

PRESS RELEASE

Etrion Releases 2022 Results

April 27, 2023, 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, 2022.

2022 HIGHLIGHTS

- Etrion closed 2022 with an unrestricted cash balance of US\$14.2 million and a positive working capital of US\$13.5 million.
- The Company sold all the solar assets in 2021 and is not developing any new project in 2022. Subject to the possibility of the Board of Directors 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.

Management Comments

Marco A. Northland, the Company’s Chief Executive Officer, commented, “The Company going forward will maintain very limited resources; however, we will continue to explore potential opportunities for future deployment of the Company’s remaining cash or eventually proceed with a windup of the Company as previously disclosed”.

FINANCIAL SUMMARY

US\$ thousands (unless otherwise stated)	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Financial performance from continuing operations				
EBITDA	(1974)	(3,618)	(2,847)	(12,403)
Net income/(loss)	430	(3,795)	(8,522)	(10,766)
Financial position				
			Dec 2022	Dec 2021
Unrestricted cash			14,198	20,578
Working capital			13,540	18,835
Total assets			14,536	21,163

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:

Marco Northland – Chief Executive Officer and Chief Financial Officer
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The information was submitted for publication at 11:05 p.m. CET on April 27, 2023.

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.

The logo for Etrion, featuring the word "etrion" in a lowercase, red, sans-serif font. The letters are bold and have a modern, clean appearance. The background of the page is a light gray with a large white horizontal band where the logo is placed. There are red accents at the top and bottom of the page.

Management's Discussion and Analysis
Year Ended December 31, 2022

At a Glance

Etrion Corporation

Etrion Corporation is a renewable energy company committed to contributing to the diversification of the energy mix by leveraging the abundance of renewable resources to generate clean, reliable and cost-effective 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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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 April 27, 2023, should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2022.

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 has its main business activities in Japan. Exchange rates for the relevant currencies of the Group with respect to the \$ and the ¥ are as follows:

	¥/€	¥/\$	€/ \$
Closing rate at December 31, 2022	0.0071	0.0076	1.07
Closing rate at December 31, 2021	0.0077	0.0087	1.13
Average rate 2022	0.0073	0.0077	1.05
Average rate 2021	0.0077	0.0091	1.18

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 11). 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 12). 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 11). 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 17.

2022 HIGHLIGHTS

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2022 highlights

USD thousands (unless otherwise stated)	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Electricity production (MWh)¹	-	-	-	31,612
Financial results from discontinued operations				
Revenues	-	-	-	10,900
EBITDA	-	1,310	-	2,603
Net income (loss)	-	1,310	-	(1,211)
Gain on sale of subsidiaries	-	-	-	127,822
Accumulated hedging losses – disposed assets	-	-	-	(12,583)
Profit (loss) from discontinued operations	-	1,310	-	114,028
Financial results from continuing operations				
EBITDA	(974)	(3,618)	(2,847)	(12,403)
Adjusted EBITDA	(474)	(2,200)	(2,347)	(10,514)
Net (loss) income	430	(3,795)	(8,522)	(10,766)

	December 31 2022	December 31 2021
Balance sheet		
Total assets	14,536	21,163
Unrestricted cash	14,198	20,578
Working capital	13,540	18,835

Operational highlights

- The Company sold all the solar assets in 2021 and was not developing any new project during the twelve months ended December 31, 2022.

Financial highlights

- Etrion closed the year 2022 with an unrestricted cash balance of \$14.2 million and positive working capital of \$13.5 million.

¹MWh = Megawatt-hour

BUSINESS REVIEW

Business review

Business overview

Etrion Corporation was created as an independent renewable energy developer. 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 1 employee.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums and therefore it has disposed of all of its solar assets. 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.

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.

The Company retained approximately \$14 million in cash to address any potential warranty and damage claims from the sale of the Niigata asset in Japan, corporate obligations, and potential claims as well as wind-up cost. On January 31, 2023, the warranty for damages given by the Company to the buyers of the Japanese Niigata solar park expired. The only remaining warranties related to intentional breach expire in May 2024.

Subject to the possibility of the board of directors of identifying new 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 accelerated or 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.

The Company has been actively pursuing reimbursement of certain tax payments (Tremonti Ambiente) in Italy regarding years 2010-2013, 2014-2015 and 2016-2017 before the Italian Courts. On July 27th, 2022, the Regional Tax Court in Rome ruled partially in favor of the Company and recognized the right of refund of EUR 6 million (gross) for the 2010-2013 tax years. However, on November 2nd, 2022 the Italian Tax Authority appealed the ruling of the Regional Tax Court before the Supreme Court. The Counterclaim of the Company was timely filed within 40 days from the official notification of the claim of the Italian Tax Authority. In addition, it

is worth noting that the Company filed an additional Claim before the Supreme Court on February 27, 2023 for the part of the refund related to 2010 - 2013 not recognized by the Regional Tax Court in Rome on July 27th, 2022. As already anticipated in the previous communication, this circumstance will delay the final resolution by some years. In addition, on July 13, 2022 a negative ruling was issued by the First Instance Tax Commission of Rome on the refund for the tax years 2016-2017, which the Company appealed with the Competent Tax Commission of second instance judgment. Overall, litigation for the 2014-2015 and 2016- 2017 years continues at various stages before the Courts.

