ETRION CORPORATION

Annual Report 2020

Contents

At a Glance

Etrion Corporation is a renewable energy development company. We are 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.

11
Solar plants

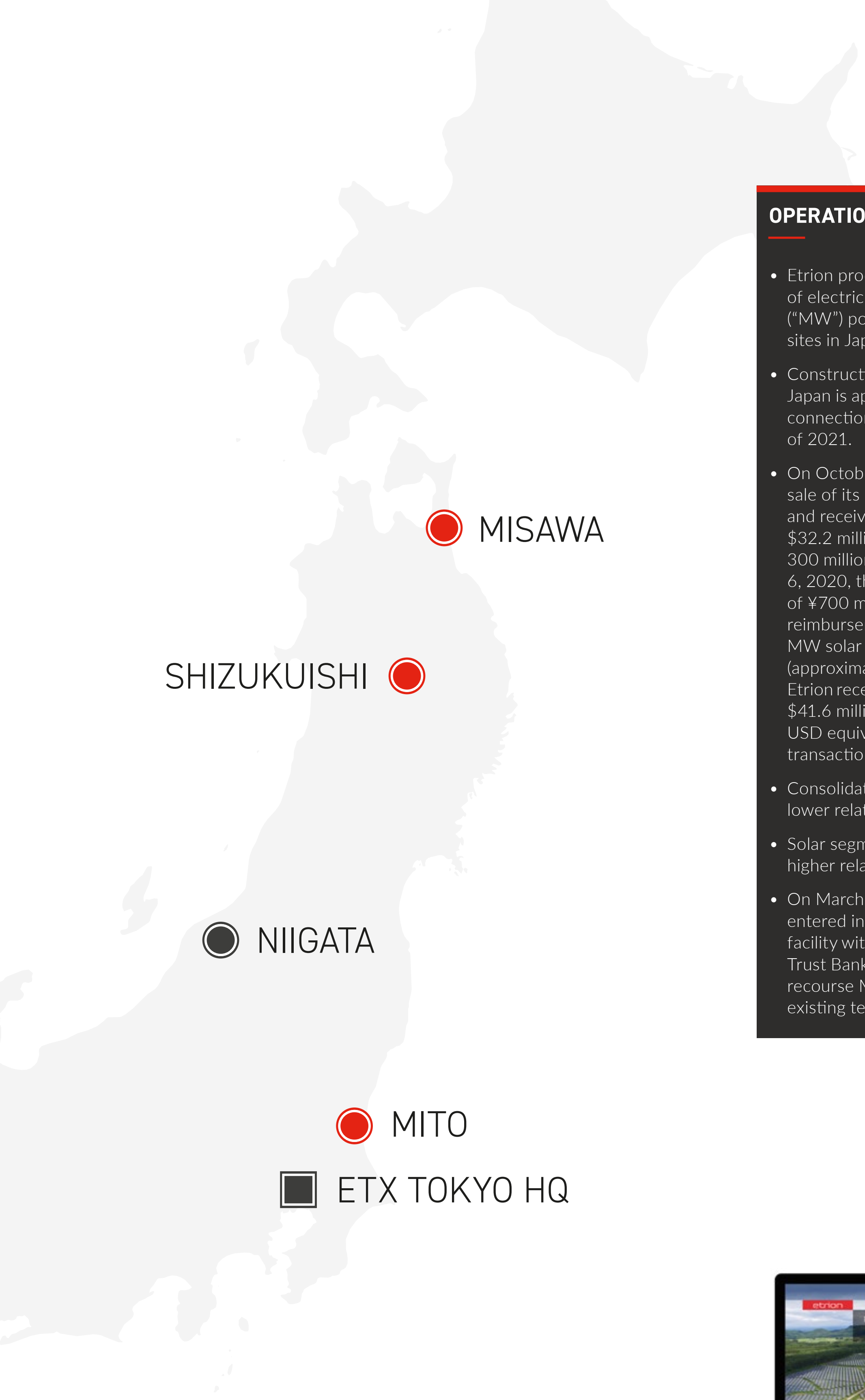
61 million
Kilowatts-hours produced for Japan in 2020

Active in Japan since 2012, we have built a best in class family of solar assets together with a strong local team and have secured invaluable partnerships with developers, general contractors and local lenders.

The revenue streams from our operating solar assets in Japan are secured by long-term fixed price Power Purchase Agreements with Japanese power utilities.

Etrion has engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd 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.

Key
- ▣ ETX TOKYO HQ
- Operating projects
- Project under construction



OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Etrion produced 60.6 million kilowatt-hours ("kWh") of electricity from the Company's 57-megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan.
- Construction of the 45 MW Niigata project in central Japan is approximately 72% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- 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 $32.2 million) and a development fee of JPY 300 million (approximately $2.8 million). On October 6, 2020, the Company also received a payment of ¥700 million (approximately $6.6 million) as reimbursement of advances given to the Mie 60 MW solar project developer, including ¥64 million (approximately $0.6 million) as interest. In aggregate, Etrion received a total of JPY 4.4 billion (approximately $41.6 million) on this Mie 60 MW final agreement. USD equivalents were calculated using the actual transaction date exchange rate.
- Consolidated revenues of $21.4 million were 2.3% lower relative to 2019.
- Solar segment EBITDA of $16.6 million was 0.8% higher relative to 2019.
- On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank (" SMTB"), to increase the size of the non-recourse Mito project loan size by ¥295 million, with existing tenor and slightly lower interest rate.

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

Chief Executive Officer's Letter

DEAR SHAREHOLDERS

COVID-19 has dramatically changed our lives over the last 12 months. There have been many challenges to overcome and difficult moments to face, but also opportunities to innovate and a new sense of purpose for companies and individuals alike. We are seeing the light at the end of the tunnel and I firmly believe we will all come out of this situation stronger.

I am extremely proud of the way our talented team has managed operational and construction activities during the past year, always committed and on top, to avoid disruptions and keep our parks operating safely and to the highest standards of service.

Despite all these challenges, 2020 was a successful year for Etrion's operations, and I would like to briefly list our key accomplishments:

- Delivered robust financial results despite unfavorable weather conditions building upon last year's cost optimization efforts.
- Advanced the construction of our 45 MW Niigata project which, by year-end, was 72% complete, on time and on budget. The project continues on schedule and budget, despite COVID-19.
- Completed the sale of our interest in the Mie 60 MW solar project and recognized a net gain of $33.4 million.
- Recognized an income from arranging the sale of PV Salvador in exchange of cash proceeds of US$3.3 million.

Over the past several years, the Board has considered various alternatives for maximizing shareholder value and from time-to-time has engaged in discussions with various third parties with respect to potential transactions. In the course of engaging in such discussions, and based on its knowledge of the renewable energy market and its major participants, the Board determined that the best way to maximize value for shareholders would be to pursue a sale of the assets of the Company, rather than a sale of the Company itself. In light of such determination, Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the potential sale of the Japanese projects.

During the third quarter of 2020, Etrion received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter, the Board of Directors selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, Etrion has entered into negotiations of formal transaction agreements.

By the time you read this letter, we expect to be presenting for your consideration and approval agreements to sell the bulk of our solar projects which we believe reflect a sound valuation of our assets and a recognition of our work in Japan. Since entering Japan in 2012, we have executed across the full project lifecycle – most recently optimizing production, reducing operating costs and extracting value through refinancing – with success. I am extremely proud of the steady and efficient solar platform built and I would like to thank you for your support over the years.

In closing, I want to thank you for your continued support of the Company. I look forward to completing the sale of our assets in Japan and distributing a significant amount of cash to our shareholders, providing an attractive liquidity event.

Kind regards

MARCO A. NORTHLAND,
CEO and Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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 March 12, 2021, should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2020. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's previously outstanding corporate bonds were denominated in the latter currency. In addition, certain material financial information has also been reported in Japanese yen ("¥") because the Company has its main business activities in Japan. Exchange rates for the relevant currencies of the Group with respect to the $ and the ¥ are as follows:

	€/¥	$/¥	€/$
Closing rate at December 31, 2020	126.75	103.33	1.23
Closing rate at December 31, 2019	122.20	109.15	1.12
Average rate 2020	121.81	106.78	1.14
Average rate 2019	122.07	109.01	1.12

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 18). 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 18). 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 18). 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 28.

2020 Highlights

OPERATIONAL HIGHLIGHTS

- Etrion produced 60.6 million kilowatt-hours ("kWh") of electricity from the Company's 57-megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan.
- Construction of the 45 MW Niigata project in central Japan is approximately 72% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- 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 $32.2 million) and a development fee of JPY 300 million (approximately $2.8 million). On October 6, 2020, the Company also received a payment of ¥700 million (approximately $6.6 million) as reimbursement of advances given to the Mie 60 MW solar project developer, including ¥64 million (approximately $0.6 million) as interest. In aggregate, Etrion received a total of JPY 4.4 billion (approximately $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") in summer of 2020 as financial advisor to assist with the potential sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter the Board selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements. Formal agreements are expected to be signed between end of March and end of April 2021, although no assurance can be given in this regard. Completion of the sale of the Japanese assets will be subject to all necessary shareholder and regulatory approvals as applicable. Since September 30, 2020, the Company's management has concluded that the Japanese solar assets and the entire Solar Segment have met the definition of assets held-for-sale and discontinued operation as per IFRS 5.
- As of the date of this report, 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 HIGHLIGHTS

- Consolidated revenues of $21.4 million were 2.3% lower relative to 2019.
- Solar segment EBITDA of $16.6 million was 0.8% higher relative to 2019.
- On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank (" SMTB"), to increase the size of the non-recourse Mito project loan size by ¥295 million, with existing tenor and slightly lower interest rate.
- On May 14, 2020 Etrion recognised an income from arranging the sale of PV Salvador in exchange for cash proceeds of $3.3 million.
- On October 23, 2020, Etrion completed the sale of its interest in the Mie 60 MW solar project and recognised a net gain of $33.4 million.
- Etrion closed the year ended 2020 with an unrestricted cash balance of $9.0 million and restricted cash balance of $37.0 million held at corporate level. The restricted cash relates to the funds to repay the corporate bond on January 7, 2021.
- On January 4, 2021, Etrion received €4.0 million (approximately $4.9 million) of loan facility from the Lundin family in order to re-finance the payment of the corporate bond. The loan bears a 3% interest rate and is repayable in twelve months.
- Repayment of corporate bonds: On January 7, 2021, Etrion redeemed the €40 million (approximately $49.0 million) principal amount of outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

2020 Highlights continued

USD thousands (unless otherwise stated)	Three months ended Q4-20	Three months ended Q4-19	Twelve months ended Q4-20	Twelve months ended Q4-19
Electricity production (MWh)[1]	**10,619**	**10,396**	**60,650**	**63,631**
Financial results from discontinued operations				
Revenues	3,932	3,599	21,369	21,876
EBITDA	2,777	2,443	16,635	16,504
Net (loss) income	(214)	(668)	3,041	2,132
Financial results from continuing operations				
EBITDA	(3,560)	(2,344)	26,823	(2,308)
Adjusted EBITDA[2]	(3,482)	(2,344)	(7,802)	(5,068)
Net (loss) income	(4,263)	(5,581)	19,545	(6,820)

	December 31 2020	December 31 2019
Balance sheet		
Total assets	381,625	346,961
Operational assets	–	140,939
Unrestricted cash at parent level	8,956	10,596
Restricted cash at parent level	37,008	–
Restricted cash at project level	–	112,786
Working capital	822	109,655
Consolidated net debt on a cash basis	(4,532)	193,143
Corporate net debt	(4,532)	27,201
Assets-held-for sale, net	20,610	–

1. MWh = Megawatt-hour.
2. Refers to adjusted EBITDA as reconciled on page 18.

Business Review

BUSINESS OVERVIEW

Etrion is an independent power producer that develops, builds, owns and operates utility-scale power generation plants in Japan. The Company owns and operates 57 MW of installed solar capacity and 45 MW of solar projects under construction, all in Japan. The Company has 11 operational projects (consolidated into four Special Purpose Companies ("SPCs")). All operational projects benefit from revenues generated from 20-year feed-in-tariff ("FiT") Power Purchase Agreements ("PPAs") that are fixed price contracts with local utilities for all the electricity generated. The Board of Directors, in consultation with management and financial advisors has determined that the best way to maximize value for shareholders would be to pursue a sale of the assets of the Company. In light of such determination, the Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd ("MUMSS") in summer of 2020 as financial advisor to assist with the potential sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets.

Following such due diligence, the Company received various binding offers and in the fourth quarter the Board selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements. Formal agreements are expected to be signed between end of March and end of April 2021, although no assurance can be given in this regard. Completion of the sale of the Japanese assets will be subject to all necessary shareholder and regulatory approvals as applicable.

The Company's common shares are listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm Exchange in Sweden. Etrion is based in Geneva, Switzerland and Tokyo, Japan. As of the date of this MD&A, the Company has a total of 17 employees.

BUSINESS PROCESS – SOLAR ENERGY

Risk

Site development

24–60 months

- Site Survey
- Lease Agreement
- Technology Design
- Utility Connection
- Environmental
- Archaeological
- Building Permits
- Subsidy Requirements
- Production Estimates
- Cost Analysis
- Timing & Planning
- PPA Feasibility
- Local Support Review

Financing

4–6 months

- Contractor Selection
- Bank Selection
- Due Diligence
- Profit Evaluation
- Tax & Insurance Planning
- Debt/Equity Structuring
- Pre-Financing
- Legal Formation of SPV

Construction

18–36 months

- Financial Closing
- Oversight EPC Contractor
- Manage Facility Agreement
- Manage Government Authorities
- Comply with FIT Requirements

Operations

20–35 years

- Asset Management
- Debt Repayment Management
- Operations and Maintenance
- Security
- Accounting
- Financial Reporting

Asset Value

PPA = power purchase agreement.
SPV = special purpose vehicle (operational subsidiary).
EPC = engineering, procurement and construction.
FiT = Feed-in-Tariff.

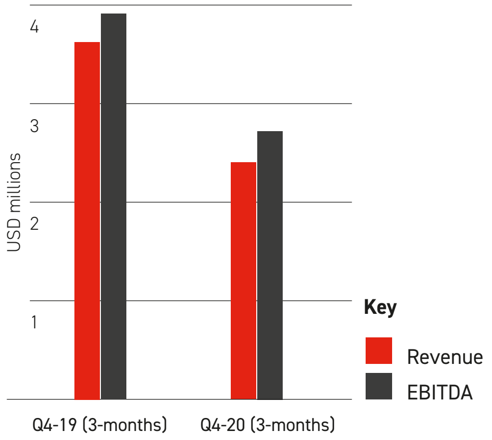
Business Review continued

OPERATIONS REVIEW

Three months ended December 31

	Japan	
USD thousands (unless otherwise stated)	**Q4-20**	**Q4-19**
Operational data		
Electricity production (MWh)	10,619	10,396
Operational performance		
Electricity revenue		
Feed-in-tariff[1]	3,932	3,599
Total revenues	**3,932**	3,599
EBITDA[2]	**2,777**	**2,443**
EBITDA margin (%)	**71%**	**68%**
Net loss	**(214)**	**(668)**

1. FiT scheme under PPA with utilities.
2. Refers to segment EBITDA as reconciled in the segment information section on page 16.



Operating performance in Japan (3 months)

During Q4-20, the Group produced 2.1% more electricity in Japan than in the same period in 2019, due to no business interruptions and good performance of the solar plants.

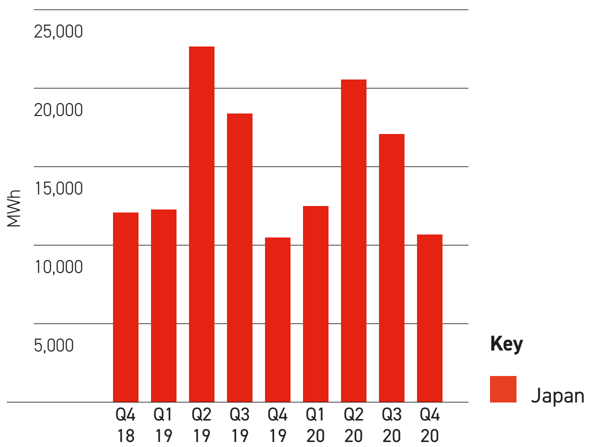
The Group receives revenues denominated in Japanese yen from its operating solar projects. Revenues come from the FiT system, whereby, through 20-year PPA contracts with three Japanese public utilities, for each kWh of electricity produced a premium fixed price is received from Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU") or Tohoku Electric Power Co., Inc. ("TOHOKU"), depending on the location of the solar project. During Q4-20, the Group received the FiT of ¥40 per kWh applicable to the Mito and Shizukuishi solar park sites, the FiT of ¥36 per kWh applicable to the solar park sites of the Misawa project and the FiT of ¥32 per kWh applicable to the solar park site of the Komatsu project.

During Q4-20, the Group's revenue and project-level EBITDA increased by approximately 9.3% and 13.7%, respectively, compared with the same period in 2019, primarily due to good performance of the solar plants and the reduction in operations and maintenance ("O&M") fees and operating personnel costs, following the renegotiation of the Japanese O&M contracts completed in December 2019.

Revenues from Japan are received in Japanese yen and have been translated to the Group's presentation currency $ using the corresponding implied Q4-20 average rates. Accordingly, changes in the ¥/$ applicable exchange rates have an impact in the accounting conversion process of the income statement to the Group's reported figures in $.

Historical production

Solar-related production is subject to seasonality due to the variability of daily sun hours in the summer months versus the winter months. However, on an annual basis, solar irradiation is expected to vary less than 10% year-over-year. The historical quarterly electricity production in Japan is shown below, reflecting the impact of seasonality.



