

PRESS RELEASE

Etrion Releases Second Quarter 2020 Results

August 6, 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 six months ended June 30, 2020.

Etrion delivered steady project-level results in the second quarter of 2020 from its Japanese assets. The optimization of the Japanese corporate structure and renegotiation of the operations and maintenance (“O&M”) contracts partially offset the impact of lower solar irradiation levels compared to the same period in 2019.

Q2-20 HIGHLIGHTS

Operational

- Etrion produced 20.5 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 9% below the same period in 2019 due to lower solar irradiation.
- Construction of the 45 MW Niigata solar project in central Japan is approximately 50% 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

- Etrion’s consolidated revenues were US\$7.1 million, 7.5% below the same period in 2019 due to lower solar irradiation.
- Etrion’s solar segment EBITDA was US\$5.9 million, 4.2% 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 was US\$6.3 million, 2.1% higher relative to the same period in 2019. The sale of the non-core Chilean asset and the optimization of both the Japanese corporate structure and the O&M contracts, offset by a tax expense related to unrecoverable withholding taxes, were the main drivers for the increase in consolidated EBITDA compared to the same period in 2019.
- On May 14, 2020, Etrion disposed of its 70% economic interest in PV Salvador (a non-core investment), resulting in a net total gain on disposal of US\$3.3 million, including US\$0.3 million as compensation for the early termination of the asset management service contract.
- Etrion closed the second quarter of 2020 with a cash balance of US\$86.6 million, US\$7.6 million of which was unrestricted and held at the corporate level, and working capital of US\$46.3 million.

Management Comments

Marco A. Northland, the Company’s Chief Executive Officer, commented, “Etrion has a resilient and solid solar platform in Japan, operating without interruption during the global pandemic. Our solar plants continue to deliver steady revenues and EBITDA with strong positive results. Our 45 MW Niigata solar project under construction is on schedule

and budget. On the development side, we remain optimistic a settlement will be reached on the 60 MW Mie project before year-end.”

FINANCIAL SUMMARY

US\$ thousands (unless otherwise stated)	Three months ended		Six months ended	
	Q2-20	Q2-19	Q2-20	Q2-19
Electricity production (MWh)¹	20,540	22,575	33,003	34,876
Financial performance				
Revenues	7,130	7,705	11,426	11,921
Consolidated EBITDA	6,273	6,141	7,750	7,785
Net income (loss)	1,611	547	(967)	(1,681)
Cash flow (used in) from operations	(6,768)	4,257	(5,063)	5,039
Adjusted operating cash flow	3,219	5,962	5,195	7,965
Financial position			Jun 20	Dec 19
Unrestricted cash at parent level			7,574	10,596
Restricted cash at project level			79,019	112,786
Working capital			46,297	109,655
Consolidated net debt on a cash basis			231,784	193,143
Corporate net debt on a cash basis			30,539	27,201

Operations and Finance Update call

A conference call webcast to present the Company’s second quarter 2020 Operations and Finance update will be held on Thursday, August 6, 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: 3196284

Webcast:

A webcast will be available at <https://www.webcaster4.com/Webcast/Page/1297/33372>

The Operations and Finance update call presentation and the Company’s condensed consolidated interim financial statements for the three and six months ended June 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 August 16, 2020.

Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367
Passcode for replay: 3196284

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.

¹ MWh = Megawatt-hour

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

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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 August 6, 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 six months ended June 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 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 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'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, the risk that the litigation regarding the Company's backlog project may not produce a favorable outcome 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.