



Condensed Consolidated Interim  
Financial Statements  
Three and Nine Months Ended September 30, 2021  
UNAUDITED

At a Glance

# Etrion Corporation

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

In 2020, Etrion 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. During the second and third quarters of 2021, Etrion completed the sale of all of its Japanese solar projects to two different Japanese consortiums.



For more information about our Company,  
take a look on our website at: [www.etrion.com](http://www.etrion.com)

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# FINANCIAL STATEMENTS

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The accompanying condensed consolidated unaudited interim financial statements of the Company for the three and nine months ended September 30, 2021, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements. Readers are cautioned that these condensed consolidated unaudited interim financial statements may not be appropriate for their purposes.

## Condensed consolidated interim statement of net income and comprehensive net income

For the three and nine months ended September 30, 2021 and 2020

UNAUDITED

Expressed in US\$'000

|   | Note | Three months ended |                    | Nine months ended |                    |
|---|------|--------------------|--------------------|-------------------|--------------------|
|   |      | Q3-21              | Q3-20<br>Restated* | Q3-21             | Q3-20<br>Restated* |
| <b>Continuing operations</b>  |      |                    |                    |                   |                    |
| Gain on sale of solar project rights  | 6    | -                  | 33,401             | -                 | 33,401             |
| General and administrative expenses   | 7    | (2,104)            | (1,352)            | (8,348)           | (4,606)            |
| Other (expense) income, net   | 8    | (5)                | (351)              | (542)             | 1,484              |
| <b>Operating (loss) income</b>  |      | <b>(2,109)</b>     | <b>31,698</b>      | <b>(8,890)</b>    | <b>30,279</b>      |
| Finance income  | 9    | -                  | 2                  | 307               | 2                  |
| Finance costs   | 9    | (405)              | (1,709)            | (802)             | (3,352)            |
| <b>Net finance costs</b>  |      | <b>(405)</b>       | <b>(1,707)</b>     | <b>(495)</b>      | <b>(3,350)</b>     |
| <b>(Loss) income before income tax</b>  |      | <b>(2,514)</b>     | <b>29,991</b>      | <b>(9,835)</b>    | <b>26,929</b>      |
| Income tax (expense) recovery   | 10   | (27)               | (3,173)            | 2,414             | (3,121)            |
| <b>(Loss) income for the period from continuing operations</b>                |      | <b>(2,541)</b>     | <b>26,818</b>      | <b>(6,971)</b>    | <b>23,808</b>      |
| Profit from discontinued operations, net of tax                               | 5    | 8,716              | 1,212              | 112,718           | 3,255              |
| <b>Net income for the period</b>  |      | <b>6,175</b>       | <b>28,030</b>      | <b>105,747</b>    | <b>27,063</b>      |
| <b>Other comprehensive income</b>   |      |                    |                    |                   |                    |
| <b>Items that may be reclassified to profit and loss:</b>                     |      |                    |                    |                   |                    |
| (Loss) gain on currency translation   |      | (65)               | 994                | (6,172)           | 1,302              |
| (Loss) gain on cash flow hedges, net of tax – discontinued operations         |      | (19)               | (349)              | 210               | (398)              |
| Reclassification adjustment on cash flow hedges – disposed assets             | 5    | 1,079              | -                  | 12,583            | -                  |
| <b>Total other comprehensive income</b>                                       |      | <b>995</b>         | <b>645</b>         | <b>6,621</b>      | <b>904</b>         |
| <b>Total comprehensive net gain for the period</b>                            |      | <b>7,170</b>       | <b>28,675</b>      | <b>112,368</b>    | <b>27,967</b>      |
| <b>Income attributable to:</b>  |      |                    |                    |                   |                    |
| Owners of the parent  |      | 6,175              | 28,030             | 105,747           | 27,063             |
| <b>Total</b>  |      | <b>6,175</b>       | <b>28,030</b>      | <b>105,747</b>    | <b>27,063</b>      |
| <b>Total comprehensive income attributable to:</b>                            |      |                    |                    |                   |                    |
| Owners of the parent  |      | 7,170              | 28,675             | 112,368           | 27,967             |
| <b>Total</b>  |      | <b>7,170</b>       | <b>28,675</b>      | <b>112,368</b>    | <b>27,967</b>      |
| <b>Total comprehensive income attributable to owners of the Company:</b>      |      |                    |                    |                   |                    |
| Continuing operations   |      | (2,606)            | 27,812             | (13,143)          | 25,110             |
| Discontinued operations   |      | 9,776              | 863                | 125,511           | 2,857              |
| <b>Total</b>  |      | <b>7,170</b>       | <b>28,675</b>      | <b>112,368</b>    | <b>27,967</b>      |
| <b>Basic and diluted (loss) earnings per share from continuing operations</b> | 11   | <b>\$(0.01)</b>    | <b>\$0.08</b>      | <b>\$(0.02)</b>   | <b>\$0.08</b>      |
| <b>Basic and diluted earnings per share for the period</b>                    | 11   | <b>\$0.02</b>      | <b>\$0.08</b>      | <b>\$0.31</b>     | <b>\$0.08</b>      |

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

\*See note 5 for details regarding the restatement as a result of discontinued operations.

