PRESS RELEASE

Etrion Releases 2021 Results

March 11, 2022, Geneva, Switzerland – Etrion Corporation ("Etrion" or the "Company", and, together with its subsidiaries, the "Group") released today its annual consolidated financial statements and related management's discussion and analysis ("MD&A") for the year ended December 31, 2021.

2021 HIGHLIGHTS

Corporate

- On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project to a consortium led by Renewable Japan Co. Ltd for gross proceeds of JPY 6.3 billion (approximately US$57.7 million).

- On June 22, 2021, the Company completed the sale of its TK interests in the 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito, operating solar energy projects to a Japanese consortium (the "Consortium") for gross proceeds of JPY8.3 billion (approximately US$74.9 million).

- On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately US$13.5 million).

- Following the distributions to the Company's securityholders (see below under the heading *Financial Highlights*), the Company retained approximately CAD$20 million in cash to address any potential warranty claims from the sale of its assets in Japan, corporate obligations, and potential claims as well as wind-up cost.

- The common shares of the Company were voluntarily delisted from the Toronto Stock Exchange after the close of trading on September 17, 2021, and from the Nasdaq Stockholm stock exchange on January 4, 2022.

- Subject to the possibility of the Board identifying other potential business opportunities, the Company may deploy the remaining capital into a new venture or complete its windup activities and proceed with the dissolution within approximately 36 months after the sale of the Japanese assets. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders.

Financial highlights

- On January 7, 2021, Etrion redeemed the EUR40 million (approximately US$49.0 million) principal amount of outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

- On August 24, 2021, the Company distributed US$0.327 per share to the shareholders as a return of capital for a total amount of US$109.2 million, and the share capital was reduced accordingly.

- On August 24, 2021, the Company made a distribution to the holders of its outstanding restricted share units ("RSUs") in the amount of US$0.327 per RSU for a total amount of US$5.0 million.

- In 2021, Etrion recognized a Group gain on sale of subsidiaries of JPY13.8 billion (US$127.8 million).

- Etrion closed 2021 with an unrestricted cash balance of US$20.6 million held at the corporate level and a positive working capital of US$18.8 million.

Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "I am pleased to have provided a liquidity event to shareholders after a successful divesture of all Japanese solar assets. The Company going forward will maintain very limited resources; however, we will continue to explore new opportunities for future deployment of the Company's remaining cash or eventually proceed with a windup of the Company as previously disclosed"

FINANCIAL SUMMARY

	Three months ended		Twelve months ended	
US$ thousands (unless otherwise stated)	**Q4-21**	**Q4-20**	**2021**	**2020**
Financial performance from discontinued operations				
Revenues	-	3,932	10,900	21,369
EBITDA	1,310	2,777	2,063	16,635
Net income (loss)	**1,310**	**(214)**	**(1,211)**	**3,041**
Gain on sale of subsidiaries	-	-	127,822	-
Accumulated hedging losses	-	-	(12,583)	-
Profit (loss) from discontinued operations	**1,310**	**(214)**	**114,028**	**3,041**
Financial performance from continuing operations				
EBITDA	(3,618)	(3,560)	(12,403)	26,823
Net (loss) income	(3,795)	(4,263)	(10,766)	19,545

Financial position	**Dec 2021**	**Dec 2020**
Unrestricted cash at parent level	20,578	8,956
Restricted cash at parent level	-	37,008
Working capital	18,835	822
Assets-held-for sale, net	-	20,610

About Etrion

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

The information was submitted for publication at 11:05 p.m. CET on March 11, 2022.

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). Refer to Etrion's MD&A for the year ended December 31, 2021, 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 amount of funds that will be required to satisfy potential warranty claims under the sale agreements, other corporate level liabilities and anticipated expenses to cover *continuing operations and windup costs, the possibility of acquiring or commencing an alternative business and the possibility that the Company may proceed to wind up its activities and dissolve following the completion of the sale of its solar assets) 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, assumptions as to the amount of funds that will be required to satisfy future obligations and costs associated with the dissolution of the Company. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the Company may have insufficient funds to satisfy its future obligations, including without limitation warranty claims under the agreements pursuant to which its projects were sold; the risk that the Company may not be successful in identifying and pursuing an alternative business; and uncertainties with respect to the timing of the any alternative business venture or the windup and the dissolution of the Company.*

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.

Audited Consolidated Financial Statements
Year Ended December 31, 2021

At a Glance

Etrion Corporation

Etrion Corporation was created as a renewable energy development company. From our inception we have been 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.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. Subject to the possibility of the Board identifying other potential business opportunities, the Company may deploy the remaining capital into a new venture or complete its windup activities and proceed with the dissolution within approximately 36 months after the sale of the Japanese assets. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders.

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

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Independent auditor's report

To the Shareholders of Etrion Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Etrion Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statement of net income and comprehensive net income for the years ended December 31, 2021 and 2020;
- the consolidated balance sheet as at December 31, 2021 and 2020;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statement of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Corinne Pointet Chambettaz.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz | Sidi Tangara

March 11, 2022

Consolidated statement of net income and comprehensive net income

For the years ended December 31, 2021 and 2020
Expressed in US$'000

	Note	2021	2020
Continuing operations			
Gain on sale of solar project rights	7	-	33,401
General and administrative expenses	8	(10,428)	(8,167)
Other income	9	-	3,318
Other expense	10	(2,105)	(1,867)
Operating (loss) income		**(12,533)**	**26,685**
Finance income	11	-	118
Finance costs	11	(836)	(4,444)
Net finance costs		**(836)**	**(4,326)**
(Loss) income before income tax		**(13,369)**	**22,359**
Income tax recovery (expense)	12	2,603	(2,814)
(Loss) income from continuing operations		**(10,766)**	**19,545**
Profit from discontinued operations, net of tax	6	114,028	3,041
Net income		**103,262**	**22,586**

Other comprehensive income			
Items that may be reclassified to profit and loss:			
(Loss) gain on currency translation	19	(6,562)	2,270
Gain (loss) on cash flow hedges, net of tax – discontinued operations		210	(394)
Hedging losses reclassified to profit or loss		-	46
Reclassification adjustment on cash flow hedges – disposed assets	6	12,583	-
Items that will not be reclassified to profit and loss:			
Actuarial loss on post-employment benefits, net of tax		(119)	(94)
Total other comprehensive income		**6,112**	**1,828**

Total comprehensive net income		**109,374**	**24,414**

Income attributable to:			
Owners of the parent		103,262	22,586
Total		**103,262**	**22,586**
Total comprehensive income attributable to:			
Owners of the parent		109,374	24,414
Total		**109,374**	**24,414**
Total comprehensive income attributable to owners of the Company:			
Continuing operations		(17,447)	21,721
Discontinued operations		126,821	2,693
Total		**109,374**	**24,414**

Basic and diluted (loss) earnings per share from continuing operations	13	**$(0.03)**	**$0.06**
Basic and diluted earnings per share for the period	13	**$0.31**	**$0.07**

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

Consolidated balance sheet

As at December 31, 2021
Expressed in US$'000

	Note	December 31 2021	December 31 2020
Assets			
Non-current assets			
Property, plant and equipment		-	18
Intangible assets	14	-	1,110
Deferred income tax assets	12	44	171
Total non-current assets		**44**	**1,299**
Current assets			
Derivative financial instruments	21	-	120
Other receivables	16	541	1,775
Cash and cash equivalents	15	20,578	45,964
		21,119	47,857
Assets held for sale	6	-	332,467
Total current assets		**21,119**	**380,324**
Total assets		**21,163**	**381,625**
Equity			
Attributable to common shareholders			
Share capital	17	2,055	111,304
Contributed surplus		9,461	13,641
Other reserves	19	(4,646)	1,916
Reserves of a disposal group held for sale	6	-	(12,793)
Retained earnings (accumulated losses)		10,587	(92,556)
Total equity		**17,457**	**21,512**
Liabilities			
Non-current liabilities			
Employment benefit obligations	22	1,422	1,221
Total non-current liabilities		**1,422**	**1,221**
Current liabilities			
Trade and other payables	23	2,204	2,639
Current tax liabilities	12	80	2,990
Borrowings	20	-	41,406
		2,284	47,035
Liabilities directly associated with the assets held for sale	6	-	311,857
Total current liabilities		**2,284**	**358,892**
Total liabilities		**3,706**	**360,113**
Total equity and liabilities		**21,163**	**381,625**

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

Consolidated statement of changes in equity

For the years ended December 31, 2021 and 2020
Expressed in US$'000

		Share capital	Contributed surplus	Other reserves	(Accumulated losses) Retained earnings	Reserve of disposal group held for sale	Total equity
Balance at January 1, 2020		**111,304**	**13,443**	**(12,799)**	**(115,048)**	**-**	**(3,100)**
Comprehensive income:							
Income for the period		-	-	-	22,586	-	22,586
Other comprehensive (loss) income:							
Cash flow hedges (net of tax)	19	-	-	(348)	-	-	(348)
Discontinued operations	6	-	-	12,793	-	(12,793)	-
Currency translation	19	-	-	2,270	-	-	2,270
Actuarial loss on post-employment benefits	22	-	-	-	(94)	-	(94)
Total comprehensive income (loss)		**-**	**-**	**14,715**	**22,492**	**(12,793)**	**24,414**
Transactions with owners in their capacity as owners:							
Share-based payments	18	-	198	-	-	-	198
Balance at December 31, 2020		**111,304**	**13,641**	**1,916**	**(92,556)**	**(12,793)**	**21,512**

		Share capital	Contributed surplus	Other reserves	(Accumulated losses) Retained earnings	Reserve of disposal group held for sale	Total equity
Balance at January 1, 2021		**111,304**	**13,641**	**1,916**	**(92,556)**	**(12,793)**	**21,512**
Comprehensive income (loss):							
Income for the period		-	-	-	103,262	-	103,262
Other comprehensive income (loss):		-	-	-	-		
Cash flow hedges (net of tax)	19	-	-	210	-	-	210
Discontinued operations	6	-	-	(210)	-	12,793	12,583
Currency translation	19	-	-	(6,562)	-	-	(6,562)
Actuarial loss on post-employment benefits	22	-	-	-	(119)	-	(119)
Total comprehensive (loss) income		**-**	**-**	**(6,562)**	**103,143**	**12,793**	**109,374**
Transactions with owners in their capacity as owners:							
Return of capital	17	(109,249)	-	-	-	-	(109,249)
Share-based payments	18	-	(4,180)	-	-	-	(4,180)
Balance at December 31, 2021		**2,055**	**9,461**	**(4,646)**	**10,587**	**-**	**17,457**