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

USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Revenue	-	-	-	10,900
Operating expenses	-	-	-	(2,192)
General and administrative expenses	-	(3)	-	(6,917)
Other income, net	-	1,313	-	272
EBITDA	-	1,310	-	2,063
Depreciation and amortization	-	-	-	-
Finance costs	-	-	-	(2,119)
Income (loss) before income tax	-	1,310	-	(56)
Income tax expense	-	-	-	(1,155)
Net income (loss)	-	1,310	-	(1,211)
Gain on sale of subsidiaries	-	-	-	127,822
Accumulated hedging losses – disposed assets	-	-	-	(12,583)
Profit from discontinued operations	-	1,310	-	114,028

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Financial review

Financial results

Selected financial information

During 2022, the Group's performance and results were impacted by the sale of all the solar projects. Selected IFRS consolidated financial information, is as follows:

USD thousands (except per share data)	Three months ended		Twelve months ended		
	Q4-22	Q4-21	2022	2021	2020
Revenue	-	-	-	-	-
Gross profit	-	-	-	-	-
Net (loss) income for the period from continuing operations	430	(3,795)	(8,522)	(10,766)	19,545
Net income (loss) from discontinued operations	-	1,310	-	114,028	3,041
Net (loss) income for the period	430	(2,485)	(8,522)	103,262	22,586
Net (loss) income attributable to owners of Etrion	430	(2,485)	(8,522)	103,262	22,586
Basic and diluted (loss) earnings per share from continuing operations	\$(0.00)	\$(0.01)	\$(0.03)	\$(0.03)	\$0.06
Basic and diluted (loss) earnings per share for the period:	\$(0.00)	\$(0.01)	\$(0.03)	\$0.31	\$0.07
Net (loss) income for the period from continuing operations	430	(3,795)	(8,522)	(10,766)	19,545
Adjustments to net loss for:					
Net income tax (recovery) expense	(5)	(190)	81	(2,603)	2,814
Depreciation and amortization	-	25	-	130	138
Gain on sale of project rights	-	-	-	-	(33,401)
Share-based payment expense	-	-	-	1,676	198
Net finance costs	(1,473)	339	5,527	836	4,364
Other expense, net	544	1,223	500	1,223	398
Income tax (paid) recovered	(74)	(64)	(74)	(64)	(1,608)
Changes in working capital	(528)	2,376	(1,997)	4,741	13,171
Operating cash (outflow)/inflow from continuing operations	(1,106)	(86)	(4,485)	(4,827)	5,619

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

USD thousands	December 31 2022	December 31 2021	December 31 2020
Non-current assets	-	44	1,299
Current assets	14,536	21,119	380,326
Total assets	14,536	21,163	381,625
Non-current liabilities	512	1,422	1,221
Current liabilities	996	2,284	358,892
Total liabilities	1,508	3,706	360,113
Net assets	13,028	17,457	21,512

Segment information

In 2022, there is no longer segment reporting information, following the sale of the Company's only segment (Solar Japan) in 2021. The Solar Japan segment was classified as discontinued operations since September 2020.

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net (loss) income USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Net (loss) income from continuing operations	430	(3,795)	(8,522)	(10,766)
Adjustments for non-recurring and non-cash items:				
VAT write-off	-	-	-	133
Depreciation and amortization	-	25	-	130
Share-based payment expense	-	-	-	1,676
Unrecoverable withholding taxes	-	269	-	607
Yokkaichi settlement fees	-	202	-	202
Impairment trademark	-	947	-	947
Other expense, net	500	-	500	-
Adjusted net loss	930	(2,352)	(8,522)	(7,071)
Reconciliation of adjusted operating cash flows to operating cash flows				
USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Operating cash (outflow)/inflow from continuing operations	(1,106)	(86)	(4,485)	(4,827)
- Changes in working capital	528	(2,376)	1,997	(4,741)
- Income tax paid	74	64	74	64
Adjusted operating cash outflow from continuing operations	(504)	(2,398)	(2,414)	(9,504)