## Condensed consolidated interim balance sheet

As at September 30, 2021

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Expressed in US\$'000

|   | Note | September 30<br>2021 | December 31<br>2020 |
|---|------|----------------------|---------------------|
| <b>Assets</b>   |      |                      |                     |
| <b>Non-current assets</b>                                     |      |                      |                     |
| Property, plant and equipment                                 |      | -                    | 18                  |
| Intangible assets   |      | 991                  | 1,110               |
| Deferred income tax assets                                    |      | 161                  | 171                 |
| <b>Total non-current assets</b>                               |      | <b>1,152</b>         | <b>1,299</b>        |
| <b>Current assets</b>   |      |                      |                     |
| Derivative financial instruments                              | 17   | -                    | 120                 |
| Trade and other receivables                                   | 13   | 1,021                | 1,775               |
| Cash and cash equivalents                                     | 12   | 21,967               | 45,964              |
|   |      | 22,988               | 47,859              |
| Assets held for sale  | 5    | -                    | 332,467             |
| <b>Total current assets</b>                                   |      | <b>22,988</b>        | <b>380,326</b>      |
| <b>Total assets</b>   |      | <b>24,140</b>        | <b>381,625</b>      |
| <b>Equity</b>   |      |                      |                     |
| <b>Attributable to common shareholders</b>                    |      |                      |                     |
| Share capital   | 14   | 2,055                | 111,304             |
| Contributed surplus   |      | 9,461                | 13,641              |
| Other reserves  |      | (4,256)              | 1,916               |
| Reserves of a disposal group held for sale                    | 5    | -                    | (12,793)            |
| Accumulated earnings (losses)                                 |      | 13,191               | (92,556)            |
| <b>Total equity</b>   |      | <b>20,451</b>        | <b>21,512</b>       |
| <b>Liabilities</b>  |      |                      |                     |
| <b>Non-current liabilities</b>                                |      |                      |                     |
| Provisions  |      | 1,152                | 1,221               |
| <b>Total non-current liabilities</b>                          |      | <b>1,152</b>         | <b>1,221</b>        |
| <b>Current liabilities</b>                                    |      |                      |                     |
| Trade and other payables                                      | 18   | 2,502                | 2,639               |
| Current tax liabilities                                       | 10   | 35                   | 2,990               |
| Borrowings  | 16   | -                    | 41,406              |
|   |      | 2,537                | 47,035              |
| Liabilities directly associated with the assets held for sale | 5    | -                    | 311,857             |
| <b>Total current liabilities</b>                              |      | <b>2,537</b>         | <b>358,892</b>      |
| <b>Total liabilities</b>                                      |      | <b>3,689</b>         | <b>360,113</b>      |
| <b>Total equity and liabilities</b>                           |      | <b>24,140</b>        | <b>381,625</b>      |

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

## Condensed consolidated statement of changes in equity

For the nine months ended September 30, 2021 and 2020

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Expressed in US\$'000

|   | Share capital  | Contributed surplus | Other reserves  | Accumulated (losses) earnings | Reserve of disposal group held for sale | Total equity   |
|---|----------------|---------------------|-----------------|-------------------------------|---|----------------|
| <b>Balance at January 1, 2020</b>                     | <b>111,304</b> | <b>13,443</b>       | <b>(12,799)</b> | <b>(115,048)</b>              | <b>-</b>                                | <b>(3,100)</b> |
| Comprehensive income:                                 |                |                     |                 |                               |   |                |
| Income for the period                                 | -              | -                   | -               | 27,063                        | -                                       | 27,063         |
| Other comprehensive (loss) income:                    |                |                     |                 |                               |   |                |
| Cash flow hedges (net of tax)                         | -              | -                   | (398)           | -                             | -                                       | (398)          |
| Discontinued operations                               | <b>5</b>       | -                   | 12,843          | -                             | (12,843)                                | -              |
| Currency translation                                  | -              | -                   | 1,302           | -                             | -                                       | 1,302          |
| <b>Total comprehensive income (loss)</b>              | <b>-</b>       | <b>-</b>            | <b>13,747</b>   | <b>27,063</b>                 | <b>(12,843)</b>                         | <b>27,967</b>  |
| Transactions with owners in their capacity as owners: |                |                     |                 |                               |   |                |
| Share-based payments                                  | -              | 144                 | -               | -                             | -                                       | 144            |
| <b>Balance at September 30, 2020</b>                  | <b>111,304</b> | <b>13,587</b>       | <b>948</b>      | <b>(87,985)</b>               | <b>(12,843)</b>                         | <b>25,011</b>  |
| <b>Balance at January 1, 2021</b>                     | <b>111,304</b> | <b>13,641</b>       | <b>1,916</b>    | <b>(92,556)</b>               | <b>(12,793)</b>                         | <b>21,512</b>  |
| Comprehensive income (loss):                          |                |                     |                 |                               |   |                |
| Income for the period                                 | -              | -                   | -               | 105,747                       | -                                       | 105,747        |
| Other comprehensive income (loss):                    |                |                     |                 |                               |   |                |
| Cash flow hedges (net of tax)                         | -              | -                   | 210             | -                             | -                                       | 210            |
| Discontinued operations                               | <b>5</b>       | -                   | (210)           | -                             | 12,793                                  | 12,583         |
| Currency translation                                  | -              | -                   | (6,172)         | -                             | -                                       | (6,172)        |
| <b>Total comprehensive (loss) income</b>              | <b>-</b>       | <b>-</b>            | <b>(6,172)</b>  | <b>105,747</b>                | <b>12,793</b>                           | <b>112,368</b> |
| Transactions with owners in their capacity as owners: |                |                     |                 |                               |   |                |
| Return of capital                                     | <b>14</b>      | (109,249)           | -               | -                             | -                                       | (109,249)      |
| Share-based payments                                  | -              | (4,180)             | -               | -                             | -                                       | (4,180)        |
| <b>Balance at September 30, 2021</b>                  | <b>2,055</b>   | <b>9,461</b>        | <b>(4,256)</b>  | <b>13,191</b>                 | <b>-</b>                                | <b>20,451</b>  |