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

Consolidated statement of cash flows

For the years ended December 31, 2021 and 2020
Expressed in US$'000

	Note	2021	2020
Operating activities:			
Net income for the year		**103,262**	**22,586**
Less: net income from discontinued operations		114,028	3,041
(Loss) income for the year from continuing operations		**(10,766)**	**19,545**
Adjustments for:			
Depreciation and amortization	8	130	138
Income tax (recovery) expense	12	(2,603)	2,814
Share-based payment expense	8/18	1,676	198
Interest expense on corporate bond	11	719	3,214
Loss on call option	11	117	-
Foreign exchange loss	11	-	1,150
Gain on sale of solar project rights	7	-	(33,401)
Other expense		1,223	398
Sub-total		**(9,504)**	**(5,944)**
Changes in working capital:			
Trade and other receivables		1,235	5,790
Trade and other payables		3,506	7,381
Income tax paid		(64)	(1,608)
Net cash (outflow)/inflow from continuing operations		(4,827)	5,619
Net cash (outflow)/inflow from discontinued operations		(2,172)	5,715
Total cash flow (used in) generated from operating activities		**(6,999)**	**11,334**
Investing activities:			
Purchases of intangible assets	14	-	(318)
Proceeds from the sale of solar project rights	7	-	34,270
Proceeds from sale of subsidiaries, net of expenses	6	141,475	-
Proceeds from shareholder loan	6	1,219	-
Net cash inflow from continuing operations		142,694	33,952
Net cash outflow from discontinued operations		(18,445)	(47,162)
Total cash flow generated from (used in) investing activities		**124,249**	**(13,210)**
Financing activities:			
Interest paid	20	(179)	(2,936)
Corporate bond repayment	20	(40,316)	-
Proceeds from Lundin family loan	24	4,679	-
Repayment of Lundin family loan	24	(4,928)	-
Settlement of share-based payments	18	(5,017)	-
Return of capital	17	(109,249)	-
Net cash outflow from continuing operations		(155,010)	(2,936)
Net cash outflow from discontinued operations		(1,086)	(11,975)
Total cash flow used in financing activities		**(156,096)**	**(14,911)**
Net decrease in cash and cash equivalents		**(38,846)**	**(16,787)**
Effect of exchange rate changes on cash and cash equivalents		(7,981)	3,084
Subsidiaries deconsolidation	6	(42,274)	-
Cash and cash equivalents at the beginning of the year		**109,679**	**123,382**
Cash and cash equivalents at the end of the year	15	**20,578**	**109,679**
From continuing operations		20,578	45,964
From discontinued operations		-	63,715

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

As at and for the years ended December 31, 2021 and 2020
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 engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd ("MUMSS") in the summer of 2020 as financial advisor to assist with the sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter the Board of Directors selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements.

The Company's management has concluded that, since September 30, 2020, the Japanese solar assets and the entire Solar Segment have met the definition of assets held-for-sale and discontinued operations as per IFRS 5. Note 6

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project to a consortium led by Renewable Japan Co. Ltd for gross proceeds of JPY6.3 billion (approximately $57.7 million).

On June 22, 2021, the Company completed the sale of its interests in the 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito, operating solar energy projects to companies established by Development Bank of Japan Inc., Kansai Electric Power Co., Inc. and Osaka Gas Co., Ltd. ("the Consortium") for gross proceeds of JPY8.3 billion (approximately $74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately $13.5 million).

The Company plans to retain approximately CAD$20 million in cash to address any potential warranty claims from the sale of its assets in Japan, corporate obligations, and potential claims as well as wind-up cost.

On August 24, 2021, the Company distributed $109.2 million to the shareholders as a return of capital, and the share capital was reduced accordingly. Note 17

Subject to the possibility of the Board identifying other potential business opportunities, the Company expects to complete its windup activities and proceed with the dissolution within approximately 36 months after Closing. The Company will make a determination during this period of 36 months whether it will begin a windup process or engage in new businesses.

Further to the sale of all of the Company's assets and the return of capital to shareholders, and in order to minimize the costs and management time associated with the listing of the Corporation's common shares on the Toronto Stock Exchange (the "TSX") and Nasdaq Stockholm stock exchange (the "Nasdaq"), the Company applied to voluntarily delist the common shares. Such delisting from the TSX became effective after the close of trading on September 17, 2021 and from the Nasdaq after the close of trading on January 4, 2022. Note 17

These consolidated financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's Board of Directors approved these consolidated financial statements on March 11, 2022.

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC") that are effective or available for early adoption for accounting periods beginning on January 1, 2021. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, such as derivative financial instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(b) Changes in accounting policies and disclosures

During the year ended December 31, 2021, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2021. The application of the amdendments did not have a material impact on the consolidated financial statements. 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.

(c) Assets held for sale and discontinued operations

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

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

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

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

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of net income. Additional disclosures are provided in Note 6. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(d) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control and are consolidated. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases in accordance with IFRS 10, (“Consolidated Financial Statements”). Non-controlling interests’ share of total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies used by subsidiaries, where different from those of the Group, are amended where necessary to ensure consistency with the accounting policies adopted by the Group.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors is the Chief Operating Decision-Maker (“CODM”) responsible for making strategic decisions, allocating resources and assessing the performance of the operating segments.

(f) Foreign currency translation

Functional currency and presentation currency

The consolidated financial statements are presented in $, which is the Group’s presentation currency, due to the Company’s listing in North America. Foreign exchange gains and losses are presented within finance income and costs. In preparing the consolidated financial statements, the individual financial statements of the Company’s subsidiaries are translated into the functional currency of the Company, the Japanese yen. Once the financial statements have been consolidated, they are then translated into the presentation currency, the US dollar.

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Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, where items are remeasured at the dates of valuations. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies translated at the year-end exchange rate are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Group companies
The results and financial position of all Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet item are translated at the closing exchange rates prevailing at the balance sheet date;
- income and expenses for each statement of comprehensive income item are translated at the exchange rate at the transaction date (or the annual average exchange rate if this represents a reasonable approximation); and
- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognized initially in other comprehensive income. On the disposal or partial disposal of the net investment (reduction in ownership percentage), the amounts recognized in other comprehensive income are reclassified from equity to profit or loss. Management does not consider the repayment of quasi-equity loans designated as 'net investment' to qualify as a disposal and therefore no reclassification of exchange differences is made from equity to profit or loss when such repayment occurs. Where, as a result of a change in circumstances, a previously designated 'net investment' loan is settled (monetary items receivable from or payable to a foreign operation are actually repaid), the loan is de-designated and then exchange differences arising from the translation are accounted for in profit or loss from that point forward.

Exchange rates for the relevant currencies of the Group with respect to the US dollar are as follows: (CHF refers to Swiss francs)

	¥/$	€/$	CAD$/$	$/CHF
December 31, 2021	0.0087	1.13	0.78	0.91
December 31, 2020	0.0097	1.23	0.78	0.88
December 31, 2019	0.0092	1.12	0.77	0.97
Average 2021	0.0091	1.18	0.80	0.91
Average 2020	0.0094	1.14	0.75	0.94

(g) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to bringing the asset into working condition for its intended use. The cost of dismantling and removing items of property, plant and equipment and site restoration are also included as part of the cost of the relevant asset.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continues until the date in which development of the relevant asset is complete. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items within property, plant and equipment.
Subsequent costs are included in the carrying amount of an item of property, plant and equipment or as a separate asset, as appropriate, only if it is probable that the future economic benefits embodied within the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced items of property, plant and equipment are derecognized and the costs of maintenance and repairs are charged to profit or loss during the financial period in which they are incurred. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss within other income and expenses.

Depreciation

Depreciation is recognized within operating expenses for operating solar power projects and within general and administrative expenses for all other items of property, plant and equipment. In order to expense the cost of assets less their residual values over their useful lives the straight-line method is used. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated. The estimated useful lives are as follows:

	2021	2020
Solar power plants - Japan	20 years	20 years
Equipment and furniture	1-5 years	1-5 years

(h) Intangibles

Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditures directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to prepare the asset for its intended use. The Company capitalizes all the internally generated qualifying costs that are incurred during the development, construction and financing phases of the project life. Costs incurred outside of these phases are expensed, unless there is an activity that improves the performance or functionality of the asset that will result in additional economic benefits.

Licenses and permits

Costs of licenses and permits for projects internally developed include all the associated expenditures and internally generated costs incurred by the Group to successfully meet all the technical and environmental requirements of the local authorities where the Group operates that are necessary to build and operate solar power projects. Project permits and licenses acquired through business combinations or through the acquisition of a project company accounted for as an asset acquisition are recognized at their fair values at the date of acquisition Note 2(d). Project permits and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method. The estimated useful life of project permits and licenses is based on the life of the applicable energy supply contracts which is generally 20 years. The amortization expense recognized in relation to intangible assets is included within operating expenses. The amortization expense of permits and licenses related to the construction of solar power projects is capitalized as assets under construction within property, plant and equipment during the construction phase.

(i) Impairment of tangibles assets and intangible assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. CGUs are identified for each operating solar power project.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount of the asset is the higher of the fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, gain and losses will be recorded in profit and loss, unless, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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Recognition and measurement
Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments: Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains and losses.

Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses are presented as separate line item in the statement of profit or loss. FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains and losses in the period in which it arises. The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains and losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Offsetting financial instruments
Financial assets and liabilities are offset and shown net in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(k) Derivative financial instruments and hedging activities
Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction; or
- hedges of the fair value of recognized assets and liabilities or a firm commitment; or
- hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction, the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 21. Movements on the hedging reserve in other comprehensive income are shown in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately within finance income or costs. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss finance income or costs.

(l) Trade receivables

Trade receivables are amounts due for solar energy produced by the Group and sold to the electricity grid operator in accordance with electricity sale contracts. If collection is expected in one year or less, they are classified as current assets. If not, they are recognized as non-current assets and discounted to factor the time value of money. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less any provision for impairment. The simplified approach has been applied for impairment and the full lifetime expected credit losses model has been applied.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks to future repayment of interest and principal and working capital requirements related to the specific project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, either through repayment of shareholder loans or through dividend distributions.

(n) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method, with any difference between the proceeds (net of transaction costs) and the redemption value recognized in profit or loss within finance costs. Transaction costs incurred in acquiring a floating rate instrument are amortized using the straight-line amortization method. Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. If there is no evidence to indicate that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized within property plant and equipment. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalized until the date on which development of the relevant asset is complete. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The Company's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill, and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current

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tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the obligation can be made. The Group recognizes a provision for the future costs expected to be incurred in relation to the decommissioning, dismantling and site restoration associated with its solar power projects in Japan with a corresponding increase in the relevant asset. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the project, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Period charges for changes in the net present value of the provision arising from discounting are included within finance costs.