OPERATIONS REVIEW continued

Twelve months ended December 31

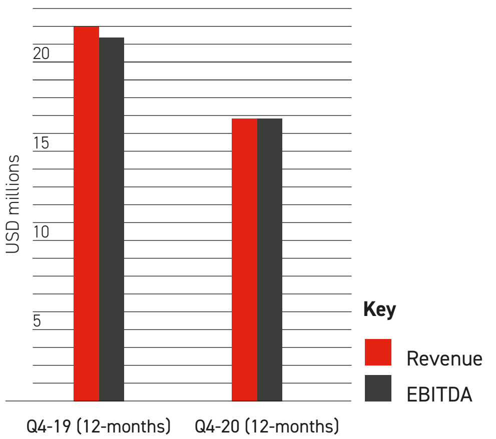
USD thousands (unless otherwise stated)	Japan 2020	Japan 2019
Operational data		
Electricity production (MWh)	60,650	63,631
Operational performance		
Electricity revenue		
Feed-in-tariff[1]	21,369	21,876
Total revenues	**21,369**	**21,876**
EBITDA[2]	**16,635**	**16,504**
EBITDA margin (%)	**78%**	**75%**
Net income	**3,041**	**2,132**

1. FiT scheme under PPA with utilities.
2. Refers to segment EBITDA as reconciled in the segment information section on page 17.

Operating Performance in Japan (12 Months)

During 2020, the Group produced 4.7% less electricity in Japan compared to the same period in 2019, due to overall lower solar irradiation as a result of unfavourable weather conditions.

During 2020, the Group's revenue decreased by 2.3% and project-level EBITDA increased by 0.8%, respectively, compared 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 2019.



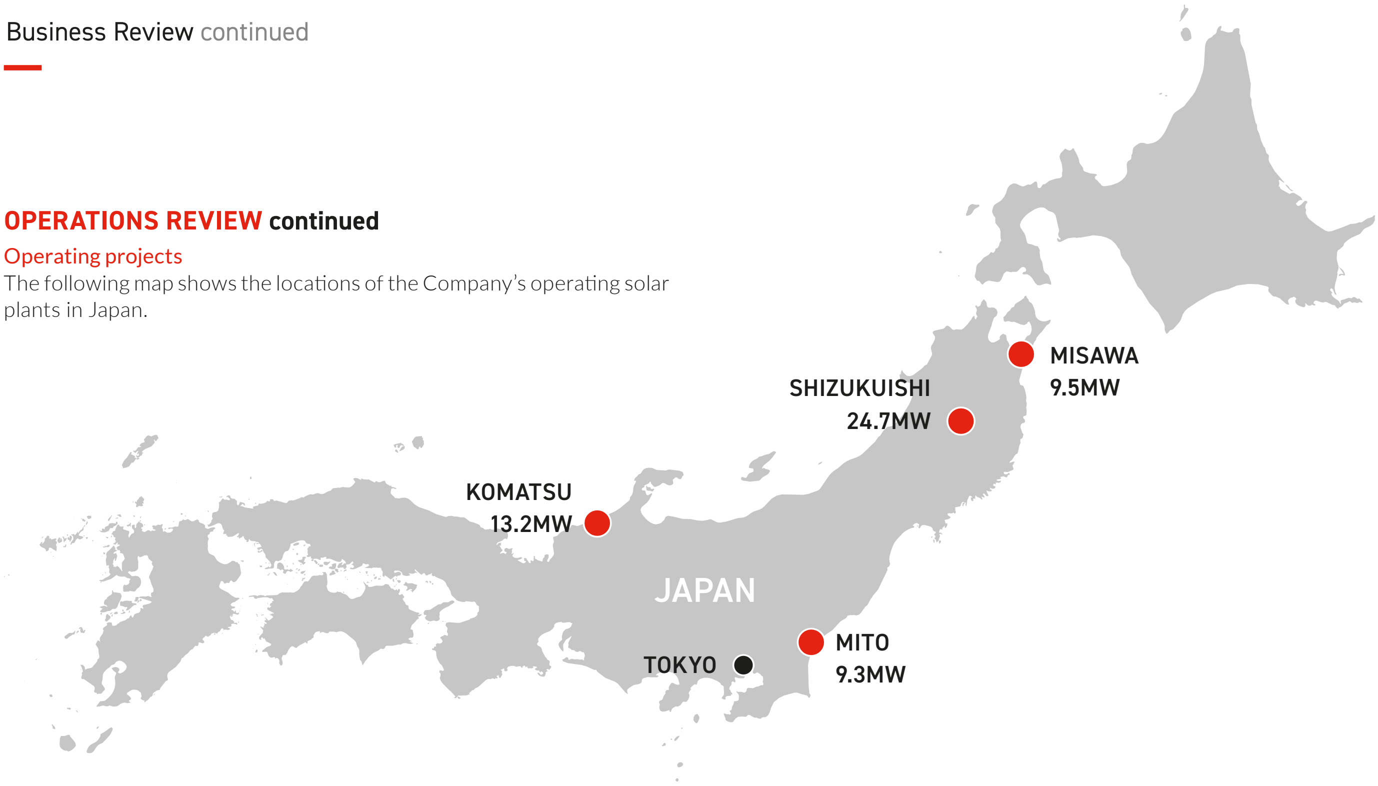
Revenues from Japan are received in Japanese yen and have been translated to the Group's presentation currency $ using the corresponding implied 2020 average rates. Accordingly, changes in the ¥/$ applicable exchange rates have an impact in the accounting conversion process of the income statement to the Group's reported figures in $.

Business Review continued

OPERATIONS REVIEW continued

Operating projects

The following map shows the locations of the Company's operating solar plants in Japan.



Mito

As of the date of this MD&A, the remaining PPA contract life of Mito is approximately 15 years. Details of the Group's 100%-owned operating solar power project in Japan are shown below:

Project	Region	Sites	MW	Technology	Connection date
Mito-site 1	Ibaraki	1	1.3	Fixed-tilt	Jun-2015
Mito-site 2	Ibaraki	1	1.3	Fixed-tilt	Aug-2015
Mito-site 3	Ibaraki	1	1.3	Fixed-tilt	Jul-2015
Mito-site 4	Ibaraki	1	2.7	Fixed-tilt	May-2015
Mito-site 5	Ibaraki	1	2.7	Fixed-tilt	Jun-2015
Total		**5**	**9.3**		

Mito's solar power sites in Japan are capable of producing more than 10.3 million kWh of electricity on an annual basis. Mito is a 9.3 MW utility-scale solar photovoltaic power project consisting of five sites in the Ibaraki Prefecture of Japan. Construction began in October 2014, with the last site connected in August 2015. The solar power plant was built on 28.3 hectares of leased land, and the facilities connect through TEPCO. In December 2014, the project company entered into two of the five planned 20-year PPAs with TEPCO under which the project company receives ¥40 per kWh produced (approximately $0.34 per kWh). The remaining three PPAs were signed in March 2015. The total project cost of approximately ¥3.4 billion (approximately $33.5 million) was financed 80% through non-recourse project debt from Sumitomo Mitsui Trust Bank ("SMTB") with the remaining approximately 20% equity portion already funded by the Group. Mito has entered into a long-term fixed price O&M agreement with HHT. Etrion charged the Mito project with a net development fee of approximately ¥162 million ($1.6 million).

Shizukuishi

As of the date of this MD&A, the remaining PPA contract life of Shizukuishi is approximately 17 years. Details of the Group's 100%-owned operating solar power project in Japan are shown below:

Project	Region	Sites	MW	Technology	Connection date
Shizukuishi	Iwate	1	24.7	Fixed-tilt	Oct-2016
Total		**1**	**24.7**		

Shizukuishi' s solar power plant in Japan is capable of producing approximately 26.1 million kWh of electricity per year. Shizukuishi is a 24.7 MW utility-scale solar photovoltaic power plant on one site in the Iwate Prefecture of Japan. Construction-related work began in October 2014 and on October 20, 2016, Shizukuishi achieved its commercial operation date, became 100% operational and started collecting revenues from its electricity production. The solar power plant was built on 51 hectares of leased land, and the facility was connected to TOHOKU. The project entered into a 20- year PPA with TOHOKU to receive ¥40 per kWh produced (approximately $0.34 per kWh). The total project cost of approximately ¥8.9 billion (approximately $87.8 million) is financed 80% with non-recourse project debt from SMTB, with the remaining approximately 20% equity portion already funded by the Group. Shizukuishi has entered into a long-term fixed price O&M agreement with HHT. Etrion charged the Shizukuishi project with a net development fee of approximately ¥677.4 million ($6.7 million).

OPERATIONS REVIEW continued

Misawa

As of the date of this MD&A, the remaining PPA contract life of Misawa is approximately 17 years. Details of the Group's 100%-owned operating solar power project are shown below:

Project	Region	Sites	MW	Technology	Connection date
Misawa	Tohoku	3-4	5.3	Fixed-tilt	Feb-2017
Misawa	Tohoku	1-2	4.2	Fixed-tilt	Jul-2017
Total		**4**	**9.5**		

Misawa's solar power sites are capable of producing approximately 10.7 million kWh of solar electricity per year. Misawa is a 9.5 MW utility-scale solar photovoltaic power plant, located in Misawa city in the Aomori prefecture of the Tohoku region in Japan. Construction-related works began in July 2016. The first two sites of this solar project totaling 5.3 MW were connected to the grid and started recognizing revenues as of the end of February 2017. The last two solar park sites, representing 4.2 MW were connected in July 2017. The solar power plant was built on 16.3 hectares of owned land, and the facilities were connected to TOHOKU. Each project site entered into a 20-year PPA with TOHOKU to receive ¥36 per kWh produced (approximately $0.31 per kWh). The total project cost of approximately ¥3,483 billion (approximately $34 million) was financed 85% with non-recourse project debt from SMTB with the remaining approximately 15% equity portion already funded by the Group. Misawa entered into a long-term fixed price O&M agreement with HHT. Etrion charged the Misawa project with a net development fee of approximately ¥177 million ($1.7 million).

During January and February 2021, the Misawa solar park suffered from heavy snowfalls resulting in damages to the solar modules on sites three and four. The production of electricity was partially interrupted, and the total damage is currently under assessment. The solar project company has property and business interruption insurance policies. The project company will be assessing the insurance claim with the insurer after confirming the level of damages and agreeing the business interruption claim with the insurer. The Company expects to have the parks fully restored by June of this year.

Komatsu

As of the date of this MD&A, the remaining PPA contract life of Komatsu is approximately 18 years. Details of the Group's 100%-owned operating solar power project are shown below:

Project	Region	Sites	MW	Technology	Connection date
Komatsu	Honsu	1	13.2	Fixed-tilt	May-2018
Total		**1**	**13.2**		

Komatsu's solar power plant is capable of producing approximately 14.2 million kWh of solar electricity per year. Komatsu is a 13.2 MW utility-scale solar photovoltaic power plant, located in the Ishikawa prefecture of the Honsu region in Japan. Pre-construction-related works began in February 2017 and the project was connected to the electricity grid in May 2018. The solar power plant was built on 30.5 hectares of leased land and the facilities will connect through HOKURIKU. The project company entered into a 20-year PPA with HOKURIKU to receive ¥32 per kWh produced (approximately $0.27 per kWh). The total project cost of approximately ¥4,285 billion (approximately $38 million) was financed 83% with non-recourse project debt from SMTB with the remaining approximately 17% equity portion already funded by the Group. Komatsu has entered into a long-term fixed price O&M agreement with HHT. Etrion has charged the Komatsu project with a net development fee of approximately ¥239 million ($2.0 million).

Business Review continued

DEVELOPMENT ACTIVITIES

Projects under construction

Niigata 45MW

Project	Region	Sites	Gross MW	Technology	Expected connection date
Niigata	Niigata	1	45.0	Fixed-tilt	Oct-2021
Total		**1**	**45.0**		

Niigata is a 45 MW ground-mounted fixed-tilt solar photovoltaic power project to be built on one site in the Niigata prefecture of Japan. Construction-related work started in the summer of 2019, and the solar project is expected to be fully operational by the fourth quarter of 2021. The solar power plant is being built on 75.7 hectares of land owned by Etrion and will connect to the TOHOKU utility. The project company entered into an effective 20-year PPA with TOHOKU and will receive ¥36 per kWh of electricity produced (approximately US$0.33 per kWh). Once operational, Niigata is expected to produce approximately 47 gigawatt-hours ("GWh") of solar electricity per year, enough to supply more than 13,000 Japanese households. Etrion owns 100% of the Niigata project. The total project cost is expected to be approximately ¥16.7 billion (US$ 154.2 million) including VAT and has been financed 95% through a non-recourse loan. The remaining 5% of total project cost has been fully funded by Etrion during the development period. On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥600 million ($5.6 million) and anticipated land lease for ¥459 million ($4.2 million).

Projects under development

Brownfield Tk-3 – Mie 60 MW

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 $32.2 million) and a development fee of JPY 300 million (approximately $2.8 million). On October 6, 2020, the Company also received a payment of ¥700 million (approximately $6.6 million) as reimbursement of advances given to the Mie 60 MW solar project developer, including ¥64 million (approximately $0.6 million) as interest. In aggregate, Etrion received a total of JPY 4.4 billion (approximately $41.6 million) on this Mie 60 MW final agreement. USD equivalents were calculated using the actual transaction date exchange rate.

Discontinued operations

Etrion has engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. The Solar Japan segment is classified as a disposal group held for sale and as a discontinued operations since September 30, 2020.

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

	Three months ended		**Twelve months ended**	
USD thousands	**Q4-20**	**Q4-19**	**Q4-20**	**Q4-19**
Revenue	**3,932**	**3,599**	**21,369**	**21,876**
Operating expenses	(1,092)	(1,251)	(4,418)	(5,331)
General and administrative expenses	(65)	(108)	(351)	(366)
Other income	2	203	35	325
EBITDA	**2,777**	**2,443**	**16,635**	**16,504**
Depreciation and amortization	(75)	(2,307)	(7,053)	(9,156)
Finance income	–	45	3	45
Finance costs	(2,766)	(1,162)	(6,091)	(4,776)
(Loss) income before income tax	**(64)**	**(981)**	**3,494**	**2,617**
Income tax (expense) recovery	(150)	313	(453)	(485)
Net (loss) income discontinued operations	**(214)**	**(668)**	**3,041**	**2,132**

DEVELOPMENT ACTIVITIES continued

The major classes of assets and liabilities of the Solar Japan disposal group classified as held for sale as at December 31, 2020, are as follows:

USD thousands	December 31 2020
Assets	
Property, Plant & Equipment	242,800
Intangible assets	12,306
Other assets	13,646
Cash and cash equivalents	63,175
Assets classified as held for sale	**332,467**
Liabilities	
Borrowings	279,953
Derivative financial instruments	11,140
Lease liabilities	10,199
Provisions	5,456
Other liabilities	5,104
Tax liabilities	5
Liabilities directly associated with assets held for sale	311,857
Net assets held for sale	**20,610**

USD thousands	December 31 2020
Amounts included in other reserves	
Loss on cash flow hedges	(17,575)
Deferred tax on cash flow hedges	4,782
Assets classified as held for sale	**(12,793)**

Solar market overview

The market for renewable energy sources, including solar, biomass, wind, hydro and biofuels, is driven by a variety of factors, such as legislative and policy support, technology, macroeconomic conditions, pricing and environmental concerns. The overall goal for the solar energy market is to reach grid parity, whereby the price of solar energy is competitive with traditional sources of electricity, such as coal and natural gas. Solar technology cost has dropped dramatically and continues to decrease. In addition, solar energy has reached grid parity in certain parts of the world where solar irradiation and electricity prices are high. As the cost of solar technology continues to decrease, new potential markets are expected to develop in areas where solar electricity is price-competitive with other sources of energy.

Solar power plants are an important source of renewable energy. They have very low operating and maintenance costs with minimal moving parts. The technology is essentially silent, emission-free and scalable to meet multiple distributed power requirements. Energy generated from the sun consists of both energy from photovoltaic ("PV") cells and energy generated from solar collectors (i.e., thermal energy or heat).

Business Review continued

DEVELOPMENT ACTIVITIES continued

Japanese market

Japan is among the top five largest solar markets in the world. The use of solar power in Japan has accelerated since the Japanese FiT scheme for renewable energy was introduced in July 2012 to help offset the loss of nuclear power caused by the Fukushima disaster. The Japanese Ministry of Economy, Trade and Industry ("METI") forecasts that it will represent over 7% by 2030, which will translate into an incremental annual growth of 4-5 GW in terms of new capacity between 2020 and 2027.

On January 22, 2015, METI officially announced new rules with respect to the FiT regime. The rules apply to new projects and were designed to streamline the process between developers, METI and utilities. Projects with accepted existing grid connection are not affected. METI's main objective in announcing the new rules was to address the increasing speculation from developers that have been applying for the FiT but not realizing projects, and at the same time to unblock the grid assessment applications that were put on hold by some of the utilities facing overloaded capacity.

The Act to amend the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (the "FiT Amendment Act") was promulgated on June 3, 2016. The FiT Amendment Act makes various changes to the rules for the Japanese renewable energy feed-in-tariff program including:

- to require certain categories of projects to commence operations within three years from April 1, 2018 (i.e. by March 31, 2020); this will likely result in reduced FiT payment periods after such three-year period;
- to allow such projects to change their modules without triggering changes in the FiT rate; and
- to allow such projects to also reduce their project size by more than 20% without triggering a FiT rate reduction.

In Japan, the new curtailment system was changed from the "30-day per annum rule" to an hourly basis per annum. Uncompensated curtailment up to 30 days annually, based on one-day units, was changed to up to 360 hours annually. The hourly basis for curtailment expands the amount available for interconnection. Furthermore, utilities may impose installation of remote curtailment systems on PV plants.