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

## Condensed consolidated interim statement of cash flow

For the three and nine months ended September 30, 2021 and 2020

UNAUDITED

Expressed in US\$'000

|  | Note | Three months ended |                    | Nine months ended |                    |
|--|------|--------------------|--------------------|-------------------|--------------------|
|  |      | Q3-21              | Q3-20<br>Restated* | Q3-21             | Q3-20<br>Restated* |
| *See note 5 for details regarding the restatement as a result of discontinued operations |      |                    |                    |                   |                    |
| <b>Operating activities:</b>   |      |                    |                    |                   |                    |
| <b>Net income for the period</b>   |      | <b>6,175</b>       | <b>28,030</b>      | <b>105,747</b>    | <b>27,063</b>      |
| Less: net income from discontinued operations  |      | 8,716              | 1,212              | 112,718           | 3,255              |
| <b>(Loss) income for the period from continuing operations</b>                           |      | <b>(2,541)</b>     | <b>26,818</b>      | <b>(6,971)</b>    | <b>23,808</b>      |
| Adjustments for:   |      |                    |                    |                   |                    |
| Depreciation and amortization  | 7    | 40                 | 36                 | 105               | 104                |
| Income tax expense (recovery)  | 10   | 27                 | 3,173              | (2,414)           | 3,121              |
| Share-based payment (recovery) expense   | 7/15 | (569)              | 50                 | 1,676             | 144                |
| Interest expense on corporate bonds  | 9    | 36                 | 334                | 686               | 2,339              |
| Loss on call option  | 9    | -                  | -                  | 117               | -                  |
| Foreign exchange loss (gain)   | 9    | 370                | -                  | (307)             | -                  |
| Other (income) expense, net  |      | -                  | (505)              | -                 | 228                |
| <b>Sub-total</b>   |      | <b>(2,637)</b>     | <b>29,906</b>      | <b>(7,108)</b>    | <b>29,744</b>      |
| Changes in working capital:  |      |                    |                    |                   |                    |
| Trade and other receivables  |      | 4,952              | (29,107)           | 2,570             | (29,231)           |
| Trade and other payables   |      | (10,926)           | (4,410)            | (208)             | (2,618)            |
| Income tax paid  |      | -                  | (112)              | -                 | (1,639)            |
| <b>Net cash outflow from continuing operations</b>                                       |      | <b>(8,611)</b>     | <b>(3,723)</b>     | <b>(4,746)</b>    | <b>(3,744)</b>     |
| Net cash inflow/(outflow) from discontinued operations                                   |      | 67                 | 7,220              | (1,909)           | 5,495              |
| <b>Total cash flow (used in) generated from operating activities</b>                     |      | <b>(8,544)</b>     | <b>3,497</b>       | <b>(6,655)</b>    | <b>1,751</b>       |
| <b>Investing activities:</b>   |      |                    |                    |                   |                    |
| Purchases of intangible assets   |      | -                  | (33)               | -                 | (318)              |
| Proceeds from sale of subsidiaries, net of expenses                                      | 5    | 13,395             | -                  | 141,479           | -                  |
| Proceeds from shareholder loan   | 5    | -                  | -                  | 1,219             | -                  |
| <b>Net cash inflow/(outflow) from continuing operations</b>                              |      | <b>13,395</b>      | <b>(33)</b>        | <b>142,698</b>    | <b>(318)</b>       |
| Net cash outflow from discontinued operations  |      | -                  | -                  | (18,445)          | (27,925)           |
| <b>Total cash flow generated from (used in) investing activities</b>                     |      | <b>13,395</b>      | <b>(33)</b>        | <b>124,253</b>    | <b>(28,243)</b>    |
| <b>Financing activities:</b>   |      |                    |                    |                   |                    |
| Interest paid  | 16   | 3                  | 868                | (176)             | (1,383)            |
| Corporate bond repayment   | 16   | -                  | -                  | (40,316)          | -                  |
| Proceeds from Lundin family loan   | 19   | -                  | -                  | 4,679             | -                  |
| Repayment of Lundin family loan  | 19   | -                  | -                  | (4,928)           | -                  |
| Settlement of share-based payments   | 15   | (5,009)            | -                  | (5,009)           | -                  |
| Share capital refund   | 14   | (109,249)          | -                  | (109,249)         | -                  |
| <b>Net cash (outflow)/inflow from continuing operations</b>                              |      | <b>(114,255)</b>   | <b>868</b>         | <b>(154,999)</b>  | <b>(1,383)</b>     |
| Net cash outflow from discontinued operations  |      | -                  | (1,014)            | (1,086)           | (6,615)            |
| <b>Total cash flow used in financing activities</b>                                      |      | <b>(114,255)</b>   | <b>(146)</b>       | <b>(156,085)</b>  | <b>(7,998)</b>     |
| <b>Net (decreased) increase in cash and cash equivalents</b>                             |      | <b>(109,404)</b>   | <b>3,318</b>       | <b>(38,487)</b>   | <b>(34,490)</b>    |
| Effect of exchange rate changes on cash and cash equivalents                             |      | (241)              | 1,832              | (6,951)           | 2,851              |
| Subsidiaries deconsolidation   | 5    | (2,059)            | -                  | (42,274)          | -                  |
| <b>Cash and cash equivalents at the beginning of the period</b>                          |      | <b>133,671</b>     | <b>86,593</b>      | <b>109,679</b>    | <b>123,382</b>     |
| <b>Cash and cash equivalents at the end of the period</b>                                | 12   | <b>21,967</b>      | <b>91,743</b>      | <b>21,967</b>     | <b>91,743</b>      |
| From continuing operations   |      | 21,697             | 5,468              | 21,967            | 5,468              |
| From discontinued operations   |      | -                  | 86,275             | -                 | 86,275             |

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2021 and 2020

UNAUDITED

Expressed in US\$'000 unless otherwise stated

### 1. General information

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada. The Company is currently listed on the NASDAQ OMX Stockholm Stock Exchange ("Nasdaq") in Sweden under the same ticker symbol, "ETX".

The Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd ("MUMSS") in the summer of 2020 as financial advisor to assist with the 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.

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 5](#)

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project to a consortium led by Renewable Japan Co. Ltd for gross proceeds of JPY 6.3 billion (approximately \$57.7 million).

On June 22, 2021, the Company completed the sale of its interests in the 13.2 MW Komatsu, 24.7 MW Shizuquishi and 9.3 MW Mito, operating solar energy projects to companies established by Development Bank of Japan Inc., Kansai Electric Power Co., Inc. and Osaka Gas Co., Ltd. ("the Consortium") for gross proceeds of JPY 8.3 billion (approximately \$74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY 1.5 billion (approximately \$13.5 million).

The Company plans to retain approximately CAD\$20 million in cash to address any potential warranty claims from the sale of its assets in Japan, corporate obligations, and potential claims as well as wind-up cost.

On August 24, 2021, the Company distributed \$109.2 million to the shareholders as a return of capital, and the share capital was reduced accordingly. [Note 13](#)

Subject to the possibility of the Board identifying other potential business opportunities, the Company expects to complete its windup activities and proceed with the dissolution within approximately 36 months after Closing. The Company will make a determination during this period of 36 months whether it will begin a windup process or engage in new businesses.

Further to the sale of all of the Company's assets and the return of capital to shareholders, and in order to minimize the costs and management time associated with the listing of the Corporation's common shares on the Toronto Stock Exchange (the "TSX") and Nasdaq, the Company applied to voluntarily delist the Common Shares from the TSX. Such delisting became effective after the close of trading on September 17, 2021. The Company also intends to apply to delist from Nasdaq. In accordance with good Swedish market practice, the formal application for delisting will be submitted to Nasdaq no earlier than three months after the delisting from the TSX. Such process is intended to provide shareholders with a reasonable time to trade their Common Shares or otherwise act on the basis of the information. [Note 13](#)

These condensed consolidated interim financial statements are presented in United States ("US") Dollars ("\$"), which is the Group's presentation currency. The Company's Board of Directors approved these condensed consolidated interim financial statements on November 2, 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

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020. These condensed consolidated interim financial statements have been prepared on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2020.

**(b) Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020. 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.

**(c) 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 5](#). All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

**3. Accounting estimates and assumptions**

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

On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material. There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2021, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2020.

**4. Segment reporting**

While the Company's only segment (Solar Japan) is now classified as discontinued operations [Note 5](#), 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:

|              | Three months ended |              | Nine months ended |               |
|--------------|--------------------|--------------|-------------------|---------------|
|              | Q3-21              | Q3-20        | Q3-21             | Q3-20         |
| TEPCO        | -                  | 1,069        | 2,173             | 3,306         |
| TOHOKU       | 246                | 3,721        | 6,662             | 10,667        |
| HOKURIKU     | -                  | 1,221        | 2,065             | 3,464         |
| <b>TOTAL</b> | <b>246</b>         | <b>6,011</b> | <b>10,900</b>     | <b>17,437</b> |

## Notes to the condensed consolidated interim financial statements

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

|   | Three months ended |                |                |              |               |               |
|---|--------------------|----------------|----------------|--------------|---------------|---------------|
|   | Q3-21              |                |                | Q3-20        |               |               |
|   | Solar Japan        | Corporate      | Total          | Solar Japan  | Corporate     | Total         |
| <b>Revenue</b>                          | <b>246</b>         | <b>-</b>       | <b>246</b>     | <b>6,011</b> | <b>-</b>      | <b>6,011</b>  |
| Operating expenses                      | (35)               | -              | (35)           | (1,134)      | -             | (1,134)       |
| General and administrative expenses     | (144)              | (2,064)        | (2,208)        | (128)        | (1,316)       | (1,444)       |
| Gain on sale of solar project rights    | -                  | -              | -              | -            | 33,401        | 33,401        |
| Other (expense) income, net             | (47)               | (5)            | (52)           | 8            | (351)         | (343)         |
| <b>EBITDA</b>                           | <b>20</b>          | <b>(2,069)</b> | <b>(2,049)</b> | <b>4,757</b> | <b>31,734</b> | <b>36,491</b> |
| Depreciation and amortization           | -                  | (40)           | (40)           | (2,367)      | (36)          | (2,403)       |
| Finance income                          | -                  | -              | -              | (1)          | 2             | 1             |
| Finance costs                           | (14)               | (405)          | (419)          | (1,100)      | (1,709)       | (2,809)       |
| <b>Income (loss) before income tax</b>  | <b>6</b>           | <b>(2,514)</b> | <b>(2,508)</b> | <b>1,289</b> | <b>29,991</b> | <b>31,280</b> |
| Income tax recovery (expense)           | 209                | (27)           | 182            | (77)         | (3,173)       | (3,250)       |
| <b>Net income (loss) for the period</b> | <b>215</b>         | <b>(2,541)</b> | <b>(2,326)</b> | <b>1,212</b> | <b>26,818</b> | <b>28,030</b> |

