

Q2-18 Operations and Finance Update

August 8th 2018

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

Disclaimer

These materials and the information contained herein are being presented by Etrion Corporation (the “Company”).

These materials do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, nor shall part, or all, of these materials or their distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. These materials do not constitute any form of commitment or recommendation on the part of the Company.

These materials do not purport to be all-inclusive or to contain all the information that prospective investors may desire in analyzing and deciding whether or not to hold or transact in the Company’s shares. These materials are not a prospectus or an offer document and has not been prepared, approved or registered in accordance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) or any other Swedish or foreign law. Accordingly, these materials have not been subject to review or approval by the Swedish Financial Supervisory Authority or any other Swedish or foreign authority.

Recipients of these materials must rely on their own examination of the legal, taxation, financial and other consequences of any possible holding or transaction involving the Company’s shares, including the merits and risks involved. Recipients should not treat the contents of these materials as advice relating to legal, taxation or other matters and are advised to consult their own professional advisors concerning the acquisition, holding or disposal of shares in the Company.

Although the Company has endeavored to contribute towards giving a correct and complete picture of the Company herein, neither the Company nor any of its directors, officers, employees or agents nor any other person can be held liable for loss or damage of any kind, whether direct or indirect, arising from use of these materials or their contents or otherwise arising in connection therewith. More specifically, the Company and its directors, officers employees and agents assume no responsibility whatsoever and makes no representation or warranty, expressed or implied, for the contents of these materials, including its accuracy, completeness or verification for any other statement made or purported to be made by any of them, or on their behalf.

These materials as well as any other information provided by or on behalf of the Company shall be governed by Swedish law. Any dispute, controversy or claim arising out of or in connection with such information or related matters shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The place of arbitration shall be Stockholm.

FORWARD-LOOKING STATEMENTS

This presentation 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 growth plans; the timing and scope of solar projects under development or new solar projects anticipated to be developed by the Company; anticipated production and revenue from the Company’s solar projects; and expected returns from the Company’s solar projects in Japan 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 with respect to: the ability of the Company to acquire and develop additional renewable energy projects as and when anticipated; project and financing costs; and anticipated production and revenue from the Company’s current and future solar projects. 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 identify and/or acquire additional renewable energy projects on economic terms; uncertainties with respect to the receipt or timing of all applicable permits for the development of current and additional renewable energy projects; the possibility of project cost overruns; the risk that the Company may not be able to obtain project financing on anticipated terms; the risk of reductions in FIT and spot market prices for electricity; and the possibility that the Company’s projects will not produce power at the anticipated levels.

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.

Where information in this presentation has been sourced from a third party, the Company confirms that the information has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, and so far as the Company is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

These materials and the information contained herein are not an offer of securities for sale in the United States or elsewhere and are not for publication or distribution to persons in the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)). The securities in the Company have not been and will not be registered under the Securities Act and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

etrion

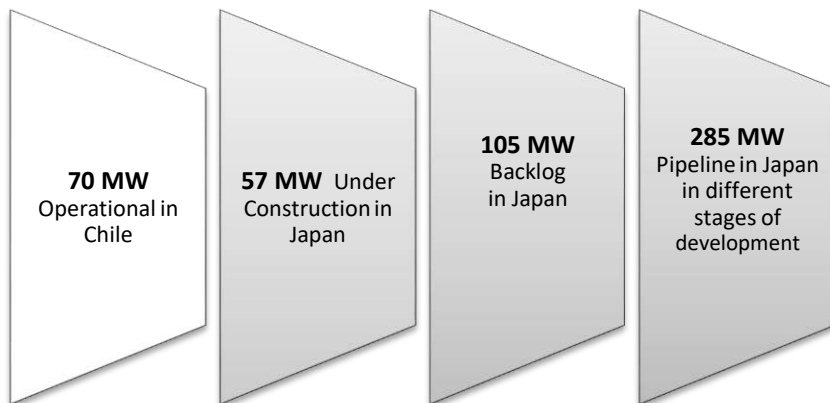
Corporate Overview

Etrion Corporation

Company Overview

- Japan focused Independent power producer (IPP) that develops, builds, owns and operates ground-based solar photovoltaic (PV) power generation plants
- Successful strategic partnership with Hitachi High-Technologies Corporation since 2013
- Listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden (ticker ETX)

Asset / Pipeline Highlights



Financial Summary

Recent Share Price (TSX/OMX: ETX)	C\$0.29 / SEK 2.05
Shares Outstanding	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	6.7%
Revenues 2017	US\$21.8MM
Project-level EBITDA 2017	US\$12.5MM
Restricted / Unrestricted Cash as of June 30, 2018	US\$21.4MM / \$16.7MM
Market Capitalization	US\$73.6MM
Number of Employees	22

Notes:

