015
Mito-site 2	Ibaraki	1	1.3	Fixed-tilt	Aug-2015
Mito-site 3	Ibaraki	1	1.3	Fixed-tilt	Jul-2015
Mito-site 4	Ibaraki	1	2.7	Fixed-tilt	May-2015
Mito-site 5	Ibaraki	1	2.7	Fixed-tilt	Jun-2015
Total		**5**	**9.3**		

Mito's solar power sites in Japan are capable of producing more than 10.3 million kWh of electricity on an annual basis.

Shizukuishi

As of the date of this MD&A, the remaining PPA contract life of Shizukuishi is approximately 17 years. Details of the Group's 87%-owned operating solar power project in Japan are shown below:

Project	Region	Sites	Gross MW	Technology	Connection date
Shizukuishi	Iwate	1	24.7	Fixed-tilt	Oct-2016
Total		**1**	**24.7**		

Shizukuishi' s solar power plant in Japan is capable of producing approximately 26.1 million kWh of electricity per year.

Misawa

As of the date of this MD&A, the remaining PPA contract life of Misawa is approximately 17 years. Details of the Group's 60%-owned operating solar power project are shown below:

Project	Region	Sites	Gross MW	Technology	Connection date
Misawa	Tohoku	3-4	5.3	Fixed-tilt	Feb-2017
Misawa	Tohoku	1-2	4.2	Fixed-tilt	Jul-2017
Total		**4**	**9.5**		

Misawa's solar power sites are capable of producing approximately 10.7 million kWh of solar electricity per year.

Komatsu

As of the date of this MD&A, the remaining PPA contract life of Komatsu is approximately 18 years. Details of the Group's 85%-owned operating solar power project are shown below:

Project	Region	Sites	Gross MW	Technology	Connection date
Komatsu	Honsu	1	13.2	Fixed-tilt	May-2018
Total		**1**	**13.2**		

Komatsu's solar power plant is capable of producing approximately 14.2 million kWh of solar electricity per year.

Business review

Continued

Development activities

Projects under construction

Niigata 45MW (previously disclosed as Greenfield Tk-2).

Project	Region	Sites	Gross MW	Technology	Expected connection date
Niigata	Niigata	1	45.0	Fixed-tilt	Oct-2021
Total		1	45.0		

Niigata is a 45 MW ground-mounted fixed-tilt solar photovoltaic power project to be built on one site in the Niigata prefecture of Japan. Construction-related work started in the summer 2019, and the solar project is expected to be fully operational by the fourth quarter of 2021. The solar power plant is being built on 75.7 hectares of land owned by Etrion and will connect to TOHOKU utility. The project company entered into an effective twenty-year PPA with TOHOKU and will receive ¥36 per kWh of electricity produced (approximately US$0.33 per kWh). Once operational, Niigata is expected to produce approximately 47 gigawatt-hours ("GWh") of solar electricity per year, enough to supply more than 13,000 Japanese households. Etrion owns 100% of the Niigata project. The total project cost is expected to be approximately ¥16.7 billion (US$ 154.2 million) including VAT and has been financed 95% through a non-recourse loan. The remaining 5% of total project cost has been fully funded by Etrion during the development period. On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥400 million ($3.7 million) and anticipated land lease for ¥459 million ($4.2 million).

Projects under development

Etrion continues to advance several projects that are at different stages of development and /or negotiation with third parties. Etrion also continues to actively work towards reaching Notice to Proceed ("NTP") for the Japanese backlog project. Management generally refers to NTP status when a project has obtained all permits and authorizations, secured land and secured the interconnection agreement, selected an engineering, procurement and construction ("EPC") contractor and secured the financing. As explained further below, any project under development remains with a high degree of risk which may result in (a) delays to commence construction, (b) changes in the economics, (c) changes in capacity or (d) abandonment of the project. Changes (if any) to previously disclosed project size and details are due to optimizations during the development process. Final size and economics are only confirmed when financial close is reached. The Company classifies backlog projects as Brownfield or Greenfield. Brownfield projects are those originally developed by a third party and still in the development stage, with respect to which the Company has secured certain rights. Greenfield projects are those originally developed by the Company. The following table lists the current backlog project.

Japanese backlog

Brownfield Tk-3. This project, located in the Mie prefecture, is currently designed as a 60 MW facility. The project has secured the FiT of ¥36/kWh. It entered into a grid connection agreement (i.e. construction cost allocation agreement) with the off-taker utility before July 31, 2016. The project has secured the environmental impact assessment and recently obtained its forest development permit. The Company entered into a development service agreement ("DSA") with a local developer in 2015, which outlines all its development responsibilities and deliverables. The Company believes that the developer is in breach of the DSA and filed in December 2018 a lawsuit against the local developer to enforce full compliance with the DSA. The Company remains optimistic the court will issue a decision favourable to the Company enforcing the developer to comply with all its obligations. Etrion remains cautiously hopeful to taking control of this project during the first half of 2020.

Business Review

Continued

As of September 30, 2019, the Company has incurred approximately $6.7 million of project advances and development costs associated with the Japanese backlog as follows:

Project	Advance to third parties	Development costs	TOTAL
Brownfield Tk-3	5.6	1.1	6.7
Total USD million	**5.6**	**1.1**	**6.7**

Project advances and incurred development costs will be fully credited from the "Gross equity" contribution shown in the last column of the table below, upon financial close.

Project	Project costs	Gross debt	Gross equity (1)
Brownfield Tk-3	154	147	7
Total USD million	**154**	**147**	**7**

1. Based on 100% ownership

Solar market overview

The market for renewable energy sources, including solar, biomass, wind, hydro and bio fuels, is driven by a variety of factors, such as legislative and policy support, technology, macroeconomic conditions, pricing and environmental concerns. The overall goal for the solar energy market is to reach grid parity, whereby the price of solar energy is competitive with traditional sources of electricity, such as coal and natural gas. Solar technology cost has dropped dramatically and continues to decrease. In addition, solar energy has reached grid parity in certain parts of the world where solar irradiation and electricity prices are high. As the cost of solar technology continues to decrease, new potential markets are expected to develop in areas where solar electricity is price-competitive with other sources of energy.

Solar power plants are an important source of renewable energy. They have very low operating and maintenance costs with minimal moving parts. The technology is essentially silent, emission-free and scalable to meet multiple distributed power requirements. Energy generated from the sun consists of both energy from photovoltaic ("PV") cells and energy generated from solar collectors (i.e., thermal energy or heat).

Japanese market

Japan is the world's fifth largest energy consumer and today is among the top three largest cumulative installed solar capacity in the world. The use of solar power in Japan has accelerated since the Japanese FiT scheme for renewable energy was introduced in July 2012 to help offset the loss of nuclear power caused by the Fukushima disaster. This in turn led to most of the nation's 52 reactors being idled due to safety concerns. While current renewable energy usage remains low (currently 15% of total primary energy), Japan is planning to accelerate further renewable energy development. By the end of 2019, Japan is projected to have more than 52 GW of solar capacity. By 2030 it is expected the solar installed capacity with reach 64 GW or 7% of the total energy mix.

On January 22, 2015, METI officially announced new rules with respect to the FiT regime. The rules apply to new projects and were designed to streamline the process between developers, METI and utilities. Projects with accepted existing grid connection are not affected. METI's main objective in announcing new rules was to address the increasing speculation from developers that have been applying for the FiT but not realizing projects, and at the same time to unblock the grid assessment applications that were put on hold by some of the utilities facing overloaded capacity.

Business Review

Continued

The Act to amend the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (the "FIT Amendment Act") was promulgated on June 3, 2016. The FIT Amendment Act makes various changes to the rules for the Japanese renewable energy Feed-in-Tariff program including:

- to require certain categories of projects to commence operations within three years from 1 April Q1-18 (i.e. by 31 March 2020); this will likely result in reduced FiT payment periods after such three-year period,
- to allow such projects to change their modules without triggering changes in the FiT rate; and
- to allow such projects to also reduce their project size by more than 20% without triggering a FiT rate reduction.

In Japan, the new curtailment system was changed from the "30-day per annum rule" to an hourly basis per annum. Uncompensated curtailment up to 30 days, annually based on one-day units, was changed to up to 360 hours annually. The hourly basis for curtailment expands the amount available for interconnection. Furthermore, utilities may impose installation of remote curtailment systems on PV plants.

On October 15, 2018, METI held a meeting of its Significant Development of Renewable Energy and Next Generation Electric Grid Network Committee (Saisei Kanou Enerugi Tairyou Dounyu /Jisedai Denryoku Network Sho Iinkai). According to METI, more than 20 GW of solar power projects which have FiTs of ¥40, ¥36 and ¥32/kWh have not reached commercial operations and are unreasonably taking up grid capacity, preventing new players from developing alternate renewable energy projects in the affected grid areas. The new measures proposed by METI would apply to the holders of projects with FiT of ¥40, ¥36 and, ¥32/kWh which obtained their grid connection agreements by July 31, 2016, and so are not subject to the 3-year rule ("Early High FiT Holders").

On December 5, 2018, METI announced the details of the measures concerning procurement of electricity from renewable energy sources by electricity utilities (the "FiT Amendment Act Ordinance"). The FiT Amendment Act Ordinance sets out new rules to address solar projects under development that hold FiT of ¥40, ¥36 and ¥32/kWh.

More specifically, the new rules include (a) exceptions for projects already close to construction, (b) new grid connection work application submission and acceptance deadlines, (c) requirements for land rights and specific permits to be obtained before a grid connection work application can be submitted, (d) FiT rate reduction penalties if grid connection work applications are submitted without the required land rights and permits, (e) new scheduled grid connection deadlines to be set by the utility (although there will now be no FiT rate reduction if such deadlines are not met), (f) new commercial operation deadlines (which if not met, will result in the power purchase agreement period shortening on a month by month basis but not in an FiT rate reduction), and (g) relaxation of the module change rules for projects that are subject to the new measures.

Etrion's management considers that the new solar rules announced in Japan are less stringent than expected. For Etrion's backlog, the Brownfield Tk-3, (60 MW) project located in the Mie prefecture is likely to be minimally affected with potential loss of six to twelve months of the 20-year PPA, depending on when the project is connected to the grid, since most of the permits have already been obtained.

In general, the new METI rules have created opportunities for Etrion in Japan. Many developers will need help to accelerate their solar projects in order to avoid potential FiT changes under the new rules. Etrion is actively screening the market to identify affected projects that can benefit from Etrion's market position and local expertise.

