etrion

PRESS RELEASE

Etrion Releases Third Quarter 2023 Results

November 24, 2023, Geneva, Switzerland – Etrion Corporation ("Etrion" or the "Company", and, together with its subsidiaries, the "Group") released today its condensed consolidated interim financial statements and related management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2023.

Q3-23 HIGHLIGHTS

- Etrion closed the third quarter of 2023 with an unrestricted cash balance of US$11.2 million and a positive working capital of US$8.5 million.

- The Company sold all the solar assets in 2021 and is not developing any new project in 2023. The Company will complete its windup activities and proceed with the dissolution of all the Company's legal entities. 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 and proceed with a windup of the Company as previously disclosed".

FINANCIAL SUMMARY

	Three months ended		Nine months ended	
US$ thousands (unless otherwise stated)	**Q3-23**	**Q3-22**	**Q3-23**	**Q3-22**
Financial performance from continuing operations				
EBITDA	(806)	(237)	(1,570)	(1,866)
Net (loss) income	(1,262)	77	(12,331)	(8,952)
Financial position			**Sep 2023**	**Dec 2022**
Unrestricted cash			11,607	14,198
Working capital			11,248	13,540
Total assets			8,482	14,536

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 Operating Officer
mnorthland@etrion.com

The information was submitted for publication at 11:05 p.m. CET on November 24, 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, 2022, 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.

Management's Discussion and Analysis
Three and Nine Months Ended September 30, 2023

At a Glance

Etrion Corporation

Etrion Corporation was created as a renewable energy development company. From our inception we have been committed to contributing to the diversification of the energy mix by leveraging the abundance of renewable resources to generate clean, reliable and cost-effective solar energy.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. The Company will complete its windup activities and proceed with the dissolution of all the Company's legal entities. 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 November 24, 2023, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three and Nine months ended September 30, 2023. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's previously outstanding corporate bonds were denominated in the latter currency. In addition, certain material financial information has also been reported in Japanese yen ("¥") because the Company had its main business activities in Japan. Exchange rates for the relevant currencies of the Group with respect to the $ and the ¥ are as follows:

	€/¥	**$/¥**	**€/$**
Closing rate at September 30, 2023	157.80	148.77	1.06
Closing rate at September 30, 2022	141.90	143.08	0.97
Nine months average rate 2023	149.58	138.06	1.08
Nine months average rate 2022	141.88	143.08	0.99

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 11). 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.

THIRD QUARTER 2023 HIGHLIGHTS

Third quarter 2023 highlights

	Three months ended		Nine months ended	
USD thousands (unless otherwise stated)	Q3-23	Q3-22	Q3-23	Q3-22
Financial results from continuing operations				
EBITDA	(806)	(237)	(1,570)	(1,866)
Net (loss) income	(1,262)	77	(12,331)	(8,952)

	September 30 2023	December 31 2022
Balance sheet		
Total assets	11,607	14,536
Unrestricted cash	11,248	14,198
Working capital	8,482	13,540

Operational highlights

- The Company sold all the solar assets in 2021 and was not developing any new project during the nine-months of 2023.

Financial highlights

- Etrion closed the third quarter of 2023 with an unrestricted cash balance of $11.2 million and positive working capital of $8.5 million.

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 no employees.

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 a cash reserve 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.

The Company expects to complete its windup activities and proceed with the dissolution of all the Company's legal entities. 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, the Rome tax authority has lodged an appeal with the Supreme Court. This means that the Company will have to postpone the windup's completion until the final ruling is delivered, which could potentially extend the process by an extra 3 to 5 years.

Other tax claims for later years have not received favourable rulings, and specific deadlines outlined in the Asset Purchase Agreement with the buyer have lapsed. As a result, the Company has chosen to forego any further legal action.