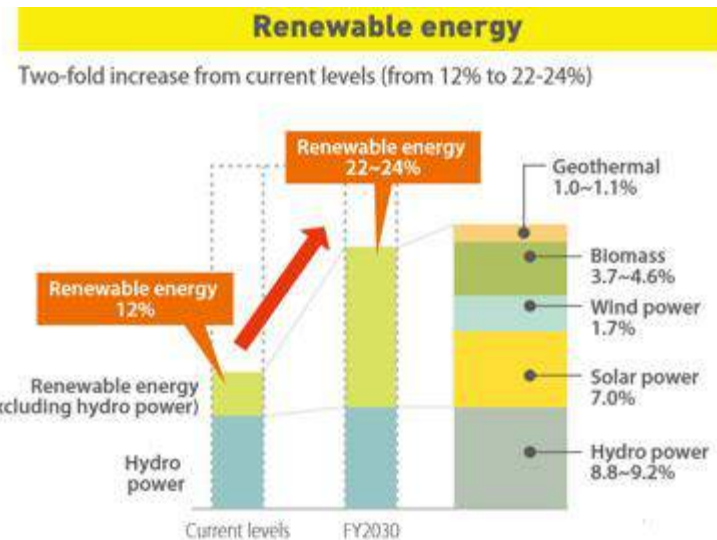
- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona.
- (2) ETX share price at closing on August 7, 2018.
- (3) ETX shares outstanding as of June 30, 2018.
- (4) Revenue and project-level EBITDA for the year ended December 31, 2017

Renewable energy market in Japan

Category	Installed Capacity (MWp)	Approved Capacity (MWp)	Balance (MWp)
PV Solar (House)	5,588	6,459	871
PV Solar (Industrial)	33,824	60,459	26,635
Wind	929	8,200	7,271
Biomass	1,000	14,612	13,612

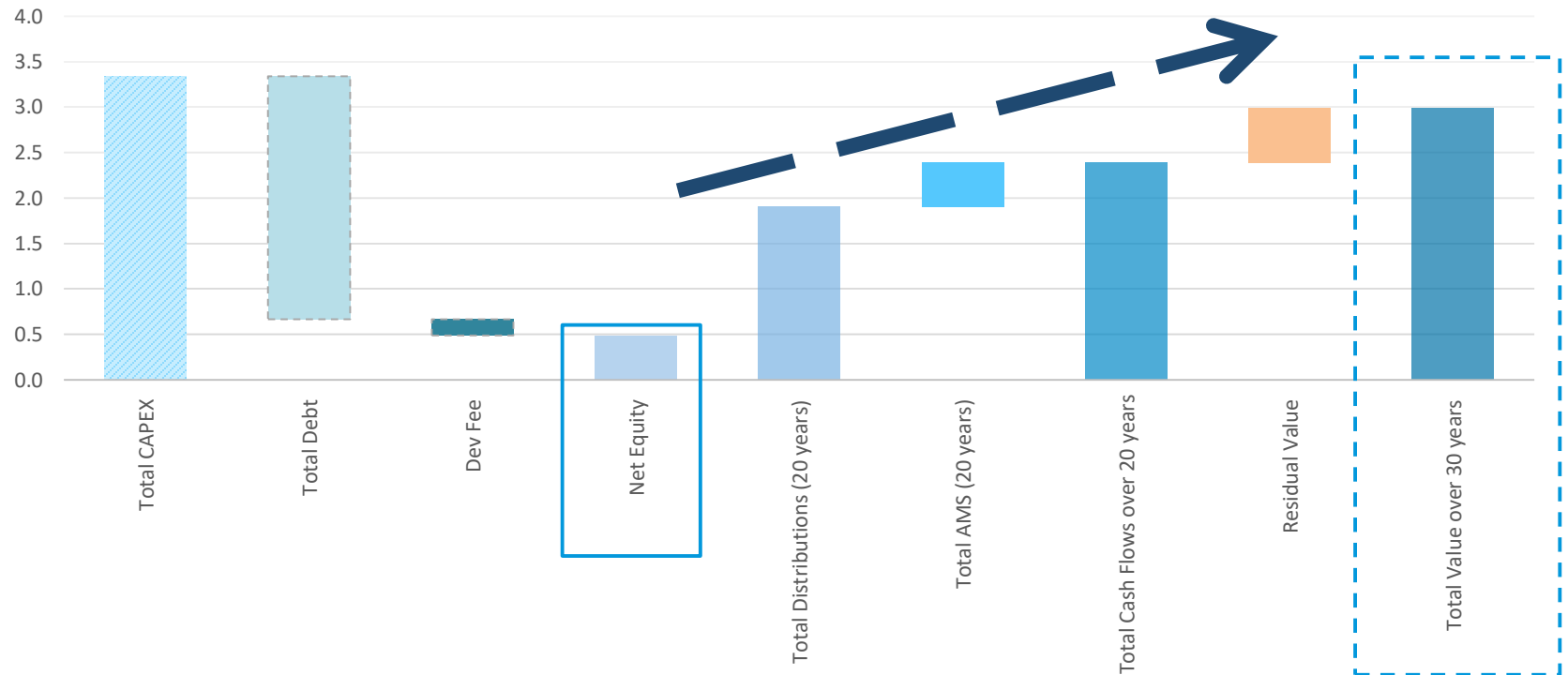
Note: Approved capacity is adjusted after dropping 35.5 GW cancelled by METI.
Source: METI August 2017.