FINANCIAL REVIEW

Financial review

Financial results

Selected financial information

During the nine months ended September 30 of 2019, the Group's performance and results were positively impacted by the incremental production of electricity in Japan. Revenue, gross profit and EBITDA on a consolidated basis increased in comparison with the same period in 2018, due to the good performance of the existing solar parks and the addition of the Komatsu project in May 2018. However, the Group's performance was partially affected by the business interruption in the Mito project during the summer 2019. Selected consolidated financial information, prepared in accordance with IFRS, is as follows:

	Three months ended		Nine months ended	
USD thousands (except per share data)	**Q3-19**	**Q3-18**	**Q3-19**	**Q3-18**
Revenue	**6,356**	**6,185**	**18,277**	**15,452**
Gross profit	**2,580**	**2,737**	**7,348**	**5,942**
Net income (loss) attributable to owners of Etrion	2,973	(1,677)	1,167	(6,368)
Basic and diluted (loss) earnings per share:	**$0.009**	**$(0.005)**	**$0.003**	**$(0.019)**
Net income (loss)	**3,242**	**(1,453)**	**1,561**	**(6,052)**
Adjustments to net loss income for:				
Net income tax expense	1,185	453	2,515	1,190
Depreciation and amortization	2,400	2,157	6,955	5,804
Additional termination fee	-	(185)	-	-
Share-based payment expense	67	196	156	577
Net finance costs	(606)	2,359	3,066	5,330
Other expense (income)	-	(268)	-	(251)
Income tax paid	(77)	(153)	(932)	(760)
Additional termination fee paid	-	(1,294)	-	(1,294)
Changes in working capital	1,715	2,042	(356)	2,081
Operating cash flow	**7,926**	**3,854**	**12,965**	**6,625**

Summarized consolidated balance sheet information, prepared in accordance with IFRS, is as follows:

USD thousands	**September 30 2019**	**December 31 2018**
Non-current assets	200,532	163,576
Current assets	159,085	39,650
Total assets	**359,617**	**203,226**
Non-current liabilities	335,123	183,482
Current liabilities	21,169	16,815
Total liabilities	**356,292**	**200,297**
Net assets	**3,325**	**2,929**
Working capital	137,916	22,835
Dividends declared	-	-

Financial review

Continued

Segment information

In reviewing and monitoring performance of the Group, management considers reportable segments from a geographical perspective and measures performance based on EBITDA. The Company has identified one reportable segment which is solar energy Japan. While the Company has determined it has only one reportable segment, the Company has decided to disclose additional information about its corporate activities as it believes that this information is useful for readers of the condensed consolidated interim financial statements.

Segment information three months ended September 30

Segment consolidated financial information for the three months ended September 30, prepared in accordance with IFRS, is as follows:

	Three months ended					
USD thousands	Q3-19			Q3-18		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**6,356**	**-**	**6,356**	**6,185**	**-**	**6,185**
Operating expenses	(1,412)	-	(1,412)	(1,330)	-	(1,330)
General and administrative	(46)	(897)	(943)	(48)	(1,129)	(1,177)
Additional termination fee	-	-	-	-	185	185
Other income (expenses)[2]	380	1,840	2,220	277	(9)	268
EBITDA	**5,278**	**943**	**6,221**	**5,084**	**(953)**	**4,131**
Depreciation and amortization	(2,365)	(36)	(2,401)	(2,118)	(39)	(2,157)
Finance income	-	2,946	2,946	-	-	-
Finance costs	(1,209)	(1,130)	(2,339)	(1,008)	(1,966)	(2,974)
Income (loss) before income tax	**1,704**	**2,723**	**4,427**	**1,958**	**(2,958)**	**(1,000)**
Income tax expense	(88)	(1,097)	(1,185)	(331)	(122)	(453)
Net income (loss) for the period	**1,616**	**1,626**	**3,242**	**1,627**	**(3,080)**	**(1,453)**

Solar Japan: During Q3-19, the Group's Japanese solar segment generated revenues of $6.4 million and EBITDA of $5.3 million, representing an increase of 2.8% and 3.8%, respectively, in comparison with the same period in 2018. Revenue and EBITDA increased due to higher performance of the existing solar power plants, which was partially offset by the Mito business interruption. In addition, the Group's Japanese segment generated a net income of $1.6 million, in comparison with net income of $1.6 million for the same period in 2018.The third quarter of every year is positively impacted by the summer season in the northern hemisphere.

Corporate: During Q3-19, the Group's corporate segment generated EBITDA of $0.9 million and a net income of $1.6 million. In comparison with the same period in 2018, higher EBITDA reflects the recognition of the last payment for the sale of the Kumamoto project, of $1.8 million collected in cash in September 2019. Net finance costs at corporate level decreased in comparison with the same period in 2018 due to the recognition of foreign exchange gains during the period, generated by the Euro-denominated corporate bond combined with the approximately 7% appreciation of the Japanese yen.

[2] During Q3-19, the Group collected ¥200 million ($1.8 million) associated with the last payment for the sale of the rights of the Brownfield Tk-1, 45 MW Kumamoto solar power project.

Financial review

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Segment information nine months ended September 30

Segment consolidated financial information for the nine months ended September 30, prepared in accordance with IFRS, is as follows:

	Nine months ended					
USD thousands	Q3-19			Q3-18		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**18,277**	**-**	**18,277**	**15,452**	**-**	**15,452**
Operating expenses	(4,080)	-	(4,080)	(3,825)	-	(3,825)
General and administrative	(258)	(2,724)	(2,982)	(204)	(3,337)	(3,541)
Additional termination fee	-	-	-	-	(1,294)	(1,294)
Other income (expenses)	122	2,760	2,882	278	(27)	251
EBITDA	**14,061**	**36**	**14,097**	**11,701**	**(4,658)**	**7,043**
Depreciation and amortization	(6,849)	(106)	(6,955)	(5,685)	(119)	(5,804)
Finance income	-	2,855	2,855	5	486	491
Finance costs	(3,614)	(2,307)	(5,921)	(2,830)	(3,762)	(6,592)
Income (loss) before income tax	**3,598**	**478**	**4,076**	**3,191**	**(8,053)**	**(4,862)**
Income tax expense	(798)	(1,717)	(2,515)	(721)	(469)	(1,190)
Net income (loss) for the period	**2,800**	**(1,239)**	**1,561**	**2,470**	**(8,522)**	**(6,052)**

Solar Japan: During the nine months ended September 30, 2019, the Group's Japanese solar segment generated revenues of $18.3 million and EBITDA of $14.1 million, representing an increase of 18% and 20%, respectively, in comparison with the same period in 2018. Revenue and EBITDA increased driven by the additional production from the Komatsu project and higher performance of the existing solar power plants. In addition, the Group's Japanese segment generated a net income of $2.8 million, in comparison with net income of $2.4 million for the same period in 2018.

Corporate: During the nine months ended September 30 of 2019, the Group's corporate segment generated EBITDA of $37 thousand and a net loss of $1.2 million. In comparison with the same period in 2018, higher EBITDA reflects the recognition of the Kumamoto project settlement of $2.8 million collected in cash in 2019. Finance costs at corporate level decreased in comparison with the same period in 2018 due to the recognition of foreign exchange gains during the period and a reduction of interest expenses following the corporate bond refinancing transaction completed in June 2018.

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net income to net income (loss)	Three months ended		Nine months ended	
USD thousands	Q3-19	Q3-18	Q3-19	Q3-18
Net income (loss)	**3,242**	**(1,453)**	**1,561**	**(6,052)**
Adjustments for non-recurring and non-cash items:				
Depreciation and amortization	2,400	2,157	6,955	5,804
Fair value movements (derivative financial instruments)	-	13	72	131
Share-based payment expense	67	196	156	577
Additional termination fee	-	(185)	-	1,294
Net (gain) loss on insurance reimbursement	15	(279)	277	(279)
Business interruption insurance reimbursement	(271)	-	(271)	-
Gain on sale of solar project rights	(1,838)	-	(2,761)	-
Adjusted net income	**3,615**	**449**	**5,989**	**1,475**

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended		Nine months ended	
USD thousands	Q3-19	Q3-18	Q3-19	Q3-18
Operating cash flow	**7,926**	**3,854**	**12,965**	**6,625**
- Changes in working capital	(1,715)	(2,042)	356	(2,081)
- Additional termination fee paid	-	1,294	-	1,294
- Income tax paid	77	153	932	760
Adjusted operating cash flow	**6,288**	**3,259**	**14,253**	**6,598**

Non-GAAP performance measures

Reconciliation of Solar segments Adjusted EBITDA to EBITDA	Three months ended		Nine months ended	
USD thousands	Q3-19	Q3-18	Q3-19	Q3-18
Net income (loss)	**3,242**	**(1,453)**	**1,561**	**(6,052)**
Adjustments for:				
Net income tax expense	1,185	453	2,515	1,190
Net finance costs	(606)	2,974	3,066	6,101
Depreciation and amortization	2,400	2,157	6,955	5,804
EBITDA	**6,221**	**4,131**	**14,097**	**7,043**
Adjustment for non-recurring items:				
Additional termination fee	-	(185)	-	1,294
Net (gain) loss on insurance reimbursement	15	(279)	277	(279)
Business interruption insurance reimbursement	(271)	-	(271)	-
Gain on sale of solar project rights	(1,838)	-	(2,761)	-
Adjusted EBITDA	**4,127**	**3,667**	**11,342**	**8,058**
Plus: Corporate G&A expenses	895	1,417	2,725	3,643
Solar Japan Adjusted EBITDA	**5,022**	**5,084**	**14,067**	**11,701**

Financial review

Continued

Quarterly selected financial information

Selected consolidated financial information, prepared in accordance with IFRS, is as follows:

USD thousands (except per share data)	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17
Revenue	**6,356**	**7,705**	**4,216**	**4,048**	**6,185**	**6,357**	**2,910**	**2,603**
Japan	6,356	7,705	4,216	4,048	6,185	6,357	2,910	2,603
Net income (loss)	**6,356**	**7,705**	**(2,227)**	**(2,566)**	**(1,453)**	**(746)**	**(3,853)**	**(4,225)**
Net income (loss) from continuing operations attributable to owners of Etrion	2,973	164	(1,910)	(2,510)	(1,677)	(1,029)	(3,663)	(4,165)
Net income (loss) attributable to owners of Etrion	2,973	164	(1,910)	(2,510)	(1,677)	(1,029)	(3,663)	(4,165)
Basic and diluted earnings (loss)per share:								
From continuing operations attributable to owners of Etrion	$0.00	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)
From total results attributable to owners of Etrion	$0.00	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.01)

Solar-related production and revenues experience seasonality due to the variability of daily sun hours in the summer months versus the winter months, resulting in lower revenues in the first and fourth quarters each year. In Japan, revenues are received in Japanese yen and have been translated at the average ¥/$ exchange rate for the corresponding period. Consequently, revenues expressed in $ may fluctuate according to exchange rate variations. The Group's condensed consolidated interim financial statements are presented in $, which is the Group's presentation currency. The Company's functional currency is the ¥. The condensed consolidated interim financial statements have been prepared in accordance with IFRS.

