PRESS RELEASE

Etrion Releases First Quarter 2020 Results

May 8, 2020, Geneva, Switzerland – Etrion Corporation ("Etrion" or the "Company") (TSX: ETX) (OMX: ETX), an independent renewable power producer, released today its condensed consolidated interim financial statements and related management's discussion and analysis ("MD&A") for the three months ended March 31, 2020.

Etrion delivered strong project-level results in the first quarter of 2020 from its Japanese assets. The optimization of the Japanese corporate structure and renegotiation of the operations and maintenance ("O&M") contracts resulted in increased project-level EBITDA compared to the same period in 2019.

Q1-20 HIGHLIGHTS

Operational

- Etrion produced 12.5 Gigawatt-hours ("GWh") of electricity from the Company's 57 megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan, a 1.3% increase in production compared with the same period in 2019.

- Construction of the 45 MW Niigata solar project in central Japan is approximately 42% complete with estimated connection to the electricity grid in the fourth quarter of 2021. Once completed, this project will generate an estimated 45 GWh per year and approximately US$3.6 million of free cash flow per year while nearly doubling our net installed capacity to 102 MW.

- The potential disruption and magnitude of the coronavirus ("COVID-19") outbreak on the Company's business operations will depend on certain developments, including the duration, spread and severity of the COVID-19 outbreak in Japan. The Company is actively monitoring and implementing specific precautionary measures to mitigate any potential disruptions. As of the date hereof, none of the Company's operating or development projects has been adversely affected.

Financial

- Etrion's consolidated revenues were US$4.3 million, 1.9% higher relative to the same period in 2019.

- Etrion's solar segment EBITDA was US$3.2 million, 22.7% higher relative to the same period in 2019.

- Etrion closed the first quarter of 2020 with a cash balance of US$108.8 million, US$9.7 million of which was unrestricted and held at the corporate level, and working capital of US$91.4 million.

- On March 13, 2020, the Company's project subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank Sumitomo Mitsui Trust Bank ("SMTB") to increase the size of the non-recourse Mito project loan size by ¥295 million, with the existing tenor and a slightly lower interest rate.

Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "Etrion has a resilient solar platform in Japan, operating without interruption during the global pandemic. Our solar plants continue to deliver predictable revenues and EBITDA with strong positive results. Our 45 MW Niigata solar project under construction is on schedule and budget. We have taken very strict measures on site to reduce COVID-19 risks. On the development side, our team continues to advance on various initiatives to source new projects for the platform. I am optimistic about our growth potential and our ability to maximize shareholder value in the near-term."

FINANCIAL SUMMARY

US$ thousands (unless otherwise stated)	Three months ended Q1-20	Q1-19
Electricity production (MWh)[1]	**12,463**	**12,301**
Financial performance		
Revenues	4,296	4,216
Consolidated EBITDA	1,477	1,734
Net loss	(2,578)	(2,227)
Cash flow from operations	1,221	783
Adjusted operating cash flow	1,976	2,004

Financial position	**Mar 20**	**Dec 19**
Unrestricted cash at parent level	9,712	10,596
Restricted cash at project level	99,069	112,786
Working capital	91,368	109,655
Consolidated net debt on a cash basis	209,204	193,143
Corporate net debt	27,294	27,201

Operations and Finance Update call

A conference call webcast to present the Company's first quarter 2020 Operations and Finance update will be held on Monday, May 11, 2020, at 10:00 a.m. Eastern Standard Time (EST) / 4:00 p.m. Central European Time (CET).

Dial-in details:
Conference ID: 2070058
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/1297/33371

The Operations and Finance update call presentation and the Company's condensed consolidated interim financial statements for the three months ended March 31, 2020, 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 May 18,2020.

Replay dial-in details:
North America: +1-416-621-4642 / Toll Free: +1-800-585-8367
Pass code for replay: 2070058

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. 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

[1] MWh-Megawatt-hour

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 May 8, 2020.

Non-IFRS Measures:

This press release includes non-IFRS measures not defined under IFRS, specifically earnings before interest, taxes, depreciation and amortization ("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 months ended March 31, 2020, 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 construction and operation of the Niigata project) 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's solar projects may not produce electricity or generate revenues and earnings at the levels expected, 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, uncertainties with respect to the potential impact of the current COVID-19 pandemic on the Company's operations, the risk that the litigation regarding the Company's backlog project may not produce a favorable outcome 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, 2019 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.

etrion

Management's Discussion and Analysis
Three Months Ended March 31, 2020

24.0 MW Shizukuishi solar power park in Japan

At a Glance

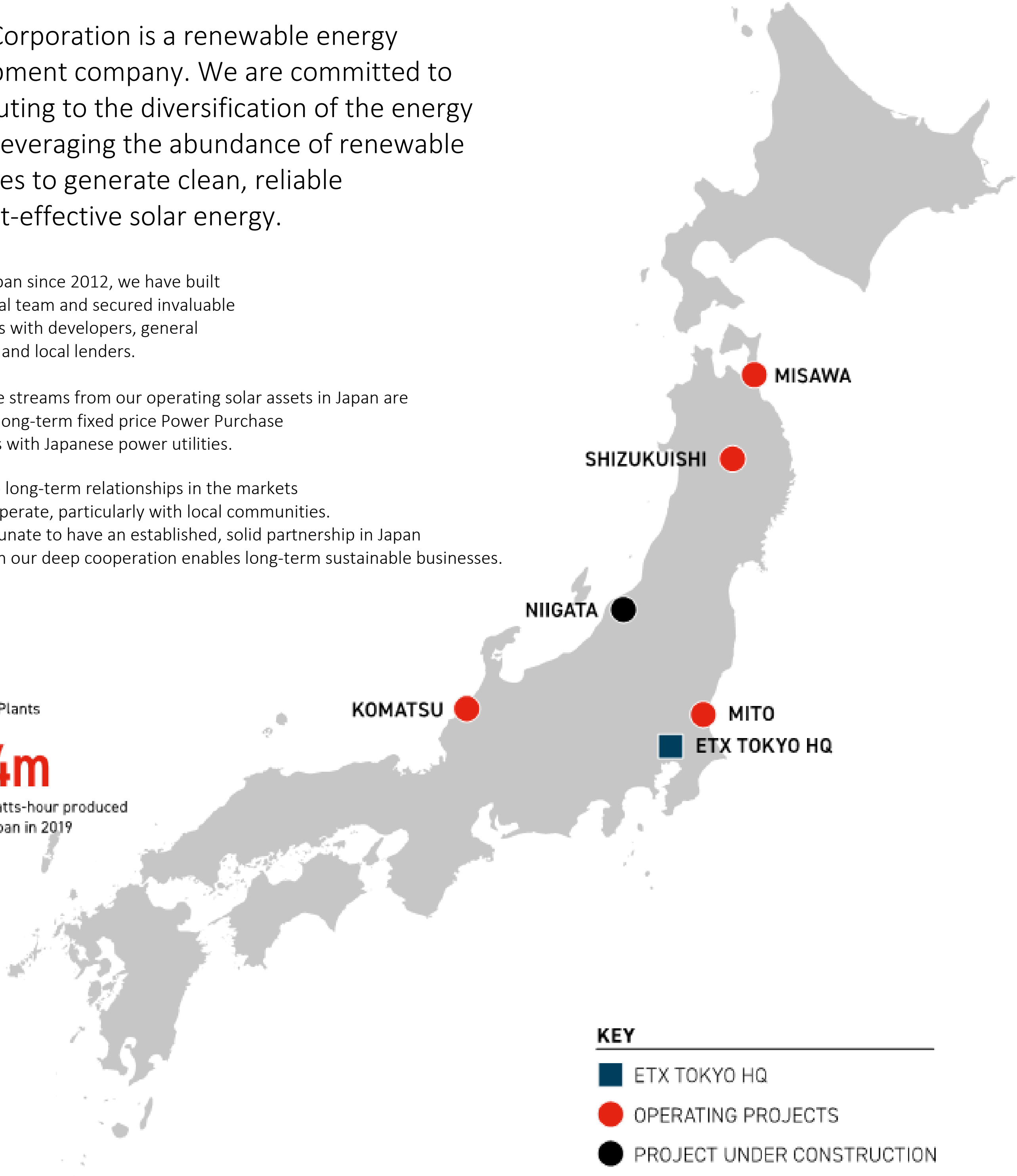
Etrion Corporation

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

Active in Japan since 2012, we have built a strong local team and secured invaluable partnerships with developers, general contractors and local lenders.