On October 15, 2018, METI held a meeting of its Significant Development of Renewable Energy and Next Generation Electric Grid Network Committee (Saisei Kanou Enerugi Tairyou Dounyu/ Jisedai Denryoku Network Sho Iinkai). According to METI, more than 20 GW of solar power projects which have FiTs of ¥40, ¥36 and ¥32/kWh have not reached commercial operations and are unreasonably taking up grid capacity, preventing new players from developing alternate renewable energy projects in the affected grid areas. The new measures proposed by METI would apply to the holders of projects with FiT of ¥40, ¥36 and, ¥32/kWh that obtained their grid connection agreements by July 31, 2016, and so are not subject to the three-year rule ("Early High FiT Holders").

On December 5, 2018, METI announced details of the measures concerning procurement of electricity from renewable energy sources by electricity utilities (the "FiT Amendment Act Ordinance"). The FiT Amendment Act Ordinance sets out new rules to address solar projects under development that hold FiT of ¥40, ¥36 and ¥32/kWh. More specifically, the new rules include (a) exceptions for projects already close to construction, (b) new grid connection work application submission and acceptance deadlines, (c) requirements for land rights and specific permits to be obtained before a grid connection work application can be submitted, (d) FiT rate reduction penalties if grid connection work applications are submitted without the required land rights and permits, (e) new scheduled grid connection deadlines to be set by the utility (although there will now be no FiT rate reduction if such deadlines are not met), (f) new commercial operation deadlines (which, if not met, will result in the Power Purchase Agreement period shortening on a month by month basis but not in an FiT rate reduction), and (g) relaxation of the module change rules for projects that are subject to the new measures. Etrion's management considers that the most recent solar rules announced in Japan are less stringent than expected.

Financial Review

FINANCIAL RESULTS

Selected financial information

During 2020, the Group's performance and results were highly impacted by the sale of the Mie 60 MW solar project and of PV Salvador SpA. The performance of the Japan solar segment continued to be strong in 2020 with revenues and EBITDA above guidance, driven by the reduction in O&M fees and operating personnel costs, following the restructuring of the Japanese O&M contracts completed in December 2019. Selected IFRS consolidated financial information, is as follows:

	Three months ended		Twelve months ended		
USD thousands (except per share data)	**Q4-20**	**Q4-19**	**2020**	**2019**	**2018**
Revenue	–	–	–	–	–
Gross profit	–	–	–	–	–
Net (loss) income for the period from continuing operations	(4,263)	(5,581)	19,545	(6,820)	(11,135)
Net (loss) income from discontinued operations	(214)	(668)	3,041	2,132	2,517
Net (loss) income for the period	**(4,477)**	**(6,249)**	**22,586**	**(4,688)**	**(8,618)**
Net (loss) income attributable to owners of Etrion	(4,477)	(6,050)	22,586	(4,883)	(8,878)
Basic and diluted (loss) earnings per share from continuing operations	**$(0.01)**	**$(0.02)**	**$0.06**	**$(0.02)**	**$(0.04)**
Basic and diluted (loss) earnings per share for the period:	**$(0.01)**	**$(0.02)**	**$0.07**	**$(0.01)**	**$(0.03)**
Net (loss) income for the period from continuing operations	**(4,263)**	**(5,581)**	**19,545**	**(6,820)**	**(11,135)**
Adjustments to net (loss) income for:					
Net income tax (recovery) expense	(308)	141	2,814	1,858	590
Depreciation and amortization	35	36	138	142	158
Gain on sale of project rights	(33,401)	–	(33,401)	–	–
Share-based payment expense	54	69	198	225	761
Net finance costs	1,057	4,177	4,364	3,573	3,447
Other expense (income)	170	35	398	158	(365)
Income tax recovered (paid)	31	(612)	(1,608)	(845)	(742)
Changes in working capital	45,020	2,878	13,171	19,753	(3,728)
Operating cash flow from continuing operations	**8,395**	**1,143**	**5,619**	**18,044**	**(11,014)**

Financial Review continued

FINANCIAL RESULTS continued

Selected financial information continued

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

USD thousands	December 31 2020	December 31 2019	December 31 2018
Non-current assets	1,301	213,339	163,576
Current assets	380,324	133,622	39,650
Total assets	**381,625**	**346,961**	**203,226**
Non-current liabilities	1,221	326,094	183,482
Current liabilities	358,892	23,967	16,815
Total liabilities	**360,113**	**350,061**	**200,297**
Net assets	**21,512**	**(3,100)**	**2,929**

Segment information

As stated above, while the only Company's segment (Solar Japan) is now classified as discontinued operations, management continues to disclose the segment information together with the corporate activities as it believes that this information is useful for readers of the consolidated financial statements and will also be relevant if the proposed sale of the Company's solar assets is not completed.

Segment information three months ended December 31

Segment consolidated financial information for the three months ended December 31, prepared in accordance with IFRS, is as follows:

	Three months ended					
	Q4-20			Q4-19		
USD thousands	Solar Japan	Corporate	Total	Solar Japan	Corporate	Total
Revenue	**3,932**	**–**	**3,932**	**3,599**	**–**	**3,599**
Operating expenses	(1,092)	–	(1,092)	(1,251)	–	(1,251)
General and administrative expenses	(65)	(3,527)	(3,592)	(108)	(2,375)	(2,483)
Other income	2	–	2	203	31	234
Other expense	–	(33)	(33)	–	–	–
EBITDA	**2,777**	**(3,560)**	**(783)**	**2,443**	**(2,344)**	**99**
Depreciation and amortization	(75)	(34)	(109)	(2,307)	(36)	(2,343)
Finance income	–	116	116	45	–	45
Finance costs	(2,766)	(1,092)	(3,858)	(1,162)	(3,060)	(4,222)
Loss before income tax	**(64)**	**(4,570)**	**(4,634)**	**(981)**	**(5,440)**	**(6,421)**
Income tax (expense) recovery	(150)	307	157	313	(141)	172
Net loss for the period	**(214)**	**(4,263)**	**(4,477)**	**(668)**	**(5,581)**	**(6,249)**

Solar Japan: During Q4-20, the Group's Japanese solar segment generated revenues of $3.9 million and EBITDA of $2.8 million, representing increases of 9.3% and 13.7%, respectively, in comparison with the same period in 2019. Revenue and EBITDA increased due to no business interruptions, good performance of the solar plants and a reduction in O&M fees and operating personnel costs following the restructuring of the Japanese operating projects completed in December 2019. As a result, the Group's Japanese segment generated a net loss of $0.2 million, in comparison with a net loss of $0.7 million for the same period in 2019. In addition, the solar segment recognized a one-off finance costs of $1.5 million associated with the Mito restructuring transaction. The application of IFRS 5 has an effect on the net result of Solar Japan segment since the depreciation of the Assets held for sale (solar plants) has been stopped from September 30, 2020, date of new classification.

Corporate: During Q4-20, the Group's corporate segment generated negative EBITDA of $3.6 million and a net loss of $4.3 million, compared to a negative EBITDA of $2.3 million and a net loss of $5.6 million, respectively, in the same period in 2019. Net results were positively impacted in 2020 with less adverse foreign exchange impact.

FINANCIAL RESULTS continued

Segment information twelve months ended December 31

Segment consolidated financial information for the twelve months ended December 31, 2020 prepared in accordance with IFRS, is as follows:

	Twelve months ended					
	2020			2019		
USD thousands	**Solar Japan**	**Corporate**	**Total**	**Solar Japan**	**Corporate**	**Total**
Revenue	**21,369**	**–**	**21,369**	**21,876**	**–**	**21,876**
Operating expenses	(4,418)	–	(4,418)	(5,331)	–	(5,331)
General and administrative expenses	(351)	(8,029)	(8,380)	(366)	(5,099)	(5,465)
Gain on sale of solar project rights	–	33,401	33,401	–	2,760	2,760
Other income	35	3,318	3,353	325	31	356
Other expense	–	(1,867)	(1,867)	–	–	–
EBITDA	**16,635**	**26,823**	**43,458**	**16,504**	**(2,308)**	**14,196**
Depreciation and amortization	(7,053)	(138)	(7,191)	(9,156)	(142)	(9,298)
Finance income	3	118	121	45	611	656
Finance costs	(6,091)	(4,444)	(10,535)	(4,776)	(3,123)	(7,899)
Income (loss) before income tax	**3,494**	**22,359**	**25,853**	**2,617**	**(4,962)**	**(2,345)**
Income tax expense	(453)	(2,814)	(3,267)	(485)	(1,858)	(2,343)
Net income (loss) for the period	**3,041**	**19,545**	**22,586**	**2,132**	**(6,820)**	**(4,688)**

Solar Japan: During 2020, the Group's Japanese solar segment generated revenues of $21.4 million and EBITDA of $16.6 million, representing a decrease of 2.3% and an increase by 0.8%, respectively, in comparison with the same period in 2019. Revenue decreased primarily due to overall lower solar irradiation. EBITDA increased due to a reduction in O&M fees and operating personnel costs, following the restructuring of the Japanese operating projects completed in December 2019. In addition, the Group's Japanese segment generated a net income of $3.0 million, in comparison with net income of $2.1 million for the same period in 2019. In addition, the solar segment recognized a one-off finance costs of $1.5 million associated with the Mito restructuring transaction. The application of IFRS 5, has an effect on the net result of Solar Japan segment since the depreciation of the Assets held for sale (solar plants) has been stopped from September 30, 2020, date of new classification.

Corporate: During 2020, the Group's corporate segment generated positive EBITDA of $26.8 million and a net gain of $19.5 million, compared to a negative EBITDA of $ 2.3 million a net loss of $6.8 million, respectively, in the same period in 2019. The increase in EBITDA and net result compared to prior period reflects the gain on the sale of Etrion's economic interest in the Mie 60 MW solar project for $33.4 million and the income from arranging the sale of PV Salvador for $3.3 million. In addition, the Company recognised several non-recurring expenses as follows: $1.0 million related to the unrecoverable withholding taxes triggered by an investment contribution to a Japanese subsidiary, $0.7 million associated with the litigation on the Mie project have been reclassified from development costs to professional fees and salaries, and finally, $0.3 million of write-off expenses related to its wind project.

Financial Review continued

FINANCIAL RESULTS continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net (loss) income USD thousands	Three months ended Q4-20	Three months ended Q4-19	Twelve months ended Q4-20	Twelve months ended Q4-19
Net (loss) income from continuing operations	**(4,263)**	**(5,581)**	**19,545**	**(6,820)**
Adjustments for non-recurring and non-cash items:				
Impairment wind project	–	–	343	–
Professional fees and salaries	–	–	283	–
Tax reassessment from Italian municipalities	78	–	460	–
Depreciation and amortization	35	36	138	142
Share-based payment expense	54	69	198	225
Gain on sale of solar project rights	–	–	(33,401)	(2,760)
Unrecoverable withholding taxes	–	–	1,008	–
Other income	–	–	(3,318)	–
Adjusted net loss	**(4,096)**	**(5,476)**	**(14,744)**	**(9,213)**

Reconciliation of adjusted operating cash flows to operating cash flows USD thousands	Three months ended Q4-20	Three months ended Q4-19	Twelve months ended Q4-20	Twelve months ended Q4-19
Operating cash flow from continuing operations	**8,395**	**1,143**	**5,619**	**18,044**
– Changes in working capital	(45,020)	(2,878)	(13,171)	(19,753)
– Income tax (recovered) paid	(31)	612	1,608	845
Adjusted operating cash flow from continuing operations	**(36,656)**	**(1,123)**	**(5,944)**	**(864)**

Reconciliation of continuing operations Adjusted EBITDA to EBITDA USD thousands	Three months ended Q4-20	Three months ended Q4-19	Twelve months ended Q4-20	Twelve months ended Q4-19
Net (loss) income from continuing operations	**(4,263)**	**(5,581)**	**19,545**	**(6,820)**
Adjustments for:				
Net income tax (recovery) expense	(307)	141	2,814	1,858
Net finance costs	976	3,060	4,326	2,512
Depreciation and amortization	34	36	138	142
EBITDA	**(3,560)**	**(2,344)**	**26,823**	**(2,308)**
Adjustment for non-recurring items:				
Gain on sale of solar project rights	–	–	(33,401)	(2,760)
Impairment wind project	–	–	343	–
Professional fees and salaries	–	–	283	–
Tax reassessment from Italian municipalities	78	–	460	–
Unrecoverable withholding taxes	–	–	1,008	–
Other income	–	–	(3,318)	–
Adjusted EBITDA from continuing operations	**(3,482)**	**(2,344)**	**(7,802)**	**(5,068)**

FINANCIAL RESULTS continued

Quarterly selected financial information

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

USD thousands (except per share data)	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19
Revenue	**3,932**	**6,011**	**7,130**	**4,296**	**3,599**	**6,356**	**7,705**	**4,216**
Japan	3,932	6,011	7,130	4,296	3,599	6,356	7,705	4,216
Net (loss) income	**(4,477)**	**28,030**	**1,611**	**(2,578)**	**(6,249)**	**3,242**	**547**	**(2,227)**
Net (loss) income from continuing operations attributable to owners of Etrion	(4,263)	26,818	1,611	(2,578)	(6,110)	2,973	164	(1,910)
Net (loss) income attributable to owners of Etrion	(4,477)	28,030	1,611	(2,578)	(6,110)	2,973	164	(1,910)
Basic and diluted (loss) earnings per share:								
From continuing operations attributable to owners of Etrion	$(0.01)	$0.08	$0.00	$(0.00)	$(0.02)	$0.01	$0.00	$(0.01)

Solar-related production and revenues experience seasonality due to the variability of daily sun hours in the summer months versus the winter months, resulting in lower revenues in the first and fourth quarters each year. In Japan, revenues are received in Japanese yen and have been translated at the average ¥/$ exchange rate for the corresponding period. Consequently, revenues expressed in $ may fluctuate according to exchange rate variations. The Group's consolidated financial statements are presented in $, which is the Group's presentation currency. The Company's functional currency is the ¥. The consolidated financial statements have been prepared in accordance with IFRS.

Gain on sale of solar project rights

	Three months ended		Twelve months ended	
USD thousands	**Q4-20**	**Q4-19**	**Q4-20**	**Q4-19**
Gain on sale of project rights	–	–	30,882	2,761
Development fee	–	–	2,790	–
Compensation on deposit reimbursement	–	–	598	–
Write-off development costs	–	–	(869)	–
Total gain on sale of solar project rights	**–**	**–**	**33,401**	**2,761**

The Company reached an agreement and sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately $30.9 million). As part of the agreement Etrion also received a development fee of ¥300 million (approximately $2.8 million) and interest of ¥64 million (approximately $0.6 million). The Company's capitalized development costs of US$0.9 incurred in the Mie 60 MW solar project were written off. During 2019, the Company fully collected ¥300 million (approximately $2.8 million) from the sale of the Kumamoto project rights to a local Japanese developer. USD equivalents were calculated using the applicable average exchange rate.

Other income

On May 14, 2020 Etrion recognised an income from arranging the sale of PV Salvador in exchange for cash proceed of $3.0 million. Concurrent with this transaction, Etrion received a termination fee of $0.3 million as compensation for the early termination of the asset's management service contract with PV Salvador.

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General and administrative expenses

	Three months ended		Twelve months ended	
USD thousands	**Q4-20**	**Q4-19**	**Q4-20**	**Q4-19**
Salaries and benefits	2,082	1,402	3,790	2,237
Pension costs	113	84	202	87
Board of Directors' fees	53	67	209	271
Share-based payments	54	69	198	225
Professional fees	524	379	2,290	1,140
Disposal expenses assets-held for sale	512	–	512	–
Listing and marketing	40	42	197	246
Depreciation and amortization	34	36	138	142
Office lease	59	75	287	293
Office, travel and other	90	257	344	600
Total G&A	**3,561**	**2,411**	**8,167**	**5,241**

During the three and twelve months ended December 31, 2020, general and administrative expenses increased by $1.1 million (47.7%) and $2.9 million (55.8%), respectively, compared with the same period in 2019. During the year ended 2020, the Company recognized $0.7 million of professional fees and salaries and benefits associated with the litigation on the Mie 60 MW solar project. The increase in salaries and benefits compared with the same period in 2019 also reflects a decrease in recharges to the projects in the pipeline. Following the presentation of continuing/discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Net finance costs

	Three months ended		Twelve months ended	
USD thousands	**Q4-20**	**Q4-19**	**Q4-20**	**Q4-19**
Interest expense on corporate bond	875	786	3,214	3,039
Corporate bond call option	(116)	–	(116)	–
Foreign exchange loss (gain)	182	2,244	1,150	(611)
Other finance costs, net	35	30	78	84
Net finance cost	**976**	**3,060**	**4,326**	**2,512**

During the three and twelve months ended December 31, 2020, net finance costs decreased by $2.1 million and increased by $1.8 million, respectively, compared to the same period in 2019, mainly due to adverse foreign exchange impact in prior year. Under the continuing operations, the Group has fixed rate corporate bonds outstanding to be repaid by May 2021. During 2020, the Group recognized finance income of $0.1 million associated with the fair value of the corporate bond call option, which is considered an embedded derivative in the debt contract. Following the presentation of continuing/discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Income tax expense

	Three months ended		Twelve months ended	
USD thousands	**Q4-20**	**Q4-19**	**Q4-20**	**Q4-19**
Corporate income tax	(307)	141	2,814	1,858
Income tax expense	**(307)**	**141**	**2,814**	**1,858**

During the three and twelve months ended December 31, 2020, the Group recognized an income tax recovery of $0.3 million and income tax expense of $2.8 million, respectively (2019: tax expense of $0.1 million and $1.9 million) associated with its management services subsidiaries. The corporate income tax expense has increased in comparison to 2019 mainly due to the tax effect recognized associated with the gain on sale of the Mie 60 MW solar project rights.