|   | Nine months ended |                |                 |               |               |               |
|---|-------------------|----------------|-----------------|---------------|---------------|---------------|
|   | Q3-21             |                |                 | Q3-20         |               |               |
|   | Solar Japan       | Corporate      | Total           | Solar Japan   | Corporate     | Total         |
| <b>Revenue</b>                          | <b>10,900</b>     | <b>-</b>       | <b>10,900</b>   | <b>17,437</b> | <b>-</b>      | <b>17,437</b> |
| Operating expenses                      | (2,192)           | -              | (2,192)         | (3,326)       | -             | (3,326)       |
| General and administrative expenses     | (6,914)           | (8,243)        | (15,157)        | (286)         | (4,502)       | (4,788)       |
| Gain on sale of solar project rights    | -                 | -              | -               | -             | 33,401        | 33,401        |
| Other (expense) income, net             | (1,041)           | (542)          | (1,583)         | 33            | 1,484         | 1,517         |
| <b>EBITDA</b>                           | <b>753</b>        | <b>(8,785)</b> | <b>(8,032)</b>  | <b>13,858</b> | <b>30,383</b> | <b>44,241</b> |
| Depreciation and amortization           | -                 | (105)          | (105)           | (6,978)       | (104)         | (7,082)       |
| Finance income                          | -                 | 307            | 307             | 3             | 2             | 5             |
| Finance costs                           | (2,119)           | (802)          | (2,921)         | (3,325)       | (3,352)       | (6,677)       |
| <b>(Loss) income before income tax</b>  | <b>(1,366)</b>    | <b>(9,385)</b> | <b>(10,751)</b> | <b>3,558</b>  | <b>26,929</b> | <b>30,487</b> |
| Income tax (expense) recovery           | (1,155)           | 2,414          | 1,259           | (303)         | (3,121)       | (3,424)       |
| <b>Net (loss) income for the period</b> | <b>(2,521)</b>    | <b>(6,971)</b> | <b>(9,492)</b>  | <b>3,255</b>  | <b>23,808</b> | <b>27,063</b> |

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

|                               | September 30, 2021 |               |               | December 31, 2020 |               |                |
|-------------------------------|--------------------|---------------|---------------|-------------------|---------------|----------------|
|                               | Solar Japan        | Corporate     | Total         | Solar Japan       | Corporate     | Total          |
| Property, plant and equipment | -                  | -             | -             | 242,800           | 18            | 242,818        |
| Intangible assets             | -                  | 991           | 991           | 12,306            | 1,110         | 13,416         |
| Cash and cash equivalents     | -                  | 21,967        | 21,967        | 63,715            | 45,964        | 109,679        |
| Other assets                  | -                  | 1,182         | 1,182         | 13,646            | 2,066         | 15,712         |
| <b>Total assets</b>           | <b>-</b>           | <b>24,140</b> | <b>24,140</b> | <b>332,467</b>    | <b>49,158</b> | <b>381,625</b> |
| Borrowings                    | -                  | -             | -             | 279,953           | 41,406        | 321,359        |
| Trade and other payables      | -                  | 2,502         | 2,502         | 5,104             | 2,639         | 7,743          |
| Other liabilities             | -                  | 1,187         | 1,187         | 26,800            | 4,211         | 31,011         |
| <b>Total liabilities</b>      | <b>-</b>           | <b>3,689</b>  | <b>3,689</b>  | <b>311,857</b>    | <b>48,256</b> | <b>360,113</b> |

## 5. Discontinued operations and assets held for sale

In 2020, Etrion 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.

On May 31, 2021, the Company completed the sale of its TK interests in the 45 MW Niigata solar project under construction to Renewable Japan Co. Ltd and Daiichi Life Insurance Company Limited for gross proceeds of JPY 6.3 billion (approximately \$57.7 million).

On June 22, 2021, the Company completed the sale of its TK interests in the Company's 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito operating solar energy projects to the Consortium for gross proceeds of JPY 8.3 billion (approximately \$74.9 million).

On July 28, 2021, the Company completed the sale of its TK interests in the 9.5 MW Misawa energy project to the Consortium, for gross proceeds of JPY 1.5 billion (approximately \$13.5 million).

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

|  | Three months ended |              | Nine months ended |               |
|--|--------------------|--------------|-------------------|---------------|
|  | Q3-21              | Q3-20        | Q3-21             | Q3-20         |
| Revenue  | 246                | 6,011        | 10,900            | 17,437        |
| Operating expenses   | (35)               | (1,134)      | (2,192)           | (3,326)       |
| General and administrative expenses                                  | (144)              | (128)        | (6,914)           | (286)         |
| Other (expense) income, net  | (47)               | 8            | (1,041)           | 33            |
| <b>EBITDA</b>  | <b>20</b>          | <b>4,757</b> | <b>753</b>        | <b>13,858</b> |
| Depreciation and amortization  | -                  | (2,367)      | -                 | (6,978)       |
| Finance costs  | (14)               | (1,101)      | (2,119)           | (3,322)       |
| <b>Income (loss) before income tax from discontinued operations</b>  | <b>6</b>           | <b>1,289</b> | <b>(1,366)</b>    | <b>3,558</b>  |
| Income tax expense (recovery)  | 209                | (77)         | (1,155)           | (303)         |
| <b>Net income (loss) for the period from discontinued operations</b> | <b>215</b>         | <b>1,212</b> | <b>(2,521)</b>    | <b>3,255</b>  |
| Gain on sale of subsidiaries   | 9,580              | -            | 127,822           | -             |
| Reclassification adjustment on cash flow hedges – disposed assets    | (1,079)            | -            | (12,583)          | -             |
| <b>Profit from discontinued operations</b>                           | <b>8,716</b>       | <b>1,212</b> | <b>112,718</b>    | <b>3,255</b>  |

Details of the sale of the Japanese subsidiaries, are as follows:

|  | JPY               | US\$           |
|--|-------------------|----------------|
| Total cash consideration at closing                      | 16,104,783        | 149,521        |
| Less (-) proceeds from shareholder loan                  | (131,088)         | (1,219)        |
| <b>Sale proceeds for shares in Japanese subsidiaries</b> | <b>15,973,695</b> | <b>148,302</b> |
| Carrying amount of net assets sold                       | (2,206,073)       | (20,480)       |
| <b>Gain on sale of subsidiaries</b>                      | <b>13,767,622</b> | <b>127,822</b> |

Upon the closing of the sale and purchase agreements, the Company's 100% participation in the shares of the Japanese subsidiaries and the shareholder loan outstanding from these entities were both acquired by the two consortiums for JPY 16.0 billion (\$148.3 million) and JPY 131 million (\$1.2 million), respectively.