(s) Revenue recognition

Revenue is recognized upon delivery of electricity produced to the local operator of the electricity grid and when applicable, when customers receive electricity from the offtake point in accordance with existing contracts.Revenues from the sale of electricity are recognized at the time the electricity is supplied on the basis of periodic meter readings. Revenues are recognized net of value added tax ("VAT") and rebates. Revenues are measured at the fair value of the consideration received or receivable, which is calculated based on the price of electricity established in the contract. Revenues obtained from solar power plants that are still within the testing period (the time interval to bring the asset to the intended use conditions) are deducted from capitalized costs.

(t) Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(u) Share-based payment

Restricted share units (RSUs)

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees, consultants, directors and officers as consideration for equity instruments of the Company. The Board of Directors of the Company has, in its sole discretion, the option to settle the RSUs in treasury shares, in cash or through open market share purchases. The total amount to be expensed within general and administrative expenses is determined by reference to the fair value of the options granted. The fair value of non-market performance and service condition grants is determined using the share market price at the date of grant. The fair value of grants with market performance conditions is calculated using an adjusted share market price calculated with a valuation model that incorporates all the variables included in the market conditions. Once the fair value is calculated it is not reassessed since the valuation model includes the value of all possible outcomes including the possibility that the grant is never exercised. The fair value of any RSUs granted to employees, consultants, directors and officers of the Group is recorded as an expense over the vesting period of the RSUs granted, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity within contributed surplus. For grants with non-market performance conditions, management assesses the vesting conditions and adjust the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the expense amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(v) Employee benefits

Pension obligations

The Group's Swiss subsidiary has a defined benefit pension plan that is managed through a private fund. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and the Swiss subsidiary pays the annual insurance premium. The fund provides benefits coverage to the employees in the event of retirement, death or disability. The Group's Swiss subsidiary and its employees jointly finance retirement and risk benefit contributions. As per the agreement, the Swiss subsidiary contributes between 60% and 67% of the monthly pension costs, and the remaining balance is deducted from the employees' pay. Actuarial gains or losses arising from any change in the actuarial assumptions used in estimation of the defined benefit obligations are recognized through other comprehensive income.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. Accounting estimates and assumptions

In connection with the preparation of the Company's consolidated 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. The 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. The Company's management believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

(a) Fair value of derivative financial instruments

In determining the fair value of the Group's financial instruments, the Company's management uses judgment to select a variety of methods and assumptions that are mainly based on market conditions existing at the balance sheet date. Where possible, the Company's management also obtains fair value measurements from third parties. The fair value of the Group's interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity, the observable Tokyo Interbank Offered Rate ("TIBOR") forward interest rate curves and an appropriate discount factor. At December 31, 2021, the Group no longer has interest rate swap contract following the sale of the solar projects. The hedging reserve has been transferred and recognized in the Profit and Loss with the gain on sale of the solar projects. Note 6. Refer also to Note 4(b) for a summary of the valuation techniques used by the Group.

(b) Deferred income tax assets

The Group accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12, Income Taxes, which requires deferred income tax assets to be recognized only to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized. The Company's management estimates future taxable profits based on the financial models used to value the solar power projects. Any change to the estimates and assumptions used for the key operational and financial variables within the business models could affect the amount of deferred income tax assets recognized by the Group. At December 31, 2021, the Group recognized $44 thousand (2020: $2.3 million) of net deferred income tax assets. Note 6 & 12

4. Financial risk management

Following the completion of the sale of its solar projects, the only material risks to which the Group is exposed are the risk of warranty claims and uncertainties with respect to the outcome of its litigation with a former employee. The Company plans to reserve approximately CAD$20 million to cover for any liabilities that may result from potential warranty claims under the sale and purchase agreements pursuant to which its solar projects were sold, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs.

(a) Financial risk management

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, the Swiss franc and the US dollar. The Group's foreign currency exposure arises from commercial transactions and recognized cash assets denominated in a currency that is not the currency of the relevant Group entity. The Group does not undertake hedging arrangements to mitigate the foreign currency exposure on its net investments in foreign operations or on income from foreign operations in order to hedge the risk of foreign currency variations. The Group is primarily exposed to changes in the ¥/$ and ¥/€ exchange rates on the cash positions (in 2020 the sensitivity in profit and loss arose mainly from the Euro corporate bond which was repaid in 2021):

	Impact on profit/(loss)		*Impact on other comprehensive income*	
	2021	2020	2021	2020
¥/$ increase 5% (2020: 5%)	217	-	-	-
¥/$ decrease 5% (2020: 5%)	(217)	-	-	-
¥/€ increase 5% (2020: 5%)	57	1,691	-	-
¥/€ decrease 5% (2020: 5%)	(57)	(1,691)	-	-

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Credit risk

Credit risk mainly arises from cash and cash equivalents and including outstanding receivables and committed transactions. The Group does not have policies in place to assign internal ratings to or set credit limits on its counterparties. The credit risk on liquid fund is considered to be limited as counterparties are financial institutions with high and medium credit ratings assigned by international credit agencies. The credit quality of financial assets that are neither past due nor impaired at December 31, 2021, can be assessed by reference to credit ratings from Standard & Poors, if available, as follow:

	2021	2020
AA-	-	37,008
A-	1,606	2,609
A+	14,013	3,626
A	4,905	66,332
BBB	54	104
Total cash and cash equivalents (including restricted cash)	20,578	109,679

(b) Fair value estimation

The Group's financial instruments carried at fair value are classified at the following levels within a measurement hierarchy that is based on the valuation technique used to estimate 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 December 31, 2021 and December 31, 2020, the Group's cash and cash equivalents were classified as Level 1. The corporate bond was fully repaid on January 7, 2021.

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 December 31, 2021, the Group had no financial instruments classified as Level 2, as the Group derecognized the call option on the redemption of the corporate bonds which were fully repaid on January 7, 2021. Finally, following the sale of the solar projects in 2021, the Group no longer has interest rate swap contracts and non-recourse project loans at year-end.

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 December 31, 2021 and December 31, 2020, the Group had no financial instruments classified as Level 3.

	December 31 2021	December 31 2020
Financial assets		
Level 1: Cash and cash equivalents	20,578	45,964
Level 2: Bond call option	-	120
Total Financial assets	**20,578**	**46,084**
Financial liabilities		
Level 1:Corporate bond	-	41,406
Total financial liabilities	**-**	**41,406**

5. Segment reporting

While the Company's only segment (Solar Japan) is now classified as discontinued operations Note 6, management continues to disclose the segment information together with the corporate activities as it believes that this information is useful for readers of the consolidated financial statements. The Group's country of domicile is Canada. However, all consolidated revenues from external customers are derived from Japan. The Group's electricity production in Japan is sold to the Japanese public utilities, Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU"), and Tohoku Electric Power Co., Inc. ("TOHOKU"). The below segment reporting includes production up to the sale of the operating solar projects. The Company's revenue breakdown by major customers in Japan is as below:

	2021	2020
TEPCO	2,173	4,116
TOHOKU	6,662	4,246
HOKURIKU	2,065	13,007
TOTAL	**10,900**	**21,369**

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

	2021			2020		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**10,900**	**-**	**10,900**	**21,369**	**-**	**21,369**
Operating expenses	(2,192)	-	(2,192)	(4,418)	-	(4,418)
General and administrative expenses	(6,917)	(10,298)	(17,215)	(351)	(8,029)	(8,380)
Gain on sale of solar project rights	-	-	-	-	33,401	33,401
Other income	272	-	272	35	3,318	3,353
Other expense	-	(2,105)	(2,105)	-	(1,867)	(1,867)
EBITDA	**2,063**	**(12,403)**	**(10,340)**	**16,635**	**26,823**	**43,458**
Depreciation and amortization	-	(130)	(130)	(7,053)	(138)	(7,191)
Finance income	-	-	-	3	118	121
Finance costs	(2,119)	(836)	(2,955)	(6,091)	(4,444)	(10,535)
Income (loss) before income tax	**(56)**	**(13,369)**	**(13,425)**	**3,494**	**22,359**	**25,853**
Income tax recovery (expense)	(1,155)	2,603	1,448	(453)	(2,814)	(3,267)
Net income (loss) for the period	**(1,211)**	**(10,766)**	**(11,977)**	**3,041**	**19,545**	**22,586**

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

	December 31,2021			December 31, 2020		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Property, plant and equipment	-	-	-	242,800	18	242,818
Intangible assets	-	-	-	12,306	1,110	13,416
Cash and cash equivalents	-	20,578	20,578	63,715	45,964	109,679
Other assets	-	585	585	13,646	2,066	15,712
Total assets	**-**	**21,163**	**21,163**	**332,467**	**49,158**	**381,625**
Borrowings	-	-	-	279,953	41,406	321,359
Trade and other payables	-	2,204	2,204	5,104	2,639	7,743
Other liabilities	-	1,502	1,502	26,800	4,211	31,011
Total liabilities	**-**	**3,706**	**3,706**	**311,857**	**48,256**	**360,113**

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6. Discontinued operations and assets held for sale

In 2020, Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan.

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project under construction to Renewable Japan Co. Ltd and Daiichi Life Insurance Company Limited for gross proceeds of JPY6.3 billion (approximately $57.7 million).

On June 22, 2021, the Company completed the sale of its TK interests in the Company's 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito operating solar energy projects to the Consortium for gross proceeds of JPY8.3 billion (approximately $74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately $13.5 million).

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

	2021	2020
Revenue	**10,900**	**21,369**
Operating expenses	(2,192)	(4,418)
General and administrative expenses	(6,917)	(351)
Other income	272	35
EBITDA	**2,063**	**16,635**
Depreciation and amortization	-	(7,053)
Finance costs	(2,119)	(6,088)
(Loss) income before income tax from discontinued operations	**(56)**	**3,494**
Income tax expense	(1,155)	(453)
Net (loss) income for the period from discontinued operations	**(1,211)**	**3,041**
Gain on sale of subsidiaries	127,822	-
Reclassification adjustment on cash flow hedges – disposed assets	(12,583)	-
Profit from discontinued operations	**114,028**	**3,041**

Details of the sale of the Japanese subsidiaries, are as follows:

	JPY	US$
Total cash consideration at closing	16,104,783	149,521
Less (-) proceeds from shareholder loan	(131,088)	(1,219)
Sale proceeds for shares in Japanese subsidiaries	**15,973,695**	**148,302**
Carrying amount of net assets sold	(2,206,073)	(20,480)
Gain on sale of subsidiaries	**13,767,622**	**127,822**

The Company's 100% participation in the shares of the Japanese subsidiaries and the shareholder loan outstanding from these entities were both acquired by two consortiums for JPY16.0 billion ($148.3 million) and JPY131 million ($1.2 million), respectively.

Transaction costs directly attributable to the sale transaction of approximately $6.8 million have been recognized and classified in the General and administrative expenses as part of the discontinued operations.