FINANCIAL REVIEW

Financial review

Financial results

Selected financial information

During the three and nine months ended September 30,2023, the Group's performance and results affirm that the company is not currently involved in any active operations. Selected IFRS consolidated financial information, is as follows:

	Three months ended		Nine months ended	
USD thousands (except per share data)	**Q3-23**	**Q3-22**	**Q3-23**	**Q3-22**
Revenue	-	-	-	-
Gross profit	-	-	-	-
Net loss for the period	**(1,262)**	**77**	**(12,331)**	**(8,952)**
Net loss attributable to owners of Etrion	(1,262)	77	(12,331)	(8,952)
Basic and diluted loss per share for the period:	**$(0.00)**	**$0.00**	**$(0.04)**	**$(0.03)**

Net loss for the period from continuing operations	**(1,262)**	**77**	**(12,331)**	**(8,952)**
Adjustments to net loss for:				
Net income tax expense	10	-	75	86
Net finance costs	446	(314)	10,686	7,000
Other expense, net	-	(19)	-	(44)
Changes in working capital	(83)	(356)	(227)	(1,469)
Operating cash outflow from continuing operations	**(889)**	**(612)**	**(1,797)**	**(3,379)**

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

USD thousands	**September 30 2023**	**December 31 2022**
Non-current assets	-	-
Current assets	11,607	14,536
Total assets	**11,607**	**14,536**
Non-current liabilities	-	512
Current liabilities	3,126	996
Total liabilities	**3,216**	**1,508**
Net assets	**8,481**	**13,028**

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net loss	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Net loss income	(1,262)	77	(12,331)	(8,952)
Adjustments for non-recurring and non-cash items	-	-	-	-
Adjusted net loss	(1,262)	77	(12,331)	(8,952)

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Operating cash outflow	(889)	(612)	(1,797)	(3,379)
- Changes in working capital	83	356	227	1,469
Adjusted operating cash outflow	(806)	(256)	(1,570)	(1,910)

Reconciliation of Adjusted EBITDA to EBITDA	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Net loss	(1,262)	77	(12,331)	(8,952)
Adjustments for:				
Net income tax expense	10	-	75	86
Net finance costs	446	(314)	10,686	7,000
EBITDA	(806)	(237)	(1,570)	(1,866)
Adjustment for non-recurring items	-	-	-	-
Adjusted EBITDA	(806)	(237)	(1,570)	(1,866)

Financial review

Continued

Quarterly selected financial information

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

USD thousands (except per share data)	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
Revenue			-	-	-	-	-	-
Net income (loss)	**(1,262)**	**(9,795)**	**(1,274)**	**430**	**77**	**(4,192)**	**(4,837)**	**(2,485)**
Net (loss) income from continuing operations attributable to owners of Etrion	(1,262)	(9,795)	(1,274)	430	77	(4,192)	(4,837)	(3,795)
Net income (loss) attributable to owners of Etrion	(1,262)	(9,795)	(1,274)	430	77	(4,192)	(4,837)	1,310
Basic and diluted (loss) earnings per share:								
From continuing operations attributable to owners of Etrion	$(0.00)	$(0.03)	$(0.00)	$0.00	$0.00	$(0.01)	$(0.01)	$(0.01)

In 2023, 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

	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Salaries and benefits	70	15	70	443
Board of Directors' fees and expenses	33	33	92	70
Professional fees	225	60	685	379
Listing and marketing	14	37	72	104
Office lease	3	6	8	50
Office, travel and other	22	55	146	485
Taxes other than income	293	20	373	298
Total G&A	**660**	**226**	**1,4446**	**1,829**

During the three months and nine months ended September 30, 2023, general and administrative expenses increased by $0.2 million and decreased by $0.4 million, respectively, compared with the same period in 2022. The quarterly increase was mainly due to the services fees paid to Luna Holding LLC as in-lieu compensation that replaces Mr. Northland's severance, and the decrease during the nine months ended September 30, 2023 were due to the reduced activity of the corporation after the sale of Japanese assets.

Other expense, net

	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Other	7	18	-	44
Total other expense, net	**7**	**18**	**-**	**44**

Net finance costs

	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Other finance income	(20)	(7)	(84)	(7)
Interest expense	370	-	1,799	-
Foreign exchange loss	76	(332)	8,887	6,932
Other finance costs, net	173	18	208	68
Net finance cost	**599**	**(321)**	**10,810**	**6,993**

During the three and nine months ended September 30, 2023, the Group recognized an unrealized foreign exchange loss of $76 thousand million and of $8.9 million associated with intercompany loans with the subsidiary in Luxembourg denominated in Euros (2022: foreign exchange gain of $0.3 million and foreign exchange loss of $6.9 million). During the three months ended September 30, 2023, the Company recognized $0.4 million and $1.8 million of interest expense associated with an outstanding tax payable that is expected to be fully offset in January 2024.