Financial review

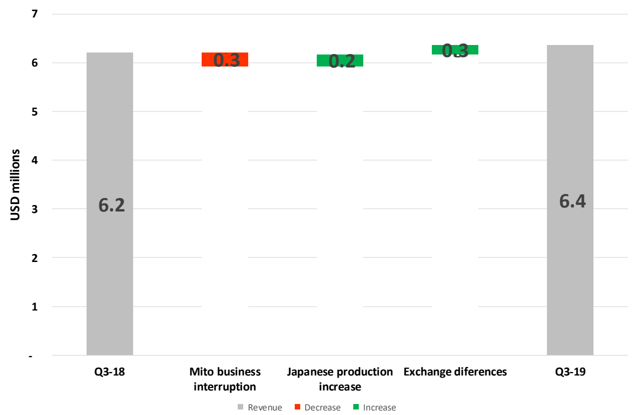
Continued

Revenue

	Three months ended		Nine months ended	
USD thousands	Q3-19	Q3-18	Q3-19	Q3-18
FiT	6,356	6,185	18,277	15,452
Total revenue	**6,356**	**6,185**	**18,277**	**15,452**

During the three and nine months ended September 30, 2019 consolidated revenues increased by $0.2 million (2.8%) and $2.8 million (18.3%), respectively, compared to the same period of 2018.The 13.2 MW Komatsu solar project connected in May 2018 contributed significantly to the revenue increase in 2019 as did the higher performance of the existing solar power plants. The Group's performance was partially affected by the business interruption in the Mito project during the summer 2019.

The reconciliation of total revenue in Q3-19 versus Q3-18 is as follows:



Adjusted Consolidated EBITDA

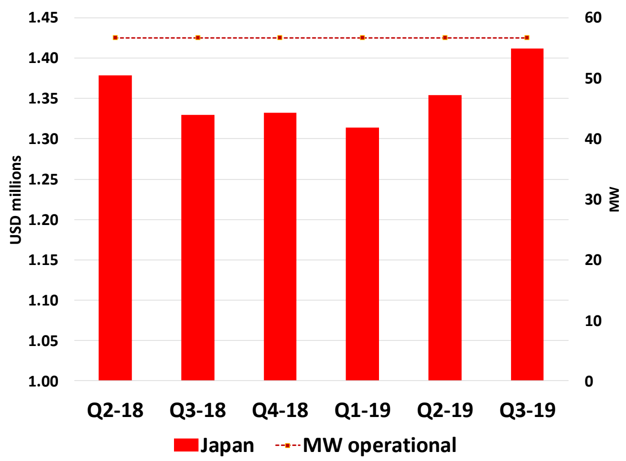
During the three and nine months ended September 30, 2019, adjusted consolidated EBITDA increased by $0.5 million (13%) and $3.3 million (41%), respectively, compared with the same period of 2018, mainly as a result of EBITDA being contributed by the Group's Japanese solar segment and the proceeds from the sale of rights of the Kumamoto project.

Operating expenses

	Three months ended		Nine months ended	
USD thousands	Q3-19	Q3-18	Q3-19	Q3-18
O&M costs	406	287	1,100	810
Personnel costs	303	207	894	719
D&A	2,364	2,118	6,849	5,685
Property tax	399	298	1,178	909
Insurance	101	75	298	206
Land lease	-	252	-	732
Other expenses	203	211	610	449
Total operating expenses	**3,776**	**3,448**	**10,929**	**9,510**

During the three and nine months ended September 30, 2019, operating expenses increased by $0.3 million (9.5%) and $1.4 million (14.9%), respectively, compared with the same period in 2018. Operating expenses increased due to additional operations and maintenance ("O&M") and other operating costs associated with the Komatsu solar project. The Group applied IFRS 16 from its mandatory adoption date of January 1, 2019, used the simplified transition approach and has not restated comparative amounts for the year prior to first adoption.

The chart below shows the historical operating expenses before depreciation and amortization over the last five quarters including the effect of the recently added projects in Japan.



Financial review

Continued

General and administrative expenses

	Three months ended		Nine months ended	
USD thousands	**Q3-19**	**Q3-18**	**Q3-19**	**Q3-18**
Salaries and benefits	300	547	838	1,534
Board of directors' fees	68	69	204	204
Share-based payments	67	196	156	577
Professional fees	227	148	1,003	479
Listing and marketing	57	47	204	232
D&A	36	39	106	119
Office lease	75	75	219	228
Office, travel and other	149	95	358	287
Total general and administrative	**979**	**1,216**	**3,088**	**3,660**

During the three and six months ended September 30, 2019, general and administrative expenses decreased by $0.2 million (19.5%) and $0.6 million (15.6%) compared with the same period in 2018, primarily due to a decrease of salary and benefit expenses following an increase in expenses allocated to solar projects.

Net finance costs

	Three months ended		Nine months ended	
USD thousands	**Q3-19**	**Q3-18**	**Q3-19**	**Q3-18**
Project loans	979	1,105	2,890	2,906
Corporate bonds	724	925	2,213	2,776
Fair value movements	-	13	72	131
Foreign exchange (gain) loss	(2,559)	312	(2,855)	(486)
Other finance costs	250	619	746	774
Net finance cost	**(606)**	**2,974**	**3,066**	**6,101**

During the three and nine months ended September 30 of 2019, net finance costs decreased by $3.6 million and $3.0 million, respectively, compared to the same period in 2018, mainly due foreign exchange movements. In addition, during the three and six months ended September 30, 2019, the Group capitalized $0.3 million and $0.4 million (2018: nil and $0.2 million) of borrowing costs associated with the credit facilities obtained to finance the construction of the Niigata solar power project.

Income tax expense

	Three months ended		Nine months ended	
USD thousands	**Q3-19**	**Q3-18**	**Q3-19**	**Q3-18**
Corporate income tax	(1,240)	(631)	(2,072)	(1,202)
Deferred tax expense	55	178	(443)	12
Income tax expense	**(1,185)**	**(453)**	**(2,515)**	**(1,190)**

During the three and nine months ended September 30, 2019, the Group recognized an income tax expense of $0.2 million and $0.4 million, respectively (2018: $0.5 million and $0.7 million) associated with its solar power projects in Japan and an income tax expense of $1.0 million and $1.7 million (2018: $0.2 million and $0.5 million) associated with its management services subsidiaries.

In addition, the Group recognized a deferred income tax income of $55 thousand and a deferred income tax expense $0.4 million, respectively (2018: $0.2 million and $12 thousand) primarily due to the effect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Financial position

Liquidity and financing

Cash Position

USD thousands	September 30 2019	December 31 2018
Cash and cash equivalents:		
Unrestricted at parent level	18,171	9,328
Restricted at project level	125,769	15,399
Total cash and cash equivalents	**143,940**	**24,727**

Unrestricted cash analysis

The Group's cash and cash equivalents at September 30, 2019, included unrestricted cash of $18.2 million (December 31, 2018: $9.3 million) held at the corporate level. Unrestricted cash increased by $8.8 million mainly as a result of the Niigata development fee and the Niigata upfront land lease collection in Q3-19, and partially offset with corporate G&A and development costs incurred.

The Group expects to generate sufficient operating cash flows in 2019 and beyond from its operating solar power projects to meet its obligations and expects to finance the construction and/or acquisition of new projects with a combination of cash and cash equivalents, additional corporate equity, assets sales or debt financing and non-recourse project loans, as required.

Financial review

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Restricted cash analysis

USD thousands	September 30 2019	December 31 2018
Japan	125,769	15,399
Total restricted cash	125,769	15,399

The Group's cash and cash equivalents at September 30, 2019, included restricted cash held at the project level in Japan that is restricted by the lending banks for future payment of interest and repayment of principal and for 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. Restricted cash increased by $110.4 million mainly due to funds secured in for the construction of the Niigata solar power project and also due to operating cash flow from the Japanese solar power projects.

Working capital

At September 30, 2019, the Group had working capital of $137.9 million (December 31, 2018: $22.8 million). This working capital includes the fair market value of interest rate swap contracts that are classified as current liabilities in accordance with IFRS, but which are not expected to be settled in cash in the next 12 months without replacement. Excluding these derivative financial liabilities that are not expected to be settled in the near-term, the Group's working capital would have been $139.5 million. (December 31, 2018: $24.3 million).

At September 30, 2019, the Group's contractual obligations for the next five years and thereafter are as follows:

USD thousands	2019	2020	2021	2022	2023	After five years	Total
EPC	-	7,445	37,225	29,035	745	-	74,450
Project loans	8,177	9,370	8,951	9,144	9,737	54,464	99,843
Corporate bond	2,697	2,705	37,812	-	-	-	43,214
O&M contracts	179	1,045	1,278	1,218	779	14,897	19,396
Operating leases	506	1,037	1,037	1,037	1,037	13,330	17,984
Trade payables	8,020	-	-	-	-	-	8,020
Total	**19,579**	**21,602**	**86,303**	**40,434**	**12,298**	**82,691**	**262,907**

All of the contractual obligations will be funded from existing cash available, future cash flows from operations and/or debt refinancing with no additional capital investments to be made by the Group.

Net equity

During the nine months ended September 30, 2019, total equity attributable to owners of the Company increased by $0.1 million from a net asset position of $1.8 million at December 31, 2018, to a net asset position of $1.9 at September 30, 2019. This change was primarily due to the recognition of $1.2 million of net income during the period, the cumulative foreign exchange translation adjustment, and unrealized fair value losses recognized within other reserves associated with the Group's derivative financial instruments. Total equity attributable to owners of the Company at September 30, 2019, was negatively impacted by the cumulative fair value losses of $13.2 million recognized within other reserves that are associated with the Group's derivative financial instruments. Excluding these fair value losses, the total equity attributable to owners of the Company at September 30, 2019, would have resulted in a net asset position of $15.1 million.

Borrowings

Non-recourse project loans

The following is a summary of the Group's non-recourse project loans and bond balances:

USD thousands	MW	Maturity	September 30 2019	December 31 2018
Shizukuishi	25	December 30, 2034	58,592	59,319
Mito	9	June 30, 2034	21,133	21,993
Misawa	10	June 30, 2036	25,538	28,415
Komatsu	13	December 30, 2036	31,111	29,286
Niigata	45	June 30, 2038	142,255	-
Total			**278,629**	**139,013**

Japanese projects

The non-recourse project loans obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects mature between 2034 and 2036 and bear annual interest rates of Tokyo Interbank Offered Rate ("TIBOR") plus a margin ranging from 1.1% to 1.4%. The Japanese non-recourse project loans are 90% hedged through interest rate swap contracts during the operational period at an interest rate ranging from 1.72% to 3.13% all-in. At September 30, 2019, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. All the Japanese interest rate swap contracts qualified for hedge accounting at September 30, 2019, and December 31, 2018.