Transaction costs directly attributable to the sale transaction of approximately \$6.8 million have been recognized and classified in the General and administrative expenses as part of the discontinued operations.

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The carrying amounts of assets and liabilities as at the date of sale were as follows:

|                                   | JPY               | US\$           |
|-----------------------------------|-------------------|----------------|
| Property, plant and equipment     | 30,748,120        | 285,471        |
| Intangible assets                 | 1,263,945         | 11,735         |
| Trade receivables                 | 328,901           | 3,054          |
| Other assets                      | 2,238,399         | 20,782         |
| Cash                              | 4,553,341         | 42,274         |
| <b>Total assets</b>               | <b>39,132,706</b> | <b>363,316</b> |
|                                   | JPY               | US\$           |
| Borrowings                        | 28,962,135        | 268,892        |
| Trade payables                    | 166,524           | 1,546          |
| Derivatives financial liabilities | 1,181,166         | 10,966         |
| Other liabilities                 | 6,616,808         | 61,432         |
| <b>Total liabilities</b>          | <b>36,926,634</b> | <b>342,836</b> |
| <b>Net assets</b>                 | <b>2,206,073</b>  | <b>20,480</b>  |

### 6. Gain on sale of solar project rights

|   | Three months ended |                   | Nine months ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| Gain on sale of Mie solar project rights          | -                  | 30,882            | -                 | 30,882            |
| Development fee Mie project                       | -                  | 2,790             | -                 | 2,790             |
| Compensation on Mie deposit reimbursement         | -                  | 598               | -                 | 598               |
| Write-off Mie development costs                   | -                  | (869)             | -                 | (869)             |
| <b>Total gain on sale of solar project rights</b> | <b>-</b>           | <b>33,401</b>     | <b>-</b>          | <b>33,401</b>     |

In 2020, the Company sold the project rights over the Mie 60 MW solar project under development for a total of ¥3.4 billion (approximately \$31.0 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.

## 7. General and administrative expenses

|  | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| Salaries and benefits                            | 2,057              | 443               | 4,004             | 1,797             |
| Board of Directors' fees                         | 7                  | 50                | 72                | 156               |
| Share-based payments                             | (569)              | 50                | 1,676             | 144               |
| Professional fees                                | 407                | 580               | 1,448             | 1,766             |
| Listing and marketing                            | 28                 | 38                | 181               | 157               |
| Depreciation and amortization                    | 40                 | 36                | 105               | 104               |
| Office lease                                     | 53                 | 78                | 164               | 228               |
| Office, travel and other                         | 81                 | 77                | 698               | 254               |
| <b>Total general and administrative expenses</b> | <b>2,104</b>       | <b>1,352</b>      | <b>8,348</b>      | <b>4,606</b>      |

General and administrative expenses include severance provisions and the accelerated expenses of fully vested RSUs. Other expenses include \$0.4 million of net wealth tax provision from the Group's subsidiary Solar Resources Holding Sàrl.

## 8. Other (expense) income, net

|  | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| Income from arranging the sale of PV Salvador SpA  | -                  | -                 | -                 | 2,977             |
| AMS termination fee received                       | -                  | -                 | -                 | 341               |
| Unrecoverable withholding taxes                    | -                  | -                 | (338)             | (1,008)           |
| Municipality tax reassessment from disposed assets | -                  | -                 | -                 | (382)             |
| Unrecoverable VAT and other                        | (5)                | (351)             | (204)             | (444)             |
| <b>Total other (expense) income, net</b>           | <b>(5)</b>         | <b>(351)</b>      | <b>(542)</b>      | <b>1,484</b>      |

During the nine months ended September 30, 2021, the Company recognized a \$0.2 million write-off of unrecoverable VAT from one of its Japanese subsidiaries and \$0.3 million of unrecoverable withholding taxes triggered by the cash distribution made under the TK-GK structure. In addition, in 2020, the Company recognized \$1.0 million of unrecoverable withholding taxes following an investment contribution to one Japanese subsidiary and \$0.4 million of tax expense relating to tax reassessments received 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. On May 14, 2020, Etrion recognized 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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### 9. Net finance costs

|                                     | Three months ended |                   | Nine months ended |                   |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                     | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| <b>Finance income:</b>              |                    |                   |                   |                   |
| Foreign exchange gain               | -                  | -                 | 307               | -                 |
| Other finance income                | -                  | 2                 | -                 | 2                 |
| <b>Total finance income</b>         | <b>-</b>           | <b>2</b>          | <b>307</b>        | <b>2</b>          |
| <b>Finance costs:</b>               |                    |                   |                   |                   |
| Interest expense on corporate bonds | -                  | 801               | 64                | 2,339             |
| Loss on call option                 | -                  | -                 | 117               | -                 |
| Loss on debt extinguishment         | -                  | -                 | 435               | -                 |
| Foreign exchange loss               | 370                | 900               | -                 | 968               |
| Other finance costs                 | 35                 | 8                 | 186               | 45                |
| <b>Total finance costs</b>          | <b>405</b>         | <b>1,709</b>      | <b>802</b>        | <b>3,352</b>      |
| <b>Net finance (income) costs</b>   | <b>405</b>         | <b>1,707</b>      | <b>495</b>        | <b>3,350</b>      |

The Group had a fixed rate corporate bonds which was fully repaid on January 7, 2021. Interest expenses were calculated using the effective interest rate method.

During the nine months ended September 30, 2021, the Group recognized a loss on debt extinguishment of \$0.4 million together with a loss on call option of \$0.1 million associated with the redemption of the corporate bonds. The finance costs associated with the projects held for sale are disclosed under [Note 5](#).