The carrying amounts of assets and liabilities as at the date of sale were as follows:

	JPY	US$
Property, plant and equipment	30,748,120	285,471
Intangible assets	1,263,945	11,735
Trade receivables	328,901	3,054
Other assets	2,238,399	20,782
Cash	4,553,341	42,274
Total assets	**39,132,706**	**363,316**

	JPY	US$
Borrowings	28,962,135	268,892
Trade payables	166,524	1,546
Derivatives financial liabilities	1,181,166	10,966
Other liabilities	6,616,808	61,432
Total liabilities	**36,926,633**	**342,836**

Net assets	**2,206,073**	**20,480**

7. Gain on sale of solar project rights

	2021	2020
Gain on sale of solar project rights	-	30,882
Mie project development fee	-	2,790
Mie project deposit interest compensation	-	598
Mie project development costs write-off	-	(869)
Total gain on sale of solar project rights	**-**	**33,401**

In 2020, the Company sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately $31.0 million). As part of the sale agreements Etrion also received a development fee of ¥300 million (approximately $2.8 million) and interest compensation of ¥64 million (approximately $0.6 million). The Company's capitalized development costs of US$0.9 incurred in the Mie 60 MW solar project were written off.

8. General and administrative expenses

	2021	2020
Salaries and benefits	5,764	3,790
Pension (recovery) costs	(649)	202
Board of Directors' fees	77	209
Share-based payments	1,676	198
Professional fees	1,952	2,290
Disposal expenses assets-held for sale	-	512
Listing and marketing	249	197
Depreciation and amortization	130	138
Office lease	204	287
Office, travel and other	1,025	344
Total general and administrative expenses	**10,428**	**8,167**

General and administrative expenses include severance provisions and the accelerated expenses of fully vested RSUs. Other expenses include $0.7 million of net wealth tax provision from the Group's subsidiary Solar Resources Holding Sàrl.

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9. Other income

	2021	2020
Income from arranging the sale of PV Salvador SpA	-	2,977
AMS termination fee received	-	341
Other	-	-
Total other income	**-**	**3,318**

On May 14, 2020, Etrion recognised an income from arranging the sale of PV Salvador SpA in exchange for cash proceeds of $3.0 million. Concurrent with this transaction, Etrion received a termination fee of $0.3 million as compensation for the early termination of the asset's management service contract with PV Salvador SpA.

10. Other expense

	2021	2020
Unrecoverable withholding taxes	607	1,008
Municipality tax reassessment from disposed assets	-	460
Unrecoverable VAT and other	349	399
Impairment Etrion trademark (Note 14)	947	-
Yokkaichi settlement expense (Note 27)	202	-
Total other expense	**2,105**	**1,867**

During the year ended 2021, the Company recognized a $0.2 million write-off of unrecoverable VAT from one of its Japanese subsidiaries, $0.6 million of unrecoverable withholding taxes triggered by a cash distribution from Japanese subsidiaries. In addition, the Company fully impaired the value of Etrion's trademark in light of the reduced business activities. Finally, the Company recognized a settlement fee of $0.2 million to the Yokkaichi project developer to close an ongoing litigation.
In 2020, the Company recognized approximately $1.0 million of unrecoverable withholding taxes and $0.5 million of tax expense relating to tax reassessments for two owned solar parks in Italy. Lastly in 2020, the Company recognized a full impairment of $0.3 million on its wind project.

11. Net finance costs

	2021	2020
Finance income:		
Corporate bond call option	-	116
Foreign exchange gain	-	-
Other finance income	-	2
Total finance income	**-**	**118**
Finance costs:		
Interest expense on corporate bond	64	3,214
Loss on call option	117	-
Loss on debt extinguishment	435	-
Foreign exchange loss	(1)	1,150
Other finance costs	221	80
Total finance costs	**836**	**4,444**
Net finance costs	**836**	**4,326**

The Group had a fixed rate corporate bonds which was fully repaid on January 7, 2021. During the year ended 2021, the Group recognized a loss on debt extinguishment of $0.4 million together with a loss on call option of $0.1 million associated with the redemption of the corporate bonds.

12. Income taxes

(a) Income tax expense

	2021	2020
Income tax expense:		
Corporate income tax (recovery) expense	(2,603)	2,814
Total income tax (recovery) expense	**(2,603)**	**2,814**

During the year ended 2021, the Group recognized an income tax recovery of $2.6 million (2020: $2.8 million of tax expense) associated with its management services subsidiaries. The tax recovery was triggered by a change in the estimated tax impact in connection with the sale of the Japanese assets. The Group's income tax expense is reconciled to the (loss) income before tax at the Canadian statutory tax rate as follows:

	2021	2020
(Loss) income before income tax from continuing operations	**(13,369)**	**22,359**
Income tax (recovery) / tax expense calculated at 26.5% (2020: 26.5%)	(3,543)	5,925
Tax effects of:		
Non-deductible expenses	5,129	3,072
Income tax recovery from modification of estimate	(2,726)	-
Previously unrecognized tax losses	-	(5,005)
Tax losses not recognized	660	303
Differences in foreign rates	(1,983)	(1,542)
Other	(140)	61
Total income tax (recovery) expense	**(2,603)**	**2,814**

(b) Current income tax liabilities

	December 31 2021	December 31 2020
Corporate income tax	80	2,990
Total current income tax liabilities	**80**	**2,990**

(c) Deferred income tax

The movements in deferred income tax assets and liabilities during 2021 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences and reclassifications	Closing balance
Deductible temporary differences:					
Employment benefit obligations	171	-	(119)	(8)	44
Net deferred income tax assets	**171**	**-**	**(119)**	**(8)**	**44**

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The movements in deferred income tax assets and liabilities during 2020 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences and reclassifications	Discontinued operations	Closing balance
Deductible temporary differences:						
Tax losses carried forward	411	64	-	(28)	(447)	-
Derivative financial instruments	3,163	13	(45)	351	(3,482)	-
Provisions	124	20	21	6	-	171
Property, plant and equipment	-	-	-	-	-	-
Intangible assets	7	(27)	-	20	-	-
Total deferred income tax assets	**3,705**	**70**	**(24)**	**349**	**(3,929)**	**171**
Taxable temporary differences:						
Intangible assets	866	517	-	197	(1,580)	-
Total deferred income tax liabilities	**866**	**517**	**-**	**197**	**(1,580)**	**-**
Reclassification to held for sale	**-**	**(447)**	**-**	**447**	**-**	**-**
Net deferred income tax assets	**2,839**	**-**	**(24)**	**(295)**	**(2,349)**	**171**

Deferred income tax assets and liabilities that relate to the same fiscal authority have been offset (as there is a legally enforceable right to offset the current tax assets against the current tax liabilities).

At December 31, 2021, deferred income tax assets of $44 thousand (2020: $0.2 million) were expected to be recovered more than twelve months after the balance sheet date. At December 31, 2021, the Group had no unrecognized deferred income tax assets (2020: $145.0 million of which nil expires between one and ten years, $44.6 million expires between ten and twenty years and $100.4 million has no expiry).

13. Earnings per share

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

	2021	2020
Income attributable to common shareholders:		
(Loss) income from continuing operations	(10,766)	19,545
Income from discontinued operations	114,028	3,041
Total Income attributable to common shareholders	**103,262**	**22,586**
Weighted average number of thousand shares outstanding	334,094	334,094
Basic and diluted (loss) earnings per share:		
(Loss) earnings from continuing operations	$(0.03)	$0.06
Income from discontinued operations	$0.34	$0.01
Total basic and diluted earnings per share	**$0.31**	**$0.07**

14. Intangible assets

	Internally generated development costs and other
Cost:	
At January 1, 2020	**3,886**
Additions	318
Reclassification to general and administrative expenses	(283)
Disposal	(1,403)
Impairment	(343)
Assets held for sale (Note 6)	(46)
Exchange differences	294
At December 31, 2020	**2,423**
Impairment (Note 10)	(2,229)
Exchange differences	(194)
At December 31, 2021	-
Accumulated amortization:	
At January 1, 2020	**1,654**
Amortization	(463)
Assets held for sale (Note 6)	(5)
Exchange differences	127
At December 31, 2020	**1,313**
Amortization	115
Impairment (Note 10)	(1,282)
Exchange differences	(146)
At December 31, 2021	-
Net book value:	
At December 31, 2020	**1,110**
At December 31, 2021	-

15. Cash and cash equivalents

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

	December 31 2021	December 31 2020
Unrestricted cash at parent level	20,578	8,956
Restricted cash at parent level (bond)	-	37,008
Total	**20,578**	**45,964**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	December 31 2021	December 31 2020
Cash and cash equivalents attributable to continuing operations	20,578	45,964
Cash and cash equivalents attributable to discontinued operations	-	63,715
Total	**20,578**	**109,679**

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16. Other receivables

	December 31 2021	December 31 2020
Current portion:		
VAT account receivables	257	411
Advances paid and prepaid expenses	139	1,192
Other current assets	145	172
Total other receivables	**541**	**1,775**

The currencies of the Group's financial assets included within other receivables are as follows:

	December 31 2021	December 31 2020
Japanese yen	186	939
Euros	51	352
US dollars	-	1
Canadian dollars	206	18
Swiss francs	98	465
Total other receivables	**541**	**1,775**

17. Share capital

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 shares are issued and fully-paid and outstanding at December 31, 2021 (December 31, 2020: 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 the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors.
On August 24, 2021, the Company distributed $0.327 per share to the shareholders as a return of capital for a total amount of $109.2 million, and the share capital was reduced accordingly. No dividends were declared during the twelve months ended December 31, 2021, and 2020.

18. Share-based payments

The Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, directors, and officers. During 2021, the Group recognized share-based payment of $1.7 million (2020: $0.2 million) related to its RSUs scheme. Note 8

On June 22, 2021, following the completion of the sale of the majority of the Company's Japanese assets, the outstanding RSU grants met the accelerating vesting conditions. Therefore, as of June 22, 2021, all outstanding RSUs have been fully expensed. Consequently, the original treatment was modified from equity-settled to cash-settled, and the board of directors approved the fair value of $0.327 per RSU at the date of modification. The fair value was measured by reference to the Company's share price at the date of the modification. On August 24, 2021, the Company settled the RSUs in cash and distributed $0.327 per RSU to the holders of the RSUs for a total amount of $5.0 million. The holders of the RSUs will be entitled to additional payments in the event that further distributions of net proceeds from the sale of the Company's assets and/or certain tax refunds are made to shareholders. As of December 31, 2021, the number of Company's outstanding RSUs is 15,300,000.