26.6 GW represents the total aggregated solar projects which have been awarded a FiT but have not yet reached COD. A large portion of this capacity is still being held by developers seeking investors, like Etrion, to bring them to NTP.



Building value in Japan

Example of Leveraged PV Project Value Creation – Undiscounted Cash Flows per 1 MWp Installed over Lifetime in Japan (in USD Million)



- Significant value creation for every dollar deployed in Japan
- Minimum equity needs due high leverage and recharge of structuring and development fees
- Each \$1 invested in Japan typically creates around \$5 in total cash flows to Etrion over 20 years of operations and around \$6 assuming a typical residual value of 25%
- When discounting at a market discount rate of 5%, each \$1 invested created around \$2.5-\$3.0 of value over 20 years

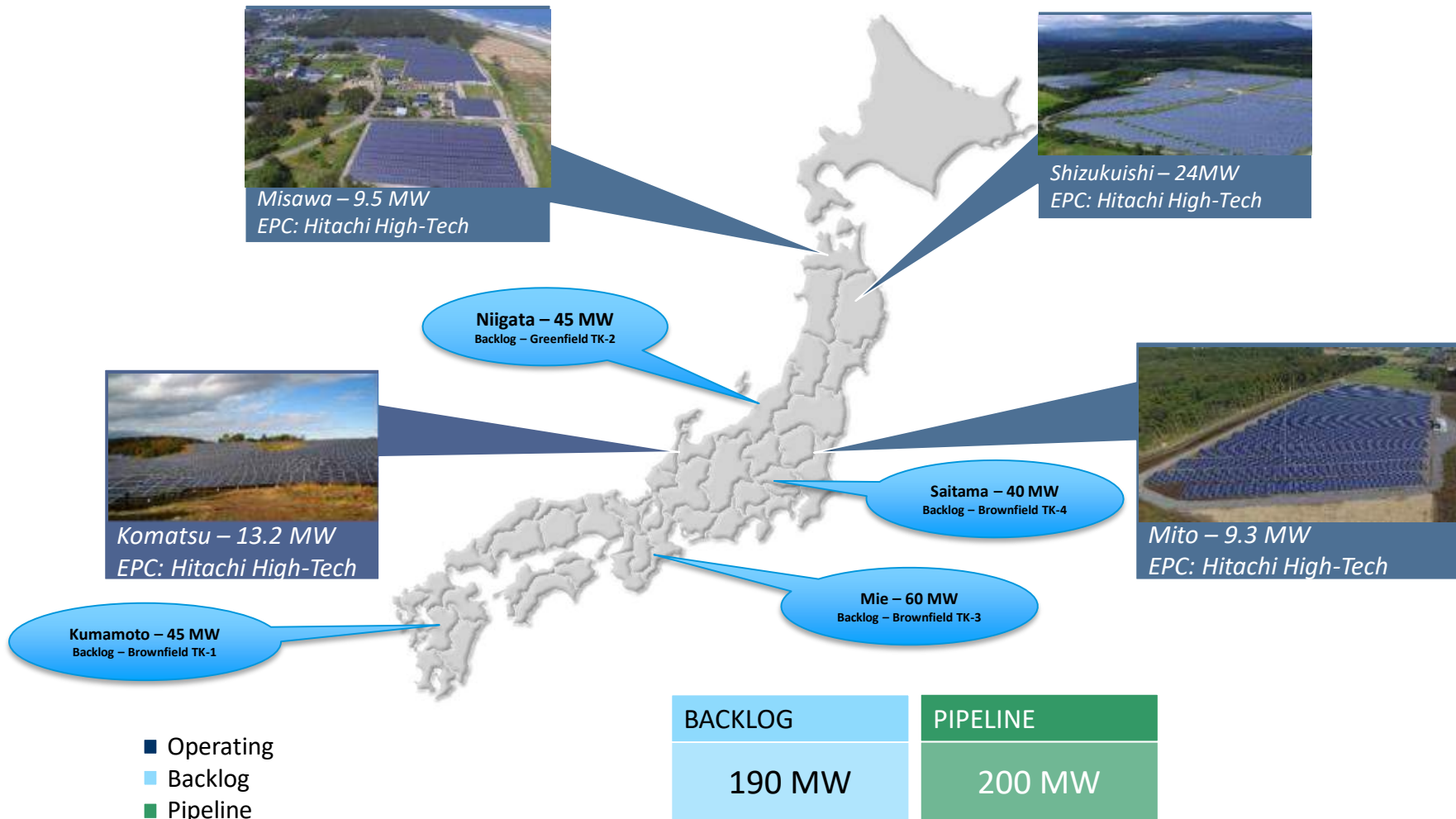
Key Highlights Q2-18

- Komatsu project reached COD ahead of schedule and on budget
- Installed capacity grew significantly to 57 MW relative to Q2-17
- Revenues increased by 21% relative to Q2-17
- Significant increase in consolidated EBITDA relative to Q2-17
- Corporate G&A decreased by approximately 45% relative to Q2-17, showing the results of previously announced cost reduction measures
- Continue to advance on two projects with aggregate capacity of 105 MW with target to reach financial close within the next 12 months
- Completed refinancing of corporate bond reducing coupon from 8% to 7.25%. €40M bond size, with €6.3M kept by ETX on balance sheet