Financial review

Continued

Reconciliation of continuing operations Adjusted EBITDA to EBITDA USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Net (loss) income from continuing operations	430	(3,795)	(8,522)	(10,766)
Adjustments for:				
Net income tax (recovery) expense	(5)	(189)	81	(2,603)
Net finance costs	(1,399)	341	5,594	836
Depreciation and amortization	-	25	-	130
EBITDA	(974)	(3,618)	(2,847)	(12,403)
Adjustment for non-recurring items:				
VAT write-off	-	-	-	133
Unrecoverable withholding taxes	-	269	-	607
Yokkaichi settlement fees	-	202	-	202
Impairment trademark	-	947	-	947
Other expenses, net	500	-	500	-
Adjusted EBITDA from continuing operations	(474)	(3,482)	(2,347)	(10,514)

Quarterly selected financial information

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

USD thousands (except per share data)	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Revenue	-	-	-	-	-	246	6,710	3,944
Japan	-	-	-	-	-	246	6,710	3,944
Net (loss) income	430	77	(4,192)	(4,837)	(2,485)	6,175	101,102	(1,530)
Net (loss) income from continuing operations attributable to owners of Etrion	430	77	(4,192)	(4,837)	(3,795)	(2,541)	(1,977)	(2,453)
Net income (loss) attributable to owners of Etrion	430	77	(4,192)	(4,837)	1,310	6,175	101,102	(1,530)
Basic and diluted (loss) earnings per share:								
From continuing operations attributable to owners of Etrion	\$0.00	\$0.00	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.00)

In 2022, the Company is no longer producing electricity and generating revenue, following the sale of all solar assets in 2021. The Group's condensed consolidated interim financial statements are presented in \$, which is the Group's presentation currency. The Company's functional currency is the ¥. The condensed consolidated interim financial statements have been prepared in accordance with IFRS.

Financial review

Continued

General and administrative expenses

USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Salaries and benefits	(126)	1,760	317	5,764
Pension (recovery) costs	174	(650)	174	(649)
Board of Directors' fees	-	5	-	77
Share-based payments	-	-	-	1,676
Professional fees	420	503	869	1,952
Listing and marketing	16	68	120	249
Depreciation and amortization	-	25	-	130
Office lease	1	40	51	204
Office, travel and other	38	78	336	311
Taxes other than income	(5)	250	480	714
Total G&A	518	2,079	2,347	10,428

During the three and twelve months ended December 31, 2022, general and administrative expenses decreased by \$1.5 million (70.0%) and \$8.0 million (77.0%), respectively, compared with the same period in 2021 due the reduced activity of the corporation after the sale of Japanese assets. Taxes other than income refers to the net wealth tax expense for the Company's subsidiary Solar Resources Holding, Sarl.

Other (expense) income, net

USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Unrecoverable withholding taxes	-	(269)	-	(607)
Tax reassessment	(500)	-	(500)	-
Unrecoverable VAT and other	-	(145)	-	(349)
Impairment Etrion trademark	-	(947)	-	(947)
Yokkaichi settlement expense	-	(202)	-	(202)
Total other (expense) income, net	(500)	(1,563)	(500)	(2,105)

On October 28, 2022, the Group's Chilean subsidiary under liquidation, Etrion Services Chile, received a tax assessment from the local tax office of approximately US\$0.5 million. The tax assessment is related to certain deductions made in the 2020 fiscal year associated with the termination of the Asset Management Service contract with a local solar developer. 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.

Net finance costs

USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Interest expense on corporate bond	-	-	-	64
Loss on call option	-	-	-	117
Loss on debt extinguishment	-	-	-	435
Foreign exchange loss (gain)	(1,404)	306	5,527	(1)
Other finance costs, net	5	35	67	221
Net finance cost (income)	(1,399)	341	5,594	836

During the three and twelve months ended December 31, 2022, the Group recognized an unrealized foreign exchange gain of \$1.4 million and a foreign exchange loss of \$5.5 million associated with intercompany loans with the subsidiary in Luxembourg denominated in Euros (2021: foreign exchange loss of \$0.4 million and foreign exchange gain of \$0.1 million).

Income tax expense

USD thousands	Three months ended		Twelve months ended	
	Q4-22	Q4-21	Q4-22	Q4-21
Corporate income tax (recovery) expense	(5)	(190)	81	(2,603)
Total income tax (recovery) expense	(5)	(190)	81	(2,351)

During the three and twelve months ended December 31, 2022, the Group recognized an income tax recovery of \$5 thousand and an income tax expense of \$0.1 million, respectively (2021: \$0.2 million and \$2.8 million of tax recovery, respectively) 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 review

Continued

Financial position

Liquidity and financing

Cash position

USD thousands	December 31 2022	December 31 2021
Cash and cash equivalents:		
Unrestricted at parent level	14,198	20,578
Total cash and cash equivalents	14,198	20,578

Unrestricted cash analysis

The Group's cash and cash equivalents on December 31, 2022, included unrestricted cash of \$14.2 million. The Company's management is confident that the Group will be able to fund its working capital requirements for at least 12 months from the date of these consolidated financial statements.