19. Other reserves

	Translation reserve	Hedging reserve	Transactions with non-controlling interest	Total
At January 1, 2020	(19)	(12,445)	(335)	(12,799)
Currency translation difference:				
- Gain on translation adjustment	2,270	-	-	2,270
Cash flow hedges:				
- Loss on fair value movements	-	(379)	-	(379)
- Tax on fair value movements	-	(15)	-	(15)
- Ineffective portion of fair value movements to profit or loss	-	46	-	46
Discontinued operations (Note 6)	-	12,793	-	12,793
At December 31, 2020	**2,251**	**-**	**(335)**	**1,916**
Currency translation difference:				
- Loss on translation adjustment	(6,562)	-	-	(6,562)
Cash flow hedges:				
- Gain on fair value movements	-	290	-	290
- Tax on fair value movements	-	(80)	-	(80)
Discontinued operations (Note 6)	-	(210)	-	(210)
At December 31, 2021	**(4,311)**	**-**	**(335)**	**(4,646)**

Translation reserve
The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations. In addition, exchange differences arising from the translation of monetary items receivables from foreign operation are included in the translation reserve as described in Note 2(f).

Hedging reserve
The hedging reserve includes the effective portion of changes in the fair value (net of tax) of the Group's derivative financial instruments that qualify for hedge accounting. As of December 31,2021, the Company no longer has interest rate swap contracts following the sale of the solar projects.

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20. Borrowings

	Corporate bond	Project bond	Project loans	Total
At January 1, 2020	**37,545**	**140,642**	**130,862**	**309,049**
Proceeds from loans	-	-	2,730	2,730
Transaction costs on acquired debt	-	-	(3,546)	(3,546)
Repayment of loans and interest	(2,841)	(1,802)	(9,389)	(14,032)
Accrued interest	3,214	2,131	2,256	7,601
Loss on debt modification	-	-	1,497	1,497
Liabilities associated with assets held for sale (Note 6)	-	(149,211)	(130,742)	(279,953)
Exchange differences	3,488	8,240	6,332	18,060
At December 31, 2020	**41,406**	**-**	**-**	**41,406**
- Current portion	**41,406**	**-**	**-**	**41,406**

At January 1, 2021	**41,406**	**-**	**-**	**41,406**
Accrued interest	64	-	-	64
Repayment of interest	(179)	-	-	(179)
Repayment of the corporate bonds	(40,316)	-	-	(40,316)
Derecognition of transaction costs	162	-	-	162
Exchange differences	(1,137)	-	-	(1,137)
At December 31, 2021	**-**	**-**	**-**	**-**

Corporate borrowings
On January 7, 2021, the Company repaid the outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

Japanese subsidiaries
In 2021 and up to the sale of all the solar projects, the Group was never in breach of any of the imposed operational and financial covenants associated with its Japanese project loans. At December 31, 2021, the Group no longer has borrowings associated with the Japanese solar projects following the sale of the assets.

21. Derivative financial instruments

	December 31 2021	December 31 2020
Derivative financial assets:		
Corporate bond call option	-	120
Total derivative financial assets	**-**	**120**

Corporate bond call option
During 2021, the Group derecognized the call option on the redemption of the corporate bonds which were fully repaid on January 7, 2021.

Interest rate swap contracts
At December 31, 2021, the Group no longer has interest rate swap contracts following the sale of the solar projects. The hedging reserve has been transferred and recognized in the Profit and Loss with the gain on sale of the solar projects. Historically, the Group entered 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 was 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.

22. Employment benefit obligations

	December 31 2021	December 31 2020
Net defined benefit liability	311	1,221
Other long-term benefits	1,111	-
Total long term employment benefit obligations	**1,422**	**1,221**

Other long-term benefits relate to termination benefits of the Group's CEO, due more than twelve months after the reporting period. The Group operates a defined benefit pension plan in Switzerland that is managed through a private fund. At December 31, 2021, the Group recognized $0.1 million within other comprehensive loss associated with actuarial losses (2020 actuarial losses: $0.1 million). The amount recognized in the balance sheet associated with the Group's Swiss pension plan is as follows:

	December 31 2021	December 31 2020
Present value of benefit obligations	3,771	4,115
Fair value of plan assets	(3,460)	(2,894)
Net liability position	**311**	**1,221**

The movement in the defined benefit obligation over the year is as follows:

	2021	2020
Defined benefit obligation at the beginning	**4,115**	**3,004**
Current service cost	209	200
Employee contributions	470	449
Interest cost	8	8
Past service cost	(862)	-
Benefits paid	(69)	(42)
Remeasurement loss	43	150
Exchange differences	(143)	346
Defined benefit obligation at the end	**3,771**	**4,115**

The weighted average duration of the defined benefit obligation is 9.5 years (2020: 14.8 years). There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 8.0 years (2020: 9.0 years). The movement in the fair value of the plan assets over the year is as follows:

	2021	2020
Fair value of plan assets at the beginning	**2,894**	**2,035**
Interest income on plan assets	4	5
Return on plan assets (excluding interest)	45	36
Employer contributions	216	170
Employee contributions	470	449
Benefits paid	(69)	(42)
Foreign exchange	(100)	241
Fair value of plan assets at the end	**3,460**	**2,894**

The plan assets comprise the following:

	2021		2020	
	%	$'000	%	$'000
Cash and cash equivalents	8.1%	280	12.6%	365
Fixed interest rate instruments	40.5%	1,401	40.8%	1,180
Equity instruments	34.8%	1,204	32.3%	935
Real estate	16.6%	575	14.3%	414
Total fair value of plan assets		**3,460**		**2,894**

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Investments are well diversified such that failure of any single investment would not have a material impact on the overall level of assets. All investment instruments are non-quoted in active markets. No asset-liability strategy was performed in the years ended December 31, 2021 and 2020.

The amount recognized in the profit or loss associated with the Group's pension plan is as follows:

	2021	2020
Current service cost	209	200
Interest expense on defined benefit obligation	8	8
Interest income on plan assets	(4)	(6)
Past service cost	(862)	-
Total (recovery) expense recognized	**(649)**	**202**

The recovery associated with the Group's pension plan of $0.6 million (2020: expense of $0.2 million) for the year ended December 31, 2021, was included within general and administrative expenses. Note 8. The principal actuarial assumptions used to estimate the Group's pension obligation are as follows:

	2021	2020
Discount rate	0.30%	0.15%
Inflation rate	1.0%	1.0%
Future salary increases	1.0%	1.0%
Future pension increases	0.0%	0.0%
Retirement age (Men/Women)	65/64	65/64

Assumptions regarding future mortality are set based on actuarial advice in accordance with the LPP 2015 generational published statistics and experience in Switzerland. The discount rate is determined by reference to the yield on high-quality corporate bonds. The rate of inflation is based on the expected value of future annual inflation adjustments in Switzerland. The rate for future salary increases is based on the average increase in the salaries paid by the Group, and the rate of pension increases is based on the annual increase in risk, retirement and survivors' benefits. Contributions to the Group's pension plan during 2022 are expected to total $0.1 million.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit of increase in assumption	Impact on defined benefit of decrease in assumption
Discount rate	0.5%	Decrease by 4.5%	Increase by 5.0%
Salary growth rate	0.5%	Decrease by 0.02%	Increase by 0.02%
Life expectancy	1 year	Increase by 1.9%	Decrease by 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

23. Trade and other payables

	December 31 2021	December 31 2020
Financial liabilities		
Trade payables	364	262
Total financial liabilities	**364**	**262**
Accrued expenses	1,234	2,153
Other payables	606	224
Total trade and other payables	**2,204**	**2,639**

The accrued expenses include the severance provision payable to entitled employees and the net wealth tax provision from the Group's subsidiary Solar Resources Holding Sàrl. Other payables include the future estimated RSUs excess value payable to entitled employees.

The carrying value of the Group's financial liabilities within trade and other payables approximates their fair value due to the relatively short maturity of these liabilities. The currencies of the Group's trade and other payables are as follows:

	December 31 2021	December 31 2020
Japanese yen	328	567
Euros	268	321
US dollars	-	8
Canadian dollars	800	217
Swiss francs	808	1,526
Total trade and other payables	**2,204**	**2,639**

24. Related parties

For the purposes of preparing the Company's consolidated 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 (2020: 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 year ended December 31, 2021, and 2020, the Group entered into the following transactions with related parties:

	2021	2020
General and administrative expenses:		
Lundin Energy AB	10	13
Lundin SA	30	60
Finance costs:		
Lundin family:		
- Interest expense	2	-
Total transactions with related parties	**42**	**73**

There were no amounts outstanding to related parties at December 31, 2021 and December 31, 2020.

There were no amounts outstanding from related parties at December 31, 2021 and December 31, 2020.

Lundin Energy AB

The Group receives professional services from Lundin Energy AB. The Chairman of Lundin Energy AB is a Director of the Company.

Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately $4.7 million) loan facility from the Lundin family in order to provide additional financing in anticipation of the redemption of the corporate bonds. The loan bore a 3% interest rate and was repayable on December 21, 2021. This loan was repaid in full on June 9, 2021.

Lundin SA

On April 1, 2016, the Group entered into a new 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.

Notes to the consolidated financial statements

As at and for the years ended December 31, 2021 and 2020
Expressed in US$'000 unless otherwise stated

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer. Remuneration of key management personnel is as follows:

	2021	2020
Salaries and benefits	1,184	2,462
Pension costs and other social contributions	396	202
Termination benefits	409	-
Board of Directors	56	150
Share-based payment	1,771	149
Total	**3,816**	**2,963**

25. Financial assets and liabilities

	December 31, 2021			December 31, 2020		
	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						
Derivative financial instruments	-	-	-	-	120	120
Cash and cash equivalents	20,578	-	20,578	45,964	-	45,964
Total financial assets	**20,578**	**-**	**20,578**	**45,964**	**120**	**46,084**

	December 31, 2021			December 31, 2020		
	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Total	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Total
Financial liabilities						
Current						
Trade payables	364	-	364	262	-	262
Borrowings	-	-	-	-	41,406	41,406
Total financial liabilities	**364**	**-**	**364**	**262**	**41,406**	**41,668**

The Group's financial instruments carried at fair value are classified within the measurement hierarchy set out in note 4(b).

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

	December 31 2021	December 31 2020
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	20,578	45,964
Level 2: Bond call option	-	120
Total financial assets	**20,578**	**46,084**
Financial liabilities:		
Level 1: Corporate bond	-	41,406
Total financial liabilities	**-**	**41,406**

26. 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 continues 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 consolidated financial statements.

27. Subsequent events

Yokkaichi settlement fees

On January 5, 2022, the Company executed the payment of the settlement fee of JPY25 million ($0.2 million) to the Yokkaichi project developer to close an ongoing litigation which was recognized on December 27, 2021. Note 10.

etrion

Management's Discussion and Analysis
Year Ended December 31, 2021

At a Glance

Etrion Corporation

Etrion Corporation was created as a renewable energy development company. From our inception we have been 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.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. Subject to the possibility of the Board identifying other potential business opportunities, the Company may deploy the remaining capital into a new venture or complete its windup activities and proceed with the dissolution within approximately 36 months after the sale of the Japanese assets. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders.