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

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



11
Solar Plants

64m
Kilowatts-hour produced for Japan in 2019

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

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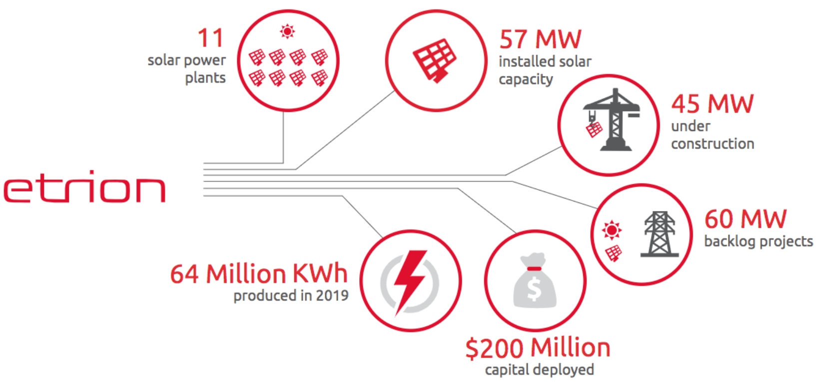
ETRION FACTS



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" or, 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 May 7, 2020, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2020. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's outstanding corporate bond 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 March 31, 2020	119.23	108.42	1.09
Closing rate at March 31, 2019	124.38	110.75	1.12
Three months average rate 2020	120.13	108.9	1.10
Three months average rate 2019	125.16	110.18	1.14

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 18). 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 measure for both EBITDA and Adjusted EBITDA is net income (loss) as reconciled on page 18). 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 18). 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 30.

FIRST QUARTER 2020 HIGHLIGHTS

First quarter 2020 highlights

Operational highlights

- Etrion produced 12.5 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 42.2% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- Etrion continues to advance in the litigation over a backlog solar power project under development in Japan with an estimated gross capacity of 60 MW.
- The Company continues to evaluate several other early stage projects, defined as pipeline.
- The potential disruption and magnitude of the coronavirus COVID-19 outbreak on the Company's business operations will depend on certain developments, including the duration, spread and severity of the COVID-19 outbreak in Japan. The Company is actively monitoring and implementing specific precautionary measures to mitigate any potential disruptions. As of the date hereof, none of the Company's operating or development projects has been adversely affected. However, the duration and extent of the COVID-19 outbreak and the potential financial impact on the Company's operations and development activities cannot be reasonably predicted at this time and it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition including, without limitation, the possible temporary suspension of construction activities at the Niigata project.

Financial highlights

- Consolidated revenues of $4.3 million were 1.9 % higher relative to Q1-19.
- Solar segment EBITDA of $3.2 million was 22.7 % higher relative to Q1-19.
- Etrion closed the first quarter of 2020 with a cash balance of $108.8 million, $9.7 million of which was unrestricted and held at corporate level and working capital of $91.4 million.
- On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank (" SMTB"), to increase the size of the non-recourse Mito project loan size by ¥295 million, with existing tenor and slightly lower interest rate.

First quarter 2020 highlights

Continued

	Three months ended	
USD thousands (unless otherwise stated)	Q1-20	Q1-19
Electricity production (MWh)[1]	**12,463**	**12,301**
Financial results		
Revenues	4,296	4,216
Gross profit	951	641
EBITDA	1,477	1,734
Adjusted EBITDA	1,860	1,734
Net loss	(2,578)	(2,227)
Adjusted net income	222	162
Cash flow		
Cash flow from operations	1,221	783
Adjusted operating cash flow	1,976	2,004

	March 31 2020	December 31 2019
Balance sheet		
Total assets	351,804	346,961
Operational assets	138,685	140,939
Unrestricted cash at parent level	9,712	10,596
Restricted cash at project level	99,069	112,786
Working capital	91,368	109,655
Consolidated net debt on a cash basis	209,204	193,143
Corporate net debt	27,294	27,201

[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. The Company has 11 operational projects (consolidated into four Special Purpose Companies ("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 plans to remain focused exclusively on developing projects and growing its installed capacity and to operating 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) a low cost of debt; and (7) an attractive liquid market for future divestiture.

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 19 employees.

Business process – solar energy

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

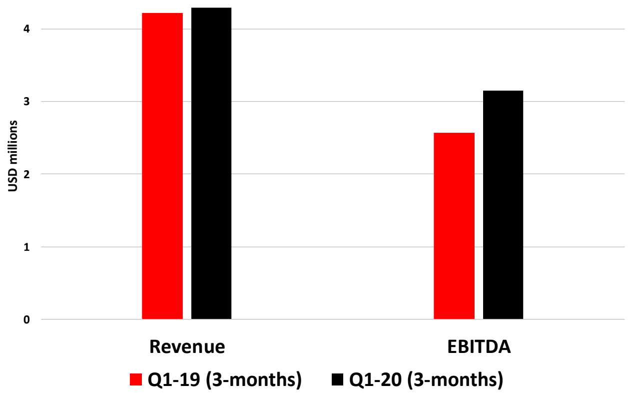
Business review

Continued

Operations review
Three months ended March 31

USD thousands (unless otherwise stated)	Japan	
	Q1-20	Q1-19
Operational data		
Electricity production (MWh)	12,463	12,301
Operational performance		
Electricity revenue		
Feed-in-tariff [1]	4,296	4,216
Total revenues	4,296	4,216
EBITDA [2]	3,153	2,570
EBITDA margin (%)	73%	61%
Net income	(439)	(1,104)

1. FiT scheme under PPA with utilities.
2. Refers to segment EBITDA as reconciled in the segment information section on page 18



Operating performance in Japan (3 months)

During Q1-20, the Group produced 1.3% more electricity in Japan than in the same period in 2019, due to better performance and better than expected weather conditions.

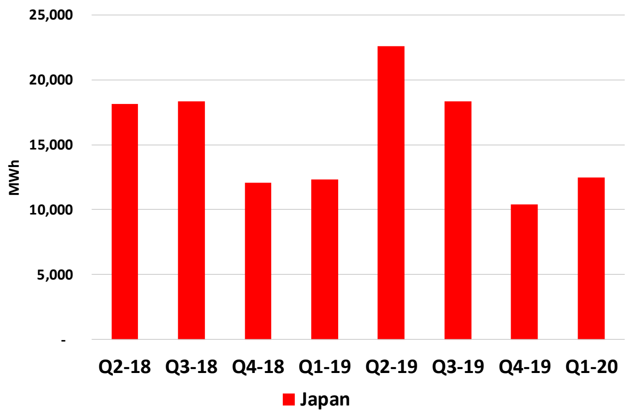
The Group receives revenues denominated in Japanese yen from its operating solar projects. Revenues come from the FiT system, whereby, through 20-year PPA contracts with three Japanese public utilities, for each kWh of electricity produced a premium fixed price is received from Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU") or Tohoku Electric Power Co., Inc. ("TOHOKU"), depending on the location of the solar project. During Q4-19, 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 Q1-20, the Group's revenue and project-level EBITDA increased by approximately 1.9% and 22.7%, respectively, compared with the same period in 2019, primarily due to higher performance of the solar power plants and also due to a reduction in the operations and maintenance ("O&M") fees and operating personnel costs, following the restructuring of the Japanese operating projects completed in December 2019.