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 \$0.9 million as of December 31, 2022, 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 2022, total equity attributable to owners of the Company decreased by \$4.5 million from a net asset position of \$17.5 million on December 31, 2021, to a net asset position of \$13.0 million on December 31, 2022. During the period the company recognized a net loss of \$8.5 million.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (March 11, 2022: 334,094,324).

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.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements on December 31, 2022, and December 31, 2021.

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.

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, 2022, are summarized below.

Related party transactions

Orrön Energy AB

The Group receives professional services from Orrön Energy AB, for market and investor relation activities in Sweden and general and administrative expenses, respectively. During 2022, the Group incurred general and administrative expenses of \$8 thousand (2021: \$10 thousand) Orrön Energy AB. At December 31, 2021, the Group owed no (December 31, 2020: nil) amounts in relation to these expenses.

Lundin SA

During the 2022, the Group recognized expenses of \$nil (2021: \$30 thousand) under the service agreement with Lundin SA to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

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 and the Chief Executive Officer.

During 2022, the Group recognized within general and administrative expenses, \$0.9 million (2021: \$3.8 million) associated with the remuneration of key management personnel, related to salaries and short-term benefits, pension costs, and share-based payment expenses. At December 31, 2022, the Company recognised an amount of \$0.5 million payable to the entitled former employees under the RSUs plan.

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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 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

The logo for Etrion, featuring the word "etrion" in a lowercase, red, sans-serif font. The letters are bold and have a modern, slightly rounded appearance. The background of the page is composed of several large, overlapping rectangular blocks in shades of gray and red, creating a geometric, abstract design.

etrion

Audited Consolidated Financial Statements
Year Ended December 31, 2022

At a Glance

Etrion Corporation

Etrion Corporation is a renewable energy company committed to contributing to the diversification of the energy mix by leveraging the abundance of renewable resources to generate clean, reliable and cost-effective 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 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of net (loss) /income and comprehensive net (loss) /income for the years ended December 31, 2022 and 2021;
- the consolidated balance sheet as at December 31, 2022 and 2021;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statement of cash flow 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.

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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 and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that 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 Canadian generally accepted auditing standards 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.

PricewaterhouseCoopers SA

A handwritten signature in blue ink, appearing to read 'C Pointet'.

Corinne Pointet Chambettaz

A handwritten signature in blue ink, appearing to read 'Sidi Tangara'.

Sidi Tangara

April 27, 2023

Consolidated statement of net (loss)/income and comprehensive net (loss)/income

For the years ended December 31, 2022 and 2021

Expressed in US\$'000

	Note	2022	2021
Continuing operations			
General and administrative expenses	7	(2,347)	(10,428)
Other expense	8	(500)	(2,105)
Operating loss		(2,847)	(12,533)
Finance income	9	14	-
Finance costs	9	(5,608)	(836)
Net finance costs		(5,594)	(836)
Loss before income tax		(8,441)	(13,369)
Income tax (expense)/recovery	10	(81)	2,603
Loss from continuing operations		(8,522)	(10,766)
Profit from discontinued operations, net of tax	6	-	114,028
Net (loss)/income		(8,522)	103,262
Other comprehensive (loss)/income			
Items that may be reclassified to profit and loss:			
Gain (loss) on currency translation	16	3,784	(6,562)
Gain on cash flow hedges, net of tax – discontinued operations		-	210
Reclassification adjustment on cash flow hedges – disposed assets	6	-	12,583
Items that will not be reclassified to profit and loss:			
Actuarial gain (loss) on post-employment benefits, net of tax		309	(119)
Total other comprehensive income		4,093	6,112
Total comprehensive net (loss)/income		(4,429)	109,374
(Loss)/Income attributable to:			
Owners of the parent		(8,522)	103,262
Total		(8,522)	103,262
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(4,429)	109,374
Total		(4,429)	109,374
Total comprehensive (loss)/income attributable to owners of the Company:			
Continuing operations		(4,429)	(17,447)
Discontinued operations		-	126,821
Total		(4,429)	109,374
Basic and diluted loss per share from continuing operations	11	\$(0.03)	\$(0.03)
Basic and diluted (loss)/earnings per share for the period	11	\$(0.03)	\$0.31

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

Consolidated balance sheet

As at December 31, 2022 and 2021

Expressed in US\$'000

	Note	December 31 2022	December 31 2021
Assets			
Non-current assets			
Deferred income tax assets	10	-	44
Total non-current assets		-	44
Current assets			
Other receivables	13	338	541
Cash and cash equivalents	12	14,198	20,578
Total current assets		14,536	21,119
Total assets		14,536	21,163
Equity			
Attributable to common shareholders			
Share capital	14	2,055	2,055
Contributed surplus		9,461	9,461
Other reserves	16	(862)	(4,646)
Retained earnings		2,374	10,587
Total equity		13,028	17,457
Liabilities			
Non-current liabilities			
Employment benefit obligations	17	512	1,422
Total non-current liabilities		512	1,422
Current liabilities			
Trade and other payables	18	916	2,204
Current tax liabilities	10	80	80
Total current liabilities		996	2,284
Total liabilities		1,508	3,706
Total equity and liabilities		14,536	21,163