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

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In this Report

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 a description of current and future business opportunities. This MD&A, prepared as of March 11, 2022, should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2021. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's previously outstanding corporate bonds were denominated in the latter currency. In addition, certain material financial information has also been reported in Japanese yen ("¥") because the Company had its main business activities in Japan during the year ended December 31, 2021. Exchange rates for the relevant currencies of the Group with respect to the $ and the ¥ are as follows:

	€/¥	$/¥	€/$
Closing rate at December 31, 2021	130.29	115.12	1.13
Closing rate at December 31, 2020	126.75	103.33	1.23
Average rate 2021	129.75	109.89	1.18
Average rate 2020	121.81	106.78	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 16). 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 17). 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 16). 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 23.

2021 HIGHLIGHTS

2021 highlights

Operational highlights

- On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project to a consortium led by Renewable Japan Co. Ltd for gross proceeds of JPY6.3 billion (approximately $57.7 million).
- On June 22, 2021, the Company completed the sale of its TK interests in the 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito, operating solar energy projects to companies established by Development Bank of Japan Inc., Kansai Electric Power Co., Inc. and Osaka Gas Co., Ltd. ("the Consortium") for gross proceeds of JPY8.3 billion (approximately $74.9 million).
- On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately $13.5 million).
- As of the date of this MD&A, there are no more operating assets or under construction or under development.
- The common shares of the Company were voluntarily delisted from the Toronto Stock Exchange (the "TSX") after the close of trading on September 17, 2021, and from the Nasdaq Stockholm stock exchange (the "Nasdaq") on January 4, 2022.

Financial highlights

- On January 4, 2021, Etrion received a €4.0 million (approximately $4.7 million) loan facility from the Lundin family in order to finance the repayment of the Company's outstanding corporate bonds. The loan bore a 3% interest rate and was repayable on December 21, 2021. On June 9, 2021, Etrion repaid in full the loan facility to the Lundin family.
- On January 7, 2021, Etrion redeemed the €40 million (approximately $49.0 million) principal amount of outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.
- On August 24, 2021, the Company distributed $0.327 per share to the shareholders as a return of capital for a total amount of $109.2 million, and the share capital was reduced accordingly.
- On August 24, 2021, the Company settled its outstanding restricted share units ("RSUs") in cash and distributed $0.327 per RSU to the holders of the RSUs for a total amount of $6.0 million. The holders of the RSUs will be entitled to additional payments in the event that further distributions of net proceeds from the sale of the Company's assets and/or certain tax refunds are made to shareholders.
- In 2021, Etrion recognized a Group gain on sale of subsidiaries of JPY13.8 billion ($127.8 million).
- Etrion closed the fourth quarter of 2021 with an unrestricted cash balance of $20.6 million held at corporate level and positive working capital of $18.8 million.

2021 highlights

Continued

	Three months ended		Twelve months ended	
USD thousands (unless otherwise stated)	Q4-21	Q4-20	Q4-21	Q4-20
Electricity production (MWh)[1]	-	10,619	31,612	60,650
Financial results from discontinued operations				
Revenues	-	3,932	10,900	21,369
EBITDA	1,310	2,777	2,063	16,635
Net income (loss)	1,310	(214)	(1,211)	3,041
Gain on sale of subsidiaries	-	-	127,822	-
Accumulated hedging losses – disposed assets	-	-	(12,583)	-
Profit (loss) from discontinued operations	1,310	(214)	114,028	3,041
Financial results from continuing operations				
EBITDA	(3,618)	(3,560)	(12,403)	26,823
Adjusted EBITDA[2]	(2,200)	(3,482)	(10,514)	(7,802)
Net (loss) income	(3,795)	(4,263)	(10,766)	19,545

	December 31 2021	December 31 2020
Balance sheet		
Total assets	21,163	381,625
Unrestricted cash at parent level	20,578	8,956
Restricted cash at parent level	-	37,008
Working capital	18,835	822
Corporate net debt	-	(4,532)
Assets-held-for sale, net	-	20,610

[1]MWh = Megawatt-hour

[2]Refers to adjusted EBITDA as reconciled on page 17

BUSINESS REVIEW

Business review

Business overview

Etrion Corporation was created as an independent renewable energy developer. The Company operated 57 MW of installed solar capacity and 45 MW of solar projects under construction, all in Japan. Etrion's largest shareholder is the Lundin family, which owns approximately 36% of the Company's shares directly and through various trusts. Etrion is based in Geneva, Switzerland. As of the date of this MD&A, the Company has a total of 5 employees.

The Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd in the summer of 2020 as financial advisor to assist with the sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter the Board of Directors selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements.

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project to a consortium led by Renewable Japan Co. Ltd for gross proceeds of JPY6.3 billion (approximately $57.7 million).

On June 22, 2021, the Company completed the sale of its TK interests in the 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito, operating solar energy projects to the Consortium, for gross proceeds of JPY8.3 billion (approximately $74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately $13.5 million). This concluded the sale of all solar assets.

On August 5, 2021, the Company's board of directors declared an initial distribution to shareholders of US$0.327 (CAD$0.41) per common share. The distribution was affected as a return of capital to shareholders of record at the close of business on August 17, 2021, and the capital of the common shares was reduced accordingly. The distribution was paid on August 24, 2021, for a total amount of $109.2 million.

Further to the sale of all of the Company's assets and the return of capital to shareholders, and in order to minimize the costs and management time associated with the listing of the Corporation's common shares on the TSX and the Nasdaq, the Company applied to voluntarily delist the common shares. Such delisting from the TSX became effective after the close of trading on September 17, 2021 and from the Nasdaq after the close of trading on January 4, 2022.

The Company plans to retain approximately CAD$20 million in cash to address any potential warranty claims from the sale of its assets in Japan, corporate obligations, and potential claims as well as wind-up cost.

Subject to the possibility of the board of directors of identifying other potential business opportunities, the Company expects to complete its windup activities and proceed with the dissolution of the Company within approximately 36 months, although it is possible that the dissolution may be extended beyond that time. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders.

Business review

Continued

Operations review

Three months ended December 31

USD thousands (unless otherwise stated)	Japan Q4-21	Japan Q4-20
Operational data		
Electricity production (MWh)	-	10,619
Operational performance		
Electricity revenue		
Feed-in-tariff [1]	-	3,932
Total revenues	-	3,932
EBITDA [2]	1,310	2,777
EBITDA margin (%)	-	71%
Net income (loss)	1,310	(214)

1. FiT scheme under PPA with utilities.
2. Refers to segment EBITDA as reconciled in the segment information section on page 14.

Operating performance in Japan (3 months)

Following the completion in Q3-21 of the sale of all the Japanese solar projects, the Group is no longer producing electricity and therefore, during Q4-21, the Group received no revenues.

During Q4-21, the Group's project-level EBITDA of $1.3 million related to the refund received from the insurance to cover the damage costs of Misawa, borne by the Group.

Twelve months ended December 31

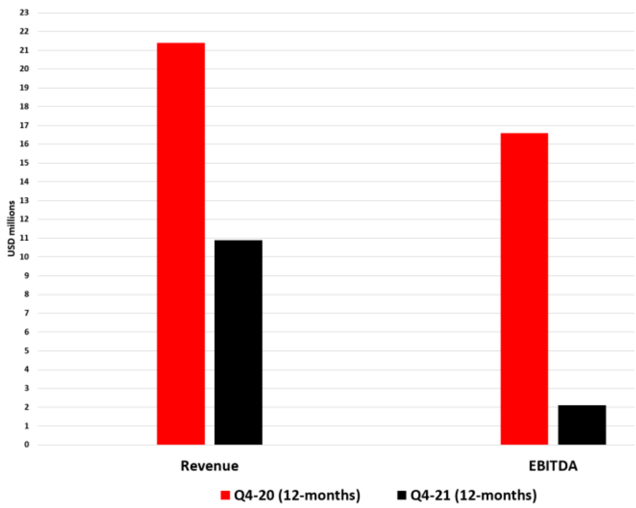
USD thousands (unless otherwise stated)	Japan 2021	Japan 2020
Operational data		
Electricity production (MWh)	31,612	60,650
Operational performance		
Electricity revenue		
Feed-in-tariff [3]	10,900	21,369
Total revenues	10,900	21,369
EBITDA [4]	2,063	16,635
EBITDA margin (%)	19%	78%
Net (loss) income	(1,211)	3,041

3. FiT scheme under PPA with utilities.
4. Refers to segment EBITDA as reconciled in the segment information section on page 15.

Operating performance in Japan (12 months)

During 2021, the Group produced 47.9% less electricity in Japan than in the same period in 2020. The Company sold three of its four operating solar projects on June 22, 2021, and the last operating project on July 28,2021. Furthermore, the production was affected by historically high snowfall conditions experienced in Japan in Q1-21 and in addition, two of the four solar sites (sites 3 & 4) from Misawa were taken out of service because they were partially damaged due to these snowfall conditions. The sites were fully restored at the end of May 2021.

During 2021, the Group's revenue and project-level EBITDA decreased by approximately 49.0% and 87.6%, respectively, compared to the same period in 2020 for the reasons as stated above. Furthermore, project EBITDA was impacted by the classification of expenses associated with the sale process of the Japanese assets, in the General and administrative expenses, for an amount of $6.8 million.



Revenues from Japan were received in Japanese yen and have been translated to the Group's presentation currency $ using the 2020 average rates. Accordingly, changes in the ¥/$ exchange rate have an impact on the accounting conversion process of the income statement from ¥ to the Group's reported figures in $.

Business review

Continued

Discontinued operations

In 2020, Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan.

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project under construction to Renewable Japan Co. Ltd and Daiichi Life Insurance Company Limited for gross proceeds of JPY6.3 billion (approximately $57.7 million).

On June 22, 2021, the Company completed the sale of its TK interests in the Company's 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito operating solar energy projects to the Consortium, for gross proceeds of JPY8.3 billion (approximately $74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY1.5 billion (approximately $13.5 million).