Financial review

Continued

In June 2019, the Group secured long term financing for the construction of the 45 MW Niigata solar project located in the Niigata prefecture in central Japan. The arranger of the Etrion Green Project Bond, rated BBB, was Goldman Sachs. The total project cost is expected to be approximately JPY 16.7 billion (US$ 154.2 million) including VAT and has been financed 95% through a non-recourse loan with a tenor of construction period plus 16.8 years. The all-in non-recourse project loan interest rate is 1.2%. The lender to the Niigata project is a Green Project Bond Trust ("The Trust"), which issued asset-backed securities and loans, fully underwritten by the arranger Goldman Sachs and sold to other investors. Proceeds from the project bond are presented net of transaction cost of $5.2 million. During the three months ended September 30,2019, the Company fully repaid the outstanding balance of the VAT credit facility associated with the Komatsu project for a total of ¥308 million (approximately $3.0 million).

At September 30, 2019 and December 31, 2018, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

Corporate borrowings
At September 30, 2019, the Group had €33.7 million (net of the Company's holdings of €6.3 million) of corporate bonds outstanding. The bonds were issued by the Company in June 2018 at 7.25% annual interest with a 3-year maturity. The carrying amount of bonds as at September 30, 2019, including accrued interest net of transaction costs, was $37.2 million (December 31, 2018: $38.1 million).

Net debt reconciliation
The Group's adjusted net debt position on a cash basis, (excluding non-cash items and VAT facilities) is as follows:

USD thousands	September 30 2019	December 31 2018
Total borrowings as per IFRS	**315,854**	**176,607**
VAT facilities	-	(2,804)
Accrued interest	(1,707)	(120)
Transaction costs	7,853	2,961
Adjusted borrowings	**322,000**	**176,645**
Cash and cash equivalents	(143,940)	(24,727)
Adjusted consolidated net debt	**178,060**	**151,918**
Adjusted corporate net debt	**20,893**	**29,476**

The Group's consolidated net debt increased during the nine months ended September 30, 2019, in comparison with December 31, 2018, mainly due to the decrease in restricted cash and foreign exchange movements.

Outstanding share data
At the date of this MD&A, the Company had 334,094,324 common shares (August 7, 2018: 334,094,324).

The Company maintains the 2014 Restricted Share Unit Plan pursuant to which employees, consultants, Directors and officers of the Group may be awarded RSUs. The RSUs have a contractual term of four years, are subject to certain time-based conditions and in certain cases are also subject to performance-based vesting conditions. At the date of this MD&A, the Company had 13,250,000 RSUs outstanding.

Off-balance sheet arrangements
The Group had no off-balance sheet arrangements at September 30, 2019, and December 31, 2018.

Capital investments

The Group plans to allocate its unrestricted cash by prioritizing the Japanese market. Based on the current status, the Company does not anticipate beginning construction of its Japanese backlog project until the second quarter of 2020. The equity needs to build the Japanese backlog project are likely to be contributed throughout the construction period, rather than at start of construction.

The Group will finance the development and/or construction costs associated with its projects under development, as well as new projects, with a combination of cash and cash equivalents, additional corporate debt or equity financing and non-recourse project loans, as required.

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.

Critical accounting policies and estimates

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 values 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 consolidated financial statements are prepared. On a regular

Financial Review

Continued

basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these 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 six months ended June 30, 2019, from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019, as follows:

IFRS 16, Leases: This standard addresses the measurement and recognition of leases and will result in almost all lease contracts being recognized in the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 is mandatory for financial years commencing on or after January 1, 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Group has reviewed all the Group's leasing arrangements considering the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the existing commitments under the solar projects land lease contracts. As at January 1, 2019, the Group had non-cancellable operating lease commitments of $ 18.3 million. Of these commitments, approximately $0.3 million related to short-term and low value office leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group recognised right-of-use assets and lease liabilities of approximately $10.4 million on January 1, 2019, based on discounted cash flows under the lease agreements (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018). Overall net current assets were approximately $1.0 million lower due to the presentation of a portion of the liability as a current liability. Net results after tax are expected to decrease by approximately $0.3 million in 2019 because of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $1.0 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows are expected to increase and financing cash flows to decrease by approximately $1.0 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group applies IFRS 16 from its mandatory adoption date of January 1, 2019. The Group applies the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets are measured on transition as if the new rules had always been applied.

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.

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 directly and through various investment trust approximately 36% of the Company's common shares. All related party transactions are made on terms equivalent to those made on an arm's length basis. The related party transactions disclosed in the notes to the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2019, are summarized below.

Related party transactions

Lundin petroleum AB and subsidiaries

The Group receives professional services from Lundin Petroleum AB and from Lundin Services BV, a wholly-owned subsidiary of Lundin Petroleum AB for market and investor relation activities in Sweden and general and administrative expenses, respectively. During the nine months ended September 30 of 2019, the Group incurred general and administrative expenses of $5 thousand and $19 thousand (2018: $6 thousand and $20 thousand), from Lundin Petroleum AB and its subsidiary. At September 30, 2019, the Group had $nil (December 31, 2018: $nil) outstanding in relation to these expenses.

Lundin family

Investment companies associated with the Lundin family subscribed for €3 million ($3.5 million) of the corporate bond issue completed in June 2018. During the three months ended September 30, 2019, all corporate bonds held by the Lundin family or by entities controlled by the Lundin family were sold. During the three and six months ended September 30, 2019, the Group recognized interest expenses of $nil and $0.2 million (2018: $76 thousand and $0.1 million) and transaction costs of $nil and $19 thousand (2018: $4 thousand and $6 thousand) associated with the bonds held by the Lundin family.

Financial review

Continued

Lundin SA

During the three and nine months ended September 30, 2019 the Group recognized expense of $30 thousand and $90 thousand (2018: $30 thousand and $95 thousand) under the service agreement with Lundin SA to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

Asset management services

During the three and nine months ended September 30, 2019, the Group invoiced asset management services of $0.4 million and $0.7 million, respectively (2018: $0.1 million and $0.2 million), to PV Salvador, associated with operating and engineering services for the 70 MW solar power project in Chile.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer, Marco A. Northland and the Chief Financial Officer, Christian Lacueva.

During the three and nine months ended September 30, 2019, the Group recognized $0.3 million and $0.9 million, respectively (2018: $0.3 million and $1.0 million), within general and administrative expenses associated with the remuneration of key management personnel, related to salaries and short-term benefits, pension costs, fees paid to the Board of Directors and share-based payment expenses. At September 30, 2019, the Group had $nil outstanding to key management personnel (December 31, 2018: $0.3 million).

Financial review

Continued

Financial risk management

The Group is exposed to a variety of financial risks relating to its operations. These risks include market risk (including currency risk, interest rate risk and electricity price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets, specifically changes in foreign exchange rates and interest rates, and seek to minimize potential adverse effects on the Group's financial performance. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate risk exposures through interest rate swap contracts. However, the Group has not entered into any foreign exchange rate hedges as monetary assets and liabilities held by the Group's subsidiaries are primarily held in the individual subsidiaries' functional currencies. In addition, the Group is directly exposed to inflation in Japan, as the FiT contracts are not inflation-adjusted, but some of the operating costs will be impacted by inflation, if inflation increases or decreases in the future.

The Company's management carries out risk management procedures with guidance from the Audit Committee and Board of Directors. Refer to the Company's audited consolidated financial statements for the year ended December 31, 2018, for further details relating to the Group's financial risk management.

Derivative financial instruments

A summary of the Group's derivative financial instruments is as follows:

USD thousands	September 30 2019	December 31 2018
Derivative financial liabilities:		
Interest rate swap contracts		
Current portion	1,604	1,452
Non-current portion	10,353	8,706
Total derivative financial instruments	**11,957**	**10,158**

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.

The fair market value of the interest rate swap contracts at September 30, 2019, increased to a liability position of $11.9 million (December 31, 2018: $10.2 million) due to a decrease in the forecasted TIBOR curve. At September 30, 2019, and December 31, 2018, 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.

RISKS AND UNCERTAINTIES

Risks and Uncertainties

The Group's activities expose it to a variety of financial and non-financial risks and uncertainties that could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. Certain of such risks are discussed below. For a more detailed discussion of risk factors applicable to the Group, see Etrion's Annual Information Form for the year ended December 31, 2018, which has been filed on SEDAR and is available under Etrion's profile at www.sedar.com. Risk management is carried out by the Company's management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also oversees and provides assistance with the overall risk management strategy and mitigation plan of the Group.

Financial risks

Debt and equity financing

The Group's anticipated growth and development activities will depend on the Group's ability to secure additional financing (i.e., equity financing, corporate debt, and/or non-recourse project loans). The Group cannot be certain that financing will be available when needed and, as a result, the Group may need to delay discretionary expenditures. In addition, the Group's level of indebtedness from time to time could impair its ability to obtain additional financing and to take advantage of business opportunities as they arise. Failure to comply with facility covenants and obligations could also expose the Group to the risk of seizure or forced sale of some or all of its assets.

Capital requirements and liquidity

Although the Group is currently generating significant cash flows from its operational projects, the construction and acquisition of additional projects will require significant external funding. Failure to obtain financing on a timely basis could cause the Group to miss certain business opportunities, reduce or terminate its operations or forfeit its direct or indirect interest in certain projects. There is no assurance that debt and/or equity financing, or cash generated from operations, will be available or sufficient to meet these requirements or for other corporate purposes, or, if debt and/or equity financing is available, that it will be available on terms acceptable to the Group. The inability of the Group to access sufficient capital for its operations could have a material impact on the Group's business model, financial position and performance.

Market risks

The Group is exposed to financial risks such as interest rate risk, foreign currency risk, electricity price risk and third-party credit risk. The Company's management seeks to minimize the effects of interest rate risk by using derivative financial instruments to hedge risk exposures.

Cost uncertainty

The Group's current and future operations are exposed to cost fluctuations and other unanticipated expenditures that could have a material impact on the Group's financial performance.

Non-Financial Risks

Licenses and permits

The Group's operations require licenses and permits from various governmental authorities that are subject to changes in regulation and operating circumstances. There is no assurance that the Group will be able to obtain all the necessary licenses and permits required to develop future renewable energy projects. At the date of this MD&A, to the best of the Company's knowledge, all necessary licenses and permits have been obtained for projects already built and under construction, and the Group is complying in all material respects with the terms of such licenses and permits.