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

Consolidated statement of changes in equity

For the years ended December 31, 2022 and 2021

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, 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)	16	-	210	-	-	210
Discontinued operations	6	-	(210)	-	12,793	12,583
Currency translation	16	-	(6,562)	-	-	(6,562)
Actuarial loss on post-employment benefits	17	-	-	(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	14	(109,249)	-	-	-	(109,249)
Share-based payments	15	-	(4,180)	-	-	(4,180)
Balance at December 31, 2021	2,055	9,461	(4,646)	10,587	-	17,457
Balance at January 1, 2022	2,055	9,461	(4,646)	10,587	-	17,457
Comprehensive loss:						
Loss for the period	-	-	-	(8,522)	-	(8,522)
Other comprehensive income (loss):						
Currency translation	16	-	3,784	-	-	3,784
Actuarial gain on post-employment benefits	17	-	-	309	-	309
Total comprehensive (loss) income	-	-	3,784	(8,213)	-	(4,429)
Balance at December 31, 2022	2,055	9,461	(862)	2,374	-	13,028

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

Consolidated statement of cash flows

For the years ended December 31, 2022 and 2021

Expressed in US\$'000

	Note	2022	2021
Operating activities:			
Net (loss)/income for the year		(8,522)	103,262
Less: net income from discontinued operations		-	114,028
Loss for the year from continuing operations		(8,522)	(10,766)
Adjustments for:			
Depreciation and amortization	7	-	130
Income tax (recovery) expense	10	81	(2,603)
Share-based payment expense	7/15	-	1,676
Interest expense on corporate bond	9	-	719
Loss on call option	9	-	117
Foreign exchange loss	9	5,527	-
Other expense		500	1,223
Sub-total		(2,414)	(9,504)
Changes in working capital:			
Trade and other receivables		203	1,235
Trade and other payables		(2,200)	3,506
Income tax paid		(74)	(64)
Net cash (outflow)/inflow from continuing operations		(4,485)	(4,827)
Net cash (outflow)/inflow from discontinued operations		-	(2,172)
Total cash flow (used in) generated from operating activities		(4,485)	(6,999)
Investing activities:			
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
Net cash outflow from discontinued operations		-	(18,445)
Total cash flow generated from (used in) investing activities		-	124,249
Financing activities:			
Interest paid		-	(179)
Corporate bond repayment		-	(40,316)
Proceeds from Lundin family loan	19	-	4,679
Repayment of Lundin family loan	19	-	(4,928)
Settlement of share-based payments	15	-	(5,017)
Return of capital	14	-	(109,249)
Net cash outflow from continuing operations		-	(155,010)
Net cash outflow from discontinued operations		-	(1,086)
Total cash flow used in financing activities		-	(156,096)
Net decrease in cash and cash equivalents		(4,485)	(38,846)
Effect of exchange rate changes on cash and cash equivalents		(1,895)	(7,981)
Subsidiaries deconsolidation	6	-	(42,274)
Cash and cash equivalents at the beginning of the year		20,578	109,679
Cash and cash equivalents at the end of the year	12	14,198	20,578
From continuing operations		14,198	20,578
From discontinued operations		-	-

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

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Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

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.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums and therefore is no longer owning or operating any solar projects. 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 14](#)

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.

The Company plans to retain approximately \$14 million in cash to address any potential warranty and damage claims from the sale of the Niigata asset in Japan, corporate obligations, and potential claims as well as wind-up cost. The only remaining warranties related to intentional breach expire in May 2024.

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 the sale of the Japanese assets. The Company will make a determination during this period of 36 months whether it will begin a windup process or engage in new businesses.

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 April 27, 2023.

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, 2022. 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, 2022, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2022. 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.

(c) 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.

The following table lists the subsidiaries of the Company with a cash position in excess of \$0.5 million included in the consolidated financial statements at and for the year ended December 31, 2022. The equity interest percentage shown in the table represents Etrion's share in voting rights in those entities. Each entity has share capital consisting of equity held directly by the Company or another of its consolidated subsidiaries.

Country of organization / Entity name	Place of Business	Equity interest
Luxembourg. Solar Resources Holding SARL	Luxembourg	100%
Japan. Etrion Japan, KK	Tokyo	100%

(d) 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. In 2022, there is no longer segment reporting information, following the sale of the Company's only segment (Solar Japan) in 2021.

(e) 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 public corporation status 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.