FINANCIAL POSITION

Liquidity and financing

Cash position

USD thousands	December 31 2020	December 31 2019
Cash and cash equivalents:		
Unrestricted at parent level	8,956	10,596
Restricted at parent level (bond)	37,008	–
Restricted at project level	–	112,786
Total cash and cash equivalents	**45,964**	**123,382**

Unrestricted cash analysis

The Group's cash and cash equivalents at December 31, 2020, included unrestricted cash of $9.0 million (December 31, 2019: $10.6 million) and restricted cash of $37.0 million held at the corporate level. Restricted cash at parent level relates to the funds transferred on an escrow account in order to execute the repayment of the corporate bond on January 7, 2021. The Company keeps the rights to access the cash until the redemption of the corporate bond.

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.

Restricted cash analysis (discontinued operations)

USD thousands	December 31 2020	December 31 2019
Japan	63,715	112,786
Total restricted cash	**63,715**	**112,786**

The Group's cash and cash equivalents at December 31, 2020, included restricted cash held at the project level in Japan that is restricted by the lending banks for future payment of interest and repayment of principal and for working capital requirements related to each project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions. Restricted cash decreased by $49.1 million mainly due to funds used in the construction of the Niigata solar power project, partially offset by operating cash flow from the Japanese solar power projects.

Working capital

At December 31, 2020, the Group's contractual obligations for the next five years and thereafter are as follows:

USD thousands	2021	2022	2023	2024	After five years	Total
EPC	30,308	777	–	–	–	31,085
Project loans	11,781	29,618	18,380	19,031	170,607	249,417
Corporate bond	44,460	–	–	–	–	44,460
O&M contracts	767	660	829	1,303	9,991	13,550
Operating leases	1,083	1,083	1,083	1,083	12,832	17,163
Trade payables	7,743	–	–	–	–	7,743
Total	**96,141**	**32,138**	**20,292**	**21,417**	**193,430**	**352,627**

All of the contractual obligations will be funded from existing cash available, future cash flows from operations and/or debt refinancing with no additional capital investments to be made by the Group.

Financial Review continued

FINANCIAL POSITION continued

Net equity

During 2020, total equity attributable to owners of the Company increased by $24.6 million from a net liability position of $3.1 million at December 31, 2019, to a net asset position of $21.5 million at December 31, 2020. This change was primarily due to the recognition of $22.6 million of net income during the period. Total equity attributable to owners of the Company at December, 2020, was negatively impacted by the cumulative fair value losses of $12.8 million recognized within other reserves that are associated with the Group's derivative financial instruments. Excluding these fair value losses, the total equity attributable to owners of the Company at December 31, 2020, would have resulted in a net asset position of $34.3 million.

Borrowings

Non-recourse project loans

The following is a summary of the Group's non-recourse project loans and bond balances:

USD thousands	MW	Maturity	December 31 2020	December 31 2019
Shizukuishi	25	December 30, 2034	54,269	56,050
Mito	9	June 30, 2034	22,655	20,217
Misawa	10	June 30, 2036	24,150	24,592
Komatsu	13	December 30, 2036	29,668	30,003
Niigata	45	June 30, 2038	149,211	140,642
Total			**279,953**	**271,504**

Japanese projects

The non-recourse project loans obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects mature between 2034 and 2036 and bear annual interest rates of Tokyo Interbank Offered Rate ("TIBOR") plus a margin ranging from 1.1% to 1.4%. The Japanese non-recourse project loans are 90% hedged through interest rate swap contracts during the operational period at interest rates ranging from 1.72% to 3.13% all-in. At December 31, 2020, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. All the Japanese interest rate swap contracts qualified for hedge accounting at December 31, 2020, and December 31, 2019.

On March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank ("SMTB"), to increase the size of the non-recourse Mito project loan by ¥295 million, with existing tenor and slightly lower interest rate. Management has assessed the fair value of the new terms of the loans versus the old ones and concluded on recognizing $1.5 million loss on debt modification.

At December 31, 2020 and December 31, 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

Corporate borrowings

At December 31, 2020, the Group had €33.7 million (net of the Company's holdings of €6.3 million) of corporate bonds outstanding. The bonds were issued by the Company in June 2018 at 7.25% annual interest with a three-year maturity. The carrying amount of bonds as at December 31, 2020, including accrued interest net of transaction costs, was $41.4 million (December 31, 2019: $37.5 million). All of the outstanding bonds were redeemed by the Company on January 7, 2021 at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

FINANCIAL POSITION continued

Borrowings continued

Non-recourse project loans continued

Net debt reconciliation

The Group's adjusted net debt position on a cash basis (excluding non-cash items and VAT facilities) is as follows:

USD thousands	December 31 2020	December 31 2019
Total borrowings as per IFRS	**41,406**	**309,049**
Accrued interest	(125)	(125)
Transaction costs	151	7,601
Adjusted borrowings	**41,432**	**316,525**
Cash and cash equivalents	(45,964)	(123,382)
Adjusted consolidated net debt	**(4,532)**	**193,143**
Adjusted corporate net debt	**(4,532)**	**27,201**

The Group's consolidated net debt increased during 2020, in comparison with December 31, 2019, mainly due to the decrease in restricted cash and foreign exchange movements.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (November 11, 2019: 334,094,324). The Company maintains the Restricted Share Unit Plan (the "Plan") pursuant to which employees, consultants, Directors and officers of the Group may be awarded restricted share units ("RSUs"). The outstanding RSUs have a contractual term of six years and are subject to certain market performance-based vesting conditions. At the date of this MD&A, the Company had 16,766,667 RSUs outstanding.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements at December 31, 2020, and December 31, 2019.

CAPITAL INVESTMENTS

Pending the completion of the proposed sale of its Japanese solar assets, the Group will finance the construction costs associated with its projects under construction with a combination of existing cash and cash equivalents and non-recourse project loans.

Financial Review continued

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. These assumptions, estimates and judgments are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material.

IFRS 5 "Assets held for sale and discontinued operations" is applicable since September 30, 2020 as the Company's management has considered that the Solar Japan segment met the criteria to be classified as held for sale.

During the year ended December 31, 2020, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2020. The application of the amendments did not have a material impact on the consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

Going concern

The Company's audited consolidated financial statements for the year ended December 31, 2020, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At December 31,2020, the Group had cash and cash equivalents from continuing operations of $46.0 million including $37.0 million restricted cash to pay the corporate bond (December 31, 2019: unrestricted $10.6 million). During 2020, the Group recognized a net income of $22.6 million (2019: loss $4.7 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. These consolidated financial statements for the year ended December 31, 2020, do not include the adjustments that would result if the Group were unable to continue as a going concern.

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 consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns directly and through various investment trusts approximately 36% of the Company's common shares. All related party transactions are made on terms equivalent to those made on an arm's length basis.

The related party transactions disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2020, are summarized below.

Related party transactions

Lundin Energy AB

The Group receives professional services from Lundin Energy AB, for market and investor relation activities in Sweden and general and administrative expenses, respectively. During 2020, the Group incurred general and administrative expenses of $13 thousand (2019: $22 thousand) from Lundin Energy AB. At December 31, 2020, the Group owed no (December 31, 2019: nil) outstanding amounts in relation to these expenses.

Lundin SA

During 2020 the Group recognized expenses of $60 thousand (2019: $0.1 million) under the service agreement with Lundin SA to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately $4.9 million) loan facility from the Lundin family in order to re-finance the payment of the corporate bonds. The loan bears a 3% interest rate and is repayable in twelve months.

Asset management services

During 2020, the Group invoiced asset management services ("AMS") of $0.3 million of AMS termination fee (2019: $0.8 million) to PV Salvador, associated with operating and engineering services for a 70 MW solar power project in Chile.

RELATED PARTIES continued

Related party transactions continued

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, Marco A. Northland, the Chief Financial Officer, Christian Lacueva, the Chief Investment Officer, Martin Oravec and the Executive Vice President, Business Development and M&A, Giora Salita.

During 2020, the Group recognized within general and administrative expenses, $3.0 million (2019: $2.2 million) associated with the remuneration of key management personnel, related to salaries and short-term benefits, pension costs, fees paid to the Board of Directors and share-based payment expenses. At December 31, 2020, the Group had no outstanding liabilities to key management personnel (December 31, 2019: $nil).

FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks relating to its operations. These risks include market risk (including currency risk, interest rate risk and electricity price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets, specifically changes in foreign exchange rates and interest rates, and seek to minimize potential adverse effects on the Group's financial performance. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate risk exposures through interest rate swap contracts. However, the Group has not entered into any foreign exchange rate hedges as monetary assets and liabilities held by the Group's subsidiaries are primarily held in the individual subsidiaries' functional currencies.

In addition, the Group is directly exposed to inflation in Japan, as the FiT contracts are not inflation-adjusted, so that some operating costs will be impacted by any inflation.

The Company's management carries out risk management procedures with guidance from the Audit Committee and Board of Directors. Refer to the Company's audited consolidated financial statements for the year ended December 31, 2020, for further details relating to the Group's financial risk management.

DERIVATIVE FINANCIAL INSTRUMENTS

A summary of the Group's derivative financial instruments is as follows:

USD thousands	**December 31 2020**	**December 31 2019**
Derivative financial assets:		
Corporate bond call option	120	–
Total derivative financial assets	**120**	**–**
Derivative financial liabilities:		
Interest rate swap contracts		
Current portion	–	1,429
Non-current portion	–	8,782
Total derivative financial instruments	**–**	**10,211**

Corporate bond call option

During 2020, the Group recognized the fair value of the corporate bond call option of $0.1 million as the option was deemed to be in the money.

Interest rate swap contracts

The Group enters into interest rate swap contracts in order to hedge against the risk of variations in the Group's cash flows as a result of floating interest rates on its non-recourse project loans in Japan. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR interest rate forward yield curves and an appropriate discount factor.

At December 31, 2020, and December 31, 2019, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs. Following the IFRS 5 presentation all solar projects associated derivatives have been reclassified under liabilities associated with the assets held for sale.

Risks and Uncertainties

The Group's activities expose it to a variety of financial and non-financial risks and uncertainties that could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. Certain of such risks are discussed below. Certain of such risks and uncertainties will also be subject to the outcome of the proposed sale of the Group's Japanese solar assets as disclosed elsewhere in this MD&A. For a more detailed discussion of risk factors currently applicable to the Group, see Etrion's Annual Information Form for the year ended December 31, 2020, which has been filed on SEDAR and is available under Etrion's profile at www.sedar.com. Risk management is carried out by the Company's management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also oversees and provides assistance with the overall risk management strategy and mitigation plan of the Group.

FINANCIAL RISKS

Debt and equity financing

The Group cannot be certain that financing will be available when needed and, as a result, the Group may need to delay discretionary expenditures. In addition, the Group's level of indebtedness from time to time could impair its ability to obtain additional financing and to take advantage of business opportunities as they arise. Failure to comply with facility covenants and obligations could also expose the Group to the risk of seizure or forced sale of some or all of its assets.

Capital requirements and liquidity

The Group is currently generating significant cash flows from its operational projects to be able to fund its working capital requirements for at least 12 months. The Company's management does not forecast any liquidity risk that may have a material impact on the Group's business model, financial position and performance.

Market risks

The Group is exposed to financial risks such as interest rate risk, foreign currency risk, electricity price risk and third-party credit risk. The Company's management seeks to minimize the effects of interest rate risk by using derivative financial instruments to hedge risk exposures.

Cost uncertainty

The Group's current and future operations are exposed to cost fluctuations and other unanticipated expenditures that could have a material impact on the Group's financial performance.

NON-FINANCIAL RISKS

Licenses and permits

The Group's operations require licenses and permits from various governmental authorities that are subject to changes in regulation and operating circumstances. There is no assurance that the Group will be able to obtain all the necessary licenses and permits required to develop future renewable energy projects. At the date of this MD&A, to the best of the Company's knowledge, all necessary licenses and permits have been obtained for projects already built and under construction, and the Group is complying in all material respects with the terms of such licenses and permits.

Governmental regulation

The renewable energy sector is subject to extensive government regulation. These regulations are subject to change based on current and future economic and political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Group operates could lead to delays in the construction or development of additional solar power projects and/or adversely impair its ability to acquire and develop economic projects, generate adequate internal returns from operating projects and continue operating in current markets. Specifically, reductions in the FiT payable to the Group on its existing solar power projects in Japan as well as other legislative or regulatory changes could impact the profitability of the Group's solar power projects.

Competition

The renewable energy industry is extremely competitive and many of the Group's competitors have greater financial and operational resources. There is no assurance that the Group will be able to acquire new renewable energy projects in order to grow in accordance with the Company's strategy. The Group also competes in securing the equipment necessary for the construction of solar energy projects. Equipment and other materials necessary to construct production and transmission facilities may be in short supply, causing project delays or cost fluctuations.

Prices and markets for electricity

The Group is not exposed to significant electricity market price risk as the revenues generated by its operating solar power projects in Japan were secured by long-term contracts based on a FiT.

International operations

Renewable energy development and production activities are subject to significant political and economic uncertainties that may adversely affect the Group's performance. Uncertainties include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future

FiTs/PPAs, a change in renewable energy pricing policies and a change in taxation policies or the regulatory environment in the jurisdictions in which the Group operates. These uncertainties, all of which are beyond the Group's control, could have a material adverse effect on the Group's financial position and operating performance. In addition, if legal disputes arise relating to any of the Group's operations, the Group could be subject to legal claims and litigation within the jurisdiction in which it operates.

Reliance on contractors and key employees

The ability of the Company to conduct its operations is highly dependent on the availability of skilled workers. The labor force in many parts of the world is unionized and politicized, and the Group's operations may be subject to strikes and other disruptions. In addition, the success of the Company is largely dependent upon the performance of its management and key employees. There is a risk that the departure of any member of management or any key employee could have a material adverse effect on the Group. The Group's business model relies on qualified and experienced contractors to design, construct and operate its renewable energy projects. There is a risk that such contractors are not available or that the price for their services impairs the economic viability of the Group's projects.

Coronavirus (COVID-19)

The magnitude of any potential disruption of the Company's business operations due to the coronavirus outbreak will depend on certain developments, including the duration, spread and severity of the COVID-19 outbreak in Japan. The Company is actively monitoring and implementing specific precautionary measures to mitigate any potential disruptions. As of the date hereof, none of the Company's operating or development projects has been adversely affected. However, the duration and extent of the COVID-19 outbreak and the potential financial impact on the Company's operations and development activities cannot be reasonably predicted at this time and it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition including, without limitation, the possible temporary suspension of construction activities at the Niigata Project.

Other Disclosures

ETRION PREVIOUS GUIDANCE

On March 9, 2020, Etrion issued a revenue and project-level EBITDA forecast for the fiscal year ending December 31, 2020. Actual results in comparison with the revised guidance with primary focus on the Japanese assets are shown in the table below:

2020 Guidance results USD million otherwise stated	Low end	Actual results	High end
Energy generation (MWh)	59.9	60.1	66.2
Revenue	20.6	21.3	22.8
Project-level EBITDA	14.9	16.6	16.5

Japanese production, revenue and project-level EBITDA in 2020 were within the range of the low-end and high-end range of the guidance provided on March 13, 2019. The performance of the operating solar assets in Japan during 2020 was positive and this was reflected in production and revenue being within the range of the guidance.

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 Group's proposed sale of its Japanese solar assets; the Group's plans for future growth and development activities (including, but not limited to, expectations relating to the timing of the development, construction, permitting, licensing, financing operation and electricity production, as the case may be, of its future solar power plants in Japan) in the event such sale does not proceed; expectations relating to future solar energy production and the means by which, and to whom, such future solar energy will be sold; the need for, fund the construction or acquisition of new projects and the expected sources of such capital; and expectations relating to grid parity. 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: the risk that the sale of the Japanese solar assets may not be completed as expected; risks associated with operating exclusively in foreign jurisdictions; risks associated with the regulatory frameworks in the jurisdictions in which the Company operates, or expects to operate, including the possibility of changes thereto; uncertainties with respect to the potential impact of the current COVID-19 pandemic on the Company's operations; uncertainties with respect to the identification and availability of suitable additional renewable energy projects on economic terms; uncertainties with respect to the Group's ability to negotiate PPAs with industrial energy users; uncertainties relating to the availability and costs of financing needed in the future; 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 construction or operating costs of the Company's projects may be higher than anticipated; uncertainties with respect to the receipt or timing of all applicable permits for the development of projects; the impact of general economic conditions and world-wide industry conditions in the jurisdictions and industries in which the Group operates; risks inherent in the ability of the Group to generate sufficient cash flow from operations or obtain sufficient external funding to meet current and future obligations; stock market volatility; and other factors, many of which are beyond the Group's control. 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: the ability of the Group to complete the sale of its Japanese assets; the ability of the Group to obtain the required permits in a timely fashion and project and debt or equity financing on economic terms and/or in accordance with its expectations; the ability of the Group to identify and acquire additional solar power projects; and assumptions relating to management's assessment of the impact of the new Japanese FiT regime. The foregoing factors, assumptions and risks are not exhaustive and are further discussed under the heading "Risk and uncertainties" above and in Etrion's most recent Annual Information Form and other public disclosure available on SEDAR at www.sedar.com. 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

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Shareholders of Etrion Corporation

OUR OPINION

In our opinion, the accompanying consolidated financial statements (pages 32 to 66) present fairly, in all material respects, the financial position of Etrion Corporation and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of net income (loss) and comprehensive net income (loss) for the years ended December 31, 2020 and 2019;
- the consolidated balance sheet as at December 31, 2020 and 2019;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statement of cash flow for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Classification of the Company's Japanese solar assets as held-for-sale and presentation as discontinued operations *Refer to note 6 – Discontinued operations and assets held for sale to the consolidated financial statements.* In the third quarter of 2020, Etrion's management determined that the Japanese solar assets and Solar Japan Segment have met the definition and criteria as assets held-for-sale and discontinued operations. As a result of management's conclusion, there are requirements concerning the allocation, valuation and classification of the underlying assets and liabilities as "held for sale", the allocation of income and expenses to the discontinued operations, and the presentation within the consolidated financial statements. Management concluded that the planned sale of the solar power plants met the requirements to be reported in the 2020 consolidated financial statements in accordance with IFRS 5 "Non-current Assets held for Sale and Discontinued Operations". We determined that this is a key audit matter due to the fact that the transaction and its accounting are non-routine and significant management judgments are involved. These judgments include, among others, the date of classification of the non-current assets as "held for sale", the valuation of the assets held-for-sale as of the balance sheet date and the presentation within the financial statements.	Our approach to addressing the matter included the following procedures, among others: • Assessed the conclusion that the disposal group met the criteria to be classified as "held for sale" and met the definition of a discontinued operation. • Assessed the valuation of the disposal group at the lower of carrying amount and fair value less costs of disposal, and management's conclusion as to whether an impairment was necessary at the time the disposal group was classified as "held for sale". • Assessed that the subsequent measurement requirements were adhered to. • Assessed the presentation of the results as discontinued operations and disclosure in accordance with IFRS 5.