Governmental regulation

The renewable energy sector is subject to extensive government regulation. These regulations are subject to change based on current and future economic and political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Group operates could lead to delays in the construction or development of additional solar power projects and/or adversely impair its ability to acquire and develop economic projects, generate adequate internal returns from operating projects and continue operating in current markets. Specifically, reductions in the FiT payable to the Group on its existing solar power projects in Japan as well as other legislative or regulatory changes could impact the profitability of the Group's solar power projects.

Competition

The renewable energy industry is extremely competitive and many of the Group's competitors have greater financial and operational resources. There is no assurance that the Group will be able to acquire new renewable energy projects in order to grow in accordance with the Company's strategy. The Group also competes in securing the equipment necessary for the construction of solar energy projects. Equipment and other materials necessary to construct production and transmission facilities may be in short supply, causing project delays or cost fluctuations.

Prices and markets for electricity

The Group is not exposed to significant electricity market price risk as the revenues generated by its operating solar power projects in Japan were secured by long-term contracts based on a FiT.

Risks and Uncertainties

Continued

International operations

Renewable energy development and production activities are subject to significant political and economic uncertainties that may adversely affect the Group's performance. Uncertainties include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future FiTs/PPAs, a change in renewable energy pricing policies and a change in taxation policies or the regulatory environment in the jurisdictions in which the Group operates. These uncertainties, all of which are beyond the Group's control, could have a material adverse effect on the Group's financial position and operating performance. In addition, if legal disputes arise relating to any of the Group's operations, the Group could be subject to legal claims and litigation within the jurisdiction in which it operates.

Reliance on contractors and key employees

The ability of the Company to conduct its operations is highly dependent on the availability of skilled workers. The labor force in many parts of the world is unionized and politicized, and the Group's operations may be subject to strikes and other disruptions. In addition, the success of the Company is largely dependent upon the performance of its management and key employees. There is a risk that the departure of any member of management or any key employee could have a material adverse effect on the Group. The Group's business model relies on qualified and experienced contractors to design, construct and operate its renewable energy projects. There is a risk that such contractors are not available or that the price for their services impairs the economic viability of the Group's projects.

OTHER DISCLOSURES

Other disclosures

Etrion outlook and guidance

On March 13, 2019, Etrion issued a revenue and project-level EBITDA forecast for the fiscal year ending December 31, 2019. The Group has reviewed the previously released guidance in light of the performance for the nine months ended September 30, 2019 and has concluded that at this stage there is no basis to modify the guidance for the full year. The Group will continue to reassess its guidance and will make any adjustments and disclosures as may be warranted.

Disclosure controls and internal control over financial reporting

In accordance with National Instrument 52-109 Certification of Disclosures in Issuers' Annual and Interim Filings, the Company's Chief Executive Officer and Chief Financial Officer are required to:

- design or supervise the design and evaluate the effectiveness of the Group's disclosure controls and procedures ("DC&P"); and
- design or supervise the design and evaluate the effectiveness of the Group's internal controls over financial reporting ("ICFR").

The Company's Chief Executive Officer and Chief Financial Officer have not identified any material weakness in the Group's DC&P and ICFR.

Cautionary Statement Regarding Forward-Looking Information

Forward-looking information and statements are included throughout this MD&A and include, but are not limited to, statements with respect to: the Group's plans for future growth and development activities (including, but not limited to, expectations relating to the timing of the development, construction, permitting, licensing, financing operation and electricity production, as the case may be, of its future solar power plants in Japan); expectations relating to future solar energy production and the means by which, and to whom, such future solar energy will be sold; the need for, and amount of, additional capital to fund the construction or acquisition of new projects and the expected sources of such capital; expectations relating to grid parity; and expectations with respect to the outcome of its litigation against the developer of the Brownfield Tk-3 project. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties and factors that could cause actual results or events to differ materially from current expectations, including, without limitation: risks associated with operating exclusively in foreign jurisdictions; risks associated with the regulatory frameworks in the jurisdictions in which the Company operates, or expects to operate, including the possibility of changes thereto; uncertainties with respect to the identification and availability of suitable additional renewable energy projects on economic terms; uncertainties with respect to the Group's ability to negotiate PPAs with industrial energy users; uncertainties relating to the availability and costs of financing needed in the future; the risk that the Company's solar projects may not produce electricity or generate revenues and earnings at the levels expected; the risk that the construction or operating costs of the Company's projects may be higher than anticipated; uncertainties with respect to the receipt or timing of all applicable permits for the development of projects; the risk that the outcome of the Company's litigation against the developer of the Brownfield Tk-3 project will not be as expected; the impact of general economic conditions and world-wide industry conditions in the jurisdictions and industries in which the Group operates; risks inherent in the ability of the Group to generate sufficient cash flow from operations to meet current and future obligations; stock market volatility; and other factors, many of which are beyond the Group's control.

All such forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. In addition to the assumptions set out elsewhere in this MD&A, such assumptions include, but are not limited to: the ability of the Group to obtain the required permits in a timely fashion and project and debt financing on economic terms and/or in accordance with its expectations; the ability of the Group to identify and acquire additional solar power projects, and assumptions relating to management's assessment of the impact of the new Japanese FiT regime. The foregoing factors, assumptions and risks are not exhaustive and are further discussed under the heading "Risk and Uncertainties" above and in Etrion's most recent Annual Information Form and other public disclosure available on SEDAR at www.sedar.com. Actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or, if any of them do so, what benefits will be derived therefrom. Investors should not place undue reliance on forward-looking information. Except as required by law, Etrion does not intend to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The information contained in this MD&A is expressly qualified by this cautionary statement.

Additional information

Additional information regarding the Company, including its Annual Information Form, may be found on the SEDAR website at www.sedar.com or by visiting the Company's website at www.etrion.com etrion

Condensed Consolidated Interim Financial Statements
Three and Nine Months Ended September 30, 2019
UNAUDITED

24.0 MW Shizukuishi solar power park in Japan

At a Glance

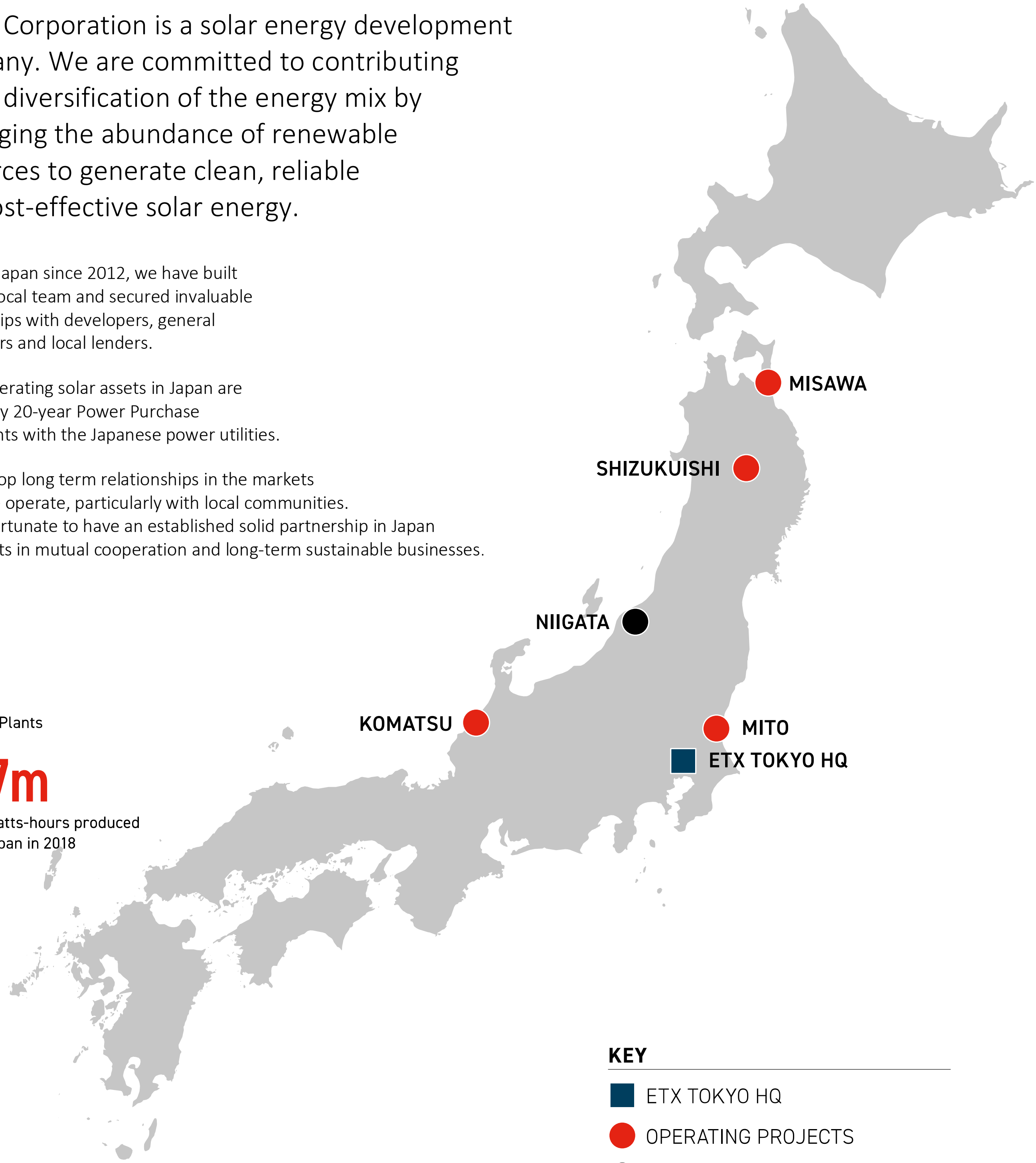
Etrion Corporation

Etrion Corporation is a solar 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 strong local team and secured invaluable partnerships with developers, general contractors and local lenders.

All our operating solar assets in Japan are secured by 20-year 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 results in mutual cooperation and long-term sustainable businesses.