Income tax expense

	Three months ended		Nine months ended	
USD thousands	Q3-23	Q3-22	Q3-23	Q3-22
Corporate income tax	10	-	75	(86)
Total income tax expense	**10**	**-**	**75**	**(86)**

During the three and nine months ended September 30, 2023, the Group recognized an income tax expense of $10,000 thousand and $75,000 thousand (2022: Income tax expense of $nil and $86,000 thousand) associated with its management services subsidiaries.

Financial review

Continued

Financial position

Liquidity and financing

Cash position

USD thousands	September 30 2023	December 31 2022
Cash and cash equivalents:		
Unrestricted at parent level	11,248	14,198
Total cash and cash equivalents	**11,248**	**14,198**

Unrestricted cash analysis

The Group's cash and cash equivalents at September 30, 2023, included unrestricted cash of $11.2 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 to project loans and O&M contracts. The only obligations pertain to the trade and other payables amounting to $3.0 million as of September 30, 2023 and due within one year. The significant increase in trade and other payables as of September 30, 2023, in comparison with December 31, 2022, was mainly driven by the interest expense on the outstanding tax payable in Canada. The total cash impact from these interests due in Canada is approximately US$ 2.4 million, and the entire liability is expected to be settled in January 2024.

Net equity

During the nine months ended September 30, 2023, total equity attributable to owners of the Company decreased by $4.5 million from a net asset position of $13.0 million at December 31, 2022, to a net asset position of $8.5 million at September 30, 2023. During the period the company recognized a net comprehensive loss of $4.5 million.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (November 10, 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 at September 30, 2023, and December 31, 2022.

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 condensed interim 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.

There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2023, from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

Financial review

Continued

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.

Related parties

For the purposes of preparing the Company's condensed interim 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 condensed consolidated interim financial statements for the three and nine months ended September 30, 2023, 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 the three and nine months ended September 30, 2023, the Group incurred general and administrative expenses of $nil and $2 thousand (2022: $nil and $2 thousand) from Orrön Energy AB. At September 30, 2023, the Group owed no amounts in relation to these expenses. (December 31, 2022: nil)

Luna Capital Holding LLC

On May 31, 2023, Etrion terminated the employment agreement with Mr. Northland, who was acting as CEO and CFO of the Company. In addition, om June 1, 2023, the Company signed a consulting agreement with Mr. Northland, through his wholly owned Company, Luna Capital Holdings, LLC, for Mr. Northland to continue to render the services of a Chief Executive Officer and Chief Operating Officer. The consulting agreement shall automatically end without prior notice on May 31, 2024 and the total amount under this contract of CHF 0.5 million is considered an in-lieu compensation that replaces Mr. Northland's severance. During the three and nine months ended September 30, 2023, the Company paid $0.1 million and $0.2 million, respectively, to Luna Capital Holdings, LLC for services rendered under the consulting agreement.

Key management personnel

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

OTHER DISCLOSURES

Other disclosures

Risks and uncertainties

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

Disclosure controls and internal control over financial reporting

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

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

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

Cautionary statement regarding forward-looking information

Forward-looking information and statements are included throughout this MD&A and include, but are not limited to, statements with respect to the possibility that the Company may pursue an alternative business venture or proceed to wind up its activities and dissolve following the completion of the sale of its solar assets and the anticipated distribution of remaining available funds to shareholders in connection with the dissolution of the Company. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties and factors that could cause actual results or events to differ materially from current expectations, including, without limitation: uncertainties with respect to the Company's ongoing activities following the completion of such sale; the risk that the Company may have insufficient funds to satisfy its future obligations, including without limitation warranty claims under the agreements pursuant to which its projects were sold and uncertainties with respect to the outcome of its current litigation; uncertainties with respect to the determination of whether the Company will pursue an alternative business venture or proceed with dissolution and winding-up; uncertainties with respect to the timing of any such determination; in the case of a determination to proceed with an alternative business, the nature of such business; and, in the case of a the dissolution and winding-up of the Company, the amount of funds that will be available for distribution at the time of dissolution. All such forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. In addition to the assumptions set out elsewhere in this MD&A, such assumptions include, but are not limited to assumptions as to the amount of funds that will be required to satisfy potential warranty claims under the sale agreements, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs. Actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or, if any of them do so, what benefits will be derived therefrom. Investors should not place undue reliance on forward-looking information. Except as required by law, Etrion does not intend to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The information contained in this MD&A is expressly qualified by this cautionary statement.