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, 2022	0.0076	1.07	0.74	0.92
December 31, 2021	0.0087	1.13	0.78	0.91
December 31, 2020	0.0097	1.23	0.78	0.88
Average 2022	0.0077	1.05	0.76	0.95
Average 2021	0.0091	1.18	0.80	0.91

Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

Expressed in US\$'000 unless otherwise stated

(f) 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.

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.

(g) 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.

(h) 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.

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(i) 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.

(j) 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.

(k) 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 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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) 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, 2022, the Group recognized \$ nil (2021: \$44 thousand) of net deferred income tax assets. [Note 10](#)

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 \$14 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.

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(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 and intercompany loans.

	<i>Impact on profit/(loss)</i>	
	2022	2021
¥/\$ increase 5% (2021: 5%)	185	245
¥/\$ decrease 5% (2021: 5%)	(204)	(271)
¥/€ increase 5% (2021: 5%)	4,655	4,619
¥/€ decrease 5% (2021: 5%)	(5,145)	(5,105)

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, 2022, can be assessed by reference to credit ratings from Standard & Poors, if available, as follow:

	2022	2021
A-	835	1,606
A+	6,207	14,013
A	7,135	4,905
BBB	21	54
Total cash and cash equivalents (including restricted cash)	14,198	20,578

(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, 2022 and December 31, 2021, the Group's cash and cash equivalents were classified as Level 1.

Level 2: includes fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that maximize the use of observable market data, where it is available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At December 31, 2022, the Group had no financial instruments classified as Level 2. 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, 2022 and December 31, 2021, the Group had no financial instruments classified as Level 3.

	December 31 2022	December 31 2021
Financial assets		
Level 1: Cash and cash equivalents	14,198	20,578
Total Financial assets	14,198	20,578

5. Segment reporting

In 2022, there is no longer segment reporting information, following the sale of the Company's only segment (Solar Japan) in 2021. The Solar Japan segment was classified as discontinued operations since September 2020. [Note 6](#)

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. 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.

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

	2022	2021
Revenue	-	10,900
Operating expenses	-	(2,192)
General and administrative expenses	-	(6,917)
Other income	-	272
EBITDA	-	2,063
Depreciation and amortization	-	-
Finance costs	-	(2,119)
(Loss) income before income tax from discontinued operations	-	(56)
Income tax expense	-	(1,155)
Net (loss) income for the period from discontinued operations	-	(1,211)
Gain on sale of subsidiaries	-	127,822
Reclassification adjustment on cash flow hedges – disposed assets	-	(12,583)
Profit from discontinued operations	-	114,028

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7. General and administrative expenses

	2022	2021
Salaries and benefits	317	5,764
Pension (recovery) costs	174	(649)
Board of Directors' fees	-	77
Share-based payments	-	1,676
Professional fees	869	1,952
Listing and marketing	120	249
Depreciation and amortization	-	130
Office lease	51	204
Office, travel and other	336	311
Taxes other than income	480	714
Total general and administrative expenses	2,347	10,428

Taxes other than income refers to the net wealth tax expense for the Company's subsidiary Solar Resources Holding, Sarl.

8. Other expense

	2022	2021
Unrecoverable withholding taxes	-	607
Tax reassessment former Chilean subsidiary	500	-
Unrecoverable VAT and other	-	349
Impairment Etrion trademark	-	947
Yokkaichi settlement expense	-	202
Total other expense	500	2,105

On October 28, 2022, the Group's Chilean subsidiary under liquidation, Etrion Services Chile, received a tax assessment from the local tax office of approximately US\$0.5 million. The tax assessment is related to certain deductions made in the 2020 fiscal year associated with the termination of the Asset Management Service contract with a local solar developer. 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.

9. Net finance costs

	2022	2021
Finance income:		
Other finance income	14	-
Total finance income	14	-
Finance costs:		
Interest expense on corporate bond	-	64
Loss on call option	-	117
Loss on debt extinguishment	-	435
Foreign exchange loss	5,527	(1)
Other finance costs	81	221
Total finance costs	5,608	836
Net finance costs	5,594	836

During 2022, the Group recognized an unrealized foreign exchange loss of \$7.1 million, associated with intercompany loans held with a subsidiary in Luxembourg denominated in Euros.