11
Solar Plants

57m
Kilowatts-hours produced for Japan in 2018

KEY
ETX TOKYO HQ
OPERATING PROJECTS
PROJECT UNDER CONSTRUCTION

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

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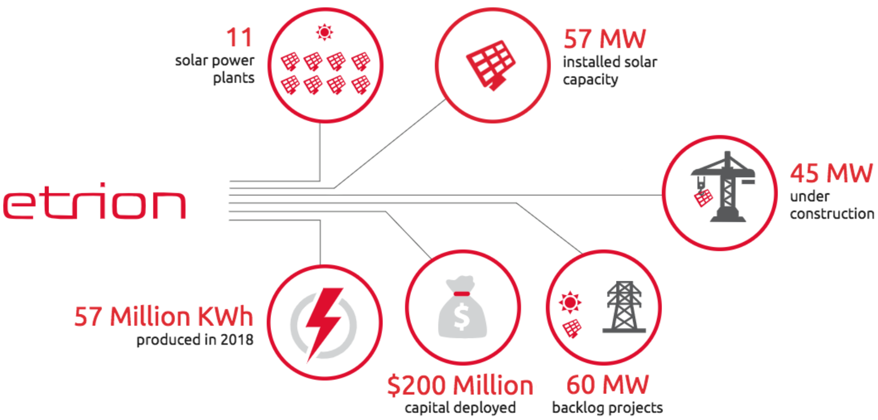
ETRION FACTS



FINANCIAL STATEMENTS

The accompanying condensed consolidated unaudited interim financial statements of the Company for the three and nine months ended September 30, 2019, 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 (loss) and comprehensive net income (loss)

For the three and nine months ended September 30, 2019 and 2018
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
	Note	Q3-19	Q3-18	Q3-19	Q3-18
Revenue	5	6,356	6,185	18,277	15,452
Operating expenses	6	(3,776)	(3,448)	(10,929)	(9,510)
Gross profit		**2,580**	**2,737**	**7,348**	**5,942**
General and administrative expenses	7	(979)	(1,216)	(3,088)	(3,660)
Additional termination fee	23	-	185	-	(1,294)
Other income, net	8	2,220	268	2,882	251
Operating profit		**3,821**	**1,974**	**7,142**	**1,239**
Finance income	9	2,559	-	2,855	491
Finance costs	9	(1,953)	(2,974)	(5,921)	(6,592)
Net finance costs		**606**	**(2,974)**	**(3,066)**	**(6,101)**
Income (loss) before income tax		**4,427**	**(1,000)**	**4,076**	**(4,862)**
Income tax expense	10	(1,185)	(453)	(2,515)	(1,190)
Net income (loss) for the period		**3,242**	**(1,453)**	**1,561**	**(6,052)**
Other comprehensive income (loss)					
Items that may be reclassified to profit and loss:					
Loss on currency translation		(1,264)	(585)	(495)	(238)
(Loss) gain on cash flow hedges, net of tax		135	1,031	(790)	1,658
Total other comprehensive income (loss)		**(1,129)**	**446**	**(1,285)**	**1,420**
Total comprehensive net income (loss) for the period		**2,113**	**(1,007)**	**276**	**(4,632)**
Income (loss) attributable to:					
Owners of the parent		2,973	(1,677)	1,167	(6,368)
Non-controlling interests	12	269	224	394	316
Total		**3,242**	**(1,453)**	**1,561**	**(6,052)**
Total comprehensive income (loss) attributable to:					
Owners of the parent		1,827	(1,372)	13	(5,195)
Non-controlling interests	12	286	365	263	563
Total		**2,113**	**(1,007)**	**276**	**(4,632)**
Basic and diluted earnings (loss) per share from loss for the period	11	**$0.009**	**$(0.005)**	**$0.003**	**$(0.019)**

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

Condensed consolidated interim balance sheet

As at September 30, 2019
UNAUDITED
Expressed in US$'000

	Note	September 30 2019	December 31 2018
Assets			
Non-current assets			
Property, plant and equipment	13	184,169	146,594
Intangible assets	14	13,270	13,318
Deferred income tax assets		3,011	3,076
Trade and other receivables		82	588
Total non-current assets		200,532	163,576
Current assets			
Trade and other receivables		15,145	14,923
Cash and cash equivalents (including restricted cash)	15	143,940	24,727
Total current assets		159,085	39,650
Total assets		359,617	203,226
Equity			
Attributable to common shareholders			
Share capital	16	111,304	111,304
Contributed surplus		13,401	13,281
Other reserves		(14,094)	(12,940)
Accumulated deficit		(108,681)	(109,848)
Total attributable to common shareholders		1,930	1,797
Non-controlling interests	12	1,395	1,132
Total equity		3,325	2,929
Liabilities			
Non-current liabilities			
Borrowings	18	306,863	166,760
Derivative financial instruments	19	10,353	8,706
Provisions	20	15,414	5,631
Other liabilities		2,493	2,385
Total non-current liabilities		335,123	183,482
Current liabilities			
Trade and other payables	20	8,020	3,997
Current tax liabilities	10	1,813	795
Borrowings	18	8,991	9,847
Derivative financial instruments	19	1,604	1,452
Provisions	20	317	-
Other liabilities		424	724
Total current liabilities		21,169	16,815
Total liabilities		356,292	200,297
Total equity and liabilities		359,617	203,226

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, 2019 and 2018
UNAUDITED
Expressed in US$'000

	Attributable to owners of the parent						
	Share capital	Contributed surplus	Other reserves	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance at January 1, 2018	**111,304**	**12,538**	**(13,766)**	**(101,047)**	**9,029**	**818**	**9,847**
Comprehensive income (loss):							
(Loss) Income for the period	-	-	-	(6,368)	(6,368)	316	(6,052)
Other comprehensive (loss) income:							
Cash flow hedges (net of tax)	-	-	1,385	-	1,385	273	1,659
Currency translation	-	-	(212)	-	(212)	(26)	(239)
Total comprehensive income (loss)	**-**	**-**	**1,173**	**(6,368)**	**(5,195)**	**563**	**(4,632)**
Transactions with owners in their capacity as owners:							
Share-based payments	-	577	-	-	577	-	577
Balance at September 30, 2018	**111,304**	**13,115**	**(12,593)**	**(107,415)**	**4,411**	**1,381**	**5,792**
Balance at January 1, 2019	**111,304**	**13,281**	**(12,940)**	**(109,848)**	**1,797**	**1,132**	**2,929**
Comprehensive income (loss):							
Income for the period	-	-	-	1,167	1,167	394	1,561
Other comprehensive income (loss):							
Cash flow hedges (net of tax)	-	-	(629)	-	(629)	(161)	(790)
Currency translation	-	-	(525)	-	(525)	30	(495)
Total comprehensive income (loss)	**-**	**-**	**(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**

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, 2019 and 2018
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
	Note	Q3-19	Q3-18	Q3-19	Q3-18
Operating activities:					
Net income (loss) for the period		**3,242**	**(1,453)**	**1,561**	**(6,052)**
Adjustments for the following non-cash items:					
Depreciation and amortization	6/7	2,400	2,157	6,955	5,804
Current income tax expense	10	1,240	631	2,072	1,202
Deferred income tax expense	10	(55)	(178)	443	(12)
Additional termination fee		-	(185)	-	-
Share-based payment expense	7/17	67	196	156	577
Interest expense	9	1,466	1,419	4,409	4,144
Interest expense relating to interest rate swap contracts	9	378	372	1,113	1,046
Amortization of transaction costs	9	109	243	327	495
Foreign exchange (gain) loss	9	(2,559)	312	(2,855)	(486)
Fair value changes on derivative financial instruments	9	-	13	72	131
Other expenses (income)		-	(268)	-	(251)
Sub-total		**6,288**	**3,259**	**14,253**	**6,598**
Changes in working capital:					
Trade and other receivables		169	5,138	284	656
Trade and other payables		1,546	(3,096)	(640)	1,425
Additional termination fee		-	(1,294)	-	(1,294)
Income tax paid		(77)	(153)	(932)	(760)
Total cash flow from operating activities		**7,926**	**3,854**	**12,965**	**6,625**
Investing activities:					
Purchases of property, plant and equipment	13	(21,064)	(62)	(21,435)	(9,380)
Purchases of intangible assets	14	(2,228)	(1,064)	(3,885)	(3,683)
Total cash flow used in investing activities		**(23,292)**	**(1,126)**	**(25,320)**	**(13,063)**
Financing activities:					
Interest paid	18	-	(810)	(2,258)	(3,345)
Interest relating to interest rate swap contracts		-	-	(751)	(663)
Proceeds from borrowings	18	(5,507)	(321)	141,715	39,661
Repayment of borrowings	18	(2,817)	(37,268)	(6,485)	(41,727)
Principal element of lease payments		(276)	-	(424)	-
Contributions from non-controlling interests		-	-	-	119
Total cash flow (used in) from financing activities		**(8,600)**	**(38,399)**	**131,797**	**(5,955)**
Net increase in cash and cash equivalents		**(23,966)**	**(35,671)**	**119,442**	**(12,393)**
Effect of exchange rate changes on cash and cash equivalents		(546)	(527)	(229)	(389)
Cash and cash equivalents at the beginning of the period		**168,452**	**66,619**	**24,727**	**43,203**
Cash and cash equivalents (including restricted cash) at the end of the period	15	**143,940**	**30,421**	**143,940**	**30,421**

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

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, 2019 and 2018
UNAUDITED
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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.

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 14, 2019.

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, 2018. 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, 2018, except for those relating to the application of the new standards applicable from January 1, 2019, as indicated in these condensed consolidated interim financial statements.

(b) Going concern

The Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, 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, 2019, the Group had cash and cash equivalents of $143.9 million, $18.2 million of which was unrestricted and held at the parent level (December 31, 2018: $24.7 million and $9.3 million, respectively) and working capital of $137.9 million (December 31, 2018: $22.8 million). During the three and nine months ended September 30, 2019, the Group recognized a net income of $3.2 million and $1.6 million, respectively (2018: net loss of $1.5 million and $6.1 million). The Company's management is confident that the Group will be able to fund its working capital requirements for at least twelve months from the date of these consolidated financial statements. These condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, 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, 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16, Leases: This standard addresses the measurement and recognition of leases and will result in almost all lease contracts being recognized in the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 is mandatory for financial years commencing on or after January 1, 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Group has reviewed all the Group's leasing arrangements considering the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the existing commitments under the solar projects land lease contracts. As at January 1, 2019, the Group had non-cancellable operating lease commitments of US$ 18.3 million. Of these commitments, approximately US$0.3 million related to short-term and low value office leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group recognised right-of-use assets and lease liabilities of approximately $10.4 million on January 1, 2019, based on discounted cash flows under the lease agreements (after adjustments for prepayments and accrued lease payments recognised as at December 31, 2018). Overall net current assets were approximately $1.0 million lower due to the presentation of a portion of the liability as a current liability. Net results after tax are expected to decrease by approximately $0.3 million in 2019 because of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $1.0 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Notes to the condensed consolidated interim financial statements

Continued
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Operating cash flows are expected to increase and financing cash flows to decrease by approximately $1.0 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group applies IFRS 16 from its mandatory adoption date of January 1, 2019. The Group applies the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets are measured on transition as if the new rules had always been applied.

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.

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, 2019, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2018.