Additional information

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

Condensed Consolidated Interim
Financial Statements
Three and Nine Months Ended September 30, 2023
UNAUDITED

At a Glance

Etrion Corporation

Etrion Corporation was created as a renewable energy development company. From our inception we have been committed to contributing to the diversification of the energy mix by leveraging the abundance of renewable resources to generate clean, reliable and cost-effective solar energy.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. The Company will complete its windup activities and proceed with the dissolution of all the Company's legal entities. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders.

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

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In this Report

FINANCIAL STATEMENTS

The accompanying condensed consolidated unaudited interim financial statements of the Company for the three and nine months ended September 30, 2023, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements. Readers are cautioned that these condensed consolidated unaudited interim financial statements may not be appropriate for their purposes.

Condensed consolidated interim statement of net loss and comprehensive net loss

For the three and nine months ended September 30, 2023 and 2022
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
		Q3-23	Q3-22	Q3-23	Q3-22
General and administrative expenses	4	(660)	(226)	(1,446)	(1,829)
Other expense		7	(18)	-	(44)
Operating loss		**(653)**	**(244)**	**(1,446)**	**(1,873)**
Finance income	5	20	339	84	7
Finance costs	5	(619)	(18)	(10,894)	(7,000)
Net finance costs		**(599)**	**321**	**(10,810)**	**(6,993)**
Loss before income tax		**(1,252)**	**77**	**(12,256)**	**(8,866)**
Income tax expense	6	(10)	-	(75)	(86)
Net loss for the period		**(1,262)**	**77**	**(12,331)**	**(8,952)**
Other comprehensive income					
Gain (loss) on currency translation		(28)	(1,032)	7,784	4,396
Total other comprehensive income		**(28)**	**(1,032)**	**7,784**	**4,396**
Total comprehensive net loss for the period		**(1,290)**	**(955)**	**(4,547)**	**(4,556)**
Loss attributable to:					
Owners of the parent		(1,262)	77	(12,331)	(8,952)
Total		**(1,262)**	**77**	**(12,331)**	**(8,952)**
Total comprehensive loss attributable to:					
Owners of the parent		(1,290)	(955)	(4,547)	(4,556)
Total		**(1,290)**	**(955)**	**(4,547)**	**(4,556)**
Basic and diluted loss per share	7	**$(0.00)**	**$(0.00)**	**$(0.04)**	**$(0.02)**

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

Condensed consolidated interim balance sheet

As at September 30, 2023
UNAUDITED
Expressed in US$'000

	Note	September 30 2023	December 31 2022
Assets			
Current assets			
Other receivables	9	359	338
Cash and cash equivalents	8	11,248	14,198
Total current assets		**11,607**	**14,536**
Total assets		**11,607**	**14,536**
Equity			
Attributable to common shareholders			
Share capital	10	2,055	2,055
Contributed surplus		9,461	9,461
Other reserves		6,922	(862)
Accumulated (losses) earnings		(9,957)	2,374
Total equity		**8,481**	**13,028**
Liabilities			
Non-current liabilities			
Employment benefit obligations		-	512
Total non-current liabilities		**-**	**512**
Current liabilities			
Trade and other payables	11	3,007	916
Current tax liabilities	6	119	80
Total current liabilities		**3,126**	**996**
Total liabilities		**3,126**	**1,508**
Total equity and liabilities		**11,607**	**14,536**

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

Condensed consolidated statement of changes in equity

For the three and nine months ended September 30, 2023 and 2022
UNAUDITED
Expressed in US$'000