Revenues from Japan are received in Japanese yen and have been translated to the Group's presentation currency $ using the corresponding implied Q1-20 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 $.

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

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 15 years. Details of the Group's 100%-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 16 years. Details of the Group's100%-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 100%-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 100%-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

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 of 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 the TOHOKU utility. The project company entered into an effective 20-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 ¥600 million ($5.6 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 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 section gives details of 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 a 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 its environmental impact assessment and 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 in December 2018 filed a lawsuit against the local developer to enforce full compliance with the DSA. The Company remains optimistic the court will issue a decision favorable to the Company, compelling the developer to comply with all its obligations. Etrion remains cautiously optimistic that it will be able to take control of this project in 2020.

Business review

Continued

As of March 31, 2020, the Company has incurred approximately $7.2 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	1.6	7.2
Total USD million	**5.6**	**1.6**	**7.2**

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 biofuels, 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 among the top five largest solar markets 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. As of December 2018, solar represented about 5.7% of the total energy generated in Japan. The Japanese Ministry of Economy, Trade and Industry ("METI") forecasts that it will represent over 7% by 2030, which will translate into an incremental annual growth of 4-5 GW in terms of new capacity between 2020 and 2027.

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 the 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 April 1 Q1-18 (i.e. by March 31, 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 that obtained their grid connection agreements by July 31, 2016, and so are not subject to the three-year rule ("Early High FiT Holders").

On December 5, 2018, METI announced 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 most recent 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 latest 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 three months ended March 31, 2020, 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 2019, due to the good performance of the existing solar parks and reduction of operating expenses. Selected consolidated financial information, prepared in accordance with IFRS, is as follows:

	Three months ended	
USD thousands (except per share data)	**Q1-20**	**Q1-19**
Revenue	4,296	4,216
Gross profit	951	641
Net loss attributable to owners of Etrion	(2,578)	(1,970)
Basic and diluted (loss) earnings per share:	**$(0.01)**	**$(0.01)**
Net loss	**(2,578)**	**(2,227)**
Adjustments to net loss income for:		
Net income tax expense	116	500
Depreciation and amortization	2,324	2,293
Share-based payment expense	48	24
Net finance costs	1,616	1,169
Other expense (income)	450	245
Income tax paid	(1,594)	(778)
Changes in working capital	839	(443)
Operating cash flow	**1,221**	**783**

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

USD thousands	March 31 2020	December 31 2019
Non-current assets	229,467	213,339
Current assets	122,337	133,622
Total assets	**351,804**	**346,961**
Non-current liabilities	326,448	326,094
Current liabilities	30,969	23,967
Total liabilities	**357,417**	**350,061**
Net assets	**-**	**(3,100)**
Working capital	91,368	109,655
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 March 31

Segment consolidated financial information for the three months ended March 31, prepared in accordance with IFRS, is as follows:

	Three months ended					
USD thousands	Q1-20			Q1-19		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**4,296**	**-**	**4,296**	**4,216**	**-**	**4,216**
Operating expenses	(1,055)	-	(1,055)	(1,314)	-	(1,314)
General and administrative	(96)	(1,218)	(1,314)	(72)	(851)	(923)
Other income (expenses)[2]	8	(458)	(450)	(260)	15	(245)
EBITDA	**3,153**	**(1,676)**	**1,477**	**2,570**	**(836)**	**1,734**
Depreciation and amortization	(2,290)	(34)	(2,324)	(2,261)	(32)	(2,293))
Finance income	-	247	247	-	683	683
Finance costs	(1,094)	(768)	(1,862)	(1,046)	(805)	(1,851)
Loss before income tax	**(231)**	**(2,231)**	**(2,463)**	**(737)**	**(990)**	**(1,727)**
Income tax expense	(208)	92	(116)	(367)	(133)	(500)
Net loss for the period	**(439)**	**(2,139)**	**(2,578)**	**(1,104)**	**(1,123)**	**(2,227)**

Solar Japan: During Q1-20, the Group's Japanese solar segment generated revenues of $4.3 million and EBITDA of $3.1 million, representing increases of 1.9% and 22.7%, respectively, in comparison with the same period in 2019. Revenue increased primarily due to higher performance of the solar power plants and EBITDA increased due to a reduction in the O&M fees and operating personnel costs, following the restructuring of the Japanese operating projects completed in December 2019. As a result, the Group's Japanese segment generated a net loss of $0.4 million, in comparison with a net loss of $1.1 million for the same period in 2019.

Corporate: During Q1-20, the Group's corporate segment generated negative EBITDA of $1.7 million and a net loss of $2.1 million, compared to negative EBITDA of $0.8 million and a net loss of $1.1 million, respectively, in the same period in 2019. The negative EBITDA increase reflects a decrease in recharges to the projects in the pipeline, following the development completion of the Niigata project, and also the recognition of other expenses of $0.4 million on tax reassessments received from the Italian municipalities where two of its previously owned solar parks operated. Net finance costs at corporate level increased in comparison with the same period in 2019 due to lower foreign exchange gains.

[2] During Q1-20, the Group incurred in $0.4 million expenses associated with the legacy Italian assets sold in 2016.

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net income to net income (loss)	Three months ended	
USD thousands	Q1-20	Q1-19
Net income (loss)	**(2,578)**	**(2,227)**
Adjustments for non-recurring and non-cash items:		
Tax reassessment from Italian municipalities	383	-
Depreciation and amortization	2,324	2,293
Fair value movements (derivative financial instruments)	45	72
Share-based payment expense	48	24
Adjusted net income	**222**	**162**

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended	
USD thousands	Q1-20	Q1-19
Operating cash flow	**1,221**	**783**
- Changes in working capital	(839)	443
- Income tax paid	1,594	778
Adjusted operating cash flow	**1,976**	**2,004**

Reconciliation of Solar segment Adjusted EBITDA to EBITDA	Three months ended	
USD thousands	Q1-20	Q1-19
Net income (loss)	**(2,578)**	**(2,227)**
Adjustments for:		
Net income tax expense	116	500
Net finance costs	1,615	1,168
Depreciation and amortization	2,324	2,293
EBITDA	**1,477**	**1,734**
Tax reassessment from Italian municipalities	383	-
Adjusted EBITDA	**1,860**	**1,734**
Plus: Corporate G&A expenses	1,293	836
Solar Japan Adjusted EBITDA	**3,153**	**2,570**

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)	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Revenue	**4,296**	**3,599**	**6,356**	**7,705**	**4,216**	**4,048**	**6,185**	**6,357**
Japan	4,296	3,599	6,356	7,705	4,216	4,048	6,185	6,357
Net income (loss)	**(2,578)**	**(6,249)**	**6,356**	**7,705**	**(2,227)**	**(2,566)**	**(1,453)**	**(746)**
Net income (loss) from continuing operations attributable to owners of Etrion	(2,578)	(6,249)	2,973	164	(1,970)	(2,510)	(1,677)	(1,029)
Net income (loss) attributable to owners of Etrion	(2,578)	(6,249)	2,973	164	(1,970)	(2,510)	(1,677)	(1,029)
Basic and diluted earnings (loss) per share:								
From continuing operations attributable to owners of Etrion	$(0.01)	$(0.02)	$0.00	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)
From total results attributable to owners of Etrion	$(0.01)	$(0.02)	$0.00	$0.00	$(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

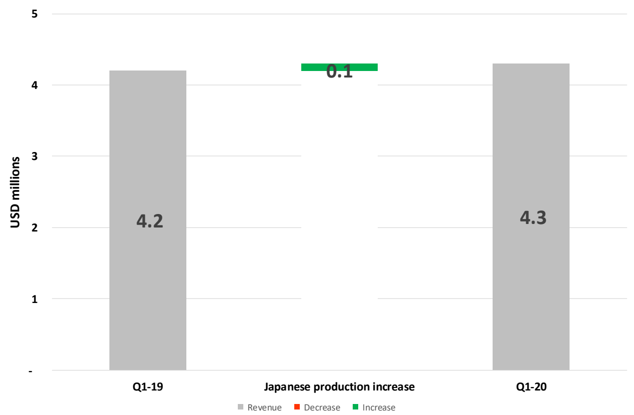
Continued

Revenue

	Three months ended	
USD thousands	Q1-20	Q1-19
FiT	4,296	4,216
Total revenue	**4,296**	**4,216**

During the three months ended March 31, 2020, consolidated revenues increased by $80,000 thousand (1.9 %) compared to the same period of 2019, due to better performance and better than expected weather conditions.