4. Segment reporting

In reviewing and monitoring the performance of the Group, the Board of Directors considers reportable segments from a geographical perspective and measures performance based on EBITDA. While the Company's management has determined that the Company has only two reportable segments, the Company has decided to disclose additional information about its 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 shown below:

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
TEPCO	850	1,138	3,105	3,462
HOKURIKU	1,370	1,290	3,641	2,036
TOHOKU	4,136	3,757	11,531	9,954
TOTAL	**6,356**	**6,185**	**18,277**	**15,452**

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Continued
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The Group's revenues, EBITDA and results are presented as follows:

	Three months ended					
	Q3-19			Q3-18		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**6,356**	**-**	**6,356**	**6,185**	**-**	**6,185**
Operating expenses	(1,412)	-	(1,412)	(1,330)	-	(1,330)
General and administrative expenses	(46)	(897)	(943)	(48)	(1,129)	(1,177)
Additional termination fee	-	-	-	-	185	185
Other income (expense)	380	1,840	2,220	277	(9)	268
EBITDA	**5,278**	**943**	**6,221**	**5,084**	**(953)**	**4,131**
Depreciation and amortization	(2,365)	(36)	(2,401)	(2,118)	(39)	(2,157)
Finance income	-	2,946	2,946	-	-	-
Finance costs	(1,209)	(1,130)	(2,339)	(1,008)	(1,966)	(2,974)
Income (loss) before income tax	**1,704**	**2,723**	**4,427**	**1,958**	**(2,958)**	**(1,000)**
Income tax expense	(88)	(1,097)	(1,185)	(331)	(122)	(453)
Net income (loss) for the period	**1,616**	**1,626**	**3,242**	**1,627**	**(3,080)**	**(1,453)**

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	Nine months ended					
	Q3-19			Q3-18		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**18,277**	**-**	**18,277**	**15,452**	**-**	**15,452**
Operating expenses	(4,080)	-	(4,080)	(3,825)	-	(3,825)
General and administrative expenses	(258)	(2,724)	(2,982)	(204)	(3,337)	(3,541)
Additional termination fee	-	-	-	-	(1,294)	(1,294)
Other income (expense)	122	2,760	2,882	278	(27)	251
EBITDA	**14,061**	**36**	**14,097**	**11,701**	**(4,658)**	**7,043**
Depreciation and amortization	(6,849)	(106)	(6,955)	(5,685)	(119)	(5,804)
Finance income	-	2,855	2,855	5	486	491
Finance costs	(3,614)	(2,307)	(5,921)	(2,830)	(3,762)	(6,592)
Income (loss) before income tax	**3,598**	**478**	**4,076**	**3,191**	**(8,053)**	**(4,862)**
Income tax expense	(798)	(1,717)	(2,515)	(721)	(469)	(1,190)
Net income (loss) for the period	**2,800**	**(1,239)**	**1,561**	**2,470**	**(8,522)**	**(6,052)**

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

	September 30, 2019			December 31, 2018		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Property, plant and equipment	184,111	58	184,169	146,529	65	146,594
Intangible assets	11,110	2,160	13,270	8,411	4,907	13,318
Cash and cash equivalents	125,769	18,171	143,940	15,399	9,328	24,727
Other assets	10,631	7,607	18,238	8,504	10,083	18,587
Total assets	**331,621**	**27,996**	**359,617**	**178,843**	**24,383**	**203,226**
Borrowings	278,629	37,225	315,854	138,465	38,142	176,607
Trade and other payables	6,635	1,385	8,020	1,244	2,753	3,997
Other liabilities	29,833	2,585	32,418	18,653	1,040	19,693
Total liabilities	**315,097**	**41,195**	**356,292**	**158,362**	**41,935**	**200,297**

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5. Revenue

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Feed-in Tariff ("FiT")	6,356	6,185	18,277	15,452
Total Revenue	**6,356**	**6,185**	**18,277**	**15,452**

Solar-related production is subject to seasonality due to the variability of daily sun hours in the summer months versus the winter months.

6. Operating expenses

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Operating and maintenance ("O&M")	406	287	1,100	810
Personnel costs	303	207	894	719
Depreciation and amortization ("D&A")	2,364	2,118	6,849	5,685
Property tax	399	298	1,178	909
Insurance	101	75	298	206
Land lease	-	252	-	732
Other operating expenses	203	211	610	449
Total operating expenses	**3,776**	**3,448**	**10,929**	**9,510**

O&M costs relate to fees paid in connection with the operation and maintenance activities of the Group's operating solar power projects in Japan. Depreciation and amortization relate to the Group's operating solar power projects producing electricity during the period.

7. General and administrative expenses

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Salaries and benefits	300	547	838	1,534
Board of Directors' fees	68	69	204	204
Share-based payments	67	196	156	577
Professional fees	227	148	1,003	479
Listing and marketing	57	47	204	232
D&A	36	39	106	119
Office lease	75	75	219	228
Office, travel and other	149	95	358	287
Total general and administrative expenses	**979**	**1,216**	**3,088**	**3,660**

8. Other income

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Gain on sale of solar project rights	1,838	-	2,761	-
Business interruption insurance reimbursement	271	-	271	-
Uncovered insurance solar parks claim	(15)	-	(277)	-
Other income (expenses), net	126	268	127	251
Total other income	**2,220**	**268**	**2,882**	**251**

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.

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9. Finance income and costs

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Finance income:				
Foreign exchange gain	2,559	-	2,855	486
Other finance income	-	-	-	5
Total finance income	**2,559**	**-**	**2,855**	**491**
Finance costs:				
Credit facilities and non-recourse loans	772	491	1,813	1,501
Interest rate swap contracts	378	372	1,113	1,046
Corporate bond	668	858	2,039	2,590
Credit facility with non-controlling interest	56	67	174	186
Amortization of transaction costs	154	242	384	510
Corporate bond call option	-	13	-	131
Ineffective portion cash flow hedges	-	-	72	-
Foreign exchange loss	-	312	-	-
Other finance costs	250	619	746	779
Total finance costs before deducting amounts capitalized	**2,278**	**2,974**	**6,341**	**6,743**
Amounts capitalized on qualifying assets	(325)	-	(420)	(151)
Total finance costs	**1,953**	**2,974**	**5,921**	**6,592**
Net finance (income) costs	**(606)**	**2,974**	**3,066**	**6,101**

The Group has four floating-rate credit facilities outstanding associated with its operating solar power projects in Japan. These credit facilities are hedged using interest rate swap contracts. Refer to Note 18 and Note 19 for further details on the Group's credit facilities and derivative financial instruments. In addition, the Group has a fixed rate project bond outstanding associated with its project under construction. Applicable borrowing costs have been capitalized as assets under construction within property, plant and equipment.

10. Income taxes

(a) Income tax expense

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Current income tax expense:				
Corporate income tax	(1,240)	(631)	(2,072)	(1,202)
Deferred income tax	55	178	(443)	12
Total income tax expense	**(1,185)**	**(453)**	**(2,515)**	**(1,190)**

During the three and nine months ended September 30, 2019, the Group recognized an income tax expense of $0.2 million and $0.4 million, respectively (2018: $0.5 million and $0.7 million) associated with its solar power projects in Japan and an income tax expense of $1.0 million and $1.7 million (2018: $0.2 million and $0.5 million) associated with its management services subsidiaries. In addition, the Group recognized a deferred income tax income of $55 thousand and a deferred income tax expense $0.4 million, respectively (2018: $0.2 million and $12 thousand) primarily due to the effect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

(b) Current income tax liabilities

	September 30 2019	December 31 2018
Corporate income tax	1,813	795
Total current income tax liabilities	**1,813**	**795**

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11. Earnings (loss) per share

Basic and diluted loss per share is calculated by dividing the net loss 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 loss per share is as follows:

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
Total income (loss) attributable to common shareholders	2,973	(1,677)	1,167	(6,368)
Weighted average number of thousand shares outstanding	334,094	334,094	334,094	334,094
Total basic and diluted earnings (loss) per share	**$0.009**	**$(0.005)**	**$0.003**	**$(0.019)**

Diluted earnings (loss) per share equals basic loss per share, as there is no dilutive effect from the existing RSUs, since the performance conditions have not been satisfied and they are out-of-the-money.

12. Non-controlling interests

The Group's subsidiaries in which there is a non-controlling interest ("NCI") are Shizukuishi Solar GK ("Shizukuishi"), Etrion Energy 1 GK ("Mito"), Etrion Energy 4 GK ("Komatsu"), Etrion Energy 5 GK ("Misawa"), all together the "Japanese project companies." Shizukuishi, Mito, Komatsu and Misawa are Japanese entities that own the licenses, permits and facilities to build and operate solar parks in Japan totalling 57 MW. Mito and Shizukuishi are owned 87% by Etrion and 13% by Hitachi High-Tech ("HHT"). Komatsu is owned 85.1% by Etrion and 14.9% by HHT. Misawa is owned 60% by Etrion, 10% by HHT and 30% by Tamagawa Holdings, a Japanese real estate and solar power developer. The non-controlling interests at September 30, 2019, of $1.4 million (December 31, 2018: $1.1 million), represents the value attributable to non-controlling interests in the Japanese project companies. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Japanese project companies, other than those imposed by the lending banks related to cash distributions.