### 10. Income taxes

#### (a) Income tax expense

|  | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| <b>Income tax expense:</b>                 |                    |                   |                   |                   |
| Corporate income tax (expense) recovery    | (27)               | (3,173)           | 2,414             | (3,121)           |
| <b>Total income tax (expense) recovery</b> | <b>(27)</b>        | <b>(3,173)</b>    | <b>2,414</b>      | <b>(3,121)</b>    |

During the three and nine months ended September 30, 2021, the Group recognized an income tax expense of \$30 thousands and an income tax recovery of \$2.4 million, respectively (2020: \$3.2 million and \$3.1 million of tax expense) associated with its management services subsidiaries. The tax recovery was triggered by a change in the estimate tax impact in connection with the sale of the Japanese assets.

#### (b) Current income tax liabilities

|   | September 30<br>2021 | December 31<br>2020 |
|---|----------------------|---------------------|
| Corporate income tax                        | 35                   | 2,990               |
| <b>Total current income tax liabilities</b> | <b>35</b>            | <b>2,990</b>        |



### 11. Earnings 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:

|   | Three months ended |                   | Nine months ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | Q3-21              | Q3-20<br>Restated | Q3-21             | Q3-20<br>Restated |
| <b>Income attributable to common shareholders:</b>      |                    |                   |                   |                   |
| (Loss) income from continuing operations                | (2,541)            | 26,818            | (6,971)           | 23,808            |
| Income from discontinued operations                     | 8,716              | 1,212             | 112,718           | 3,255             |
| <b>Total Income attributable to common shareholders</b> | <b>6,175</b>       | <b>28,030</b>     | <b>105,747</b>    | <b>27,063</b>     |
| Weighted average number of thousand shares outstanding  | 334,094            | 334,094           | 334,094           | 334,094           |
| <b>Basic and diluted (loss) earnings per share:</b>     |                    |                   |                   |                   |
| (Loss) earnings from continuing operations              | \$(0.01)           | \$0.08            | \$(0.02)          | \$0.08            |
| Income from discontinued operations                     | \$0.03             | \$0.00            | \$0.33            | \$0.00            |
| <b>Total basic and diluted earnings per share</b>       | <b>\$0.02</b>      | <b>\$0.08</b>     | <b>\$0.31</b>     | <b>\$0.08</b>     |

### 12. Cash and cash equivalents

The Group's cash and cash equivalents 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.

|  | September 30<br>2021 | December 31<br>2020 |
|--|----------------------|---------------------|
| Unrestricted cash at parent level      | 21,967               | 8,956               |
| Restricted cash at parent level (bond) | -                    | 37,008              |
| <b>Total</b>                           | <b>21,967</b>        | <b>45,964</b>       |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at September 30, 2021:

|   | September 30<br>2021 | December 31<br>2020 |
|---|----------------------|---------------------|
| Cash and cash equivalents attributable to continuing operations   | 21,967               | 45,964              |
| Cash and cash equivalents attributable to discontinued operations | -                    | 63,715              |
| <b>Total</b>  | <b>21,967</b>        | <b>109,679</b>      |

### 13. Trade and other receivables

|  | September 30<br>2021 | December 31<br>2020 |
|--|----------------------|---------------------|
| <b>Current portion:</b>                  |                      |                     |
| VAT account receivables                  | 265                  | 411                 |
| Advances paid and prepaid expenses       | 363                  | 1,192               |
| Other current assets                     | 394                  | 172                 |
| <b>Total trade and other receivables</b> | <b>1,021</b>         | <b>1,775</b>        |

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### 14. Share capital

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 shares are issued and fully-paid and outstanding at September 30, 2021 (December 31, 2020: 334,094,324). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors.

On August 24, 2021, the Company distributed \$0.327 per share to the shareholders as a return of capital for a total amount of \$109.2 million, and the share capital was reduced accordingly. No dividends were declared during the nine months ended September 30, 2021, and 2020.

### 15. 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 the three and nine months ended September 30, 2021, the Group recognized share-based payment recovery of \$0.6 million and expense of \$1.7 million, respectively, (2020: \$50 thousand and \$144 thousand) related to its RSUs scheme. [Note 7](#)

On June 22, 2021, following the completion of the sale of the majority of the Company's Japanese assets, the outstanding RSU grants met the accelerating vesting conditions. Therefore, as of June 22, 2021, all outstanding RSUs have been fully expensed. Consequently, the original treatment was modified from equity-settled to cash-settled, and the board of directors approved the fair value of \$0.327 per RSU at the date of modification. The fair value was measured by reference to the Company's share price at the date of the modification. On August 24, 2021, the Company settled the RSUs in cash and distributed \$0.327 per RSU to the holders of the RSUs for a total amount of \$5.0 million. The holders of the RSUs will be entitled to additional payments in the event that further distributions of net proceeds from the sale of the Company's assets and/or certain tax refunds are made to shareholders.

### 16. Borrowings

|                                    | Corporate<br>bond | Total         |
|------------------------------------|-------------------|---------------|
| <b>At January 1, 2021</b>          | <b>41,406</b>     | <b>41,406</b> |
| Accrued interest                   | 64                | 64            |
| Repayment of interest              | (179)             | (179)         |
| Repayment of the corporate bonds   | (40,316)          | (40,316)      |
| Derecognition of transaction costs | 162               | 162           |
| Exchange differences               | (1,137)           | (1,137)       |
| <b>At September 30, 2021</b>       | <b>-</b>          | <b>-</b>      |

On January 7, 2021, the Company repaid the outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.