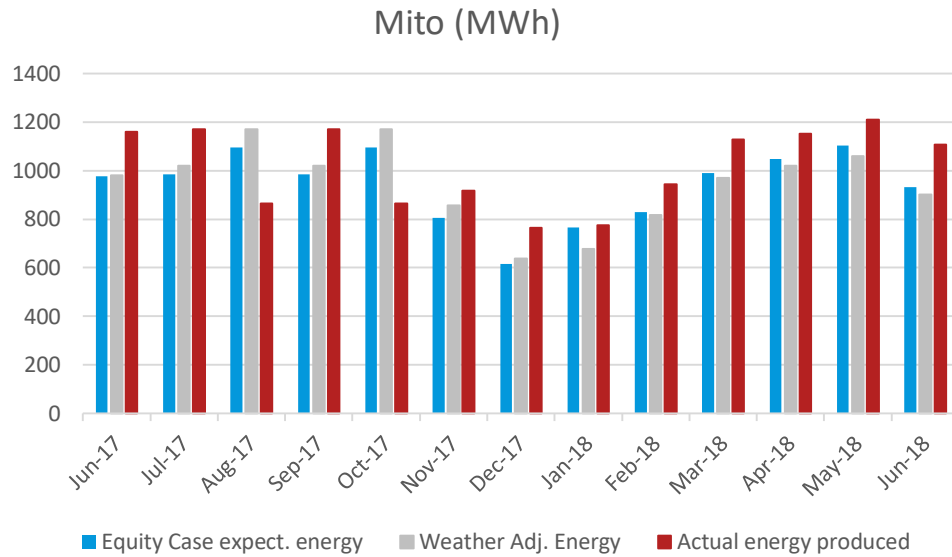
etrion

Asset Description

Our presence



Mito – 9.3 MW operational



Mito	
Utility	Tepco
Capacity	9.3 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,120 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	10.3 GWh/year
Total Project Cost	¥3.4Bn
Commencement of Operation	Aug-15



Mito site 1

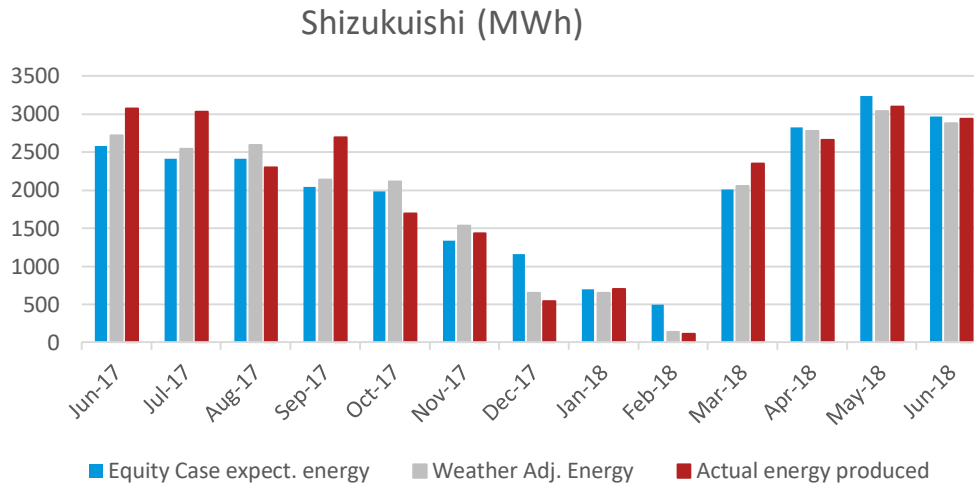


Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational



Shizukuishi	
Utility	Tohoko
Capacity	24.7 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,088 kWh/kWp
Revenue Stream	FiT: ¥40/kWh Term: 20 years
Production	26.1 GWh/year
Total Project Cost	¥8.9Bn
Commencement of Operation	Oct-16