10. Income taxes

(a) Income tax expense

	2022	2021
Income tax expense:		
Corporate income tax (recovery) expense	81	(2,603)
Total income tax (recovery) expense	81	(2,603)

During the year ended 2022, the Group recognized an income tax expense of \$0.1 million (2021: \$2.6 million of tax recovery) associated with its management services subsidiaries. The Group's income tax expense is reconciled to the (loss) income before tax at the Canadian statutory tax rate as follows:

	2022	2021
(Loss) income before income tax from continuing operations	(8,441)	(13,369)
Income tax (recovery) / tax expense calculated at 26.5% (2021: 26.5%)	(2,237)	(3,543)
Tax effects of:		
Non-deductible expenses	2,418	5,129
Income tax recovery from modification of estimate	-	(2,726)
Previously unrecognized tax losses	(207)	-
Tax losses not recognized	176	660
Differences in foreign rates	(92)	(1,983)
Other	23	(140)
Total income tax (recovery) expense	81	(2,603)

(b) Current income tax liabilities

	December 31 2022	December 31 2021
Corporate income tax	80	80
Total current income tax liabilities	80	80

(c) Deferred income tax

The movements in deferred income tax assets and liabilities during 2022 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences and reclassifications	Closing balance
Deductible temporary differences:					
Employment benefit obligations	44	-	(38)	(6)	-
Net deferred income tax assets (liability)	44	-	(38)	(6)	-

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

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, 2022, deferred income tax liability of \$ nil (2021: deferred income tax assets \$44 thousand) were expected to be settled more than twelve months after the balance sheet date. At December 31, 2022, The Group had unrecognized deferred income tax assets of \$240.0

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million (2021: \$231.0 million), of which \$61.0 million (2021: \$51.0 million) expires between ten and twenty years and \$179.0 million (2021: \$180.0 million) has no expiry.

11. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing the net (loss)/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:

	2022	2021
(Loss)/income attributable to common shareholders:		
(Loss) income from continuing operations	(8,522)	(10,766)
Income from discontinued operations	-	114,028
Total (loss)/income attributable to common shareholders	(8,522)	103,262
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)	\$(0.03)
Income from discontinued operations	-	\$0.34
Total basic and diluted (loss)/earnings per share	\$(0.03)	\$0.31

12. 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 2022	December 31 2021
Unrestricted cash at parent level	14,198	20,578
Total	14,198	20,578

The currencies of the Group's cash and cash equivalents are as follows:

	December 31 2022	December 31 2021
Japanese yen	10,875	15,397
Euros	137	412
Canadian dollars	2	38
Swiss francs	146	283
American dollars	3,038	4,448
Total cash and cash equivalents	14,198	20,578

13. Other receivables

	December 31 2022	December 31 2021
Current portion:		
VAT account receivables	108	257
Advances paid and prepaid expenses	138	139
Other current assets	92	145
Total other receivables	338	541

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

	December 31 2022	December 31 2021
Japanese yen	19	186
Euros	65	51
Canadian dollars	177	206
Swiss francs	77	98
Total other receivables	338	541

14. 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, 2022 (December 31, 2021: 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, 2022, and 2021.

15. Share-based payments

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. 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. During 2022, the Group recognized share-based payment of \$nil (2021: \$1.7 million) related to its RSUs scheme. [Note 7](#)

16. Other reserves

	Translation reserve	Hedging reserve	Transactions with non- controlling interest	Total
At January 1, 2021	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)
Currency translation difference:				
- Gain on translation adjustment	3,784	-	-	3,784
At December 31, 2022	(527)	-	(335)	(862)

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\(e\)](#).

17. Employment benefit obligations

	December 31 2022	December 31 2021
Net defined benefit liability (asset)	-	311
Other long-term benefits	512	1,111
Total long term employment benefit obligations	512	1,422

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, 2022, the reconciliation of the defined benefit cost recognised in other comprehensive loss is as follows:

	December 31 2022	December 31 2021
Actuarial gain (loss) from changes in demographics	-	54
Actuarial gain (loss) from changes in financial assumptions	308	31
Actuarial gain (loss) from experience adjustments	(60)	(128)
Return on plan assets	106	45
Change in the effect of the asset ceiling	(4)	-
Total amount recognized in other comprehensive income/(loss)	350	2

The amount recognized in the balance sheet associated with the Group's Swiss pension plan is as follows:

	December 31 2022	December 31 2021
Present value of benefit obligations	1,885	3,771
Fair value of plan assets	(1,889)	(3,460)
Effect of asset ceiling	4	-
Net liability position	-	311

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

	2022	2021
Defined benefit obligation at the beginning	3,771	4,115
Current service cost	175	209
Employee contributions	70	470
Interest cost	11	8
Past service cost	(3)	(862)
Benefits paid	(1,788)	(69)
Remeasurement gain	(248)	43
Exchange differences	(103)	(143)
Defined benefit obligation at the end	1,885	3,771

The weighted average duration of the defined benefit obligation is 23.1 years (2021: 44.1 years). There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 1.3 years (2021: 8.0 years). The movement in the fair value of the plan assets over the year is as follows:

	2022	2021
Fair value of plan assets at the beginning	3,460	2,894
Interest income on plan assets	10	4
Return on plan assets (excluding interest)	106	45
Employer contributions	121	216
Employee contributions	70	470
Benefits paid	(1,788)	(69)
Foreign exchange	(90)	(100)
Fair value of plan assets at the end	1,889	3,460

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The plan assets comprise the following:

	2022		2021	
	%	\$'000	%	\$'000
Cash and cash equivalents	8.8%	166	8.1%	280
Fixed interest rate instruments	38.3%	724	40.5%	1,401
Equity instruments	35.1%	663	34.8%	1,204
Real estate	17.8%	336	16.6%	575
Total fair value of plan assets		1,889		3,460

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, 2022 and 2021.