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RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Corinne Pointet Chambettaz.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz
March 12, 2021

Colin Johnson
QES Qualified electronic signature · Swiss law
Signed on Skribble.com

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Consolidated Statement of Net Income (Loss) and Comprehensive Net Income (Loss)

For the years ended December 31, 2020 and 2019
Expressed in US$'000

	Note	2020	2019 Restated*
Continuing operations			
Gain on sale of solar project rights	7	33,401	2,761
General and administrative expenses	8	(8,167)	(5,241)
Other income	9	3,318	30
Other expense	10	(1,867)	–
Operating profit (loss)		**26,685**	**(2,450)**
Finance income	11	118	611
Finance costs	11	(4,444)	(3,123)
Net finance costs		**(4,326)**	**(2,512)**
Income (loss) before income tax		**22,359**	**(4,962)**
Income tax expense	12	(2,814)	(1,858)
Income (loss) from continuing operations		**19,545**	**(6,820)**
Profit from discontinued operations, net of tax	6	3,041	2,132
Net income (loss)		**22,586**	**(4,688)**
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Gain on currency translation	20	2,270	447
(Loss) gain on cash flow hedges, net of tax – discontinued operations		(394)	42
Hedging losses reclassified to profit or loss		46	27
Items that will not be reclassified to profit and loss:			
Actuarial loss on post-employment benefits, net of tax		(94)	(317)
Total other comprehensive income		**1,828**	**199**
Total comprehensive net income (loss)		**24,414**	**(4,489)**
Income (loss) attributable to:			
Owners of the parent		22,586	(4,883)
Non-controlling interests		–	195
Total		**22,586**	**(4,688)**
Total comprehensive income (loss) attributable to:			
Owners of the parent		24,414	(4,681)
Non-controlling interests		–	192
Total		**24,414**	**(4,489)**
Total comprehensive income (loss) attributable to owners of the Company:			
Continuing operations		21,721	(6,690)
Discontinued operations		2,693	2,009
Total		**24,414**	**(4,681)**
Basic and diluted earnings (loss) per share from continuing operations	13	**$0.06**	**$(0.02)**
Basic and diluted earnings (loss) per share for the period	13	**$0.07**	**$(0.01)**

* See note 6 for details regarding the restatement as a result of discontinued operations.

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

Consolidated Balance Sheet

As at December 31, 2020
Expressed in US$'000

	Note	December 31 2020	December 31 2019
Assets			
Non-current assets			
Property, plant and equipment	14	18	191,796
Intangible assets	15	1,110	14,755
Deferred income tax assets	12	171	2,839
Trade and other receivables	17	2	3,949
Total non-current assets		**1,301**	**213,339**
Current assets			
Derivative financial instruments	22	120	–
Trade and other receivables	17	1,773	10,240
Cash and cash equivalents	16	45,964	123,382
		47,857	133,622
Assets held for sale	6	332,467	–
Total current assets		**380,324**	**133,622**
Total assets		**381,625**	**346,961**
Equity			
Attributable to common shareholders			
Share capital	18	111,304	111,304
Contributed surplus		13,641	13,443
Other reserves	20	1,916	(12,799)
Reserves of a disposal group held for sale	6	(12,793)	–
Accumulated losses		(92,556)	(115,048)
Total equity		**21,512**	**(3,100)**
Liabilities			
Non-current liabilities			
Borrowings	21	–	301,464
Derivative financial instruments	22	–	8,782
Lease Liabilities	23	–	9,673
Provisions	24	1,221	6,175
Total non-current liabilities		**1,221**	**326,094**
Current liabilities			
Trade and other payables	26	2,639	12,917
Current tax liabilities	12	2,990	1,676
Borrowings	21	41,406	7,585
Derivative financial instruments	22	–	1,429
Lease Liabilities	23	–	319
Other liabilities		–	41
		47,035	23,967
Liabilities directly associated with the assets held for sale	6	311,857	–
Total current liabilities		**358,892**	**23,967**
Total liabilities		**360,113**	**350,061**
Total equity and liabilities		**381,625**	**346,961**

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

Consolidated Statement of Changes in Equity

For the years ended December 31, 2020 and 2019
Expressed in US$'000

		Attributable to owners of the parent							
	Note	Share capital	Contributed surplus	Other reserves	Accumulated losses	Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity
Balance at January 1, 2019		**111,304**	**13,281**	**(12,940)**	**(109,848)**	**–**	**1,797**	**1,132**	**2,929**
Comprehensive (loss) income:									
(Loss) Income for the period		–	–	–	(4,883)	–	(4,883)	195	(4,688)
Other comprehensive income (loss):									
Cash flow hedges (net of tax)		–	–	86	–	–	86	(17)	69
Currency translation		–	–	433	–	–	433	14	447
Actuarial loss on post-employment benefits		–	–	–	(317)	–	(317)	–	(317)
Total comprehensive income (loss)		**–**	**–**	**519**	**(5,200)**	**–**	**(4,681)**	**192**	**(4,489)**
Transactions with owners in their capacity as owners:									
Share-based payments		–	162	–	–	–	162	–	162
Acquisition of non-controlling interests		–	–	(378)	–	–	(378)	(1,324)	(1,702)
Balance at December 31, 2019		**111,304**	**13,443**	**(12,799)**	**(115,048)**	**–**	**(3,100)**	**–**	**(3,100)**
Balance at January 1, 2020		**111,304**	**13,443**	**(12,799)**	**(115,048)**	**–**	**(3,100)**	**–**	**(3,100)**
Comprehensive income:									
Income for the period		–	–	–	22,586	–	22,586	–	22,586
Other comprehensive (loss) income:									
Cash flow hedges (net of tax)	20	–	–	(348)	–	–	(348)	–	(348)
Discontinued operations	6	–	–	12,793	–	(12,793)	–	–	–
Currency translation	20	–	–	2,270	–	–	2,270	–	2,270
Actuarial loss on post-employment benefits	25	–	–	–	(94)	–	(94)	–	(94)
Total comprehensive income (loss)		**–**	**–**	**14,715**	**22,492**	**(12,793)**	**24,414**	**–**	**24,414**
Transactions with owners in their capacity as owners:									
Share-based payments	19	–	198	–	–	–	198	–	198
Balance at December 31, 2020		**111,304**	**13,641**	**1,916**	**(92,556)**	**(12,793)**	**21,512**	**–**	**21,512**

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

Consolidated Statement of Cash Flow

For the years ended December 31, 2020 and 2019
Expressed in US$'000

	Note	2020	2019 Restated*
Operating activities:			
Net income (loss) for the year		**22,586**	**(4,688)**
Less: net income from discontinued operations		3,041	2,132
Income (loss) for the year from continuing operations		**19,545**	**(6,820)**
Adjustments for:			
Depreciation and amortization	8	138	142
Income tax expense	12	2,814	1,858
Share-based payment expense	8/19	198	225
Interest expense on corporate bond	11	3,214	4,187
Foreign exchange loss (gain)	11	1,150	(614)
Gain on sale of solar project rights	7	(33,401)	–
Other expense		398	158
Sub-total		**(5,944)**	**(864)**
Changes in working capital:			
Trade and other receivables		5,790	2,338
Trade and other payables		7,381	17,415
Income tax paid		(1,608)	(845)
Net cash inflow from continuing operations		5,619	18,044
Net cash inflow/(outflow) from discontinued operations		5,715	(2,124)
Total cash flow generated from operating activities		**11,334**	**15,920**
Investing activities:			
Purchases of intangible assets	15	(318)	(9,616)
Acquisition of financial asset		–	(2,625)
Proceeds from the sale of solar project rights	7	34,270	–
Net cash inflow/(outflow) from continuing operations		33,952	(12,241)
Net cash outflow from discontinued operations		(47,162)	(26,718)
Total cash flow used in investing activities		**(13,210)**	**(38,959)**
Financing activities:			
Interest paid	21	(2,936)	(2,726)
Acquisition of non-controlling interests		–	(1,702)
Net cash outflow from continuing operations		(2,936)	(4,428)
Net cash (outflow)/inflow from discontinued operations		(11,975)	127,195
Total cash flow used in (generated from) financing activities		**(14,911)**	**122,767**
Net increase (decreased) in cash and cash equivalents		**(16,787)**	**99,728**
Effect of exchange rate changes on cash and cash equivalents		3,084	(1,073)
Cash and cash equivalents at the beginning of the year		**123,382**	**24,727**
Cash and cash equivalents at the end of the year	16	**109,679**	**123,382**
From continuing operations		45,964	123,382
From discontinued operations		63,715	–

* See note 6 for details regarding the restatement as a result of discontinued operations.

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

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2020 and 2019
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. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm Stock Exchange in Sweden under the same ticker symbol, "ETX".

Etrion is an independent power producer that develops, builds, owns and operates solar power generation plants. The Company owns 57 megawatts ("MW") of installed solar capacity in Japan and 45 MW of project under construction (the "Niigata Project").

The Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd ("MUMSS") in summer of 2020 as financial advisor to assist with the potential sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter the Board of Directors selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements. Formal agreements are expected to be signed between end of March and end of April 2021, although no assurance can be given in this regard. Completion of the sale of the Japanese assets will be subject to all necessary shareholder and regulatory approvals as applicable. The Company's management has concluded that, since September 30, 2020, the Japanese solar assets and the entire Solar Segment have met the definition of assets held-for-sale and discontinued operations as per IFRS 5. Note 6

These consolidated financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's Board of Directors approved these consolidated financial statements on March 12, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC") that are effective or available for early adoption for accounting periods beginning on January 1, 2020. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, such as derivative financial instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(b) Going concern

The Company's consolidated financial statements for the year ended December 31, 2020, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At December 31,2020, the Group had cash and cash equivalents from continuing operations of $46.0 million including $37.0 million restricted cash to pay the corporate bond (December 31, 2019: unrestricted $10.6 million). During 2020, the Group recognized a net income of $22.6 million (2019: loss $4.7 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. These consolidated financial statements for the year ended December 31, 2020, do not include the adjustments that would result if the Group were unable to continue as a going concern.

(c) Changes in accounting policies and disclosures

During the year ended December 31, 2020, the Group applied the amended accounting standards, interpretations and annual improvement points that are effective as of January 1, 2020. The application of the amendments did not have a material impact on the consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is considered as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: (1) represents a separate major line of business or geographical area of operations, (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (3) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of net income. Additional disclosures are provided in Note 6. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(e) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control and are consolidated. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases in accordance with IFRS 10, ("Consolidated Financial Statements"). Non-controlling interests' share of total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies used by subsidiaries, where different from those of the Group, are amended where necessary to ensure consistency with the accounting policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the Group's share of the carrying value of the net assets is recorded within equity. Gains or losses recognized on the disposal of non-controlling interests are also recorded in equity.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors is the Chief Operating Decision-Maker ("CODM") responsible for making strategic decisions, allocating resources and assessing the performance of the operating segments.

(g) Foreign currency translation

Functional currency and presentation currency

The consolidated financial statements are presented in $, which is the Group's presentation currency, due to the Company's listing in North America. Foreign exchange gains and losses are presented within finance income and costs.

In preparing the consolidated financial statements, the individual financial statements of the Company's subsidiaries are translated into the functional currency of the Company, the Japanese yen. Once the financial statements have been consolidated, they are then translated into the presentation currency, the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, where items are remeasured at the dates of valuations. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies translated at the year-end exchange rate are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Notes to the Consolidated Financial Statements continued

As at and for the years ended December 31, 2020 and 2019
Expressed in US$'000 unless otherwise stated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(g) Foreign currency translation continued

Group companies
The results and financial position of all Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet item are translated at the closing exchange rates prevailing at the balance sheet date;
- income and expenses for each statement of comprehensive income item are translated at the exchange rate at the transaction date (or the annual average exchange rate if this represents a reasonable approximation); and
- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognized initially in other comprehensive income. On the disposal or partial disposal of the net investment (reduction in ownership percentage), the amounts recognized in other comprehensive income are reclassified from equity to profit or loss. Management does not consider the repayment of quasi-equity loans designated as 'net investment' to qualify as a disposal and therefore no reclassification of exchange differences is made from equity to profit or loss when such repayment occurs. Where, as a result of a change in circumstances, a previously designated 'net investment' loan is settled (monetary items receivable from or payable to a foreign operation are actually repaid), the loan is de-designated and then exchange differences arising from the translation are accounted for in profit or loss from that point forward.

Exchange rates for the relevant currencies of the Group with respect to the US dollar are as follows: (CHF refers to Swiss francs)

	¥/$	€/$	CAD$/$	$/CHF
December 31, 2020	0.0097	1.23	0.78	0.88
December 31, 2019	0.0092	1.12	0.77	0.97
December 31, 2018	0.0091	1.15	0.73	0.99
Average 2020	0.0094	1.14	0.75	0.94
Average 2019	0.0092	1.12	0.75	1.00

(h) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to bringing the asset into working condition for its intended use. The cost of dismantling and removing items of property, plant and equipment and site restoration are also included as part of the cost of the relevant asset.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continues until the date in which development of the relevant asset is complete. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items within property, plant and equipment.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment or as a separate asset, as appropriate, only if it is probable that the future economic benefits embodied within the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced items of property, plant and equipment are derecognized and the costs of maintenance and repairs are charged to profit or loss during the financial period in which they are incurred. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss within other income and expenses.

Depreciation
Depreciation is recognized within operating expenses for operating solar power projects and within general and administrative expenses for all other items of property, plant and equipment. In order to expense the cost of assets less their residual values over their useful lives the straight-line method is used. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated. The estimated useful lives are as follows:

	2020	2019
Solar power plants – Japan	20 years	20 years
Equipment and furniture	1-5 years	1-5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Intangibles

Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditures directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to prepare the asset for its intended use. The Company capitalizes all the internally generated qualifying costs that are incurred during the development, construction and financing phases of the project life. Costs incurred outside of these phases are expensed, unless there is an activity that improves the performance or functionality of the asset that will result in additional economic benefits.

Licenses and permits

Costs of licenses and permits for projects internally developed include all the associated expenditures and internally generated costs incurred by the Group to successfully meet all the technical and environmental requirements of the local authorities where the Group operates that are necessary to build and operate solar power projects. Project permits and licenses acquired through business combinations or through the acquisition of a project company accounted for as an asset acquisition are recognized at their fair values at the date of acquisition Note 2(e). Project permits and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method. The estimated useful life of project permits and licenses is based on the life of the applicable energy supply contracts which is generally 20 years. The amortization expense recognized in relation to intangible assets is included within operating expenses. The amortization expense of permits and licenses related to the construction of solar power projects is capitalized as assets under construction within property, plant and equipment during the construction phase.

(j) Impairment of tangibles assets and intangible assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. CGUs are identified for each operating solar power project.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount of the asset is the higher of the fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(k) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, gain and losses will be recorded in profit and loss, unless, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments: Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains and losses.

Notes to the Consolidated Financial Statements continued

As at and for the years ended December 31, 2020 and 2019
Expressed in US$'000 unless otherwise stated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(k) Investments and other financial assets continued

Recognition and measurement continued

Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses are presented as separate line item in the statement of profit or loss. FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains and losses in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains and losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Offsetting financial instruments

Financial assets and liabilities are offset and shown net in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(l) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction; or
- hedges of the fair value of recognized assets and liabilities or a firm commitment; or
- hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction, the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 22. Movements on the hedging reserve in other comprehensive income are shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately within finance income or costs. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss finance income or costs.

(m) Trade receivables

Trade receivables are amounts due for solar energy produced by the Group and sold to the electricity grid operator in accordance with electricity sale contracts. If collection is expected in one year or less, they are classified as current assets. If not, they are recognized as non-current assets and discounted to factor the time value of money. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less any provision for impairment. The simplified approach has been applied for impairment and the full lifetime expected credit losses model has been applied.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks to future repayment of interest and principal and working capital requirements related to the specific project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, either through repayment of shareholder loans or through dividend distributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(o) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(q) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method, with any difference between the proceeds (net of transaction costs) and the redemption value recognized in profit or loss within finance costs. Transaction costs incurred in acquiring a floating rate instrument are amortized using the straight-line amortization method. Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. If there is no evidence to indicate that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized within property plant and equipment. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalized until the date on which development of the relevant asset is complete. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The Company's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill, and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the obligation can be made. The Group recognizes a provision for the future costs expected to be incurred in relation to the decommissioning, dismantling and site restoration associated with its solar power projects Japan with a corresponding increase in the relevant asset. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the project, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Period charges for changes in the net present value of the provision arising from discounting are included within finance costs.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(t) Revenue recognition

Revenue is recognized upon delivery of electricity produced to the local operator of the electricity grid and when applicable, when customers receive electricity from the offtake point in accordance with existing contracts. Revenues from the sale of electricity are recognized at the time the electricity is supplied on the basis of periodic meter readings. Revenues are recognized net of value added tax ("VAT") and rebates. Revenues are measured at the fair value of the consideration received or receivable, which is calculated based on the price of electricity established in the contract. Revenues obtained from solar power plants that are still within the testing period (the time interval to bring the asset to the intended use conditions) are deducted from capitalized costs.