General aerial view of full plant

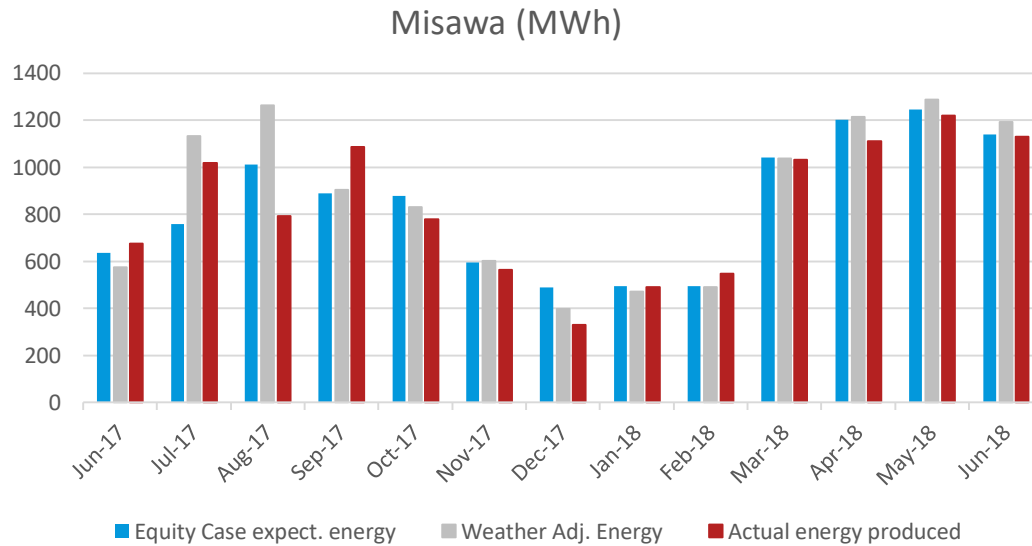


View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational



Misawa	
Utility	Tohoku
Capacity	9.5 MW
Ownership	60%
Technology	Fixed-tilt
Module	AOU
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,126 kWh/kWp
Revenue Stream	FiT: ¥36/kWh Term: 20 years
Production	10.7 GWh/year
Total Project Cost	¥3.5Bn
Commencement of Operation	Feb-2017



Site 1

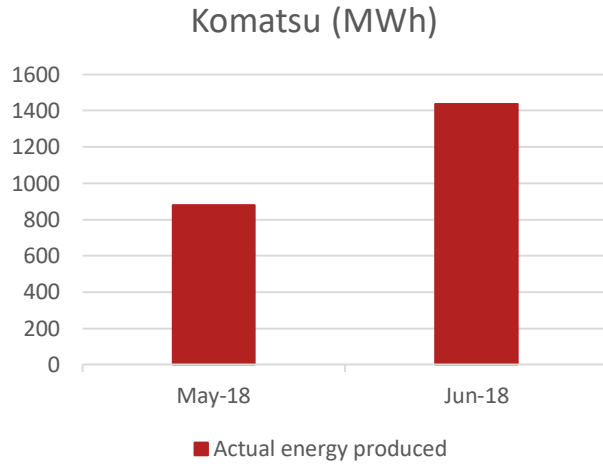


Site 2



Site 4

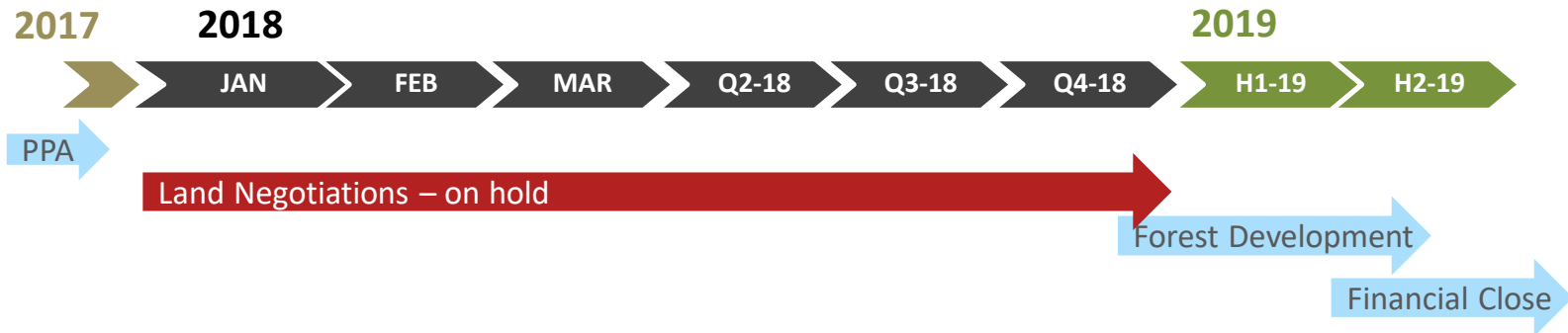
Komatsu – 13.2 MW operational



Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership	85%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,087 kWh/kWp
Revenue Stream	FiT: ¥32/kWh Term: 20 years
Production	14.2 GWh/year
Total Project Cost	¥4.3 Bn
Commencement of Operation	May-2018