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

	Three months ended		Twelve months ended	
USD thousands	**Q4-21**	**Q4-20**		**Q4-20**
Revenue	**-**	**3,932**	**10,900**	**21,369**
Operating expenses	-	(1,092)	(2,192)	(4,418)
General and administrative expenses	(3)	(65)	(6,917)	(351)
Other income, net	1,313	2	272	35
EBITDA	**1,310**	**2,777**	**2,063**	**16,635**
Depreciation and amortization	-	(75)	-	(7,053)
Finance costs	-	(2,766)	(2,119)	(6,088)
Income (loss) before income tax	**1,310**	**(64)**	**(56)**	**3,494**
Income tax expense	-	(150)	(1,155)	(453)
Net income (loss) discontinued operations	**1,310**	**(214)**	**(1,211)**	**3,041**
Gain on sale of subsidiaries	-	-	127,822	-
Accumulated hedging losses – disposed assets	-	-	(12,583)	-
Profit (loss) from discontinued operations	**1,310**	**(214)**	**114,028**	**3,041**

Details of the sale of the Japanese subsidiaries, are as follows:

	JPY'000	**US$**
Total cash consideration at closing	16,105	149,521
Less (-) proceeds from shareholder loan	(131)	(1,219)
Sale proceeds for shares in Japanese subsidiaries	**15,974**	**148,302**
Carrying amount of net assets sold	(2,206)	(20,480)
Gain on sale of subsidiaries	**13,768**	**127,822**

The Company's 100% participation in the shares of the Japanese subsidiaries and the shareholder loan outstanding from these entities were both acquired by two consortiums for JPY16.0 billion ($148.3 million) and JPY131 million ($1.2 million), respectively. Transaction costs directly attributable to the sale transaction of approximately $6.8 million have been recognized and classified in the General and administrative expenses as part of the discontinued operations.

FINANCIAL REVIEW

Financial review

Financial results

Selected financial information

During 2021, the Group's performance and results were impacted by the sale of all the solar projects. Selected IFRS consolidated financial information, is as follows:

	Three months ended		Twelve months ended		
USD thousands (except per share data)	**Q4-21**	**Q4-20**	**2021**	**2020**	**2019**
Revenue	-	-		-	-
Gross profit	-	-		-	-
Net (loss) income for the period from continuing operations	(3,795)	(4,263)	(10,766)	19,545	(6,820)
Net income (loss) from discontinued operations	1,310	(214)	114,028	3,041	2,132
Net (loss) income for the period	**(2,485)**	**(4,477)**	**103,262**	**22,586**	**(4,688)**
Net (loss) income attributable to owners of Etrion	(2,485)	(4,477)	103,262	22,586	(4,883)
Basic and diluted (loss) earnings per share from continuing operations	**$(0.01)**	**$(0.01)**	**$(0.03)**	**$0.06**	**$(0.02)**
Basic and diluted (loss) earnings per share for the period:	**$(0.01)**	**$(0.01)**	**$0.31**	**$0.07**	**$(0.01)**

Net (loss) income for the period from continuing operations	**(3,795)**	**(4,263)**	**(10,766)**	**19,545**	**(6,820)**
Adjustments to net loss for:					
Net income tax (recovery) expense	(190)	(308)	(2,603)	2,814	1,858
Depreciation and amortization	25	35	130	138	142
Gain on sale of project rights	-	(33,401)	-	(33,401)	-
Share-based payment expense	-	54	1,676	198	225
Net finance costs	339	1,057	836	4,364	3,573
Other expense, net	1,223	170	1,223	398	158
Income tax (paid) recovered	(64)	31	(64)	(1,608)	(845)
Changes in working capital	2,376	45,020	4,741	13,171	19,753
Operating cash (outflow)/inflow from continuing operations	**(86)**	**8,395**	**(4,827)**	**5,619**	**18,044**

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

USD thousands	**December 31 2021**	**December 31 2020**	**December 31 2019**
Non-current assets	44	1,299	213,339
Current assets	21,119	380,326	133,622
Total assets	**21,163**	**381,625**	**346,961**
Non-current liabilities	1,422	1,221	326,094
Current liabilities	2,284	358,892	23,967
Total liabilities	**3,706**	**360,113**	**350,061**
Net assets	**17,457**	**21,512**	**(3,100)**

Financial review

Continued

Segment information

As stated above, while the Company's only segment (Solar Japan) is now classified as discontinued operations, management continues to disclose the segment information together with the corporate activities as it believes that this information is useful for readers of the consolidated financial statements.

Segment information three months ended December 31

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

USD thousands	Three months ended Q4-21			Q4-20		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**-**	**-**	**-**	**3,932**	**-**	**3,932**
Operating expenses	-	-	-	(1,092)	-	(1,092)
General and administrative expenses	(3)	(2,055)	(2,058)	(65)	(3,527)	(3,592)
Other income	1,313	-	1,313	2	-	2
Other expense	-	(1,563)	(1,563)	-	(33)	(33)
EBITDA	**1,310**	**(3,618)**	**(2,308)**	**2,777**	**(3,560)**	**(783)**
Depreciation and amortization	-	(25)	(25)	(75)	(34)	(109)
Finance income	-	-	-	-	116	116
Finance costs	-	(341)	(341)	(2,766)	(1,092)	(3,858)
Income (loss) before income tax	**1,310**	**(3,984)**	**(2,674)**	**(64)**	**(4,570)**	**(4,634)**
Income tax recovery (expense)	-	189	189	(150)	307	157
Net income (loss) for the period	**1,310**	**(3,795)**	**(2,485)**	**(214)**	**(4,263)**	**(4,477)**

Solar Japan: During Q4-21, the Group's solar Japan segment generated no revenues as the Group is not anymore owning and operating solar plants. The Group's project-level EBITDA of $1.3 million, related to the refund received from the insurance to cover the damage costs of Misawa, borne by the Group.

Corporate: During Q4-21, the Group's corporate segment generated negative EBITDA of $3.6 million and a net loss of $3.8 million, compared to a negative EBITDA of $3.6 million and a net loss of $4.3 million, respectively, in the same period in 2020.

Financial review

Continued

Segment information twelve months ended December 31

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

USD thousands	Twelve months ended 2021			2020		
	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**10,900**	**-**	**10,900**	**21,369**	**-**	**21,369**
Operating expenses	(2,192)	-	(2,192)	(4,418)	-	(4,418)
General and administrative expenses	(6,917)	(10,298)	(17,215)	(351)	(8,029)	(8,380)
Gain on sale of solar project rights	-	-	-	-	33,401	33,401
Other income	272	-	272	35	3,318	3,353
Other expense	-	(2,105)	(2,105)	-	(1,867)	(1,867)
EBITDA	**2,063**	**(12,403)**	**(10,340)**	**16,635**	**26,823**	**43,458**
Depreciation and amortization	-	(130)	(130)	(7,053)	(138)	(7,191)
Finance income	-	-	-	3	118	121
Finance costs	(2,119)	(836)	(2,955)	(6,091)	(4,444)	(10,535)
(Loss) income before income tax	**(56)**	**(13,369)**	**(13,425)**	**3,494**	**22,359**	**25,853**
Income tax (expense) recovery	(1,155)	2,603	1,448	(453)	(2,814)	(3,267)
Net (loss) income for the period	**(1,211)**	**(10,766)**	**(11,977)**	**3,041**	**19,545**	**22,586**

Solar Japan: During 2021, the Group's Japanese solar segment generated revenues of $10.9 million and EBITDA of $2.1 million, representing decreases of 49.0% and 87.6%, respectively, in comparison with the same period in 2020. Revenue and EBITDA decreased due to the sale of three out of four solar projects on June 22, 2021, and the last project on July 28, 2021. In addition, the production was affected by historically high snowfall conditions experienced in Japan in Q1-21 and two of the four solar sites (sites 3 & 4) from Misawa were taken out of service following damage from snowfalls. The sites were restored at the end of May 2021. Furthermore, project EBITDA was impacted by the classification of expenses associated with the sale process of the Japanese assets, in the General and administrative expenses, for an amount of $6.8 million.

Corporate: During 2021, the Group's corporate segment generated negative EBITDA of $12.4 million and a net loss of $10.8 million, compared to a positive EBITDA of $26.8 million and a net income of $19.6 million, respectively, in the same period in 2020. Net results were affected in 2021 by the expenses associated with the severance provisions and the accelerated expenses of RSUs fully vested. In 2020, EBITDA and net results were positively impacted by the gain on sale of Etrion's economic interest in the Mie 60 MW solar project.

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net (loss) income	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Net (loss) income from continuing operations	(3,795)	(4,263)	(10,766)	19,545
Adjustments for non-recurring and non-cash items:				
Impairment wind project	-	-	-	343
Professional fees and salaries	-	-	-	283
Tax reassessment from Italian municipalities	-	78	-	460
VAT write-off	-	-	133	-
Depreciation and amortization	25	35	130	138
Share-based payment expense	-	54	1,676	198
Gain on sale of solar project rights	-	-	-	(33,401)
Unrecoverable withholding taxes	269	-	607	1,008
Yokkaichi settlement fees	202	-	202	-
Impairment trademark	947	-	947	-
Other income	-	-	-	(3,318)
Adjusted net loss	(2,352)	(4,096)	(7,071)	(14,744)

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Operating cash (outflow)/inflow from continuing operations	(86)	8,395	(4,827)	5,619
- Changes in working capital	(2,376)	(45,020)	(4,741)	(13,171)
- Income tax paid	64	(31)	64	1,608
Adjusted operating cash outflow from continuing operations	(2,398)	(36,656)	(9,504)	(5,944)

Financial review

Continued

Reconciliation of continuing operations Adjusted EBITDA to EBITDA	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Net (loss) income from continuing operations	**(3,795)**	**(4,263)**	**(10,766)**	**19,545**
Adjustments for:				
Net income tax (recovery) expense	(189)	(307)	(2,603)	2,814
Net finance costs	341	976	836	4,326
Depreciation and amortization	25	34	130	138
EBITDA	**(3,618)**	**(3,560)**	**(12,403)**	**26,823**
Adjustment for non-recurring items:				
Gain on sale of solar project rights	-	-	-	(33,401)
Impairment wind project	-	-	-	343
Professional fees and salaries	-	-	-	283
Tax reassessment from Italian municipalities	-	78	-	460
VAT write-off	-	-	133	-
Unrecoverable withholding taxes	269	-	607	1,008
Yokkaichi settlement fees	202	-	202	-
Impairment trademark	947	-	947	-
Other income	-	-	-	(3,318)
Adjusted EBITDA from continuing operations	**(2,200)**	**(3,482)**	**(10,514)**	**(7,802)**

Quarterly selected financial information

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

USD thousands (except per share data)	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Revenue	**-**	**246**	**6,710**	**3,944**	**3,932**	**6,011**	**7,130**	**4,296**
Japan	-	246	6,710	3,944	3,932	6,011	7,130	4,296
Net (loss) income	**(2,485)**	**6,175**	**101,102**	**(1,530)**	**(4,477)**	**28,030**	**1,611**	**(2,578)**
Net (loss) income from continuing operations attributable to owners of Etrion	(3,795)	(2,541)	(1,977)	(2,453)	(4,263)	26,818	1,611	(2,578)
Net income (loss) attributable to owners of Etrion	1,310	6,175	101,102	(1,530)	(4,477)	28,030	1,611	(2,578)
Basic and diluted (loss) earnings per share:								
From continuing operations attributable to owners of Etrion	$(0.01)	$(0.01)	$(0.00)	$(0.00)	$(0.01)	$0.08	$0.00	$(0.00)

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 consolidated financial statements are presented in $, which is the Group's presentation currency. The Company's functional currency is the ¥. The consolidated financial statements have been prepared in accordance with IFRS.