The reconciliation of total revenue in Q1-20 versus Q1-19 is as follows:



Adjusted consolidated EBITDA

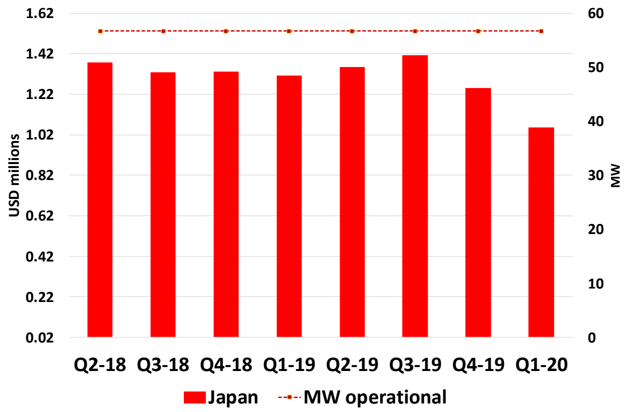
During the three months ended March 31, 2020, adjusted consolidated EBITDA increased by $0.1 million (7.0 %), compared with the same period of 2019, mainly as a result of an increase in EBITDA being contributed by the Group's Japanese solar segment partially offset by the reduction in overhead recharges to the solar pipeline.

Operating expenses

	Three months ended	
USD thousands	Q1-20	Q1-19
O&M costs	294	355
Personnel costs	139	295
D&A	2,290	2,291
Property tax	345	385
Insurance	99	98
Other expenses	178	181
Total operating expenses	**3,345**	**3,575**

During the three months ended March 31, 2020, operating expenses decreased by $0.2 million (6.4 %), compared with the same period in 2019, mainly due to lower O&M fees and operating personnel costs as a result of the restructuring of the Japanese operating projects completed in December 2019.

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



Financial review

Continued

General and administrative expenses

	Three months ended	
USD thousands	Q1-20	Q1-19
Salaries and benefits	583	306
Board of directors' fees	68	68
Share-based payments	48	24
Professional fees	368	280
Listing and marketing	45	60
D&A	34	32
Office lease	74	72
Office, travel and other	128	113
Total general and administrative	**1,348**	**955**

During the three months ended March 31, 2020, general and administrative expenses increased by $0.4 million (41.0%) compared with the same period in 2019, reflecting a decrease in recharges to the projects in the pipeline, following the development completion of the Niigata project.

Net finance costs

	Three months ended	
USD thousands	Q1-20	Q1-19
Project loans	916	957
Corporate bonds	665	762
Fair value movements	45	72
Foreign exchange (gain) loss	(246)	(682)
Other finance costs	235	59
Net finance cost	**1,615**	**1,168**

During the three months ended March 31, 2020, net finance costs increased by $0.5 million, compared to the same period in 2019, mainly due to a decrease in foreign exchange movements and other finance costs. In addition, during the three months ended March 31, 2020, the Group capitalized $0.5 million (2019: nil) 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	
USD thousands	Q1-20	Q1-19
Corporate income tax	(88)	169
Deferred tax expense	204	331
Income tax expense	**116**	**500**

During the three months ended March 31, 2020, the Group recognized an income tax recovery of $0.1 million (2019: income tax expense of $0.2 million) associated with its solar power projects in Japan and management services subsidiaries. In addition, the Group recognized a deferred income tax income of $0.2 million (2019: $0.3 million) primarily due to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Financial position

Liquidity and financing

Cash position

USD thousands	March 31 2020	December 31 2019
Cash and cash equivalents:		
Unrestricted at parent level	9,712	10,596
Restricted at project level	99,069	112,786
Total cash and cash equivalents	**108,781**	**123,382**

Unrestricted cash analysis

The Group's cash and cash equivalents at March 31, 2020, included unrestricted cash of $9.7 million (December 31, 2019: $10.6 million) held at the corporate level. Unrestricted cash decreased by $0.8 million mainly as a result of corporate G&A and development costs incurred.

The Group expects to generate sufficient operating cash flows in 2020 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, asset sales or debt financing and non-recourse project loans, as required.

Financial review

Continued

Restricted cash analysis

USD thousands	March 31 2020	December 31 2019
Japan	99,069	112,786
Total restricted cash	99,069	112,786

The Group's cash and cash equivalents at March 31, 2020, 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 decreased by $ 13.7 million mainly due to funds used in the construction of the Niigata solar power project, partially offset by operating cash flow from the Japanese solar power projects.

Working capital

At March 31, 2020, the Group had working capital of $91.4 million (December 31, 2019: $109.7 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 that 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 $92.9 million (December 31, 2019: $111.1 million).

At March 31, 2020, the Group's contractual obligations for the next five years and thereafter are as follows:

USD thousands	2020	2021	2022	2023	2024	After five years	Total
EPC	18,516	28,885	741	-	-	-	48,142
Project loans	11,058	10,651	28,175	17,636	18,723	229,337	315,580
Corporate bond	2,721	38,045	-	-	-	-	40,766
O&M contracts	678	699	629	790	1,242	9,522	13,560
Operating leases	797	1,032	1,032	1,032	1,032	12,229	17,154
Trade payables	19,793	-	-	-	-	-	19,793
Total	**53,563**	**79,312**	**30,577**	**19,458**	**20,997**	**251,088**	**454,995**

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 three months ended March 31, 2020, total equity attributable to owners of the Company decreased by $2.5 million from a net liability position of $3.1 million at December 31, 2019, to a net liability position of $5.6 at March 31, 2020. This change was primarily due to the recognition of $2.6 million of net losses during the period, unrealized fair value losses recognized within other reserves associated with the Group's derivative financial instruments and the cumulative foreign exchange translation adjustment. Total equity attributable to owners of the Company at March 31, 2020, was negatively impacted by the cumulative fair value losses of $12.9 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 March 31, 2020, would have resulted in a net asset position of $7.3 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	March 31 2020	December 31 2019
Shizukuishi	25	December 30, 2034	54,631	56,050
Mito	9	June 30, 2034	22,633	20,217
Misawa	10	June 30, 2036	24,241	24,592
Komatsu	13	December 30, 2036	29,562	30,003
Niigata	45	June 30, 2038	141,717	140,642
Total			**272,784**	**271,504**

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 interest rates ranging from 1.72% to 3.13% all-in. At March 31, 2020, 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 March 31, 2020, and December 31, 2019.

Financial review

Continued

On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank (" SMTB"), to increase the size of the non-recourse Mito project loan size by ¥295 million, with existing tenor and slightly lower interest rate.