Backlog and Pipeline Projects

45 MW – Kumamoto prefecture - Brownfield TK-1

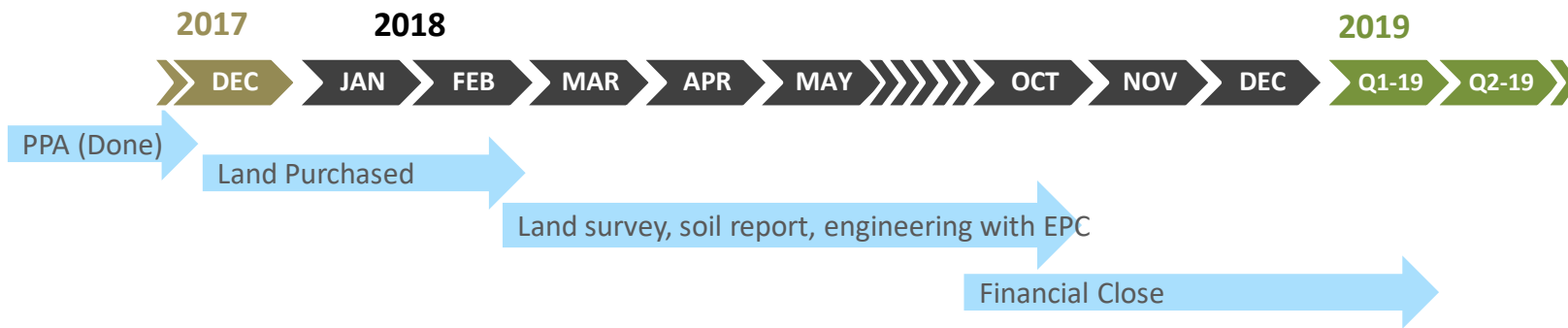


PROJECT HIGHLIGHTS

Size	45 MWp	ETX share	85%
Region	Nagano Prefecture, Japan	Expected: NTP / COD	NTP: H2-2019 COD: H1-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2015
METI	FiT secured	EPC Contractor	Hitachi High-Tech
COD Rule	Not subject to 3 years rule	O&M Contractor	Hitachi High-Tech
Curtailement	30 days rule	Utility	Kyushu Electric Power Utility

- The project remains with a high degree of execution risk primarily due to the uncertainty of completing the purchase of a large parcel of land. There has been very little progress during the last 3 months but Management remains cautiously optimistic a compromise will be reached so that the project can proceed. We will update the schedule next quarter.

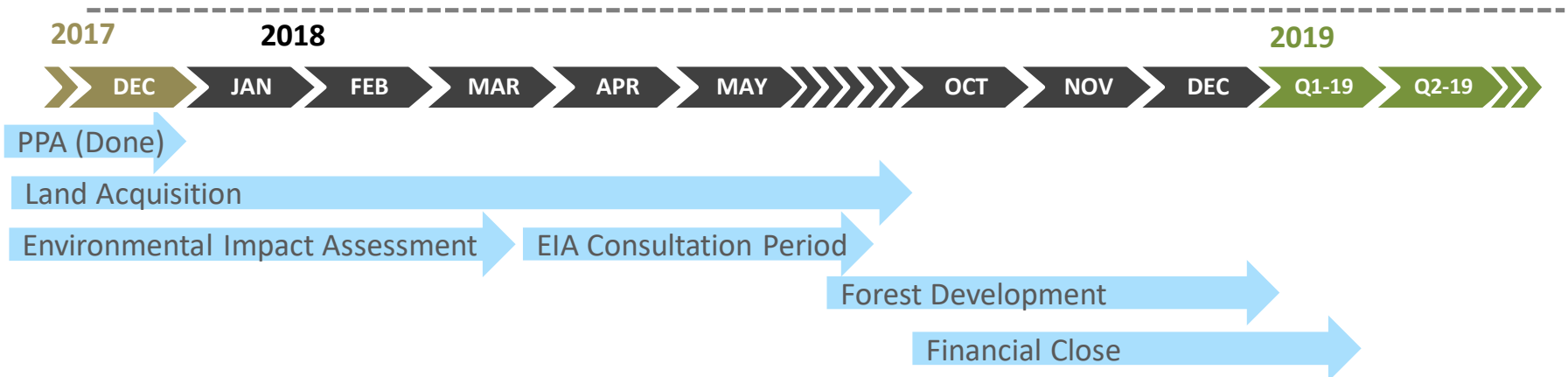
45 MW – Niigata prefecture - Greenfield TK-2



PROJECT HIGHLIGHTS			
Size	45 MWp	ETX share	100%
Region	Niigata Prefecture - Japan	Expected: NTP / COD	NTP: Q1-2019 COD: Q4-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2016
METI	FIT secured	EPC Contractor	RFP issued – selection Q3-18
COD Rule	3 year rule applies	O&M Contractor	RFP issued – selection Q3-18
Curtailment	30 day rule	Utility	Tohoku Electric Power Utility

- Significant progress made during the last 3 months:
 - Consultation with local community underway
 - Civil works plans on final stages of completion
 - EPC selected
 - Advanced term sheet discussions with lenders
 - Project on track to reach financial close within next 9 months