Financial review

Continued

Gain on sale of solar project rights

	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Gain on sale of project rights	-	-	-	30,882
Development fee	-	-	-	2,790
Compensation on deposit reimbursement	-	-	-	598
Write-off development costs	-	-	-	(869)
Income tax expense	**-**	**-**	**-**	**33,401**

In 2020, the Company sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately $31.0 million). As part of the agreement Etrion also received a development fee of ¥300 million (approximately $2.8 million) and interest of ¥64 million (approximately $0.6 million). The Company's capitalized development costs of US$0.9 incurred in the Mie 60 MW solar project were written off.

General and administrative expenses

	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Salaries and benefits	1,760	2,082	5,764	3,790
Pension (recovery) costs	(650)	113	(649)	202
Board of Directors' fees	5	53	77	209
Share-based payments	-	54	1,676	198
Professional fees	503	524	1,952	2,290
Disposal expenses assets-held for sale	-	512	-	512
Listing and marketing	68	40	249	197
Depreciation and amortization	25	34	130	138
Office lease	40	59	204	287
Office, travel and other	328	90	1,025	344
Total G&A	**2,079**	**3,561**	**10,428**	**8,167**

During the three and twelve months ended December 31, 2021, general and administrative expenses decreased by $1.5 million (41.6%) and increased by $ 2.3 million (27.7%), respectively, compared with the same period in 2020 due the recognition of expenses associated with the severance provisions, the accelerated expenses of RSUs fully vested and the net wealth tax provision for the Company's subsidiary Solar Resources Holding Sarl. Following the presentation of continuing / discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Other (expense) income, net

	Three months ended		Twelve months ended	
USD thousands	Q4-21	Q4-20	Q4-21	Q4-20
Income from arranging the sale of PV Salvador SpA	-	-	-	2,977
AMS termination fee received	-	-	-	341
Unrecoverable withholding taxes	(269)	-	(607)	(1,008)
Municipality tax reassessment from disposed assets	-	(78)	-	(460)
Unrecoverable VAT and other	(145)	45	(349)	(399)
Impairment Etrion trademark	(947)	-	(947)	-
Yokkaichi settlement expense	(202)	-	(202)	-
Total other (expense) income, net	**(1,563)**	**(33)**	**(2,105)**	**1,451**

During the year ended 2021, the Company recognized a $0.2 million write-off of unrecoverable VAT from one of its Japanese subsidiaries, $0.6 million of unrecoverable withholding taxes triggered by a cash distribution from Japanese subsidiaries. In addition, the Company fully impaired the value of Etrion's trademark in light of the reduced business activities. Finally, the Company recognized a settlement fee of $0.2 million to the Yokkaichi project developer to close an ongoing litigation.
In 2020, the Company recognized approximately $1.0 million of unrecoverable withholding taxes and $0.5 million of tax expense relating to tax reassessments for two owned solar parks in Italy. Lastly in 2020, the Company recognized a full impairment of $0.3 million on its wind project.

Financial review

Continued

Net finance costs

	Three months ended		Twelve months ended	
USD thousands	**Q4-21**	**Q4-20**	**Q4-21**	**Q4-20**
Interest expense on corporate bond	-	875	64	3,214
Corporate bond call option	-	(116)	-	(116)
Loss on call option	-	-	117	-
Loss on debt extinguishment	-	-	435	-
Foreign exchange loss (gain)	306	182	(1)	1,150
Other finance costs, net	35	35	221	78
Net finance cost	**341**	**976**	**836**	**4,326**

During the three and twelve months ended December 31, 2021, net finance costs decreased by $0.6 million and by $3.5 million, respectively, compared to the same period in 2020. Following the redemption and full repayment of the corporate bonds as of January 7, 2021, the interest expense significantly decreased in comparison with the same period in 2020. Following the presentation of continuing / discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Income tax expense

	Three months ended		Twelve months ended	
USD thousands	**Q4-21**	**Q4-20**	**Q4-21**	**Q4-20**
Corporate income tax (recovery) expense	(190)	(307)	(2,603)	2,814
Total income tax (recovery) expense	**(190)**	**(307)**	**(2,351)**	**2,814**

During the three and twelve months ended December 31, 2021, the Group recognized an income tax recovery of $0.2 million and $2.3 million, respectively (2020: $0.3 million of tax recovery and $2.8 million of tax expense) associated with its management services subsidiaries. The tax recovery was triggered by a change in the estimate tax impact in connection with the sale of the Japanese assets.

Financial position

Liquidity and financing

Cash position

USD thousands	**December 31 2021**	**December 31 2020**
Cash and cash equivalents:		
Unrestricted at parent level	20,578	8,956
Restricted at parent level (bond)	-	37,008
Total cash and cash equivalents	**20,578**	**45,964**

Unrestricted cash analysis

The Group's cash and cash equivalents at December 31, 2021, included unrestricted cash of $20.6 million held at the corporate level.

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.

Working capital

At the date of this MD&A, the Group had no more contractual obligations in regards of project loans and O&M contracts. The only obligations pertain to the trade payables amounting of $2.2 million as of December 31, 2021 and due within one year.

All of the contractual obligations will be funded from existing cash available, with no additional capital investments to be made by the Group.

Net equity

During 2021, total equity attributable to owners of the Company decreased by $4.0 million from a net asset position of $21.5 million at December 31, 2020, to a net asset position of $17.5 million at December 31, 2021. During the period the company recognized a net income of $103.3 and distributed as a return of capital of $109.2.

Financial review

Continued

Borrowings

Non-recourse project loans

At December 31, 2021, there are no longer non-recourse loans outstanding following the sale of the solar projects by the Group. The non-recourse project loans were obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects and bore 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 were 90% hedged through interest rate swap contracts during the operational period at interest rates ranging from 1.72% to 3.13% all-in.

Corporate borrowings

On January 7, 2021, the Company repaid the outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest. The bonds were issued by the Company in June 2018 at 7.25% annual interest with a three-year maturity.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (March 12, 2021: 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 RSUs.

On June 22, 2021, following the completion of the sale of the majority of the Company's Japanese assets, the outstanding RSU grants met the accelerating vesting conditions. Therefore, as of June 22, 2021, all outstanding RSUs have been fully expensed. Consequently, the original treatment was modified from equity-settled to cash-settled, and the board of directors approved the fair value of $0.327 per RSU at the date of modification. The fair value was measured by reference to the Company's share price at the date of the modification.

On August 24, 2021, the Company distributed $0.327 per share to the shareholders as a return of capital for a total amount of $109.2 million, and the share capital was reduced accordingly. The Company also distributed $0.327 per RSU to the holders of the RSUs for a total amount of $5.0 million. The holders of the RSUs will be entitled to additional payments in the event that further distributions of net proceeds from the sale of the Company's assets and/or certain tax refunds are made to shareholders. As of December 31, 2021, the number of Company's outstanding RSUs is 15,300,000.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements at December 31, 2021, and December 31, 2020.

Capital investments

Following the completion of the sale of its Japanese solar assets, the Group has no required capital investments.

Critical accounting policies and estimates

In connection with the preparation of the Company's consolidated 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.

IFRS 5 "Assets held for sale and discontinued operations" has been applicable since September 30, 2020 as the Company's management considers that the Solar Japan segment meet the criteria to be classified as held for sale.
During the year ended December 31, 2021, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2021. The application of the amendments did not have a material impact on the consolidated financial statements. 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.

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.

Financial review

Continued

Related parties

For the purposes of preparing the Company's consolidated 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 trusts 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 consolidated financial statements for the year ended December 31, 2021, are summarized below.

Related party transactions

Lundin Energy AB

The Group receives professional services from Lundin Energy AB, for market and investor relation activities in Sweden and general and administrative expenses, respectively. During 2021, the Group incurred general and administrative expenses of $10 thousand (2020: $13 thousand) from Lundin Energy AB. At December 31, 2021, the Group owed no (December 31, 2020: nil) amounts in relation to these expenses.

Lundin SA

During the 2021, the Group recognized expenses of $30 thousand (2020: $60 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.

Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately $4.7 million) loan facility from the Lundin family in order to re-finance the repayment of the corporate bonds. The loan bore a 3% interest rate and was repayable on December 21, 2021. This loan was repaid in full on June 9, 2021.

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 2021, the Group recognized within general and administrative expenses, $3.8 million (2020: $3.0 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 December 31, 2021, the Company recognised an amount of $0.6 million payable to the entitled employees under the RSUs plan.

Derivative financial instruments

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

USD thousands	December 31 2021	December 31 2020
Derivative financial assets:		
Corporate bond call option	-	120
Total derivative financial assets	-	120

Corporate bond call option

During the first quarter 2021, the Group derecognized the call option on the redemption of the corporate bonds which were fully repaid on January 7, 2021.

Interest rate swap contracts

At December 31, 2021, the Group no longer has interest rate swap contracts following the sale of the solar projects. The hedging reserve has been fully reversed and netted with the gain on sale of the solar projects.

Historically, the Group entered 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 was 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.

OTHER DISCLOSURES

Other disclosures

Risks and uncertainties

Following the completion of the sale of its solar projects, the only material risks to which the Group is exposed are the risk of warranty claims and uncertainties with respect to the outcome of its litigation with a former employee. The Company plans to reserve approximately CAD$20 million to cover for any liabilities that may result from potential warranty claims under the sale and purchase agreements pursuant to which its solar projects were sold, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs.

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 possibility that the Company may pursue an alternative business venture or proceed to wind up its activities and dissolve following the completion of the sale of its solar assets and the anticipated distribution of remaining available funds to shareholders in connection with the dissolution of the Company. 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: uncertainties with respect to the Company's ongoing activities following the completion of such sale; the risk that the Company may have insufficient funds to satisfy its future obligations, including without limitation warranty claims under the agreements pursuant to which its projects were sold and uncertainties with respect to the outcome of its current litigation; uncertainties with respect to the determination of whether the Company will pursue an alternative business venture or proceed with dissolution and winding-up; uncertainties with respect to the timing of any such determination; in the case of a determination to proceed with an alternative business, the nature of such business; and, in the case of a the dissolution and winding-up of the Company, the amount of funds that will be available for distribution at the time of dissolution. 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 assumptions as to the amount of funds that will be required to satisfy potential warranty claims under the sale agreements, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs. 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