At March 31, 2020 and December 31, 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

Corporate borrowings
At March 31, 2020, 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 three-year maturity. The carrying amount of bonds as at March 31, 2020, including accrued interest net of transaction costs, was $37.4 million (December 31, 2019: $37.5 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	March 31 2020	December 31 2019
Total borrowings as per IFRS	**310,163**	**309,049**
Accrued interest	(1,660)	(125)
Transaction costs	9,482	7,601
Adjusted borrowings	**317,985**	**316,525**
Cash and cash equivalents	(108,781)	(123,382)
Adjusted consolidated net debt	**209,204**	**193,143**
Adjusted corporate net debt	**27,294**	**27,201**

The Group's consolidated net debt increased during the three months ended March 31, 2020, in comparison with December 31, 2019, 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 (May 7, 2019: 334,094,324). The Company maintains the Restricted Share Unit Plan (the "Plan") pursuant to which employees, consultants, Directors and officers of the Group may be awarded restricted share units ("RSUs"). The outstanding RSUs have a contractual term of six years and are subject to certain market performance-based vesting conditions. At the date of this MD&A, the Company had 11,666,667 RSUs outstanding.

Off-balance sheet arrangements
The Group had no off-balance sheet arrangements at March 31, 2020, and December 31, 2019.

Capital investments

The Group plans to prioritize the Japanese market in allocating its unrestricted cash. Based on the current status, the Company does not anticipate beginning construction of its Japanese backlog project until the second quarter of 2020. The need for equity to build the Japanese backlog project is likely to arise 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 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 months ended March 31, 2020, from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2019.

Financial review

Continued

There are no issued IFRS or interpretations that are due to become effective in the future 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 three months ended March 31, 2020, are summarized below.

Related party transactions

Lundin Energy AB and subsidiaries

The Group receives professional services from Lundin Energy AB and from Lundin Services BV, a wholly owned subsidiary of Lundin Energy AB for market and investor relation activities in Sweden and general and administrative expenses, respectively. During the three months ended March 31, 2020, the Group incurred general and administrative expenses of $nil (2019: $7.0 thousand) from Lundin Energy AB and its subsidiary. At March 31, 2020, the Group had $nil (December 31, 2019: $nil) outstanding in relation to these expenses.

Lundin SA

During the three months ended March 31, 2020 the Group recognized expenses of $30 thousand (2019: $30 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 months ended March 31, 2020, the Group invoiced asset management services of $0.1 million (2019: $0.1 million) to PV Salvador, associated with operating and engineering services for a 70 MW solar power project in Chile. These asset management services have been presented as a reduction of corporate general and administrative expenses since September 30, 2017, the date when PV Salvador was deconsolidated.

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 include members of the Board of Directors, the Chief Executive Officer, Marco A. Northland and the Chief Financial Officer, Christian Lacueva.

During the three months ended March 31, 2020, the Group recognized within general and administrative expenses, $0.3 million (2019: $0.3 million) 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 March 31, 2020, the Group had $nil outstanding to key management personnel (December 31, 2019: $nil).

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, 2019, 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	March 31 2020	December 31 2019
Derivative financial liabilities:		
Interest rate swap contracts		
Current portion	1,494	1,429
Non-current portion	9,828	8,782
Total derivative financial instruments	**11,322**	**10,210**

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 March 31, 2020, and December 31, 2019, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs.

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, 2019, 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.

Coronavirus (COVID-19)

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

OTHER DISCLOSURES

Other disclosures

Etrion outlook and guidance

On March 10, 2020, Etrion issued a revenue and project-level EBITDA forecast for the fiscal year ending December 31, 2020. The Group has reviewed the previously released guidance in light of the performance for the three months ended March 31, 2020 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 potential impact of the current COVID-19 pandemic on the Company's operations; 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 assumption that COVID-19 will not adversely affect the Company's 2020 financial results; 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 Months Ended March 31, 2020
UNAUDITED

24.0 MW Shizukuishi solar power park in Japan

At a Glance

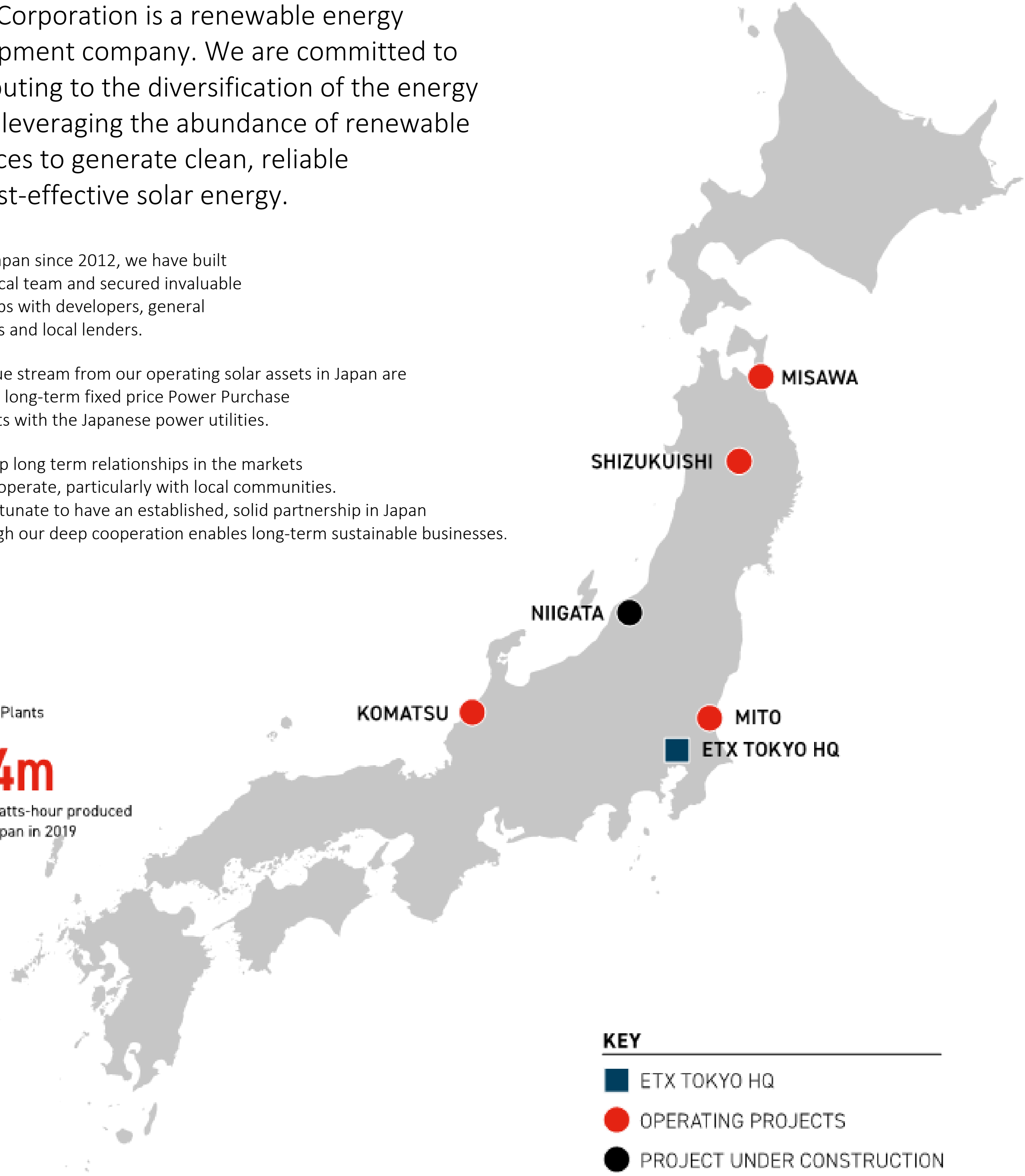
Etrion Corporation

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

Active in Japan since 2012, we have built a strong local team and secured invaluable partnerships with developers, general contractors and local lenders.