During the nine months ended September 30, 2021, the Group was never in breach of any of the imposed operational and financial covenants associated with its Japanese project loans. At September 30, 2021, the Group has no longer borrowings associated with the Japanese solar projects following the sale of the assets. All borrowings associated with the Solar Japan segment have been classified as liabilities associated with assets held for sale, effective since September 30, 2020. [Note 5](#)

### 17. Derivative financial instruments

|  | September 30<br>2021 | December 31<br>2020 |
|--|----------------------|---------------------|
| <b>Derivative financial assets:</b>      |                      |                     |
| Corporate bond call option               | -                    | 120                 |
| <b>Total derivative financial assets</b> | <b>-</b>             | <b>120</b>          |

#### *Corporate bond call option*

During the nine months ended September 30, 2021, the Group derecognized the call option on the redemption of the corporate bonds which were fully repaid on January 7, 2021.

#### *Interest rate swap contracts*

At September 30, 2021, the Group no longer has interest rate swap contracts following the sale of the solar projects. The hedging reserve has been fully reversed and netted with the gain on sale of the solar projects. Historically, the Group entered 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 was 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. [Note 5](#)

## 18. Trade and other payables

|                                       | September 30<br>2021 | December 31<br>2020 |
|---------------------------------------|----------------------|---------------------|
| <b>Financial liabilities</b>          |                      |                     |
| Trade payables                        | 236                  | 262                 |
| <b>Total financial liabilities</b>    | <b>236</b>           | <b>262</b>          |
| Accrued expenses                      | 1,791                | 2,153               |
| Other payables                        | 475                  | 224                 |
| <b>Total trade and other payables</b> | <b>2,502</b>         | <b>2,639</b>        |

The accrued expenses include the severance provision payable to entitled employees and the net wealth tax provision from the Group's subsidiary Solar Resources Holding Sàrl. Other payables include the future estimated RSUs excess value payable to entitled employees.

## 19. Related parties

For the purposes of preparing the Company's condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 36% of the Company's common shares (2020: 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 three and nine months ended September 30, 2021, the Group entered into the following transactions with related parties:

|  | Three months ended |           | Nine months ended |           |
|--|--------------------|-----------|-------------------|-----------|
|  | Q3-21              | Q3-20     | Q3-21             | Q3-20     |
| <b>General and administrative expenses:</b>    |                    |           |                   |           |
| Lundin Energy AB                               | 2                  | 3         | 6                 | 9         |
| Lundin SA                                      | -                  | 15        | 30                | 45        |
| <b>Finance costs</b>                           |                    |           |                   |           |
| Lundin family:                                 |                    |           |                   |           |
| - Interest expense                             | -                  | -         | 2                 | -         |
| <b>Total transactions with related parties</b> | <b>2</b>           | <b>18</b> | <b>38</b>         | <b>54</b> |

### Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately \$4.7 million) loan facility from the Lundin family in order to provide additional financing in anticipation of the redemption of the corporate bonds. The loan bore a 3% interest rate and was repayable on December 21, 2021. This loan was repaid in full on June 9, 2021.

There were no amounts outstanding to related parties at September 30, 2021 and December 31, 2020.

There were no amounts outstanding from related parties at September 30, 2021 and December 31, 2020.

## Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2021 and 2020

UNAUDITED

Expressed in US\$'000 unless otherwise stated

### 20. Financial assets and liabilities

|                                  | September 30, 2021                 |  |               | December 31, 2020                  |  |               |
|----------------------------------|------------------------------------|--|---------------|------------------------------------|--|---------------|
|                                  | Financial assets at amortized cost | Fair value recognized in profit and loss | Total         | Financial assets at amortized cost | Fair value recognized in profit and loss | Total         |
| <b>Financial assets</b>          |                                    |  |               |                                    |  |               |
| <b>Current</b>                   |                                    |  |               |                                    |  |               |
| Derivative financial instruments | -                                  | -  | -             | -                                  | 120                                      | 120           |
| Cash and cash equivalents        | 21,967                             | -  | 21,967        | 45,964                             | -  | 45,964        |
| <b>Total financial assets</b>    | <b>21,967</b>                      | <b>-</b>                                 | <b>21,967</b> | <b>45,964</b>                      | <b>120</b>                               | <b>46,084</b> |

|                                    | September 30, 2021                                |  |            | December 31, 2020                                 |  |               |
|------------------------------------|---|--|------------|---|--|---------------|
|                                    | Financial and other liabilities at amortized cost | Fair value recognized in profit and loss | Total      | Financial and other liabilities at amortized cost | Fair value recognized in profit and loss | Total         |
| <b>Financial liabilities</b>       |   |  |            |   |  |               |
| <b>Current</b>                     |   |  |            |   |  |               |
| Trade payables                     | 236   | -  | 236        | 262   | -  | 262           |
| Borrowings                         | -   | -  | -          | -   | 41,406                                   | 41,406        |
| <b>Total financial liabilities</b> | <b>236</b>  | <b>-</b>                                 | <b>236</b> | <b>262</b>  | <b>41,406</b>                            | <b>41,668</b> |

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 September 30, 2021 and December 31, 2020, the Group's cash and cash equivalents and corporate bonds were classified as Level 1. The fair value of the corporate bonds 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 September 30, 2021 and December 31, 2020, 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.

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 September 30, 2021 and December 31, 2020, the Group had no financial instruments classified as Level 3.

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

|  | September 30<br>2021 | December 31<br>2020 |
|--|----------------------|---------------------|
| <b>Financial assets</b>  |                      |                     |
| Level 1: Cash and cash equivalents (including restricted cash) | 21,967               | 45,964              |
| Level 2: Bond call option                                      | -                    | 120                 |
| <b>Total financial assets</b>                                  | <b>21,967</b>        | <b>46,084</b>       |
| <b>Financial liabilities:</b>                                  |                      |                     |
| Level 1: Corporate bonds                                       | -                    | 41,406              |
| Level 2: Interest rate swaps                                   | -                    | -                   |
| <b>Total financial liabilities</b>                             | <b>-</b>             | <b>41,406</b>       |

## 21. 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.