(u) Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(v) Share-based payment

Restricted share units (RSUs)

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees, consultants, directors and officers as consideration for equity instruments of the Company. The Board of Directors of the Company has, in its sole discretion, the option to settle the RSUs in treasury shares, in cash or through open market share purchases. The total amount to be expensed within general and administrative expenses is determined by reference to the fair value of the options granted. The fair value of non-market performance and service condition grants is determined using the share market price at the date of grant. The fair value of grants with market performance conditions is calculated using an adjusted share market price calculated with a valuation model that incorporates all the variables included in the market conditions. Once the fair value is calculated it is not reassessed since the valuation model includes the value of all possible outcomes including the possibility that the grant is never exercised. The fair value of any RSUs granted to employees, consultants, directors and officers of the Group is recorded as an expense over the vesting period of the RSUs granted, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity within contributed surplus. For grants with non-market performance conditions, management assesses the vesting conditions and adjust the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the expense amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(w) Employee benefits

Pension obligations

The Group's Swiss subsidiary has a defined benefit pension plan that is managed through a private fund. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and the Swiss subsidiary pays the annual insurance premium. The fund provides benefits coverage to the employees in the event of retirement, death or disability. The Group's Swiss subsidiary and its employees jointly finance retirement and risk benefit contributions. As per the agreement, the Swiss subsidiary contributes between 60% and 67% of the monthly pension costs, and the remaining balance is deducted from the employees' pay. Actuarial gains or losses arising from any change in the actuarial assumptions used in estimation of the defined benefit obligations are recognized through other comprehensive income.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. ACCOUNTING ESTIMATES AND ASSUMPTIONS

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. The assumptions, estimates and judgments are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared.

On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material. The Company's management believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

(a) Fair value of derivative financial instruments

In determining the fair value of the Group's financial instruments, the Company's management uses judgment to select a variety of methods and assumptions that are mainly based on market conditions existing at the balance sheet date. Where possible, the Company's management also obtains fair value measurements from third parties. The fair value of the Group's interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity, the observable Tokyo Interbank Offered Rate ("TIBOR") forward interest rate curves and an appropriate discount factor. At December 31, 2020, the Group recognized net financial liabilities of $11.1 million (2019: $10.2 million) associated with its derivative financial instruments as classified under discontinued operations. Note 6 & 22. Refer also to Note 4(c) for a summary of the valuation techniques used by the Group.

(b) Deferred income tax assets

The Group accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12, Income Taxes, which requires deferred income tax assets to be recognized only to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized. The Company's management estimates future taxable profits based on the financial models used to value the solar power projects. Any change to the estimates and assumptions used for the key operational and financial variables within the business models could affect the amount of deferred income tax assets recognized by the Group. At December 31, 2020, the Group recognized $2.3 million (2019: $2.8 million) of net deferred income tax assets. Note 6 & 12.

(c) Assets held for sale

On June 11, 2020, the Board of Directors announced its decision to discontinue the Solar Japan segment consisting of the 57-megawatt operation solar portfolio and its 45-megawatt solar park under construction in Japan. The classification as a disposal group held for sale has been effected as from September 30, 2020. The Company's management consider that the segment has met the criteria to be classified as held for sale since that date for the following reasons:

- The Solar Japan segment was available for immediate sale as from that date and could be sold to the buyer in its current condition.
- The actions to complete the sale had been initiated at the date of initial classification and were expected to be completed within one year from that date.
- A potential buyer has been identified and negotiations as at the reporting date were at an advance stage.
- The actions required to complete the plan indicate that is unlikely that there will be any changes to the plan or that it will be withdrawn.

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4. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders by increasing its operating capacity and cash flow with new projects. The capital structure of the Group consists of total equity and borrowings. The Group's objectives when managing the capital structure are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain flexibility and liquidity for investment opportunities in the renewable energy segment. The Company's Board of Directors reviews the capital structure of the Group throughout the year and, as part of this review, considers the cost of capital and the risks associated with each class of capital. This review specifically focuses on the gearing ratio and working capital requirements at the corporate level. In order to maintain or maximize the capital structure of the Group at the corporate level, the Group may raise additional funds through equity financing or long-term corporate debt or sell assets in order to manage debt levels or pursue additional opportunities within the renewable energy segment.

(b) Financial risk management

The Group is exposed to a variety of financial risks relating to its operations in Japan. These risks include market risk (interest rate risk, foreign currency risk, and price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets, specifically changes in foreign currency exchange rates and interest rates and seeks to minimize potential adverse effects on the Group's financial performance. The Group seeks to minimize the effects of these risks primarily by using derivative financial instruments to hedge interest rate risk exposures. The Company's management carries out risk management procedures with guidance from the Audit Committee. The Board of Directors also provides regular guidance on the Group's overall risk management procedures.

Market risk

Interest rate risk

The Group is highly leveraged through financing at the project and corporate level for the construction of its solar power projects. The Group enters into non-recourse project loans issued at variable interest rates with financial institutions that provide financing for up to 85% of the total project costs. On June 15, 2018, Etrion completed a €40 million senior secured bond issue in the Nordic bond market. In 2019, The Group issued the Etrion Green Project Bond for approximately ¥16 billion ($146 million) at a fixed interest rate of 1.2% to finance the construction of Project Niigata. The Group is exposed to interest rate risks associated with its non-recourse project loans in Japan as these are floating rate instruments. These risks are mitigated through the Company's hedging strategy. The Group is not exposed to interest rate risks associated with the corporate bonds as these are fixed-rate instruments. The Group manages its cash flow and interest rate risks by using floating-to-fixed interest rate swap contracts, primarily entered into with the same financial institutions providing the underlying debt facility. These interest rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swap contracts, the Group agrees to exchange at specified intervals the difference between the fixed contract rates and floating interest rates calculated by reference to the agreed notional amounts. The fair value of the interest rate swap contracts at the end of each reporting period is determined by discounting the future cash flows using forward interest rate curves at the balance sheet date.

The following table shows the sensitivity of profit or loss and other comprehensive income if interest rates in Japanese yen denominated borrowings change by 10 basis points ("bps") with all other variables held constant.

		+10bps shift in interest rate curve		–10 bps shift in interest rate curve	
	Carrying amount	Impact on profit/(loss)	Impact on other comprehensive income	Impact on profit/(loss)	Impact on other comprehensive income
At December 31, 2020					
Sumitomo Mitsui Trust Bank	130,742	(137)	–	137	–
Derivative financial instruments	11,140	–	922	–	(932)
Total net impact		**(137)**	**922**	**137**	**(932)**
At December 31, 2019					
Sumitomo Mitsui Trust Bank	130,862	(133)	–	133	–
Derivative financial instruments	10,211	–	986	–	(975)
Total net impact		**(133)**	**986**	**133**	**(975)**

4. FINANCIAL RISK MANAGEMENT continued

(b) Financial risk management continued

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, the Swiss franc and the US dollar. The Group's foreign currency exposure arises from commercial transactions and recognized assets (intercompany loans) and liabilities (corporate bond) denominated in a currency that is not the currency of the relevant Group entity. The Group does not undertake hedging arrangements to mitigate the foreign currency exposure on its net investments in foreign operations or on income from foreign operations in order to hedge the risk of foreign currency variations. The Group is primarily exposed to changes in the ¥/$ and ¥/€ exchange rates. In 2020, the sensitivity in profit and loss arises mainly from the Euro corporate bond (in 2019 it also included the US dollar Intercompany loan and the impact on equity arising from the quasi-equity loan):

	Impact on profit/(loss)		Impact on other comprehensive income	
	2020	**2019**	**2020**	**2019**
¥/$ increase 5% (2019: 5%)	–	1,573	–	2, 108
¥/$ decrease 5% (2019: 5%)	–	(1,573)	–	(2,108)
¥/€ increase 5% (2019: 5%)	1,691	1,690	–	–
¥/€ decrease 5% (2019: 5%)	(1,691)	(1,690)	–	–

Price risk

Revenues generated by the Group's solar power projects in Japan are secured by long-term contracts based on a feed-in-tariff ("FiT").

Credit risk

Credit risk mainly arises from cash and cash equivalents and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high and medium rated institutions operating in local markets are accepted. The sale of electricity is made to the public utilities in Japan and, on the basis of the collection experience, the Company's management considers the credit risk associated with trade receivables to be minor. The carrying amount of financial assets net of impairment represents the Group's maximum exposure to credit risk. The Group does not have policies in place to assign internal ratings to or set credit limits on its counterparties. The credit risk on liquid funds and derivative financial instruments is considered to be limited as counterparties are financial institutions with high and medium credit ratings assigned by international credit agencies. The credit quality of financial assets that are neither past due nor impaired at December 31, 2020, can be assessed by reference to credit ratings from Standard & Poors, if available, as follows (the table includes continuing and discontinued operations):

	2020	**2019**
AA-	37,008	1,199
A-	2,609	5,900
A+	3,626	1,595
A	66,332	114,409
BBB+	–	279
BBB	104	–
Total cash and cash equivalents (including restricted cash)	**109,679**	**123,382**

Liquidity risk

The Company's management prepares cash flow forecasts in order to ensure that sufficient cash is available to meet operational needs at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by matching maturity profiles of financial assets and liabilities. The Company's management monitors the Group's liquidity position taking into consideration the Group's debt financing plans and covenant compliance. Note 21.

The following table analyses the Group's financial liabilities based on the remaining period outstanding at the balance sheet date to the contractual maturity date (it includes continuing and discontinued operations) . The amounts disclosed in the table are the contractual undiscounted cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the forward interest rate curve existing at the balance sheet date.

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4. FINANCIAL RISK MANAGEMENT continued

(b) Financial risk management continued

Liquidity risk continued

	Carrying amount	Contractual amount	Less than 1 year	1 to 5 years	More than 5 years	Total
At December 31, 2020						
Borrowings	321,359	361,753	53,192	105,599	202,962	361,753
Interest rate swap contracts, net	11,140	11,140	1,477	6,237	3,426	11,140
Trade and other payables	7,743	7,743	7,743	–	–	7,743
Lease liability	10,199	17,163	–	4,331	12,832	17,163
Total financial and non-financial liabilities	**350,441**	**397,799**	**62,412**	**116,167**	**219,220**	**397,799**
At December 31, 2019						
Borrowings	309,049	355,270	15,575	138,355	201,340	355,270
Interest rate swap contracts, net	10,211	10,211	1,429	5,990	2,792	10,211
Trade and other payables	12,917	12,917	12,917	–	–	12,917
Lease liability	9,992	17,272	1,025	4,100	12,147	17,272
Total financial and non-financial liabilities	**342,169**	**395,670**	**30,946**	**148,445**	**216,279**	**395,670**

(c) Fair value estimation

The Group's financial instruments carried at fair value are classified at the following levels within a measurement hierarchy that is based on the valuation technique used to estimate fair values:

Level 1: includes fair value measurements derived from quoted prices in active markets for identical assets or liabilities. The fair values of financial instruments traded in the active market are based on quoted market prices at the balance sheet date. At December 31, 2020 and December 31, 2019, the Group's cash and cash equivalents and corporate bond were classified as Level 1. The fair value of the corporate bond approximated its carrying value.

Level 2: includes fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that maximize the use of observable market data, where it is available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At December 31, 2020 and December 31, 2019, the Group's interest rate swap contracts were classified as Level 2 and the fair value of such instruments was calculated as the present value of the estimated future cash flows, based on the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR forward interest rate curves and an appropriate discount factor. The fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. In addition, at December 31, 2020, the Group's corporate bond call option was classified as Level 2 and the fair value was calculated using the Hull-White model using observable market data in the Norwegian bond market. Note 21.

Level 3: includes fair value measurements derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data. At December 31, 2020 and December 31, 2019, the Group had no financial instruments classified as Level 3.

	December 31 2020	December 31 2019
Financial assets		
Level 1: Cash and cash equivalents	45,964	123,382
Level 2: Bond call option	120	–
Total financial assets	**46,084**	**123,382**
Financial liabilities		
Level 1:Corporate bond	41,406	37,545
Level 2: Borrowings	–	271,504
Level 2: Interest rate swaps	–	10,211
Total financial liabilities	**41,406**	**319,260**

5. SEGMENT REPORTING

While the Company's only segment (Solar Japan) is now classified as discontinued operations Note 6, management continues to disclose the segment information together with the corporate activities as it believes that this information is useful for readers of the consolidated financial statements. The Group's country of domicile is Canada. However, all consolidated revenues from external customers are derived from Japan. The Group's electricity production in Japan is sold to the Japanese public utilities, Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU"), and Tohoku Electric Power Co., Inc. ("TOHOKU"). The Company's revenue breakdown by major customers in Japan is as below:

	2020	**2019**
TEPCO	4,116	3,625
TOHOKU	4,246	4,399
HOKURIKU	13,007	13,852
Total	**21,369**	**21,876**

The Group's revenues, EBITDA and results are presented as follows:

	2020			**2019**		
	Solar Japan	**Corporate**	**Total**	**Solar Japan**	**Corporate**	**Total**
Revenue	**21,369**	**–**	**21,369**	**21,876**	**–**	**21,876**
Operating expenses	(4,418)	–	(4,418)	(5,331)	–	(5,331)
General and administrative expenses	(351)	(8,029)	(8,380)	(366)	(5,099)	(5,465)
Gain on sale of solar project rights	–	33,401	33,401	–	2,760	2,760
Other income	35	3,318	3,353	325	31	356
Other expense	–	(1,867)	(1,867)	–	–	–
EBITDA	**16,635**	**26,823**	**43,458**	**16,504**	**(2,308)**	**14,196**
Depreciation and amortization	(7,053)	(138)	(7,191)	(9,156)	(142)	(9,298)
Finance income	3	118	121	45	611	656
Finance costs	(6,091)	(4,444)	(10,535)	(4,776)	(3,123)	(7,899)
Income (loss) before income tax	**3,494**	**22,359**	**25,853**	**2,617**	**(4,962)**	**(2,345)**
Income tax expense	(453)	(2,814)	(3,267)	(485)	(1,858)	(2,343)
Net income (loss) for the period	**3,041**	**19,545**	**22,586**	**2,132**	**(6,820)**	**(4,688)**

The Group's assets and liabilities can be presented as follows:

	December 31, 2020			**December 31, 2019**		
	Solar Japan	**Corporate**	**Total**	**Solar Japan**	**Corporate**	**Total**
Property, plant and equipment	242,800	18	242,818	191,744	52	191,796
Intangible assets	12,306	1,110	13,416	12,493	2,262	14,755
Cash and cash equivalents	63,715	45,964	109,679	112,786	10,596	123,382
Other assets	13,646	2,066	15,712	9,326	7,702	17,028
Total assets	**332,467**	**49,158**	**381,625**	**326,349**	**20,612**	**346,961**
Borrowings	279,953	41,406	321,359	271,504	37,545	309,049
Trade and other payables	5,104	2,639	7,743	9,626	3,291	12,917
Other liabilities	26,800	4,211	31,011	25,550	2,545	28,095
Total liabilities	**311,857**	**48,256**	**360,113**	**306,680**	**43,381**	**350,061**

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6. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Etrion has engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. The Solar Japan segment has been classified as a disposal group held for sale and as discontinued operations since September 30, 2020.

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

	2020	2019
Revenue	21,369	21,876
Operating expenses	(4,418)	(5,331)
General and administrative expenses	(351)	(366)
Other income	35	325
EBITDA	**16,635**	**16,504**
Depreciation and amortization	(7,053)	(9,156)
Finance income	3	45
Finance costs	(6,091)	(4,776)
Income before income tax from discontinued operations	**3,494**	**2,617**
Income tax expense	(453)	(485)
Net Income for the period from discontinued operations	**3,041**	**2,132**

The major classes of assets and liabilities of the Solar Japan disposal group classified as held for sale as at December 31, 2020, are as follows:

	December 31 2020
Assets	
Property, plant and equipment (Note 14)	242,800
Intangible assets (Note 15)	12,306
Deferred income tax assets (Note 12)	2,349
Trade and other receivables	11,297
Cash and cash equivalents (Note 16)	63,715
Assets classified as held for sale	**332,467**
Liabilities	
Borrowings (Note 21)	279,953
Trade and other payables	5,104
Tax liabilities	5
Derivative financial instruments (Note 22)	11,140
Lease liabilities (Note 23)	10,199
Provisions (Note 24)	5,456
Liabilities directly associated with assets held for sale	**311,857**
Net assets directly associated with disposal group	**20,610**
Amounts included in other reserves:	
Loss on cash flow hedges	(17,575)
Deferred tax on cash flow hedges	4,782
Reserve of disposal group classified as held for sale	**(12,793)**

7. GAIN ON SALE OF SOLAR PROJECT RIGHTS

	2020	2019 Restated
Gain on sale of solar project rights	30,882	2,761
Mie project development fee	2,790	–
Mie project deposit interest compensation	598	–
Mie project development costs write-off	(869)	–
Total gain on sale of solar project rights	**33,401**	**2,761**

Under an agreement the Company sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately $30.9 million). As part of the agreement Etrion also received a development fee of ¥300 million (approximately $2.8 million) and interest compensation of ¥64 million (approximately $0.6 million). The Company's capitalized development costs of US$0.9 incurred in the Mie 60 MW solar project were written off. During 2019, the Company fully collected ¥300 million (approximately $2.8 million) from the sale of the Kumamoto project rights to a local Japanese developer. USD equivalents were calculated using the applicable average exchange rate.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019 Restated
Salaries and benefits	3,790	2,237
Pension costs	202	87
Board of Directors' fees	209	271
Share-based payments	198	225
Professional fees	2,290	1,140
Disposal expenses assets-held for sale	512	–
Listing and marketing	197	246
Depreciation and amortization	138	142
Office lease	287	293
Office, travel and other	344	600
Total general and administrative expenses	**8,167**	**5,241**

During the year ended 2020, the Company recognized $0.7 million of professional fees and salaries and benefits associated with the litigation on the Mie 60 MW solar project. The increase in salaries and benefits compared with the same period in 2019 also reflects a decrease in recharges to the projects in the pipeline, following the completion of the development of Niigata project in June 2019. Lease payments on short-term office leases are recognized as expense on a straight-line basis over the lease term. The Company applies the "short-term lease" recognition exemption for these leases, as these contracts have a maturity of less than twelve months.

