



Registration Document

Etrion Corporation

04.12.2018

Important notice

This Registration Document is valid for a period of up to 12 months following its approval by the Financial Supervisory Authority of Norway (the "Norwegian FSA", *Finanstilsynet*). This Registration Document was approved by the Norwegian FSA on 4th December 2018. The Prospectus for issuance of new bonds or other securities may for a period of up to 12 months from the date of the approval consist of this Registration Document and a Securities Note and summary applicable to each issue and subject to a separate approval.

The Registration Document is based on sources such as annual reports and publicly available information and forward-looking information based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Etrion Corporation (the "Issuer" or the "Company", and together with its Subsidiaries, the "Group").

A prospective investor should consider carefully the factors set forth in chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in bonds, including any legal requirements, exchange control regulations and tax consequences within the country of residence and domicile for the acquisition, holding and disposal of bonds relevant to such prospective investor.

Managers and/or affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Registration Document and may perform or seek to perform financial advisory or banking services related to such instruments. The manager's corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known. Copies of this Registration Document are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The distribution of the Registration Document may be limited by law also in other jurisdictions, for example in Canada, Japan, Australia and in the United Kingdom. Verification and approval of the Registration Document by the Norwegian FSA implies that the Registration Document may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Registration Document in any jurisdiction where such action is required, and any information contained herein or in any other sales document relating to bonds does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The Norwegian FSA has controlled and approved the Registration Document pursuant to the Norwegian Securities Trading Act, § 7-7. The Norwegian FSA has not controlled and approved the accuracy or completeness of the information given in the Registration Document. The control and approval performed by the Norwegian FSA relates solely to descriptions included by the Company according to a pre-defined list of content requirements. The Norwegian FSA has not undertaken any kind of control or approval of corporate matters described in or otherwise covered by the Registration Document.

The content of the Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, the Prospectus is subject to Norwegian law. In the event of any dispute regarding the Prospectus, Norwegian law will apply.

Table of contents

1. Risk factors	4
2. Persons responsible	10
3. Definitions	11
4. Statutory auditors	13
5. Information about the Issuer and the Guarantor.....	14
6. Business overview	17
7. Administrative, management and supervisory bodies	24
8. Major shareholders	29
9. Financial information.....	30
10. Documents on display	33
11. Cross reference list	34
12. Attachments	35

1. Risk factors

Investing in bonds involves a significant degree of risk. Prospective investors should carefully consider, among other things, the risk factors set out in the Registration Document before making an investment decision. This section addresses both general risks associated with the industry in which the Group operates, and the specific risks associated with its business. If any such risks were to materialise, the Group's business, results of operations, financial condition and/or prospects could be materially and adversely affected, which in turn could result in a decline in the value of the bonds and a loss of part or all of your investment.

The risk factors for the Company and Guarantor are deemed to be equivalent for the purpose of this Registration Document unless otherwise stated.

RISKS RELATED TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

Licences and permits

The Group's operations require licenses and permits from various governmental authorities that may be subject to changes in regulation and operating circumstances. To the best of the Group's knowledge, all necessary licenses and permits have been obtained for the current operating projects, and the Group is complying in all material respects with the terms of such licenses and permits. In addition, The Group is developing additional projects. 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 which may result in projects being delayed or abandoned.

International operations

Renewable energy development and production activities are subject to political and economic uncertainties that may adversely affect the Group's performance. Uncertainties include, but are not limited to, the possibility of expropriation and/or nationalisation; invalidation or cancellation of, or delays in obtaining or the failure to obtain, governmental licenses and/or permits; corruption; changes in energy policies; local currency fluctuations and/or devaluations; changes in taxation policies; inadequate infrastructure; uncertainty of the political and economic environments; civil disruptions; and changes in law and policies governing operations of foreign-based companies. The occurrence of one or more of these risks that are beyond the Group's control could have material and adverse effects on the Group's business. In addition, if legal disputes arise relating to any of the Group's operations, it could be subject to legal claims and litigation within the jurisdiction in which it operates.