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

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



11
Solar Plants

64m
Kilowatts-hour produced for Japan in 2019

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

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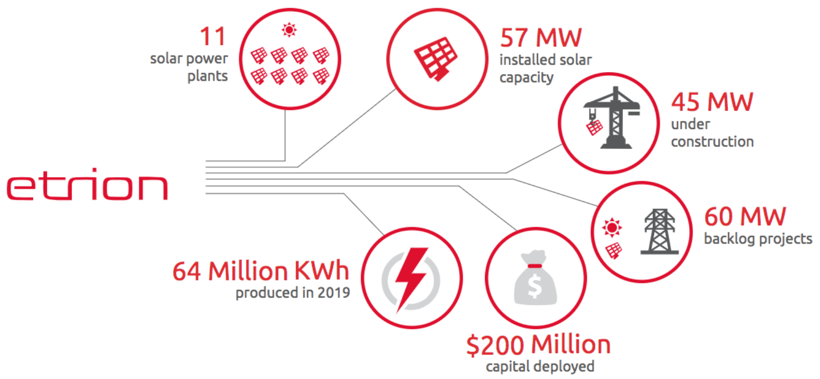
ETRION FACTS



FINANCIAL STATEMENTS

The accompanying condensed consolidated unaudited interim financial statements of the Company for the three months ended March 31, 2020, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements. Readers are cautioned that these condensed consolidated unaudited interim financial statements may not be appropriate for their purposes.

Condensed consolidated interim statement of net loss and comprehensive net loss

For the three months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000

		Three months ended	
	Note	Q1-20	Q1-19
Revenue	5	4,296	4,216
Operating expenses	6	(3,345)	(3,575)
Gross profit		951	641
General and administrative expenses	7	(1,348)	(955)
Other expenses	8	(450)	(245)
Operating loss		(847)	(559)
Finance income	9	247	683
Finance costs	9	(1,862)	(1,851)
Net finance costs		(1,615)	(1,168)
Income loss before income tax		(2,462)	(1,727)
Income tax expense	10	(116)	(500)
Net loss for the period		(2,578)	(2,227)
Other comprehensive income (loss)			
Items that may be reclassified to profit and loss:			
Gain (loss) on currency translation		527	(58)
Loss on cash flow hedges, net of tax		(510)	(543)
Total other comprehensive income (loss)		17	(601)
Total comprehensive net loss for the period		(2,561)	(2,828)
Loss attributable to:			
Owners of the parent		(2,578)	(1,970)
Non-controlling interests	12	-	(257)
Total		(2,578)	(2,227)
Total comprehensive loss attributable to:			
Owners of the parent		(2,561)	(2,473)
Non-controlling interests	12	-	(355)
Total		(2,561)	(2,828)
Basic and diluted loss per share from loss for the period	11	$(0.01)	$(0.01)

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

Condensed consolidated interim balance sheet

As at March 31, 2020
UNAUDITED
Expressed in US$'000

	Note	March 31 2020	December 31 2019
Assets			
Non-current assets			
Property, plant and equipment	13	205,354	191,796
Intangible assets	14	14,775	14,755
Deferred income tax assets		2,837	2,839
Trade and other receivables		6,501	3,949
Total non-current assets		229,467	213,339
Current assets			
Trade and other receivables		13,556	10,240
Cash and cash equivalents (including restricted cash)	15	108,781	123,382
Total current assets		122,337	133,622
Total assets		351,804	346,961
Equity			
Attributable to common shareholders			
Share capital	16	111,304	111,304
Contributed surplus		13,491	13,443
Other reserves		(12,782)	(12,799)
Accumulated deficit		(117,626)	(115,048)
Total attributable to common shareholders		(5,613)	(3,100)
Total equity		(5,613)	(3,100)
Liabilities			
Non-current liabilities			
Borrowings	18	301,045	301,464
Derivative financial instruments	19	9,828	8,782
Provisions	20	15,575	15,848
Total non-current liabilities		326,448	326,094
Current liabilities			
Trade and other payables	20	19,795	12,917
Current tax liabilities	10	122	1,676
Borrowings	18	9,118	7,585
Derivative financial instruments	19	1,494	1,429
Provisions	20	326	319
Other liabilities		114	41
Total current liabilities		30,969	23,967
Total liabilities		357,417	350,061
Total equity and liabilities		351,804	346,961

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

Condensed consolidated interim statement of changes in equity

For the three months ended March 31, 2020 and 2019
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, 2019	111,304	13,281	(12,940)	(109,848)	1,797	1,132	2,929
Comprehensive loss:							
Loss for the period	-	-	-	(1,970)	(1,970)	(257)	(2,227)
Other comprehensive loss:							
Cash flow hedges (net of tax)	-	-	(445)	-	(445)	(98)	(543)
Currency translation	-	-	(58)	-	(58)	-	(58)
Total comprehensive loss	-	-	(503)	(1,970)	(2,473)	(355)	(2,828)
Transactions with owners in their capacity as owners:							
Share-based payments	-	(14)	-	-	(14)	-	(14)
Balance at March 31, 2019	111,304	13,267	(13,443)	(111,818)	(690)	777	87
Balance at January 1, 2020	111,304	13,443	(12,799)	(115,048)	(3,100)	-	(3,100)
Comprehensive income loss:							
Loss for the period	-	-	-	(2,578)	(2,578)	-	(2,578)
Other comprehensive loss:							
Cash flow hedges (net of tax)	-	-	(510)	-	(510)	-	(510)
Currency translation	-	-	527	-	527	-	527
Total comprehensive income (loss)	-	-	17	(2,578)	(2,561)	-	(2,561)
Transactions with owners in their capacity as owners:							
Share-based payments	-	48	-	-	48	-	48
Balance at March 31, 2020	111,304	13,491	(12,782)	(117,626)	(5,613)	-	(5,613)

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

Condensed consolidated interim statement of cash flow

For the three months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000

	Note	Three months ended Q1-20	Q1-19
Operating activities:			
Net income (loss) for the period		(2,578)	(2,227)
Adjustments for the following non-cash items:			
Depreciation and amortization	6/7	2,324	2,293
Current income tax expense	10	(88)	169
Deferred income tax expense	10	204	331
Share-based payment expense	7/17	48	24
Interest expense	9	1,352	1,296
Interest expense relating to interest rate swap contracts	9	352	376
Amortization of transaction costs	9	113	107
Foreign exchange (gain) loss	9	(246)	(682)
Fair value changes on derivative financial instruments	9	45	72
Other expenses (income)		450	245
Sub-total		1,976	2,004
Changes in working capital:			
Trade and other receivables		(5,869)	1,681
Trade and other payables		6,708	(2,124)
Income tax paid		(1,594)	(778)
Total cash flow from operating activities		1,221	783
Investing activities:			
Purchases of property, plant and equipment	13	(15,139)	(86)
Purchases of intangible assets	14	(391)	(1,657)
Total cash flow used in investing activities		(15,530)	(1,743)
Financing activities:			
Proceeds from borrowings	18	484	-
Principal element of lease payments		(135)	-
Total cash flow from financing activities		349	-
Net decrease in cash and cash equivalents		(13,960)	(960)
Effect of exchange rate changes on cash and cash equivalents		(641)	(536)
Cash and cash equivalents at the beginning of the period		123,382	24,727
Cash and cash equivalents at the end of the period	15	108,781	23,231

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 months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000 unless otherwise stated

1. General information

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

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

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 May 7, 2020.