9. OTHER INCOME

	2020	2019
Income from arranging the sale of PV Salvador SpA	2,977	–
AMS termination fee received	341	–
Other	–	30
Total other income	**3,318**	**30**

On May 14, 2020, Etrion recognised an income from arranging the sale of PV Salvador SpA in exchange for cash proceeds of $3.0 million. Concurrent with this transaction, Etrion received a termination fee of $0.3 million as compensation for the early termination of the asset's management service contract with PV Salvador SpA.

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10. OTHER EXPENSE

	2020	2019 Restated
Unrecoverable withholding taxes	1,008	–
Municipality tax reassessment from disposed assets	460	–
Other	399	–
Total other expense	**1,867**	**–**

During the year ended 2020, the Company recognized approximately $1.0 million of unrecoverable withholding taxes triggered by an investment contribution to one of its Japanese subsidiaries. In addition, the Company recognized $0.5 million of tax expense relating to tax reassessments received, in 2020, from the Italian municipalities where two of its previously owned solar parks operated. Under the terms of the original sale and purchase agreement, the seller was responsible for certain specific potential claims not confirmed at the date of sale in December 2016. Finally, the Company recognized a full impairment of $0.3 million on its wind project.

11. NET FINANCE COSTS

	2020	2019 Restated
Finance income:		
Corporate bond call option	116	–
Foreign exchange gain	–	611
Other finance income	2	–
Total finance income	**118**	**611**
Finance costs:		
Interest expense on corporate bond	3,214	3,039
Foreign exchange loss	1,150	–
Other finance costs	80	84
Total finance costs	**4,444**	**3,123**
Net finance costs	**4,326**	**2,512**

The Group has a fixed rate corporate bond outstanding to be repaid by May 2021 associated with the Group financing structure. Interest expenses are calculated using the effective interest rate method as described in IFRS 9 Financial instruments. The finance costs associated with the projects held for sale are disclosed under Note 6.

During 2020, the Group recognized finance income of $0.1 million associated with the fair value of the corporate bond call option, which is considered an embedded derivative in the debt contract. The corporate bond was fully repaid on January 7, 2021, see Note 32.

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12. INCOME TAXES

(a) Income tax expense

	2020	2019 Restated
Income tax expense:		
Corporate income tax expense	2,814	1,858
Total income tax expense	**2,814**	**1,858**

During the year ended 2020, the Group recognized an income tax expense of $2.8 million (2019: $1.8 million) associated with its management services subsidiaries. The corporate income tax expense has increased in comparison to 2019 mainly owing to the tax effect associated with the gain on the sale of the Mie 60 MW solar project rights.

The Group's income tax expense is reconciled to the income (loss) before tax at the Canadian statutory tax rate as follows:

	2020	2019
Income (loss) before income tax from continuing operations	**22,359**	**(4,962)**
Income tax expense/ (recovery) calculated at 26.5% (2019: 27%)	5,925	(1,340)
Tax effects of:		
Non-deductible expenses	3,072	1,870
Previously unrecognized tax losses	(5,005)	–
Tax losses not recognized	303	1,145
Differences in foreign rates	(1,542)	83
Other	61	100
Total income tax expense	**2,814**	**1,858**

(b) Current income tax liabilities

	December 31 2020	December 31 2019
Corporate income tax	2,990	1,676
Total current income tax liabilities	**2,990**	**1,676**

(c) Deferred income tax

The movements in deferred income tax assets and liabilities during 2020 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences and reclassifications	Discontinued operations	Closing balance
Deductible temporary differences:						
Tax losses carried forward	411	64	–	(28)	(447)	–
Derivative financial instruments	3,163	13	(45)	351	(3,482)	–
Provisions	124	20	21	6	–	171
Property, plant and equipment	–	–	–	–	–	–
Intangible assets	7	(27)	–	20	–	–
Total deferred income tax assets	**3,705**	**70**	**(24)**	**349**	**(3,929)**	**171**
Taxable temporary differences:						
Intangible assets	866	517	–	197	(1,580)	–
Total deferred income tax liabilities	**866**	**517**	**–**	**197**	**(1,580)**	**–**
Reclassification to held for sale	**–**	**(447)**	**–**	**447**	**–**	**–**
Net deferred income tax assets	**2,839**	**–**	**(24)**	**(295)**	**(2,349)**	**171**

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12. INCOME TAXES continued

(c) Deferred income tax continued

The movements in deferred income tax assets and liabilities during 2019 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences and reclassifications	Closing balance
Deductible temporary differences:					
Tax losses carried forward	324	83	–	4	411
Derivative financial instruments	3,001	8	(15)	169	3,163
Provisions	180	168	(46)	(178)	124
Property, plant and equipment	106	(100)	–	(6)	0
Intangible assets	5	(46)	–	48	7
Total deferred income tax assets	**3,616**	**113**	**(61)**	**37**	**3,705**
Taxable temporary differences:					
Intangible assets	540	320	–	6	866
Total deferred income tax liabilities	**540**	**320**	**–**	**6**	**866**
Net deferred income tax assets	**3,076**	**(207)**	**(61)**	**31**	**2,839**

Deferred income tax assets and liabilities that relate to the same fiscal authority have been offset (as there is a legally enforceable right to offset the current tax assets against the current tax liabilities).

At December 31, 2020, deferred income tax assets and liabilities of $0.2 million and nil, respectively (2019: $3.7 million and $0.9 million, respectively) were expected to be recovered more than twelve months after the balance sheet date. At December 31, 2020, the Group had unrecognized deferred income tax assets of $145.0 million (2019: $190.7 million), of which nil (2019: $1.9 million) expires between one and ten years, $44.6 million (2019: $41.8 million) expires between ten and twenty years and $100.4 million (2019: $147.0 million) has no expiry.

13. EARNINGS (LOSS) PER SHARE

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

	2020	2019 Restated
Income attributable to common shareholders:		
Income (loss) from continuing operations	19,545	(6,820)
Income from discontinued operations	3,041	1,937
Total Income (loss) attributable to common shareholders	**22,586**	**(4,883)**
Weighted average number of thousand shares outstanding	334,094	334,094
Adjustments for dilutive potential ordinary shares (RSU):	16,767	11,667
Weighted average number of thousand shares outstanding (diluted)	350,861	345,761
Basic and diluted earnings (loss) per share:		
Income (loss) from continuing operations	$0.06	$(0.02)
Income from discontinued operations	$0.01	$0.01
Total basic and diluted earnings (loss) per share	**$0.07**	**$(0.01)**

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Solar power projects	Assets under construction	Right of use assets	Other PPE	Total
Cost:						
At January 1, 2019	**8,049**	**149,129**	**–**	**–**	**5,115**	**162,293**
Additions	–	365	33,446	–	262	34,073
Right of use over leased land	–	–	–	10,386	–	10,386
Reclassification from intangibles	–	–	7,262	–	–	7,262
Exchange differences	88	1,567	74	173	58	1,960
At December 31, 2019	**8,137**	**151,061**	**40,782**	**10,559**	**5,435**	**215,974**
Additions	–	–	45,969	–	5	45,974
Change in estimate	–	–	–	–	(44)	(44)
Disposal	–	–	–	–	(49)	(49)
Assets held for sale (Note 6)	(8,580)	(159,348)	(90,437)	(11,421)	(5,431)	(275,217)
Exchange differences	443	8,287	3,686	862	288	13,566
At December 31, 2020	**–**	**–**	**–**	**–**	**204**	**204**
Accumulated depreciation:						
At January 1, 2019	**–**	**15,093**	**–**	**–**	**606**	**15,699**
Depreciation	–	7,489	–	592	271	8,352
Exchange differences	–	63	–	58	6	127
At December 31, 2019	**–**	**22,645**	**–**	**650**	**883**	**24,178**
Depreciation	–	5,888	–	457	229	6,574
Disposal	–	–	–	–	(35)	(35)
Assets held for sale (Note 6)	–	(30,075)	–	(1,396)	(946)	(32,417)
Exchange differences	–	1,542	–	289	55	1,886
At December 31, 2020	**–**	**–**	**–**	**–**	**186**	**186**
Net book value:						
At December 31, 2019	8,137	128,416	40,782	9,909	4,552	191,796
At December 31, 2020	**–**	**–**	**–**	**–**	**18**	**18**

During the year 2020, the Group capitalized as assets under construction $44.1 million (2019: $32.3 million) of incurred capital expenditures associated with the Niigata Project. In addition, the Group capitalized $1.8 million (2019: $1.1 million) of borrowing costs associated with credit facilities obtained to finance the construction of the Niigata Project. All property, plant and equipment associated with the Solar Japan segment has been reclassified as assets held for sale effective September 30, 2020. Note 6.

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15. INTANGIBLE ASSETS

	Licenses and permits	Internally generated development costs and other	Total
Cost:			
At January 1, 2019	**7,061**	**10,056**	**17,117**
Additions	–	9,616	9,616
Reclassification of permitted projects	8,480	(8,480)	–
Reclassification to property, plant and equipment	–	(7,262)	(7,262)
Exchange differences	143	(44)	99
At December 31, 2019	**15,684**	**3,886**	**19,570**
Additions	–	318	318
Reclassification to general and administrative expenses	–	(283)	(283)
Disposal	–	(1,403)	(1,403)
Impairment	–	(343)	(343)
Assets held for sale (Note 6)	(16,544)	(46)	(16,590)
Exchange differences	860	294	1,154
At December 31, 2020	**–**	**2,423**	**2,423**
Accumulated amortization:			
At January 1, 2019	2,255	1,544	3,799
Amortization	879	116	995
Exchange differences	27	(6)	21
At December 31, 2019	**3,161**	**1,654**	**4,815**
Amortization	916	(463)	453
Assets held for sale (Note 6)	(4,279)	(5)	(4,284)
Exchange differences	202	127	329
At December 31, 2020	**–**	**1,313**	**1,313**
Net book value:			
At December 31, 2019	12,523	2,232	14,755
At December 31, 2020	**–**	**1,110**	**1,110**

During the year ended 2020, general and administrative expenses of $0.3 million (2019: $9.6 million) representing internally-generated costs of nil (2019: $1.5 million) and third-party costs of $0.3 million (2019: $8.1 million) were capitalized during the period within intangible assets as they directly related to the Group's development activities in Japan. The Company recognized a full impairment of $0.3 million on its wind project. In addition, the Company reclassified from development costs to professional fees and salaries, previously incurred costs of $0.3 million associated with the litigation on Mie 60 MW solar project. In addition, the Group removed from the asset book a fully depreciated intangible asset of $0.5 million. All intangible assets associated with the Solar Japan segment have been reclassified as assets held for sale effective September 30, 2020. Note 6.

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16. CASH AND CASH EQUIVALENTS

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

	December 31 2020	December 31 2019
Unrestricted cash at parent level	8,956	10,596
Restricted cash at parent level (bond)	37,008	–
Restricted cash at project level	–	112,786
Total	**45,964**	**123,382**

Restricted cash at project level relates to cash and cash equivalents that are restricted by the lending banks for future payment of interest and principal and working capital requirements related to each project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions. Restricted cash at parent level relates to the funds transferred on an escrow account in order to execute the repayment of the corporate bond. The Company keeps the rights to access the cash until the redemption of the corporate bond. Note 32

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at December 31, 2020:

	December 31 2020	December 31 2019
Cash and cash equivalents attributable to continuing operations	45,964	123,382
Cash and cash equivalents attributable to discontinued operations	63,715	–
Total	**109,679**	**123,382**

17. TRADE AND OTHER RECEIVABLES

	December 31 2020	December 31 2019
Current portion:		
Financial assets		
– Trade receivables	–	1,272
Total financial assets (Note 28)	**–**	**1,272**
VAT account receivables	411	737
Advances paid and prepaid expenses	1,192	2,098
Other current assets	170	6,133
Total current portion	**1,773**	**10,240**
Non-current portion:		
VAT account receivables	–	3,944
Advances and prepaid expenses	2	5
Total non-current portion	**2**	**3,949**
Total trade and other receivables	**1,775**	**14,189**

On October 6, 2020, the Company received a payment of approximately $6.0 milion (¥700 million) as reimbursement of advances given to the Mie 60 MW solar project developer.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. An aging analysis of the Group's trade receivables is as follows:

	December 31 2020	December 31 2019
Up to three months	–	1,272
Total trade and other receivables	**–**	**1,272**

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17. TRADE AND OTHER RECEIVABLES continued

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

	December 31 2020	December 31 2019
Japanese yen	939	13,771
Euros	352	61
US dollars	1	9
Canadian dollars	18	12
Swiss francs	465	336
Total trade and other receivables	**1,775**	**14,189**

18. SHARE CAPITAL

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 shares are issued and fully-paid and outstanding at December 31, 2020 (December 31, 2019: 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 of the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors. No dividends were declared during the twelve months ended December 31, 2020 and 2019.

19. SHARE-BASED PAYMENTS

The Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, directors and officers. Outstanding RSUs have a contractual term of six years and have market-based vesting conditions. During 2020, the Group recognized share-based payment expenses of $0.2 million (2019: $0.2 million) related to its RSUs scheme. Note 8.

Changes in the Company's outstanding RSUs are as follows:

	Number of RSUs
At January 1, 2019	**15,491,706**
Granted	11,666,667
Forfeited	(2,000,000)
Expired	(13,250,000)
Exercised	(241,706)
At December 31, 2019	**11,666,667**
Granted	5,100,000
Forfeited	–
Expired	–
Exercised	–
At December 31, 2020	**16,766,667**

The Company recognizes an expense within general and administrative expenses when RSUs are granted to employees, consultants, directors and officers. For RSUs with market-based performance conditions, share-based compensation is calculated using an adjusted grant date share fair value calculated with a valuation model that incorporates all the variables included in the market vesting conditions. A summary of the Company's RSUs issued and outstanding at December 31, 2020, is as follows:

Performance condition	RSUs outstanding	Expiry date	Contractual life (years)
Market	11,666,667	December 31, 2025	5.0
Market	5,100,000	December 31, 2026	6.0
Total	**16,766,667**		

19. SHARE-BASED PAYMENTS continued

As of December 31, 2020 and 2019, no RSUs were exercisable. The assumptions used in the calculation of the adjusted share price for the RSUs granted in 2020 were as follows:

	2020	2019
Share price at grant date	CAD$0.57	CAD$0.21
Exercise price	CAD$0.00	CAD$0.00
Risk-free interest rate	0.25%	1.69%
Expected volatility	58.00%	52.00%
Dividend yield rate	0.00%	0.00%
Contractual life of RSUs	6 years	6 years
Fair value at grant date	**CAD$0.26**	**CAD$0.07**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the RSU is indicative of future trends, which may not necessarily be the actual outcome.

20. OTHER RESERVES

	Translation reserve	Hedging reserve	Transactions with non-controlling interest	Total
At January 1, 2019	**(452)**	**(12,531)**	**43**	**(12,940)**
Currency translation difference:				
– Gain on translation adjustment	433	–	–	433
Cash flow hedges:				
– Gain on fair value movements	–	93	–	93
– Tax on fair value movements	–	(18)	–	(18)
– Ineffective portion of fair value movements to profit or loss	–	16	–	16
– Tax on ineffective portion of fair value movements to profit or loss	–	(5)	–	(5)
Acquisition of non-controlling interest	–	–	(378)	(378)
At December 31, 2019	**(19)**	**(12,445)**	**(335)**	**(12,799)**
Currency translation difference:				
– Gain on translation adjustment	2,270	–	–	2,270
Cash flow hedges:				
– Loss on fair value movements	–	(379)	–	(379)
– Tax on fair value movements	–	(15)	–	(15)
– Ineffective portion of fair value movements to profit or loss	–	46	–	46
Discontinued operations (Note 6)	–	12,793	–	12,793
At December 31, 2020	**2,251**	**–**	**(335)**	**1,916**

Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations. In addition, exchange differences arising from the translation of monetary items receivables from foreign operation are included in the translation reserve as described in Note 2(g).

Hedging reserve

The hedging reserve includes the effective portion of changes in the fair value (net of tax) of the Group's derivative financial instruments that qualify for hedge accounting. At December 31, 2020 and 2019, all of the Group's interest rate swap contracts qualified for hedge accounting.

Transactions with non-controlling interests

On December 25, 2019, the Group acquired all non-controlling interests in the Japanese project companies. The excess of the consideration paid over the carrying value of the non-controlling interests acquired of ¥34 million (approximately $0.3 million) was recognized as a decrease in equity attributable to owners of Etrion.