All of Etrion's operating solar power plants are located in Japan with the exception of Project Salvador located in Chile, which is held by PV Salvador SpA, a subsidiary that was deconsolidated as of September 30, 2017. Etrion's subsidiaries in Chile (i) Etrion Services (Chile) SpA and (ii) Etrion Chile SpA and its subsidiaries are non-recourse to the Group. While claims might nonetheless be addressed towards Etrion, the non-recourse should protect the Group for claims brought towards these Chilean subsidiaries. In addition, the Group is further expanding its portfolio of solar power projects into Japan, where the Group has finalized the construction of Project Komatsu, with a total capacity of approximately 13.2 MW, and the development of other "backlog" brownfield and greenfield projects (currently designed for an aggregate of 190 MW). Therefore, the Group is exposed to significant country risk related to Japan, which is not yet balanced through the existence of a diversified portfolio of assets.

Significant concentration of investments in any one sector or jurisdiction may result in greater volatility in the value of the Group's investments and may consequently materially and adversely affect the performance of the Group.

Government regulation

The renewable energy sector is subject to extensive government regulation. These regulations are subject to change based on the current and future economic or 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 to continue operating in current markets. Specifically, reductions in the Feed-in-Tariffs (FiT) payable to the Group on its existing solar power projects in Japan well as other legislative or regulatory changes could impact the profitability of the Group's future solar power projects.

Uncertainties include, but are not limited to, future reductions to the FiT, or otherwise, if any, or other change in renewable energy policies, changes in taxation policies and/or the regulatory environment. These uncertainties, all of which are beyond the Group's control, could have a material adverse effect on Etrion's operations and financial performance. In addition, if legal disputes arise related to any of the Group's operations, Etrion could be subject to the legal framework existing in the relevant jurisdiction.

Risks related to the development of the photovoltaic market

The continued development of the photovoltaic market is affected by many factors, including the emergence of newer, more successful, technologies and products, the cost and commercial availability of alternative energy sources like fuels, the cost of the Group's products, regulatory requirements, consumer perceptions of the reliability and cost-effectiveness of its products and the end products of which they form a part and potential consumer reluctance to buy products based on, or make major investments in, new technologies. Less than expected development of the demand for photovoltaic products in the Group's target markets may materially adversely impact the Group's business and financial condition.

Risks relating to the price of solar photovoltaic equipment

The price of solar photovoltaic equipment can increase or decrease, and it can be influenced by a number of factors, including the price and availability of raw materials, demand for photovoltaic equipment and any import duties that may be imposed on photovoltaic equipment. This would generally be expected to lead to corresponding changes in the value of benefits available to new renewable power generation projects, which may have a material adverse effect on the results of operations of the Group.

Furthermore, changes in the cost of solar photovoltaic equipment could have a material adverse effect on the Group's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

Market risks

The Group is exposed to financial risks such as interest rate risk, foreign currency risk, price risk and credit risk as follows:

Interest rate risk

In June 2018 the Company issued a new bond for € 40 million with a coupon rate of 7.25%. This bond has a bullet payment due on June 2021. In 2021 the Company will need to refinance the bond. At that time, it is not certain whether interest rates will be higher and the impact of the Company to refinance such bond with higher coupon rate.

Etrion is also exposed to interest rate risks associated with its non-recourse project loans in Japan as these are floating rate instruments. The Group manages its cash flow and interest rate risks for its non-recourse loans at project level 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

Registration Document

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.

Etrion typically manages the interest rate risk by entering into interest rate swap contracts covering 90% of the total outstanding principal amount of the non-recourse projects loans, which is considered to be plausible in accordance the Etrion's risk management policies. The remaining 10% unhedged portion is subject to fluctuations in the floating interest rates and therefore could have an impact in the cash flow of the projects in Japan if there were a sudden significant increase in TIBOR rates. As a result, this could have a material adverse effect on the Group's financials conditions.

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, United States dollar and Japanese Yen. The Group's foreign currency exposure is due primarily to intercompany borrowings made in Japanese Yen from Subsidiaries that have a different functional currency. The Group does not currently undertake hedging arrangements to mitigate the foreign currency exposure on its net investments in foreign operations or on income in foreign operations in order to hedge the risk of foreign currency variations. In addition, the Group does not enter into forward contracts on project cash distributions to hedge against changes in the exchange rate of the Japanese yen because the Group is not expecting to repatriate funds in the near term from Japan. Instead, expected cash distributions will be reinvested in the same country to further increase the operating assets in Japan.