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	September 30, 2019			December 31, 2018		
	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)
Shizukuishi	5,622	(5,945)	(323)	3,091	(3,856)	(765)
Mito	1,839	1,129	2,968	1,036	1,321	2,357
Misawa	1,663	466	2,129	866	903	1,769
Komatsu	1,336	2	1,338	2,121	(654)	1,467
Total	**10,460**	**(4,348)**	**6,112**	**7,114**	**(2,286)**	**4,828**

Changes in the net assets (liabilities) position over time of the subsidiaries above are mainly driven by the accumulation of positive operating results and changes in the fair value of derivatives instruments (i.e. interest rate swaps). The summarized income statement for the Japanese project companies including the portion allocated to non-controlling interests for the three months ended September 30, is as follows:

	Three months ended					
	Q3-19			Q3-18		
	Income for the period	Comprehensive income for the period	Comprehensive income allocated to NCI	Income for the period	Comprehensive income for the period	Comprehensive income allocated to NCI
Shizukuishi	669	771	102	476	989	120
Mito	143	174	23	233	377	43
Misawa	337	328	130	155	276	107
Komatsu	191	190	31	460	672	95
Total	**1,340**	**1,463**	**286**	**1,324**	**2,314**	**365**

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The summarized income statement for the Japanese project companies including the portion allocated to non-controlling interests for the nine months ended September 30, is as follows:

	Nine months ended					
	Q3-19			Q3-18		
	Income (loss) for the period	Comprehensive (loss) income for the period	Comprehensive (loss) income allocated to NCI	(Loss) income for the period	Comprehensive (loss) income for the period	Comprehensive (loss) income allocated to NCI
Shizukuishi	671	417	47	(1)	740	92
Mito	628	614	78	719	966	121
Misawa	507	387	157	311	475	185
Komatsu	144	(134)	(19)	656	1,144	165
Total	**1,950**	**1,284**	**263**	**1,685**	**3,325**	**563**

The net change in participating non-controlling interests in operating entities is as follows:

	Shizukuishi	Mito	Komatsu	Misawa	Total
As at December 31, 2018	**(101)**	**307**	**219**	**707**	**1,132**
Net income (loss) attributable to non-controlling interest	88	82	21	203	394
Other comprehensive income attributable to non-controlling interest	(29)	(2)	(41)	(59)	(131)
As at September 30, 2019	**(42)**	**387**	**199**	**851**	**1,395**
Interest held by third parties	13.12%	13.0%	14.9%	40.0%	

13. Property, plant and equipment

	Land	Solar power projects	Assets under construction	Right of use	Other PPE	Total
Cost:						
At December 31, 2018	**8,049**	**149,129**	**-**	**-**	**5,115**	**162,293**
Additions	-	365	23,839	-	20	24,224
Right of use over leased land	-	-	-	10,386	-	10,386
Reclassification from intangibles	-	-	5,287	-	-	5,287
Exchange differences	177	3,283	468	354	103	4,385
At September 30, 2019	**8,226**	**152,777**	**29,594**	**10,740**	**5,238**	**206,575**
Accumulated depreciation:						
At December 31, 2018	**-**	**15,093**	**-**	**-**	**606**	**15,699**
Depreciation	-	5,562	-	442	198	6,202
Exchange differences	-	414	-	83	8	505
At September 30, 2019	**-**	**21,069**	**-**	**525**	**812**	**22,406**
Net book value:						
At December 31, 2018	8,049	134,036	-	-	4,509	146,594
At September 30, 2019	**8,226**	**131,708**	**29,594**	**10,215**	**4,426**	**184,169**

During the three and nine months ended September 30, 2019, the Group recognised right-of-use assets of $10.4 million in accordance with IFRS 16, associated with the long-term land lease contracts of its operational subsidiaries in Japan. Note 2c. During the nine months ended September 30, 2019, the Group capitalized as assets under construction $23.4 million (2018: nil) of incurred capital expenditures associated with the solar power projects in Japan. In addition, during 2019, the Group capitalized $0.4 million (2018: nil) of borrowing costs associated with credit facilities obtained to finance the construction of the Niigata project.

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14. Intangible assets

	Licenses and permits	Internally generated development costs and other	Total
Cost:			
At December 31, 2018	**7,061**	**10,056**	**17,117**
Additions	2,078	3,885	5,963
Reclassifications of permitted projects	1,858	(2,646)	(788)
Reclassifications to property, plant and equipment	-	(5,287)	(5,287)
Exchange differences	155	534	689
At September 30, 2019	**11,152**	**6,542**	**17,694**
Accumulated amortization:			
At December 31, 2018	**2,255**	**1,544**	**3,799**
Amortization	535	87	622
Exchange differences	58	(55)	3
At September 30, 2019	**2,848**	**1,576**	**4,424**
Net book value:			
At December 31, 2018	4,806	8,512	13,318
At September 30, 2019	**8,304**	**4,966**	**13,270**

During the nine months ended September 30, 2019, general and administrative expenses of $3.9 million (2018: $3.7 million) representing internally-generated costs of $1.0 million (2018: $1.0 million) and third-party costs of $2.9 million (2018: $2.7 million) were capitalized during the period within intangible assets as they directly related to the Group's development activities in Japan.

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 due to short maturities.

	September 30 2019	December 31 2018
Unrestricted cash at parent level	18,171	9,328
Restricted cash at project level	125,769	15,399
Total	**143,940**	**24,727**

Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks for future repayment 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. As of September 30, 2019, restricted cash included $103 million associated with funds secured in September 2019 for the construction of the Niigata solar power project. Note 18

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, 2019 (December 31, 2018: 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, 2019 and 2018.

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17. Share-based payments

The Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, directors and officers. RSUs have a contractual term of approximately four years and have time-based and performance-based vesting conditions that are market and non-market based. During the three and nine months ended September 30, 2019, the Group recognized share-based payment expenses of $0.1 million and $0.2 million, respectively (2018: $0.2 million and $0.6 million) related to its RSUs scheme. Note 7

Changes in the Company's outstanding RSUs are as follows:

	Number of RSUs
At December 31, 2018	**15,491,706**
Exercised	(241,706)
Forfeited	(2,000,000)
At September 30, 2019	**13,250,000**

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, 2018	**38,142**	**-**	**138,465**	**176,607**
Proceeds from loans	-	141,715	-	141,715
Repayment of loans and interest	(1,395)	(83)	(7,273)	(8,751)
Accrued interest	2,091	528	1,250	3,869
Amortization of transaction costs	233	80	101	414
Exchange differences	(1,846)	15	3,831	2,000
At September 30, 2019	**37,225**	**142,255**	**136,374**	**315,854**
- Current portion	**780**	**446**	**7,765**	**8,991**
- Non-current portion	**36,445**	**141,809**	**128,609**	**306,863**

At September 30, 2019 and December 31, 2018, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans. In September 2019, the Group secured long term financing for the construction of the 45 MW Niigata solar project located in the Niigata prefecture in central Japan. The arranger of the Etrion Green Project Bond, rated BBB, was Goldman Sachs Japan Co., LTD ("Goldman Sachs"). The total project cost is expected to be approximately JPY 16.7 billion (US$ 154.2 million) including VAT, which has been financed 95% through a non-recourse loan with a tenor of construction period plus 16.8 years. The all-in non-recourse project loan interest rate is 1.2%. The lender to the Niigata project is a Green Project Bond Trust ("The Trust"), which issued asset-backed securities and loans, fully underwritten by the arranger Goldman Sachs and sold to other investors. Proceeds from the project bond are presented net of transaction costs of $5.2 million. During the three months ended September 30,2019, the Company fully repaid the outstanding balance of the VAT credit facility associated with the Komatsu project for a total of ¥308 million (approximately $3.0 million).

19. Derivative financial instruments

	September 30 2019	December 31 2018
Derivative financial liabilities:		
Interest rate swap contracts		-
- Current portion	1,604	1,452
- Non-current portion	10,353	8,706
Total derivative financial liabilities	**11,957**	**10,158**

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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, 2019, and December 31, 2018, 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.

20. Trade, other payables and provisions

	September 30 2019	December 31 2018
Trade and other payables		
Trade payables	123	449
Accrued expenses	5,477	2,274
Other trade and other payables	2,420	1,274
Total trade and other payables	**8,020**	**3,997**

As at September 30, 2019, the Group's accrued expenses of $5.5 million includes $4.1 million associated with unbilled construction costs of the Niigata solar power project.

	September 30 2019	December 31 2018
Provisions		
Leased land liability	9,980	-
Site restoration provision	5,012	4,886
Pension plan	739	745
Total provisions	**15,731**	**5,631**
- Current portion	**317**	**-**
- Non-current portion	**15,414**	**5,631**

As at September 30, 2019, the Group's provisions of $16.0 million includes $10.0 million associated with net present value of the leased land liability, as a result of the adoption of IFRS 16. The Group applies IFRS 16 from its mandatory adoption date of January 1, 2019, used the simplified transition approach and has not restated comparative amounts for the year prior to first adoption.

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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 (2018: 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, 2019, and 2018, the Group entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	Q3-19	Q3-18	Q3-19	Q3-18
General and administrative expenses:				
Lundin Petroleum AB	5	6	19	20
Lundin SA	30	30	90	95
Finance costs:				
Lundin family:				
- Interest expense	-	76	181	97
- Transaction costs	-	4	19	6
Total transactions with related parties	**35**	**116**	**309**	**218**

Lundin family

Investment companies associated with the Lundin family subscribed for €3 million of the new corporate bond issue completed in June 2018. During the three months ended September 30, 2019, all corporate bonds held by the Lundin family or by entities controlled by the Lundin family were sold. Amounts outstanding to related parties at September 30, 2019 and December 31, 2018 are as follows:

	September 30 2019	December 31 2018
Current liabilities:		
Lundin family share in corporate bond	-	9
Total current financial liabilities	**-**	**9**
Non-current financial liabilities:		
Lundin family share in corporate bond	-	3,303
Total non-current liabilities	**-**	**3,303**
Total transactions with related parties	**-**	**3,312**

There were no amounts outstanding from related parties at September 30, 2019 and December 31, 2018.

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22. Financial assets and liabilities

	September 30, 2019			December 31, 2018		
	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	2,660	-	**2,660**	1,544	-	**1,544**
Cash and cash equivalents	143,940	-	**143,940**	24,727	-	**24,727**
Total financial assets	**146,600**	**-**	**129,479**	**26,271**	**-**	**26,271**

	September 30, 2019			December 31, 2018		
	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	306,862	-	**306,862**	166,760	-	**166,760**
Derivative financial instruments	-	10,353	**10,353**	-	8,706	**8,706**
Total non-current	**306,862**	**10,353**	**317,215**	**166,760**	**8,706**	**175,466**
Current						
Trade payables	123	-	**126**	449	-	**449**
Borrowings	8,991	-	**8,991**	9,847	-	**9,847**
Derivative financial instruments	-	1,604	**1,604**	-	1,452	**1,452**
Total current	**9,114**	**10,595**	**10,721**	**10,296**	**1,452**	**11,748**
Total financial liabilities	**315,976**	**20,948**	**327,936**	**177,056**	**10,158**	**187,214**

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, 2019 and December 31, 2018, 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 it is 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, 2019 and December 31, 2018, 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, 2018 and December 31, 2018, 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 2019	December 31 2018
Financial assets		
Level 1: cash and cash equivalents (including restricted cash)	143,940	24,727
Total financial assets	**143,940**	**24,727**
Financial liabilities:		
Level 2: borrowings (project loans)	136,374	138,465
Level 2: interest rate swaps	11,957	10,158
Total financial liabilities	**148,331**	**148,623**

23. Arbitration

In May 2018, a Chilean arbitration court ruled against one of the Group's Chilean subsidiaries and ordered an additional $1.5 million termination fee payment to one of the subsidiary's subcontractors. Management considered that payment was due since there is no appeal recourse. On August 29, 2018, parties in the arbitration process agreed to a final and definitive settlement of $1.3 million paid in cash as of that date.

24. 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.

25. 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, 2019, the Group had a contractual obligation payable over a period of over one year to acquire construction services in the amount of $74 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.