	Share capital	Contributed surplus	Other reserves	Accumulated (losses) earnings	Total equity
Balance at January 1, 2022	2,055	9,461	(4,646)	10,587	17,457
Comprehensive loss:					
Loss for the period	-	-	-	(8,952)	(8,952)
Other comprehensive income:					
Currency translation	-	-	4,396	-	4,396
Total comprehensive (loss) income	-	-	4,396	(8,952)	(4,555)
Balance at September 30, 2022	2,055	9,461	(250)	1,635	12,902
Balance at January 1, 2023	2,055	9,461	(862)	2,374	13,028
Comprehensive loss:					
Loss for the period	-	-	-	(12,331)	(12,331)
Other comprehensive income:					
Currency translation	-	-	7,784	-	7,784
Total comprehensive (loss) income	-	-	7,784	(12,331)	(4,547)
Balance at September 30 2023	2,055	9,461	6,922	(9,957)	8,481

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

Condensed consolidated interim statement of cash flow

For the three and nine months ended September 30, 2023 and 2022
UNAUDITED
Expressed in US$'000

		Three months ended		Nine months ended	
	Note	Q3-23	Q3-22	Q3-23	Q3-22
Operating activities:					
Net income for the period		**(1,262)**	**77**	**(12,331)**	**(8,952)**
Adjustments for:					
Income tax expense	6	10	-	75	86
Interest expense	5	370	18	1,799	68
Foreign exchange loss	5	76	(332)	8,887	6,932
Other expense		-	(19)	-	(44)
Sub-total		**(806)**	**(256)**	**(1,570)**	**(1,910)**
Changes in working capital:					
Trade and other receivables		(108)	(110)	(20)	184
Trade and other payables		25	(245)	(207)	(1,653)
Total cash flow (used in) generated from operating activities		**(889)**	**(612)**	**(1,797)**	**(3,379)**
Net decreased cash and cash equivalents		**(889)**	**(612)**	**(1,797)**	**(3,379)**
Effect of exchange rate changes on cash and cash equivalents		(99)	(1,007)	(1,153)	(2,663)
Cash and cash equivalents at the beginning of the period		**12,236**	**16,155**	**14,198**	20,578
Cash and cash equivalents at the end of the period	8	**11,248**	**14,536**	**11,248**	**14,536**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2023 and 2022
UNAUDITED
Expressed in US$'000 unless otherwise stated

1. General information

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada.

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 and 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.

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 a cash reserve 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.

These condensed consolidated interim financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's Board of Directors approved these condensed consolidated interim financial statements on November 24, 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

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements have been prepared on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

3. Accounting estimates and assumptions

In connection with the preparation of the Company's condensed consolidated interim financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported 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 condensed consolidated interim financial statements are prepared.

On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material. There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2023, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2022.

4. General and administrative expenses

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Salaries and benefits	70	15	70	443
Board of Directors' fees and expenses	33	33	92	75
Professional fees	225	60	685	379
Listing and marketing	14	37	72	104
Office lease	3	6	8	50
Office, travel and other	22	55	146	480
Taxes other than income	293	20	373	298
Total general and administrative expenses	**660**	**226**	**1,446**	**1,829**

Taxes other than income refers to the net wealth tax expense for the Company's subsidiary Solar Resources Holding, Sarl. Professional fees include the cost of the services provided by Luna Capital Holding LLC. Note 12.

5. Net finance costs

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Finance income:				
Foreign exchange gain	-	332	-	-
Other finance income	20	7	84	7
Total finance income	**20**	**339**	**84**	**7**
Finance costs:				
Foreign exchange loss	76	-	8,887	6,932
Interest expense	370	-	1,799	-
Other finance costs	173	18	208	68
Total finance costs	**619**	**18**	**10,894**	**7,000**
Net finance costs (income)	**599**	**(321)**	**10,810**	**6,993**

During the three and nine months ended September 30, 2023, the Group recognized an unrealized foreign exchange loss of $76 thousand million and of $8.9 million associated with intercompany loans with the subsidiary in Luxembourg denominated in Euros (2022: foreign exchange gain of $0.3 million and foreign exchange loss of $6.9 million). During the three months ended September 30, 2023, the Company recognized $0.4 million and $1.8 million of interest expense associated with an outstanding tax payable that is expected to be fully offset in January 2024.