Electricity market price risk

Etrion is not exposed to electricity market price risk in Japan as all of its current revenues generated by the Group's solar power projects are secured by long-term contracts based on FiT agreements.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity trading market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the price of electricity generated by renewable assets and thus the Group's business, financial position, results of operations and business prospects.

Financing and capital requirements

Etrion's anticipated growth and development activities, such as construction and acquisition of additional projects, will depend inter alia on the Group's ability to secure additional financing (i.e., corporate debt, equity financing, vendor financing or non-recourse project loans). There is no assurance that debt or equity financing, or cash generated from operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be available on terms acceptable to the Group. Failure to obtain financing on a timely basis could cause the Group to miss certain business opportunities, reduce or terminate its operations or forfeit its direct or indirect interest in certain projects.

In addition, Etrion'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. The inability of the Group to access sufficient capital for its operations could have a material impact on the Group's business, financial position and performance.

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. In Japan, the sale of electricity is made to the state-owned utility companies, and therefore the credit risk associated with trade receivables is considered to be insignificant. Default by any contracting party may affect the Group's financial results and financial position.

Risks relating to counterparties

The Group will be exposed to third party credit risk in several instances, including, without limitation, with respect to contractors who may be engaged to construct or operate assets held by the Group, property owners who are leasing ground space to the Group for the locating of assets, banks which may provide guarantees of the obligations of other parties or which may commit to provide leverage to the Group at a future date, insurance companies which may provide coverage against various risks applicable to the Group's assets and other third parties who may owe sums to the Group. In the event that such credit risk crystallises in one or more instances, this may materially adversely impact the Group's business and financial condition.

Interruption in the supply chain

There is no assurance that the Group successfully will be able to secure equipment necessary for construction of solar energy projects. Because of interruptions in the supply chain, such equipment may be in short supply from time to time. Any interruptions in the supply chain could have a material adverse impact on the Group's business, financial condition and results of operations.

Ability to secure appropriate land

There is competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given the geographical features, legal restrictions and ownership rights, which naturally limits the area available for site development. There can be no assurance that the Group will be successful in obtaining any particular site in the future. The failure by the Group to obtain appropriate sites for new power generating facilities could adversely affect the Group's business prospects.

Cost uncertainty

The renewable energy projects in which the Group is currently involved or in which it may be involved in the future are subject to the risk of cost overruns or other unanticipated costs and expenses that could have a material adverse impact on the Group's financial performance. 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 results and financial position.

Taxes

The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws or regulations in any of the countries in which the Group operates or will operate, could result in an increase in the Group's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws or regulations will not be enacted or that existing tax laws or regulations will not be changed, interpreted or applied in a manner which could have a material adverse effect on the Group.

Execution risk

The Group's anticipated development and growth may require it to acquire complementary or strategic businesses. The process of integrating any future acquired business, technology, service or product, may result in unforeseen operating difficulties and expenditures. To the extent that the Group miscalculates its ability to integrate and properly manage acquired businesses, or it depends on the continued service of acquired personnel who choose to leave, the Group may have difficulty in achieving its operating and strategic objectives. In addition, the Group may not be able to realise the anticipated benefits from the acquisition, identify suitable acquisition opportunities or to negotiate

Registration Document

and complete acquisitions on favourable terms. Any future acquisition may require substantial capital resources and the Group may need to obtain additional equity or debt financing. This could result in potentially dilutive issuances of the Group's securities or the incurrence of debt, contingent liabilities or amortisation expenses related to goodwill and other intangible assets, any of which could harm the business, financial condition and results of operation.

Dependence on key personnel and management

Etrion's business model is largely dependent on certain key management personnel. The loss of services from such key management personnel could have a material adverse effect on the Group. The contributions of the existing management team to the immediate and near-term operations of the Group are likely to continue to be of central importance for the foreseeable future. In addition, the competition for qualified personnel in the renewable energy sector is intense, and there can be no assurance that Etrion will be able to attract and retain all personnel necessary for the development and operation of the Group's business.

Reliance on contractors

The Group's ability to conduct its operations is highly dependent on the availability of skilled workers and contractors who are engaged to build and operate the Group's solar projects. The price for contractors' services may impair the economic viability of the Group's projects and failure to replace contractors when needed could have a material adverse effect on the Group's business and prospects.