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

	2022	2021
Current service cost	176	209
Interest expense on defined benefit obligation	11	8
Interest income on plan assets	(10)	(4)
Past service cost	(3)	(862)
Total (recovery) expense recognized	174	(649)

The expense associated with the Group's pension plan of \$0.2 million for the year ended December 31, 2022 (2021: recovery of \$0.6 million), was included within general and administrative expenses. [Note 7](#). The principal actuarial assumptions used to estimate the Group's pension obligation are as follows:

	2022	2021
Discount rate	2.3%	0.30%
Inflation rate	1.2%	1.0%
Interest on the saving accounts	2.3%	1.75%
Future salary increases	0.0%	1.0%
Future social security increases	1.2%	1.00%
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 BVG 2020 generational 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 2023 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 3.2%	Increase by 3.5%
Salary growth rate	0.5%	Decrease by 0.00%	N/A
Life expectancy	1 year	Increase by 1.1%	Decrease by 1.2%

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.

18. Trade and other payables

	December 31 2022	December 31 2021
Financial liabilities		
Trade payables	73	364
Total financial liabilities	73	364
Accrued expenses	276	1,234
Other payables	567	606
Total trade and other payables	916	2,204

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 2022	December 31 2021
Japanese yen	54	328
Euros	32	268
Canadian dollars	689	800
Swiss francs	141	808
Total trade and other payables	916	2,204

19. 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 (2021: 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, 2022, and 2021, the Group entered into the following transactions with related parties:

	2022	2021
General and administrative expenses:		
Orrön Energy AB	8	10
Lundin Energy SA	1	-
Lundin SA	-	30
Finance costs:		
Lundin family:		
- Interest expense	-	2
Total transactions with related parties	9	42

There were no amounts outstanding to related parties at December 31, 2022 and December 31, 2021.

There were no amounts outstanding from related parties at December 31, 2022 and December 31, 2021.

Lundin Group of companies

The Group receives professional services from various companies belonging to the Lundin Group, including Orrön Energy AB (Formerly Lundin Energy AB), Lundin Energy SA and Lundin SA.

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.

Notes to the consolidated financial statements

As at and for the years ended December 31, 2022 and 2021

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 and the Chief Executive Officer. Remuneration of key management personnel is as follows:

	2022	2021
Salaries and benefits	698	1,184
Pension costs and other social contributions	128	396
Termination benefits	131	409
Board of Directors	-	56
Share-based payment	-	1,771
Total	957	3,816

20. Financial assets and liabilities

	December 31, 2022			December 31, 2021		
	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						
Cash and cash equivalents	14,198	-	14,198	20,578	-	20,578
Total financial assets	14,198	-	14,198	20,578	-	20,578

	December 31, 2022			December 31, 2021		
	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	73	-	73	364	-	364
Total financial liabilities	73	-	73	364	-	364

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 that are measured at fair value are as follows:

	December 31 2022	December 31 2021
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	14,198	20,578
Total financial assets	14,198	20,578

21. Contingencies

(a) Former employee claim

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.

(b) Tax reimbursement claim

The Company has been actively pursuing reimbursement of certain tax payments (Tremonti Ambiente) in Italy regarding years 2010-2013, 2014-2015 and 2016-2017 before the Italian Courts. On July 27th, 2022, the Regional Tax Court in Rome ruled partially in favor of the Company and recognized the right of refund of EUR 6 million (gross) for the 2010-2013 tax years. However, on November 2nd, 2022 the Italian Tax Authority appealed the ruling of the Regional Tax Court before the Supreme Court. The Counterclaim of the Company was timely filed within 40 days from the official notification of the claim of the Italian Tax Authority. In addition, it is worth noticing that the Company filed an additional Claim before the Supreme Court on February 27, 2023 for the part of the refund, related to 2010 - 2013 not recognized by the Regional Tax Court in Rome on July 27th, 2022. As already anticipated in the previous communication, this circumstance will delay the final resolution by some years. In addition, on July 13, 2022 a negative ruling was issued by the First Instance Tax Commission of Rome on the refund for the tax years 2016-2017, which the Company appealed with the Competent Tax Commission of second instance judgment. Overall, litigation for the 2014-2015 and 2016- 2017 years continues at various stages before the Courts and the Company will inform should developments arise.

22. Subsequent events

On January 31, 2023, the warranty for damages given by the Company to the buyers of the Japanese Niigata solar park expired.