

PRESS RELEASE

Etrion Releases Second Quarter 2018 Results

August 8, 2018, Geneva, Switzerland – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), a solar independent power producer, released today its condensed consolidated interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and six months ended June 30, 2018.

Etrion Corporation delivered strong project-level results in the second quarter of 2018 from its Japanese assets. Higher installed capacity and electricity production, combined with significant reduction in corporate overhead resulted in a significant increase in revenue and consolidated EBITDA compared to the same period in 2017, before extraordinary items.

Q2-18 HIGHLIGHTS

- Strong performance in Japan with production and revenues up by 22% and 21%, respectively, compared to Q2-17.
- Consolidated adjusted EBITDA increased significantly in comparison with Q2-17 driven by performance in Japan and corporate overhead reduction.
- Connected to the grid the 13.2 megawatt (“MW”) Komatsu solar project in western Japan and became fully operational in May 2018. The project was delivered on budget and ahead of schedule.
- Completed the refinancing of its corporate bonds, extending the maturity and reducing the interest rate. The bonds received strong demand from Nordic investors with positive validation of Etrion’s strategy to focus on Japan.
- Growth opportunities in Japan remain positive with 390 MW of projects in different stages of development, including 105 MW targeting to reach ready to build stage within the next 12 months and additional 285 MW of projects in the pipeline.
- Sound unrestricted cash position to support the growth of the business.

Management Comments

Marco A. Northland, the Company’s Chief Executive Officer, commented, “Japan continues to deliver very positive results. Cost cutting measures taken in Q4-17 have continued to deliver significant savings in Q2-18 which, combined with a higher installed capacity compared to the same period last year, resulted in consolidated EBITDA improvements. We continue to have a solid cash position with sufficient liquidity to fund our backlog projects. I am very pleased with the significant progress made on the Niigata and Mie prefecture projects, with combined gross capacity of 105MW, both targeting to reach financial close within the next 12 months. We continue to drive costs down and fine tune the business to better support our growth in Japan.”

FINANCIAL SUMMARY

US\$ thousands (unless otherwise stated)	Three months ended		Six months ended	
	Q2-18	Q2-17	Q2-18	Q2-17
Electricity production (MWh) ¹	18,155	42,466	26,241	92,389
Japan	18,155	14,883	26,241	22,329
Chile	-	27,584	-	70,060
Financial performance ²				
Revenues	6,357	7,042	9,267	12,240
Japan	6,357	5,256	9,267	4,387
Chile	-	1,786	-	7,853
EBITDA	2,254	1,904	2,912	1,962
Japan	4,887	3,949	6,617	5,910
Chile	-	48	-	423
Corporate (General and administrative items)	(1,154)	(2,093)	(2,226)	(4,371)
Corporate (Additional termination fee)	(1,479)	-	(1,479)	-
Adjusted EBITDA	3,733	2,214	4,391	2,839
Net loss	(746)	(6,865)	(4,599)	(14,429)
Project cash distributions	-	-	611	3,342
Cash flow from (used) in operations	5,566	1,262	2,771	(1,559)
Adjusted operating cash flow	3,804	2,032	4,633	2,311
Financial position			Jun 18	Dec 17
Unrestricted cash at parent level				
- Unrestricted cash at parent level			16,352	30,385
- Corporate bond escrow account			35,099	-
Restricted cash at project level				
Working capital			15,169	12,818
Consolidated net debt on a cash basis			29,547	43,611
Corporate net debt			148,017	136,173
			23,334	10,110

1 MWh-Megawatt-hour

2 2017 financial results include the financial performance of the Chilean subsidiary, PV Salvador SpA until September 30, 2017 when the Group lost control for IFRS purposes.

Operations and Finance Update call

A conference call webcast to present the Company's second quarter 2018 Operations and Finance update will be held on Wednesday, August 8, 2018, at 10:00 a.m. Eastern Daylight Time (EDT) / 4:00 p.m. Central European Summer Time (CEST).

Dial-in details:

North America: +1-647-788-4991 / Toll Free: +1-877-291-4570 / Sweden Toll Free: 02-079-4343

Webcast:

A webcast will be available at <https://www.webcaster4.com/Webcast/Page/1297/23919>

The Operations and Finance update call presentation and the Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2018, as well as the related documents, will be available on the Company's website (www.etrion.com)

A replay of the telephone conference will be available until August 29th, 2018

Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367

Pass code for replay: 4386077

About Etrion

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

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

Christian Lacueva – Chief Financial Officer

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

Etrion discloses the information provided herein pursuant to the Swedish Securities Market Act. The information was submitted for publication at 8:05 a.m. CEST on August 8, 2018.

Non-IFRS Measures:

This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA and Adjusted operating cash flow. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. EBITDA is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements. In addition, EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting policy decisions. The most comparable IFRS measure to EBITDA is net income (loss). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance. The most comparable IFRS measure to adjusted operating cash flow is cash flow used in operations. Refer to Etrion's MD&A for the three and six months ended June 30, 2018, for a reconciliation of EBITDA and adjusted operating cash flow reported during the period.

Forward-Looking Information:

This press release contains certain "forward-looking information". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the Company's projects in Japan under construction and in development) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, without limitation, the ability of the Company to execute on its projects in Japan under construction or in development on economic terms and in a timely manner. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the Company may not be able to obtain all applicable permits for the development of projects in Japan and the associated project financing required for the development of such projects on economic terms and the risk of unforeseen delays in the development and construction of its projects under construction or in development. Reference is also made to the risk factors disclosed under the heading "Risk factors" in the Company's AIF for the year ended December 31, 2017 which has been filed on SEDAR and is available under the Company's profile at www.sedar.com.

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