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

(b) Going concern

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2020, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At March 31, 2020, the Group had cash and cash equivalents of $108.8 million, $9.7 million of which was unrestricted and held at the parent level (December 31, 2019: $123.4 million and $10.6 million, respectively) and working capital of $91.4 million (December 31, 2019: $109.7 million). During the three months ended March 31, 2020, the Group recognized a net loss of $2.6 million (2019: $2.2 million). The Company's management is confident that the Group will be able to fund its working capital requirements for at least 12 months from the date of these consolidated financial statements. These condensed consolidated interim financial statements for the three months ended March 31, 2020, do not include the adjustments that would result if the Group were unable to continue as a going concern.

(c) Changes in accounting policies and disclosures

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

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 months ended March 31, 2020, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2019.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000 unless otherwise stated

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 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 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	
	Q1-20	Q1-19
TEPCO	957	982
HOKURIKU	805	793
TOHOKU	2,534	2,441
TOTAL	**4,296**	**4,216**

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

	Three months ended					
	Q1-20			Q1-19		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**4,296**	**-**	**4,296**	**4,216**	**-**	**4,216**
Operating expenses	(1,055)	-	(1,055)	(1,314)	-	(1,314)
General and administrative expenses	(96)	(1,218)	(1,314)	(72)	(851)	(923)
Other income (expense)	8	(458)	(450)	(260)	15	(245)
EBITDA	**3,153**	**(1,676)**	**1,477**	**2,570**	**(836)**	**1,734**
Depreciation and amortization	(2,290)	(34)	(2,324)	(2,261)	(32)	(2,293)
Finance income	-	247	247	-	683	683
Finance costs	(1,094)	(768)	(1,862)	(1,046)	(805)	(1,851)
Loss before income tax	**(231)**	**(2,231)**	**(2,462)**	**(737)**	**(990)**	**(1,727)**
Income tax expense	(208)	92	(116)	(367)	(133)	(500)
Net loss for the period	**(439)**	**(2,139)**	**(2,578)**	**(1,104)**	**(1,123)**	**(2,227)**

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

	March 31, 2020			December 31, 2019		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Property, plant and equipment	205,307	47	205,354	191,744	52	191,796
Intangible assets	12,219	2,556	14,775	12,493	2,262	14,755
Cash and cash equivalents	99,069	9,712	108,781	112,786	10,596	123,382
Other assets	13,828	9,066	22,894	9,326	7,702	17,028
Total assets	**330,423**	**21,381**	**351,804**	**326,349**	**20,612**	**346,961**
Borrowings	272,784	37,379	310,163	271,504	37,545	309,049
Trade and other payables	16,766	3,029	19,795	9,626	3,291	12,917
Other liabilities	26,251	1,208	27,459	25,550	2,545	28,095
Total liabilities	**315,801**	**41,616**	**357,417**	**306,680**	**43,381**	**350,061**

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000 unless otherwise stated

5. Revenue

	Three months ended	
	Q1-20	Q1-19
Feed-in tariff ("FiT")	4,296	4,216
Total Revenue	**4,296**	**4,216**

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	
	Q1-20	Q1-19
Operating and maintenance ("O&M")	294	355
Personnel costs	139	295
Depreciation and amortization ("D&A")	2,290	2,261
Property tax	345	385
Insurance	99	98
Other operating expenses	178	181
Total operating expenses	**3,345**	**3,575**

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	
	Q1-20	Q1-19
Salaries and benefits	583	306
Board of Directors' fees	68	68
Share-based payments	48	24
Professional fees	368	280
Listing and marketing	45	60
D&A	34	32
Office lease	74	72
Office, travel and other	128	113
Total general and administrative expenses	**1,348**	**955**

8. Other expenses

	Three months ended	
	Q1-20	Q1-19
Municipality tax reassessment from disposed assets	383	-
Repair works not covered by insurance contracts	-	261
Other income (expenses), net	67	(16)
Total other expenses	**450**	**245**

During the three months ended March 31,2020, the Company recognized $0.4 million on tax reassessments received from the Italian municipalities where two of its previously owned solar parks operated. Under the terms of the original sale and purchase agreement, the seller was responsible for certain specific potential claims not confirmed at the date of sale in December 2016. During the three months ended March 31, 2019, the Company recognized $0.3 million of repair works not covered by the insurance companies.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2020 and 2019
UNAUDITED
Expressed in US$'000 unless otherwise stated

9. Net finance costs

	Three months ended	
	Q1-20	Q1-19
Finance income:		
Foreign exchange gain	246	682
Other finance income	1	1
Total finance income	**247**	**683**
Finance costs:		
Credit facilities and non-recourse loans	890	474
Interest rate swap contracts	352	376
Corporate bond	665	705
Credit facility with non-controlling interest	-	57
Amortization of transaction costs	180	107
Interest expense on land lease liabilities	180	-
Ineffective portion of cash flow hedges	45	72
Other finance costs	56	60
Total finance costs before deducting amounts capitalized	**2,368**	**1,851**
Amounts capitalized on qualifying assets	(506)	-
Total finance costs	**1,862**	**1,851**
Net finance costs	**1,615**	**1,168**

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	
	Q1-20	Q1-19
Current income tax expense:		
Corporate income tax recovery (expense)	88	(169)
Deferred income tax	(204)	(331)
Total income tax expense	**(116)**	**(500)**

During the three months ended March 31, 2020, the Group recognized an income tax recovery of $0.1 million (2019: income tax expense of $0.2 million) associated with its solar power projects in Japan and management services subsidiaries. In addition, the Group recognized a deferred income tax income of $0.2 million (2019: $0.3 million) 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

	March 31 2020	December 31 2019
Corporate income tax	122	1,676
Total current income tax liabilities	**122**	**1,676**

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11. 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	
	Q1-20	Q1-19
Total loss attributable to common shareholders	(2,578)	(1,970)
Weighted average number of thousand shares outstanding	334,094	334,094
Total basic and diluted loss per share	**$(0.008)**	**$(0.006)**

Diluted loss per share equals basic loss per share, as there is no dilutive effect from the existing RSUs, since the impact of including them would be to dilute a loss.

12. Non-controlling interests

On December 25, 2019, the Group acquired the total non-controlling interest ("NCI") in Shizukuishi Solar GK ("Shizukuishi"), Etrion Energy 1 GK ("Mito"), Etrion Energy 4 GK ("Komatsu") and Etrion Energy 5 GK ("Misawa"), all together the "Japanese project companies", and became owner of 100% of the issued and outstanding shares. 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. As a result of the acquisition of the NCIs on December 25, 2019, the Group no longer presents information associated with the financial position for each subsidiary that had NCIs that were material to the Group.
The summarized income statement for the Japanese project companies including the portion allocated to non-controlling interests for the three months ended March 31, is as follows:

	Three months ended					
	Q1-20			Q1-19		
	Income for the period	Comprehensive income for the period	Comprehensive income allocated to NCI	(Loss) Income for the period	Comprehensive (Loss) income for the period	Comprehensive (Loss) income allocated to NCI
Shizukuishi	-	-	-	(959)	(1,163)	(154)
Mito	-	-	-	165	94	12
Misawa	-	-	-	(253)	(340)	(136)
Komatsu	-	-	-	(337)	(517)	(77)
Total	**-**	**-**	**-**	**(1,384)**	**(1,926)**	**(355)**

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13. Property, plant and equipment

	Land	Solar power projects	Assets under construction	Right of use	Other PPE	Total
Cost:						
At December 31, 2019	**8,137**	**151,061**	**40,782**	**10,559**	**5,435**	**215,974**
Additions	-	-	15,645	-	-	15,645
Exchange differences	-	73	53	149	6	281
At March 31, 2020	**8,137**	**151,134**	**56,480**	**10,708**	**5,441**	**231,900**
Accumulated depreciation:						
At December 31, 2019	**-**	**22,645**	**-**	**650**	**883**	**24,178**
Depreciation	-	1,915	-	148	69	2,132
Exchange differences	-	123	-	114	(1)	236
At March 31, 2020	**-**	**24,683**	**-**	**912**	**951**	**26,546**
Net book value:						
At December 31, 2019	8,137	128,416	40,782	9,909	4,552	191,796
At March 31, 2020	**8,137**	**126,451**	**56,480**	**9,796**	**4,490**	**205,354**

During the three months ended March 31, 2020, the Group capitalized as assets under construction $15.1 million (2019: nil) of incurred capital expenditures associated with the Niigata Project. In addition, during the three months ended March 31, 2020, the Group capitalized $0.5 million (2019: nil) of borrowing costs associated with credit facilities obtained to finance the construction of the Niigata Project.