Talent and recruitment

The successful operation of Etrion's business and its ability to expand operations will depend upon the availability of, and competition for, skilled labor. There is a risk that Etrion may have difficulty sourcing the required labor for current and future operations. This risk could manifest itself primarily through an inability to recruit new staff without a dilution of talent, to train, develop and retain high quality and experienced staff without unacceptably high attrition, and to satisfy an employee's work/life balance and desire for competitive compensation. Etrion's ability to operate safely and effectively and to compete in the renewable energy sector may be impacted by these risks.

Failure to meet international regulatory requirements

The Group's operations are subject to numerous health, safety and environmental requirements under the laws and regulations in the various jurisdictions in which the Group operates. Many such laws and regulations are becoming increasingly stringent (and may contain "strict liability") and the cost of compliance with these regulations is expected to increase over time. Failure by the Group to comply with such health, safety and environmental laws and regulations could result in the Group incurring costs and/or liabilities, as a result of regulatory enforcement, including personal injury, property damage and claims and litigation resulting from such events, which could adversely affect the Group's results of operation and financial position.

Competition

The renewable energy industry is intensely competitive, and the Group competes with a substantial number of other companies, many of which have greater financial and operational resources. There is no assurance that the Group will be able to acquire or develop future solar power projects on financially sound terms, or at all. Etrion also competes with other companies to secure equipment necessary for the construction of solar energy projects. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. There can be no assurances that the Group will be successful against its competitors. The failure by Etrion to successfully compete against its competitors could have a material adverse effect on the Group's business and results of operations.

Insurance

The Group and the SPV's insurance or indemnities may not adequately cover all risks, liabilities or expenses that could result from its operations. The Group and the SPVs are not necessarily fully

Registration Document

insured against all risks it may face. Furthermore, not all mentioned risks are insurable, or only insurable at a disproportionately high cost. Any uninsured losses or liabilities, or any losses and liabilities exceeding the insured limits, may have a material adverse effect on the Issuer.

Litigation risk

Etrion has in the past been and may in the future be subject to legal claims, including those arising in the normal course of business. An unfavourable outcome of any litigation or arbitration matter could require that Etrion pays substantial damages or that Etrion amends its operations and/or strategy. Whether or not Etrion ultimately prevails, any litigation and arbitration is costly and can divert management's attention from core business. In addition, Etrion may decide to settle a litigation or arbitration matter, which could cause Etrion to incur significant costs. A settlement or an unfavourable outcome on any litigation or arbitration matter could have an adverse effect on the Etrion's operating revenue and profitability.

Risk related to restructuring of the Group

There is a risk that the Issuer will not be able to complete the restructuring and that the existing projects will remain in the existing corporate structure, and consequently that the Issuer will not get the benefit from the improved tax position.

Following the restructuring of the Group, the ownership of the SPVs/projects will be replaced by an arrangement similar to a charitable trust holding 100% of the voting rights, while all management decisions (if not in bankruptcy) are made in accordance with asset manager's (which will be a company in the Group) advice. While the economic benefits from the SPVs/projects will be retained by the Group through contracts, under the new structure the risk remains that Etrion loses control over the SPVs/projects if SPVs/projects default on their senior debt obligations.

Risk related to the TK Investment Agreement

There is a risk that the TK structure might be challenged by the Japanese tax authorities or creditors of SPVs/projects. In this case, the most likely result would be for the TK arrangement to be re-characterized as a general partnership ("nin'i kumiai" or NK). This would mean that (i) as a tax related risk, full corporate taxation applies to the TK profit of the TK Investor which is in breach, and (ii) as a legal related risk, the TK investor is liable to all obligations owed by SPVs/projects to its creditors.

2. Persons responsible

Persons responsible for the information

Persons responsible for the information given in the Registration Document are as follows:
Etrion Corporation, C/o Regus, Rue du Commerce 4, 1204 Genève, Switzerland.

