

PRESS RELEASE

Etrion Releases Third Quarter 2020 Results

November 12, 2020, Geneva, Switzerland – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), an independent renewable power producer, released today its condensed consolidated interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and nine months ended September 30, 2020.

Q3-20 HIGHLIGHTS

Operational

- Etrion produced 17.0 Gigawatt-hours (“GWh”) of electricity from the Company’s 57-megawatt (“MW”) portfolio comprising 11 solar power plant sites in Japan. Production was in line with forecast but 7.2% below the same period in 2019 due to lower solar irradiation.
- Construction of the 45 MW Niigata solar project in central Japan is approximately 60% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- As of today, the Company has not been adversely affected by COVID-19. The Company has implemented very rigorous guidelines to ensure the wellbeing of its employees while at the same time maintaining minimal business disruptions.

Financial

- On October 23, 2020, the Company completed the sale of its interest in the Mie 60 MW solar project and received a total of ¥3.4 billion (approximately US\$32.2 million) and a development fee of JPY 300 million (approximately US\$2.8 million). On October 6, 2020, the Company also received a payment of ¥700 million (approximately US\$6.6 million) as reimbursement of advances given to the Mie 60 MW solar project developer, including ¥64 million (approximately US\$0.6 million) as interest. In aggregate, Etrion received a total of JPY 4.4 billion (approximately US\$41.6 million) on this Mie 60 MW final agreement. USD equivalents were calculated using the actual transaction date exchange rate.
- The Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd (“MUMSS”) as financial advisor to assist with the potential sale of the Company’s 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. As a result, management has concluded that as of September 30, 2020, the Japanese solar assets and the entire Solar Segment has met the definition of assets held-for-sale and discontinued operation as per IFRS 5 and prepared its financial reporting accordingly.
- Etrion’s consolidated revenues from the Japanese discontinued operation were US\$6.0 million, 5.4% below the same period in 2019 due to lower solar irradiation.
- Etrion’s solar segment EBITDA from the Japanese discontinued operation was US\$4.8 million, 9.9% lower relative to the same period in 2019. The optimization of the Japanese corporate structure and renegotiation of the O&M contracts partially offset the impact of lower solar irradiation levels compared to the same period in 2019.
- Etrion’s consolidated EBITDA from continuing operations was US\$31.7 million, significantly higher relative to the same period in 2019 due to the sale of the Mie 60 MW solar project.
- Etrion closed the third quarter of 2020 with an unrestricted cash balance of US\$5.5 million held at the corporate level and working capital of US\$4.2 million, after excluding the Japanese assets-held-for sale.

Corporate

- As mentioned above, the Company engaged MUMSS as financial advisor to assist with the potential sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. Management anticipates receiving one or more binding offers by end of the year. Depending on the offers received, the company will determine whether to proceed to close a sale by the end of the first quarter in 2021, subject to the negotiation of final agreements and the receipt of any required shareholders and regulatory approvals.

Board Update

Garrett Soden will be stepping down from the Board of Directors by the end of the year to comply with industry corporate governance guidelines regarding the maximum number of non-executive director appointments per individual. Aksel Azrak, Chairman of the Board commented "On behalf of the Board members I want to take this opportunity to thank Garrett for his invaluable leadership and contributions as a board member for the past 7 years."

Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "We are delighted to have completed the sale of our interest in the Mie project. On the operational side, our solar plants continue to deliver steady revenues and EBITDA with positive results. On the corporate side, we are making significant progress on the sale process of our Japanese portfolio which has raised strong institutional demand. I am confident we will receive attractive offers for these best-in-class assets."

FINANCIAL SUMMARY

US\$ thousands (unless otherwise stated)	Three months ended		Nine months ended	
	Q3-20	Q3-19	Q3-20	Q3-19
Electricity production (MWh) ¹	17,028	18,359	50,031	53,235
Financial performance from continuing operations				
EBITDA	31,734	944	30,383	36
Net income (loss)	26,818	1,626	23,808	(1,239)
Financial performance from discontinued operations				
Revenue	6,011	6,356	17,437	18,277
EBITDA	4,757	5,278	13,858	14,061
Net income	1,212	1,616	3,255	2,800
Financial position				
Unrestricted cash at parent level			5,468	10,596
Restricted cash at project level			-	112,786
Working capital			4,151	109,655
Consolidated net debt on a cash basis			34,206	193,143
Corporate net debt on a cash basis			34,206	27,201
Assets-held-for sale, net			20,633	-

¹ MWh = Megawatt-hour

Operations and Finance Update call

A conference call webcast to present the Company's third quarter 2020 Operations and Finance update will be held on Thursday, November 12, 2020, at 10:00 a.m. Eastern Standard Time (EST) / 4:00 p.m. Central European Time (CET).

Dial-in details:

North America: +1-647-788-4919 / Toll Free: +1-877-291-4570 / Sweden Toll Free: 02-079-4343
Conference ID: 5675576

Webcast:

A webcast will be available at <https://www.webcaster4.com/Webcast/Page/1297/33373>

The Operations and Finance update call presentation and the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, as well as the related documents, will be available on the Company's website (www.etrion.com)

A replay of the telephone conference will be available until November 12, 2021.

Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367
Passcode for replay: 5675576

About Etrion

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns and operates 57 MW of solar capacity and owns the 45 MW Niigata project under construction, all in Japan. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under ticker symbol "ETX". Etrion's largest shareholder is the Lundin family, which owns approximately 36% of the Company's shares directly and through various trusts.

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

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

Note: The capacity of power plants in this release is described in approximate megawatts on a direct current ("DC") basis, also referred to as megawatt-peak ("MWp").

Etrion discloses the information provided herein pursuant to the Swedish Securities Market Act. The information was submitted for publication at 8:05 a.m. CET on November 12, 2020.

Non-IFRS Measures:

This press release includes non-IFRS measures not defined under IFRS, specifically earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted operating cash flow. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. EBITDA is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements. In addition, EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting policy decisions. The most comparable IFRS measure to EBITDA is net income (loss). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance. The most comparable IFRS measure to adjusted operating cash flow is cash flow used in operations. Refer to Etrion's MD&A for the three and nine months ended September 30, 2020, for a reconciliation of EBITDA and adjusted operating cash flow reported during the period.

Forward-Looking Information:

This press release contains certain “forward-looking information”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the Company’s proposed sale of its Japanese solar assets and the construction and operation of the Niigata project) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, without limitation, the ability of the Company to complete the sale of the Japanese assets or, if such sale does not proceed, to execute on its development projects in Japan on economic terms and in a timely manner. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the Company may not be able to complete the sale of the Japanese assets, the Company’s solar projects may not produce electricity or generate revenues and earnings at the levels expected, the risk that the Company may not be able to obtain all applicable permits for the development of projects in Japan and the associated project financing required for the development of such projects on economic terms, uncertainties with respect to the potential impact of the current COVID-19 pandemic on the Company’s operations and the risk of unforeseen delays in the development and construction of its projects. Reference is also made to the risk factors disclosed under the heading “Risk factors” in the Company’s AIF for the year ended December 31, 2019 which has been filed on SEDAR and is available under the Company’s profile at www.sedar.com.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.