6. Income taxes

(a) Income tax expense

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Income tax expense:				
Corporate income tax expense	10	-	75	86
Total income tax expense recovery	**10**	**-**	**75**	**86**

During the three and nine months ended September 30, 2023, the Group recognized an income tax expense of $10,000 thousand and $75,000 thousand (2022: Income tax expense of $nil and $86,000 thousand) associated with its management services subsidiaries.

(b) Current income tax liabilities

	September 30 2023	December 31 2022
Corporate income tax	119	80
Total current income tax liabilities	**119**	**80**

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2023 and 2022

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7. Loss per share

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

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Income attributable to common shareholders:				
Loss from the period	(1,262)	77	(12,331)	(8,952)
Total loss attributable to common shareholders	**(1,262)**	**77**	**(12,331)**	**(8,952)**
Weighted average number of thousand shares outstanding	334,094	334,094	334,094	334,094
Basic and diluted loss per share	**$(0.00)**	**$(0.00)**	**$(0.04)**	**$(0.03)**

8. Cash and cash equivalents

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

	September 30 2023	December 31 2022
Cash and cash equivalents	11,248	14,198
Total	**11.248**	**14,198**

9. Other receivables

	September 30 2023	December 31 2022
Current portion:		
VAT account receivables	108	108
Advances paid and prepaid expenses	172	138
Other current assets	78	92
Total other receivables	**258**	**338**

10. 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 September 30, 2023 (December 31, 2022: 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.

11. Trade and other payables

	September 30 2023	December 31 2022
Financial liabilities		
Trade payables	244	73
Total financial liabilities	**244**	**73**
Accrued expenses	154	276
Interest payable	1,799	-
Other payables	809	567
Total trade and other payables	**3,006**	**916**

12. Related parties

For the purposes of preparing the Company's condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 36% of the Company's common shares (2022: 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.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2023 and 2022
UNAUDITED
Expressed in US$'000 unless otherwise stated

(a) Related party transactions

During the three and nine months ended September 30, 2023, the Group entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
General and administrative expenses:				
Orrön Energy AB	-	-	2	2
Luna Capital Holding LLC	45	-	180	-
Total transactions with related parties	**45**	**-**	**182**	**2**

There were no amounts outstanding to related parties at September 30, 2023 and December 31, 2022.

There were no amounts outstanding from related parties at September 30, 2023 and December 31, 2022.

Luna Capital Holding LLC

On May 31, 2023, Etrion terminated the employment agreement with Mr. Northland, who was acting as CEO and CFO of the Company. In addition, on June 1, 2023, the Company signed a consulting agreement with Mr. Northland, through his wholly owned Company, Luna Capital Holdings, LLC, for Mr. Northland to continue to render the services of a Chief Executive Officer and Chief Operating Officer. The consulting agreement shall automatically end without prior notice on May 31, 2024 and the total amount under this contract of CHF 0.5 million is considered an in-lieu compensation that replaces Mr. Northland's severance. During the three and nine months ended September 30, 2023, the Company paid $0.1 million and $0.2 million to Luna Capital Holdings, LLC for services rendered under the consulting agreement.

13. Financial assets and liabilities

	September 30, 2023			December 31, 2022		
	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	11,248	-	11,248	14,198	-	**14,198**
Total financial assets	**11,248**	**-**	**11,248**	**14,198**	**-**	**14,198**

	September 30, 2023			December 31, 2022		
	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	244	-	244	73	-	73
Total financial liabilities	**244**	**-**	**244**	**73**	**-**	**73**

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

	September 30 2023	December 31 2022
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	11,248	14,198
Total financial assets	**11,248**	**14,198**

14. 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 favour of the Company and recognized the right of refund of EUR 6 million (gross) for the 2010-2013 tax years. However, the Rome tax authority has lodged an appeal with the Supreme Court. This means that the Company will have to postpone the windup's completion until the final ruling is delivered, which could potentially extend the process by an extra 3 to 5 years. Other tax claims for later years have not received favourable rulings, and specific deadlines outlined in the Asset Purchase Agreement with the buyer have lapsed. As a result, the Company has chosen to forego any further legal action.