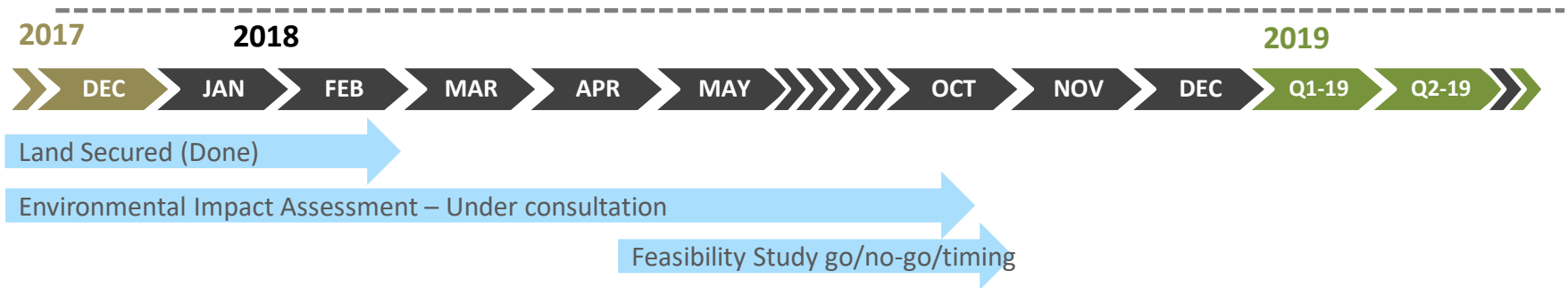
60 MW – Mie prefecture Brownfield TK-3



PROJECT HIGHLIGHTS			
Size	60 MWp	ETX share	50%
Region	Mie Prefecture - Japan	Expected: NTP / COD	NTP: H1-2019 COD: Q4-2021
Revenue	FIT: ¥36/kWh	Development Period	Since Q2 2016
METI	FiT secured	EPC Contractor	RPF to be issued in Q3-18
COD Rule	3 year rule does not apply	O&M Contractor	RPF to be issued in Q3-18
Curtailement	30 day rule	Utility / PPA	Chubu Electric Power Utility

- Significant advance made during the past 3 months
 - Consultation with local communities completed
 - Preparation of Forest Development permit application on track for Q3-18 filing
 - EPC selection under way
 - Term sheet from lenders received
 - Project on track to reach financial close within next 9-12 months

40 MW – Saitama prefecture Brownfield TK-4



PROJECT HIGHLIGHTS

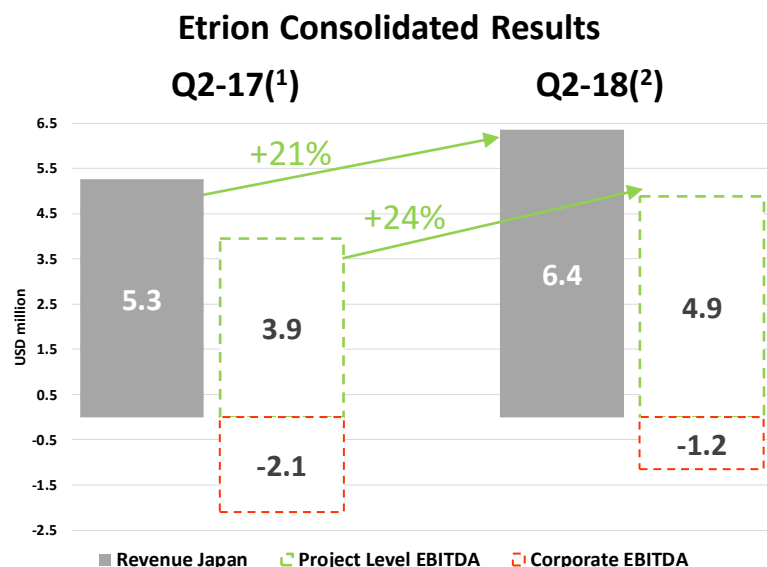
Size	40 MWp	ETX share	60% - 100%
Region	Saitama Prefecture, Japan	Expected: NTP / COD	NTP: Open Depends on EIA
Revenue	FIT: ¥24/kWh	Development Period	Since 2016
METI	FiT secured	EPC Contractor	Open
COD Rule	3 year rule applies	O&M Contractor	Open
Curtailment	30 day rule	Utility / PPA	TEPCO

Main challenge remains outcome of consultation with prefecture on Environmental Impact Assessment and complexity of Civil works required to deploy this project



Q2-18 Financial Update

Financial results



Q2-18 Segment information			
US\$ million	Japan	Corp	TOTAL
Revenues	6.4		6.4
Operating expenses	(1.4)		(1.4)
G&A expenses	(0.1)	(1.2)	(1.3)
Additional termination fee		(1.5)	(1.5)
EBITDA	4.9	(2.6)	2.3
Depreciation and amortization	(1.9)	(0.0)	(1.9)
Net finance costs	(0.9)	0.3	(0.6)
Loss before taxes	2.1	(2.4)	(0.3)
Tax expense	(0.2)	(0.2)	(0.5)
Net income (loss)	1.8	(2.6)	(0.7)

- Revenues in Japan and consolidated EBITDA increased significantly relative to Q2-17 due to additional production in Japan
- In Q2-18 electricity production in Japan increased 22% quarter-over-quarter as a result of the new Misawa and Komatsu solar projects, relative to 2017
- During Q2-18 the EBITDA margin in Japan was 74% due to seasonality. EBITDA margins expected to improve during the summer months
- Consolidated net loss of \$0.7 million was driven mainly by net finance costs and G&A at the corporate level
- Consolidated net loss includes \$1.5 million of additional termination fee accrual. Etrion is in the process of negotiating a mutually agreeable settlement amount

(1) Includes only Revenues and Project-level EBITDA from Japan. The Q2-17 performance figures from Chile were excluded for comparison purposes.