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21. BORROWINGS

	Corporate bond	Project bond	Project loans	Total
At January 1, 2019	**38,142**	**–**	**138,465**	**176,607**
Proceeds from loans	–	141,715	–	141,715
Repayment of loans and interest	(2,725)	(972)	(11,767)	(15,464)
Accrued interest	2,740	972	1,937	5,649
Amortization of transaction costs	311	148	149	608
Exchange differences	(923)	(1,221)	2,078	(66)
At December 31, 2019	**37,545**	**140,642**	**130,862**	**309,049**
– Current portion	**116**	**–**	**7,469**	**7,585**
– Non-current portion	**37,429**	**140,642**	**123,393**	**301,464**
At January 1, 2020	**37,545**	**140,642**	**130,862**	**309,049**
Proceeds from loans	–	–	2,730	2,730
Transaction costs on acquired debt	–	–	(3,546)	(3,546)
Repayment of loans and interest	(2,841)	(1,802)	(9,389)	(14,032)
Accrued interest	3,214	2,131	2,256	7,601
Loss on debt modification	–	–	1,497	1,497
Liabilities associated with assets held for sale (Note 6)	–	(149,211)	(130,742)	(279,953)
Exchange differences	3,488	8,240	6,332	18,060
At December 31, 2020	**41,406**	**–**	**–**	**41,406**
– Current portion	**41,406**	**–**	**–**	**41,406**

The Group's borrowings are denominated in € and ¥, and the minimum principal repayment obligations are as follows:

	December 31 2020	December 31 2019
Less than 1 year	41,406	7,585
Between 1 and 5 years	–	95,410
After 5 years	–	206,054
Total borrowings	**41,406**	**309,049**

Corporate borrowings

At December 31, 2020, €33.7 million (net of the Company's holdings of €6.3 million) of the bonds were outstanding. The carrying amount of the bonds as at December 31, 2020, including accrued interest net of transaction costs, was $41.4 million (2019: $37.5 million). The agreement governing the bonds requires the Company to maintain a minimum unrestricted cash balance of €3 million. At December 31, 2020, the fair value of the bonds amounted to $41.4 million (2019: $37.5 million). The corporate bond has been classified as short term debt as it has been redeemed on January 7, 2021. Note 32.

The bond agreement includes a call option that allows the Company to redeem the bonds early (in their entirety) at any time at a specified percentage over the par value. At December 31, 2020, a separate amount was recognised in relation to this call option as it was deemed to be in the money considering the bond repayment as described in the subsequent events. Note 32.

At December 31, 2020 and 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its corporate borrowings.

21. BORROWINGS continued

Japanese subsidiaries

Project loans

The non-recourse project loans obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects mature between 2034 and 2036 and bear annual interest rates of TIBOR plus a margin ranging from 1.1% to 1.4%. The Japanese non-recourse project loans are 90% hedged through interest rate swap contracts during the operational period at interest rates ranging from 1.72% to 3.13% all-in. In addition, on March 13, 2020, the Company's subsidiary, Mito, entered into an amendment of the senior loan credit facility with the original lender bank, Sumitomo Mitsui Trust Bank ("SMTB"), to increase the size of the non-recourse Mito project loan by $2.8 million (¥295 million), with existing tenor and slightly lower interest rate. Management has assessed the fair value of the new terms of the loans versus the old ones and concluded on recognizing $1.5 million loss on debt modification.

Project bond

In June 2019, the Group secured a new long-term financing for the construction of the 45 MW Niigata solar project located in the Niigata prefecture in central Japan. The arranger of the Etrion Green Project Bond, rated BBB, was Goldman Sachs Japan Co., Ltd ("Goldman Sachs"). The total project cost is expected to be approximately ¥16.7 billion (US$ 154.2 million) including VAT, which has been financed 95% through a non-recourse loan with a tenor of construction period plus 16.8 years. The all-in non-recourse project loan interest rate is 1.2%. The lender to the Niigata project is a Green Project Bond Trust ("The Trust"), which issued asset-backed securities and loans, fully underwritten by the arranger Goldman Sachs and sold to other investors.

The Company's Japanese subsidiaries have provided certain of their assets as collateral to secure their obligations under the financing agreement. The carrying value of Japanese fixed assets pledged as collateral at December 31, 2020, was $240.6 million (2019: $189.9 million).

At December 31, 2020 and December 31, 2019, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

All borrowings associated with the Solar Japan segment have been reclassified to liabilities associated with assets held for sale effective September 30, 2020. Note 6.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31 2020	December 31 2019
Derivative financial assets:		
Corporate bond call option	120	–
Total derivative financial assets	**120**	**–**
Derivative financial liabilities:		
Interest rate swap contracts		
– Current portion	–	1,429
– Non-current portion	–	8,782
Total derivative financial liabilities	**–**	**10,211**

Corporate bond call option

During 2020, the Group recognized the fair value of the corporate bond call option of $0.1 million as the option was deemed to be in the money. Note 32.

Interest rate swap contracts

The Group enters into interest rate swap contracts in order to hedge against the risk of variations in the Group's cash flows as a result of floating interest rates on its non-recourse project loans in Japan. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR interest rate forward yield curves and an appropriate discount factor.

At December 31, 2020, and December 31, 2019, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs. All derivatives associated with the Solar Japan segment, in the amount of $11.1 million, have been reclassified to liabilities associated with assets held for sale effective September 30, 2020. Note 6.

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23. LEASE LIABILITIES

The movement of lease liabilities over the year is as follows:

	Lease liability
At January 1, 2019	**–**
Additions	10,292
Unwinding of discount	729
Payments	(1,029)
Exchange differences	–
At December 31, 2019	**9,992**
– Current portion	**319**
– Non-current portion	**9,673**
Unwinding of discount	724
Payments	(1,048)
Transferred to liabilities held for sale (Note 6)	(10,199)
Exchange differences	531
At December 31, 2020	**–**

All lease liabilities associated with the Solar Japan segment, in the amount of $10.2 million, have been reclassified to liabilities associated with assets held for sale effective September 30, 2020 Note 6. The total cash outflow for leases in 2020 was $1.0 million. Extension and termination options are included in a number of land leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the group and not by the lessors.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise corporate offices.

24. PROVISIONS

The movement of provisions over the year is as follows:

	Site restoration
At January 1, 2019	**4,886**
Additions	–
Change in estimate	241
Unwinding of discount	25
Utilization	–
Exchange differences	54
At December 31, 2019	**5,206**
– Non-current portion	**5,206**
Additions (Note 25)	–
Change in estimate	(44)
Unwinding of discount	12
Utilization (Note 25)	–
Transferred to liabilities held for sale (Note 6)	(5,456)
Exchange differences	282
At December 31, 2020	**–**
– Non-current portion	**–**

Provisions and other liabilities also included pension plan liability of $1.2 million (2019: $1.0 million) as disclosed on Note 25.

24. PROVISIONS continued

Decommissioning and site restoration

The Group's provision for the decommissioning and site restoration associated with the Solar Japan segment, in the amount of $5.5 million, have been reclassified to liabilities associated with assets held for sale effective September 30, 2020. Note 6

The Group has a legal and constructive obligation to complete the site restoration and decommissioning of its solar power projects in Japan after their expected closure. The provision for decommissioning and site restoration is determined using the nominal prices effective at the reporting dates by applying the forecasted rate of inflation for the expected life of the solar power projects. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives, discounts applied for economies of scale and the rate of inflation. Principal assumptions made in order to calculate the Group's provision for decommissioning and site restoration are as follows:

	2020	2019
Discount rate	0,28%	0.23%
Inflation rate	1.0%	1.0%
Weighted average expected remaining life	16 years	17 years

The discount rates represent the government bond yield rate for a period equivalent to the expected life of the solar power projects in Japan. The inflation rate represents the inflationary environment in the above-mentioned countries where the liability will be settled and is consistent with the rate used by the Company's management to value the Group's solar power projects.

25. EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a defined benefit pension plan in Switzerland that is managed through a private fund. At December 31, 2020, the Group recognized $0.1 million within other comprehensive loss associated with actuarial losses (2019 actuarial losses: $0.3 million). The amount recognized in the balance sheet associated with the Group's Swiss pension plan is as follows:

	December 31 2020	December 31 2019
Present value of benefit obligations	4,115	3,004
Fair value of plan assets	(2,894)	(2,035)
Net liability position	**1,221**	**969**

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

	2020	2019
Defined benefit obligation at the beginning	**3,004**	**2,507**
Current service cost	200	134
Employee contributions	449	87
Interest cost	8	20
Past service cost	–	(53)
Benefits paid	(42)	(17)
Remeasurement loss	150	272
Exchange differences	346	54
Defined benefit obligation at the end	**4,115**	**3,004**

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25. EMPLOYMENT BENEFIT OBLIGATIONS continued

The weighted average duration of the defined benefit obligation is 14.8 years (2019: 16.5 years). There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 9.0 years (2019: 10.3 years). The movement in the fair value of the plan assets over the year is as follows:

	2020	2019
Fair value of plan assets at the beginning	**2,035**	**1,762**
Interest income on plan assets	5	14
Return on plan assets (excluding interest)	36	–
Employer contributions	170	153
Employee contributions	449	87
Benefits paid	(42)	(17)
Foreign exchange	241	36
Fair value of plan assets at the end	**2,894**	**2,035**

The plan assets comprise the following:

	2020		2019	
	%	$'000	%	$'000
Cash and cash equivalents	12.6%	365	8.6%	175
Fixed interest rate instruments	40.7%	1,180	45.1%	918
Equity instruments	32.3%	935	30.7%	625
Real estate	14.3%	414	15.6%	317
Total fair value of plan assets		**2,894**		**2,035**

Investments are well diversified such that failure of any single investment would not have a material impact on the overall level of assets. All investment instruments are non-quoted in active markets. No asset-liability strategy was performed in the years ended December 31, 2020 and 2019.

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

	2020	2019
Current service cost	200	134
Interest expense on defined benefit obligation	8	20
Interest income on plan assets	(6)	(14)
Past service cost	–	(53)
Total expense recognized	**202**	**87**

The expense associated with the Group's pension plan of $0.2 million (2019: $0.1 million) for the year ended December 31, 2020, was included within general and administrative expenses. Note 8. The principal actuarial assumptions used to estimate the Group's pension obligation are as follows:

	2020	2019
Discount rate	0.15%	0.25%
Inflation rate	1.0%	1.0%
Future salary increases	1.0%	1.0%
Future pension increases	0.0%	0.0%
Retirement age (Men/Women)	65/64	65/64

Assumptions regarding future mortality are set based on actuarial advice in accordance with the LPP 2015 generational published statistics and experience in Switzerland. The discount rate is determined by reference to the yield on high-quality corporate bonds. The rate of inflation is based on the expected value of future annual inflation adjustments in Switzerland. The rate for future salary increases is based on the average increase in the salaries paid by the Group, and the rate of pension increases is based on the annual increase in risk, retirement and survivors' benefits. Contributions to the Group's pension plan during 2021 are expected to total $0.2 million.

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25. EMPLOYMENT BENEFIT OBLIGATIONS continued

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit Change in assumption	Impact on defined benefit of increase in assumption	of decrease in assumption
Discount rate	0.5%	Decrease by 6.9%	Increase by 7.9%
Salary growth rate	0.5%	Increase by 0.4%	Decrease by 0.4%
Life expectancy	1 year	Increase by 2.0%	Decrease by 2.1%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

26. TRADE AND OTHER PAYABLES

	December 31 2020	December 31 2019
Financial liabilities		
Trade payables	262	493
Total financial liabilities	**262**	**493**
Accrued expenses	2,153	10,933
Other payables	224	1,491
Total trade and other payables	**2,639**	**12,917**

The carrying value of the Group's financial liabilities within trade and other payables approximates their fair value due to the relatively short maturity of these liabilities. The currencies of the Group's trade and other payables are as follows:

	December 31 2020	December 31 2019
Japanese yen	567	11,629
Euros	321	85
US dollars	8	88
Canadian dollars	217	184
Swiss francs	1,526	931
Total trade and other payables	**2,639**	**12,917**

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27. RELATED PARTIES

For the purposes of preparing the Company's consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 36% of the Company's common shares (2019: 36%). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed below. Details of transactions between the Group and other related parties are disclosed below.

(a) Related party transactions

During the year ended December 31, 2020, and 2019, the Group entered into the following transactions with related parties:

	2020	**2019**
General and administrative expenses:		
Lundin Energy AB	13	22
Lundin SA	60	120
Finance costs:		
Lundin family:		
– Interest expense	–	142
– Transaction costs	–	16
Total transactions with related parties	**73**	**300**

There were no amounts outstanding to related parties at December 31, 2020 and December 31, 2019.

There were no amounts outstanding from related parties at December 31, 2020 and December 31, 2019.

Lundin Energy AB
The Group receives professional services from Lundin Energy AB. The Chairman of Lundin Energy AB is a Director of the Company.

Lundin family
Investment companies associated with the Lundin family subscribed for €3 million of the bond issue completed in June 2018. During 2019, all bonds held by the Lundin family or by entities controlled by the Lundin family were sold.

Lundin SA
On April 1, 2016, the Group entered into a new service agreement with Lundin SA, to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

Asset management services
During 2020, the Group invoiced asset management services of $0.3 million (2019: $0.8 million) to PV Salvador, associated with operating and engineering services of the 70 MW solar power project in Chile.

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Investment Officer and the Executive Vice President, Business Development and M&A. Remuneration of key management personnel is as follows:

	2020	**2019**
Salaries and benefits	2,462	1,882
Pension costs and other social contributions	202	191
Board of Directors	150	150
Share-based payment	149	16
Total	**2,963**	**2,239**

28. FINANCIAL ASSETS AND LIABILITIES

	December 31, 2020				December 31, 2019			
	Financial assets at amortized cost	Fair value recognized in profit and loss	Derivatives used for hedging	Total	Financial assets at amortized cost	Fair value recognized in profit and loss	Derivatives used for hedging	Total
Financial assets								
Current								
Trade receivables	–	–	–	–	1,272	–	–	1,272
Derivative financial instruments	–	120	–	120	–	–	–	–
Cash and cash equivalents	45,964	–	–	45,964	123,382	–	–	123,382
Total financial assets	**45,964**	**120**	**–**	**46,084**	**124,654**	**–**	**–**	**124,654**

	December 31, 2020				December 31, 2019			
	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Derivatives used for hedging	Total	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Derivatives used for hedging	Total
Financial liabilities								
Non-current								
Borrowings	–	–	–	–	264,035	37,429	–	301,464
Derivative financial instruments	–	–	–	–	–	–	8,782	8,782
Lease liabilities	–	–	–	–	9,673	–	–	9,673
Total non-current	**–**	**–**	**–**	**–**	**273,708**	**37,429**	**8,782**	**319,919**
Current								
Trade payables	262	–	–	262	493	–	–	493
Borrowings	–	41,406	–	41,406	7,469	116	–	7,585
Derivative financial instruments	–	–	–	–	–	–	1,429	1,429
Lease liabilities	–	–	–	–	319	–	–	319
Total current	**262**	**41,406**	**–**	**41,668**	**8,281**	**116**	**1,429**	**9,826**
Total financial liabilities	**262**	**41,406**	**–**	**41,668**	**281,989**	**37,545**	**10,211**	**329,745**

The Group's financial instruments carried at fair value are classified within the measurement hierarchy set out in note 4(c).

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

	December 31 2020	December 31 2019
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	45,964	123,382
Level 2: Bond call option	120	–
Total financial assets	**46,084**	**123,382**
Financial liabilities:		
Level 1: Corporate bond	41,406	37,545
Level 2: Borrowings	–	271,504
Level 2: Interest rate swaps	–	10,211
Total financial liabilities	**41,406**	**319,260**

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29. 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 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.

30. Commitments

The Group enters into engineering, procurement and construction agreements with large international contractors that design, construct, operate and maintain utility-scale solar photovoltaic power plants. As of December 31, 2020, as part of its discontinued operations, the Group had a contractual obligation payable over a period of over one year to acquire construction services in the amount of $31.1 million related to the construction of the 45 MW Niigata solar power project in Japan. This contractual obligation will be funded from existing cash available at the project company level.

31. Coronavirus (COVID-19)

The magnitude of any potential disruption of the Company's business operations due to the coronavirus outbreak will depend on certain developments, including the duration, spread and severity of the COVID-19 outbreak in Japan. The Company is actively monitoring and implementing specific precautionary measures to mitigate any potential disruptions. As of the date hereof, none of the Company's operating or development projects has been adversely affected. However, the duration and extent of the COVID-19 outbreak and the potential financial impact on the Company's operations and development activities cannot be reasonably predicted at this time and it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition including, without limitation, the possible temporary suspension of construction activities at the Niigata Project.

32. Subsequent events

Loan facility from Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately $4.9 million) loan facility from the Lundin family in order to provide additional financing in anticipation of the imminent redemption of the corporate bonds. The loan bears a 3% interest rate and is repayable in twelve months.

Redemption of the corporate bond

On January 7, 2021, Etrion redeemed the €40 million (approximately $49.0 million) outstanding corporate bond, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

Operational update

During January and February 2021, the Misawa solar park suffered from heavy snowfalls resulting in damages to the solar modules on sites three and four. The production of electricity was partially interrupted, and the total damage is currently under assessment. The solar project company has property and business interruption insurance policies. The project company will be assessing the insurance claim with the insurer after confirming the level of damages and agreeing the business interruption claim with the insurer. The Company expects to have the parks fully restored by June of this year.

COMPANY INFORMATION

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

Aksel Azrac
Non-Executive Chairman

Marco A. Northland
Chief Executive Officer and Director

Ian H. Lundin
Independent Director

Henrika Frykman
Independent Director

MANAGEMENT

Marco A. Northland
Chief Executive Officer and Director

Christian Lacueva
Chief Financial Officer

Giora Salita
Executive Vice President, Business Development and M&A

Martin Oravec
Chief Investment Officer

CORPORATE INFORMATION

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PricewaterhouseCoopers SA
Geneva, Switzerland

LEGAL COUNSEL

WeirFoulds LLP
Toronto, Canada

EXCHANGE LISTINGS

Primary – Toronto Stock Exchange (Canada)
Ticker symbol "ETX"

Secondary – NASDAQ OMX (Sweden)
Ticker symbol "ETX"

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