14. Intangible assets

	Licenses and permits	Internally generated development costs and other	Total
Cost:			
At December 31, 2019	**15,684**	**3,886**	**19,570**
Additions	-	391	391
Exchange differences	-	(78)	(78)
At March 31, 2020	**15,684**	**4,199**	**19,883**
Accumulated amortization:			
At December 31, 2019	**3,161**	**1,654**	**4,815**
Amortization	164	2	166
Exchange differences	125	2	127
At March 31, 2020	**3,450**	**1,658**	**5,108**
Net book value:			
At December 31, 2019	12,523	2,232	14,755
At March 31, 2020	**12,234**	**2,541**	**14,775**

During the three months ended March 31, 2020, general and administrative expenses of $0.4 million (2019: $1.7 million) representing internally-generated costs of $0.1 million (2019: $0.4 million) and third-party costs of $0.3 million (2019: $1.3 million) were capitalized during the period within intangible assets as they directly related to the Group's development activities in Japan.

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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.

	March 31 2020	December 31 2019
Unrestricted cash at parent level	9,712	10,596
Restricted cash at project level	99,069	112,786
Total	**108,781**	**123,382**

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 March 31, 2020, restricted cash included $86.0 million associated with funds secured in 2019 for the construction of the Niigata 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 March 31, 2020 (December 31, 2019: 334,094,324). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all of the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors. No dividends were declared during the three months ended March 31, 2020 and 2019.

17. Share-based payments

The Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, directors and officers. Outstanding RSUs have a contractual term of six years and have market-based performance and vesting conditions. During the three months ended March 31, 2020, the Group recognized share-based payment expenses of $48,000 thousand (2019: $24,000 thousand) related to its RSUs scheme. Note 7

During the three months ended March 31, 2020, there were no changes in the Company's outstanding RSUs totalling 11,666,667.
The Company recognizes an expense within general and administrative expenses when RSUs are granted to employees, consultants, directors and officers using the grant date share fair value for RSUs with service and non-market performance conditions. For RSUs with market-based performance conditions, share-based compensation is calculated using an adjusted grant date share fair value calculated with a valuation model that incorporates all the variables included in the market vesting conditions.

18. Borrowings

	Corporate bond	Project bond	Project loans	Total
At December 31, 2019	**37,545**	**140,642**	**130,862**	**309,049**
Proceeds from loans	-	-	484	484
Accrued interest	665	414	476	1,555
Amortization of transaction costs	78	67	35	180
Exchange differences	(909)	948	(1,144)	(1,105)
At March 31, 2020	**37,379**	**142,071**	**130,713**	**310,163**
- Current portion	**784**	**414**	**7,920**	**9,118**
- Non-current portion	**36,595**	**141,657**	**122,793**	**301,045**

At March 31, 2020 and December 31, 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans. On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank (" SMTB"), to increase the size of the non-recourse Mito project loan size by ¥295 million, with existing tenor and slightly lower interest rate.

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19. Derivative financial instruments

	March 31 2020	December 31 2019
Derivative financial liabilities:		
Interest rate swap contracts		-
- Current portion	1,494	1,429
- Non-current portion	9,828	8,782
Total derivative financial liabilities	**11,322**	**10,211**

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

At March 31, 2020, and December 31, 2019, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs.

20. Trade, other payables and provisions

	March 31 2020	December 31 2019
Trade and other payables		
Trade payables	353	493
Accrued expenses	18,477	10,933
Other trade and other payables	965	1,491
Total trade and other payables	**19,795**	**12,917**

As at March 31, 2020, the Group's accrued expenses of $18.5 million (2019: $10.9 million) includes $14.8 million (2019: $7.3 million) associated with unbilled construction costs of the Niigata Project.

	March 31 2020	December 31 2019
Provisions		
Leased land liability	9,719	9,992
Site restoration provision	5,209	5,206
Pension plan	973	969
Total provisions	**15,901**	**16,167**
- Current portion	**326**	**319**
- Non-current portion	**15,575**	**15,848**

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21. Related parties

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

(a) Related party transactions

During the three months ended March 31, 2020, and 2019, the Group entered into the following transactions with related parties:

	Three months ended	
	Q1-20	Q1-19
General and administrative expenses:		
Lundin Energy AB	-	7
Lundin SA	30	30
Finance costs:		
Lundin family:		
- Interest expense	-	63
- Transaction costs	-	6
Total transactions with related parties	**30**	**106**

Amounts outstanding to related parties at March 31, 2020 and December 31, 2019 are as follows:

	March 31 2020	December 31 2019
Current liabilities:		
Lundin SA	30	-
Total current financial liabilities	**30**	**-**
Total transactions with related parties	**30**	**-**

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

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22. Financial assets and liabilities

	March 31, 2020			December 31, 2019		
	Financial assets at amortized cost	Fair value recognized in profit and loss	Total	Financial assets at amortized cost	Fair value recognized in profit and loss	Total
Financial assets						
Current						
Trade receivables	2,628	-	**2,628**	1,272	-	**1,272**
Cash and cash equivalents	108,781	-	**108,781**	123,382	-	**123,382**
Total financial assets	**111,409**	**-**	**111,409**	**124,654**	**-**	**124,654**

	March 31, 2020			December 31, 2019		
	Financial and other liabilities at amortized cost	Derivatives used for hedging	Total	Financial and other liabilities at amortized cost	Derivatives used for hedging	Total
Financial liabilities						
Non-current						
Borrowings	301,045	-	**301,045**	301,464	-	**301,464**
Derivative financial instruments	-	9,828	**9,828**	-	8,782	**8,782**
Total non-current	**301,045**	**9,828**	**310,873**	**301,464**	**8,782**	**310,246**
Current						
Trade payables	353	-	**353**	493	-	**493**
Borrowings	9,118	-	**9,118**	7,585	-	**7,585**
Derivative financial instruments	-	1,494	**1,494**	-	1,429	**1,429**
Total current	**9,471**	**1,494**	**10,965**	**8,078**	**1,429**	**9,507**
Total financial liabilities	**310,516**	**11,322**	**321,838**	**309,542**	**10,211**	**319,753**

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

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

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

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

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

	March 31 2020	December 31 2019
Financial assets		
Level 1: cash and cash equivalents (including restricted cash)	108,781	123,382
Total financial assets	**108,781**	**123,382**
Financial liabilities:		
Level 2: borrowings	310,163	309,049
Level 2: interest rate swaps	11,322	10,211
Total financial liabilities	**321,485**	**319,260**

23. Contingencies

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

24. Commitments

The Group enters into engineering, procurement and construction agreements with large international contractors that design, construct, operate and maintain utility-scale solar photovoltaic power plants. As of March 31, 2020, the Group had a contractual obligation payable over a period of over one year to acquire construction services in the amount of $66.5 million related to the construction of the 45 MW Niigata solar power project in Japan. This contractual obligation will be funded from existing cash available at the project company level.

25. Subsequent events

Coronavirus (COVID-19)

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