(2) Corporate EBITDA in Q2-18 excludes the \$1.5 million additional termination fee, for presentation purposes.

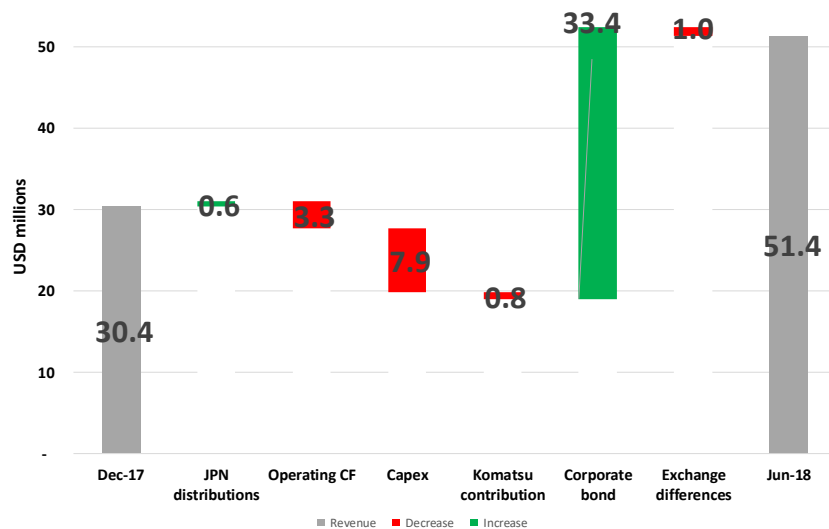
Financial position

June 30, 2018			
US\$ million	Japan	Corp	TOTAL
Property, plant and equipment	148.6	0	148.7
Cash and cash equivalents	15.2	51.5	66.6
Other assets	14.7	8.4	23.0
Total assets	187.0	65.0	252.0
Borrowings	140.1	74.8	214.8
Trade and other payables	7.5	1.3	8.9
Other liabilities	19.0	2.7	21.7
Total liabilities	166.6	78.8	245.4
Net equity	20.46	(13.87)	6.6

- Etrion has working capital of \$29.5 million and a consolidated cash position of \$66.6 million, of which \$51.5 million is unrestricted at the corporate level (\$35.1 million in the corporate bond escrow account).
- Etrion continues to expand in Japan and has increased its asset base in this country with positive results. As at June 30, 2018, the Japanese assets represent approximately 74% of consolidated assets of the Group.

Cash flow statement

Unrestricted cash movement



US\$ million	Restricted	Unrestricted	Total
December 31, 2017	12.8	30.4	43.2
Project level EBITDA	6.6		6.6
Project cash distributions	(0.7)	0.6	(0.1)
Corporate G&A		(1.8)	(1.8)
Taxes paid	(0.1)	(0.5)	(0.6)
Working capital	(0.3)	(1.0)	(1.3)
Operating cash flow	5.4	(2.7)	2.8
Capital expenditures	(4.0)	(2.6)	(6.6)
Land acquisition		(5.3)	(5.3)
Investing activities cash flow	(4.0)	(7.9)	(11.9)
Proceeds from bank loans	4.9		4.9
Project loans interest	(1.5)		(1.5)
Repayment of bank loans	(4.5)		(4.5)
Net proceeds from new corporate bond		35.1	35.1
Interest repayment of corporate bond		(1.7)	(1.7)
Etrion's equity contributions to Komatsu	0.8	(0.8)	-
Contributions from non-controlling interests	0.1		0.1
Financing activities cash flow	(0.2)	32.6	32.4
Exchange rate differences	1.1	(1.0)	0.1
June 30, 2018	15.2	51.4	66.6

- Etrion's unrestricted cash increased significantly due to net proceeds of US\$35.1 million received in May 2018, upon completion of the bond refinancing transaction
- Etrion's unrestricted cash position of US\$51.4 million provides liquidity to fund the growth of the business in Japan in 2018 and to repay the previous outstanding corporate bond
- Unrestricted cash was positively impacted by the Mito and Shizuishi cash distributions to Etrion totaling US\$0.6 million
- Etrion's restricted cash increased mainly due to additional funds drawn from the project credit facilities in Japan, partially off set with changes in working capital and Capex disbursements and land acquisition

etrion

Summary

Key Investment Highlights

- Strong presence in Japan in the solar sector with installed based on 57 MW operation assets
- High degree of certainty to commence construction of additional 105 MW within the next twelve months
- Fully funded for next 12 months
- Beyond the 105 MW, potential upside remains with nearly 285 MW of additional projects at different stages of discussions



Contact Information

Christian Lacueva
Chief Financial Officer
clacueva@etrion.com

Marco A. Northland
Chief Executive Officer
mnorthland@etrion.com

Martin Oravec
Chief Investment Officer
moravec@etrion.com

Etrion Corporation
Rue du Commerce 4
1204 Geneva, Switzerland
info@etrion.com
www.etrion.com