Declaration by persons responsible

Etrion Corporation confirms that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

04.12.2018

ETRION CORPORATION

3. Definitions

CAD	- Canadian dollar, the lawful currency of Canada.
CHF	- Swiss francs, the lawful currency of Switzerland.
EEA	- The European Economic Area
EPC	- Engineering, procurement and construction contracts entered into by the Company for the construction of its solar power project.
Etrion Corporation / Etrion / Group	- the Issuer and its Subsidiaries from time to time (each a "Group Company") except for (i) Etrion Services (Chile) SpA and (ii) Etrion Chile SpA and its subsidiaries.
EUR	- Euro, the official currency of the European Union (EU.)
FIT	- Feed-in Tariff, a policy mechanism designed to accelerate investment in renewable energy technologies through long-term government contracts for the purchase of renewable electricity at a fixed price.
GBP	- British pound sterling, the official currency of the United Kingdom.
Guarantor / Solar Resources	- Solar Resources Holding S.à.r.l., a wholly owned Subsidiary of the Issuer.
HHT	- Hitachi High-Technologies Corporation, a subsidiary of Hitachi, Ltd., incorporated under the laws of Japan
Issuer / Company	- Etrion Corporation - with registration number C0860958.
JPY	- Japanese yen, the lawful currency of Japan.
MW	- Megawatt(s), a unit of measuring the capacity of a power generating facility.
NOK	- Norwegian krone, the lawful currency of Norway.
PPA	- Power purchase agreement, an agreement providing for the sale of electricity, generally at a stipulated price and for a term of 15 years or more. Specifically, for Japan, it refers to a 20-year fixed price agreement between a solar SPV and a local utility.
Prospectus	- The Registration Document together with the Securities Note and the Summary.
PV	- Photovoltaic, a method of generating electrical power by converting solar irradiation into electricity.
Registration Document	- This registration document dated 4 th December 2018.

Registration Document

Securities Note	- Document to be prepared for each new issue of bonds under the Prospectus.
SPV	- Means a Group Company with a direct ownership of one or more solar photovoltaic power plants, or an entity holding such assets in which a Group Company has a direct economic benefit through TK Investment Agreements (following a Permitted Restructuring) or otherwise
Summary	- Document to be prepared for each new issue of bonds under the Prospectus.
Subsidiaries	- A company over which another company has decisive influence
TIBOR	- Tokyo Interbank Offered Rate.
TK Investment Agreement	- A silent partnership (Tokumei Kumiai) agreements entered into between operators and TK Investors, which are governed by Article 535 of the Commercial Code of Japan (Act. no. 48 of 1899).
USD	- United States dollar, the official currency of The United States.

4. Statutory auditors

ISSUER:

The Company's previous independent auditor, which has audited the consolidated financial statements of the Issuer for the years ended December 31, 2017 and 2016 in this Registration Document, was Ernst & Young LLP, EY Tower, 100 Adelaide Street West, M5H 0B3 Toronto, Canada.

Ernst & Young LLP is a member of the Canadian Institute of Public Accountants.

The Company's current independent auditor is PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, Geneva, Switzerland.

PricewaterhouseCoopers SA is a member of the EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

GUARANTOR:

The independent auditor for Solar Resources Holding S.à.r.l., which has audited the financial statements for the years ended December 31, 2017 and 2016 included in this Registration Document, is PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, Geneva, Switzerland.

PricewaterhouseCoopers SA is a member of the EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

5. Information about the Issuer and the Guarantor

ISSUER:

Etrion Corporation is a “public company” as defined under the British Columbia Business Corporations Act (the “BCBCA”) with registration number C0860958. The Company was originally incorporated pursuant to the laws of the Province of Ontario on July 27, 1993, under the name of Agents of Change Inc. Pursuant to Articles of Continuance dated February 28, 1996, the Company was continued under the Business Corporations Act (Alberta), its name was changed to VisuaLabs Inc. On November 28, 2002, the name of the Company was changed to Pretium Industries Inc., and on June 24, 2003, the name of the Company was changed to PetroFalcon Corporation. Effective October 30, 2007, the Company and its wholly-owned Canadian subsidiary, Vinccler Oil and Gas Corporation, completed a vertical amalgamation and continued as one corporation under the name PetroFalcon Corporation. On September 10, 2009, the Company was continued from the province of Alberta into the province of British Columbia under the BCBCA. Effective September 11, 2009, the Company changed its name to Etrion Corporation. The commercial name of the Company is Etrion.

Registered Address: 1600-925 West Georgia St.,
Vancouver,
British Columbia V6Z 3L2,
Canada.

Head office: Rue du Commerce 4,
1204 Genève,
Switzerland.

Telephone: +41 22 715 2090
Website: <https://www.etrion.com/>

The Company's articles do not place any restrictions on the businesses or activities in which the Company may be involved.

The Company is a holding company, and the operations of the Group are primarily conducted through the Company's Subsidiaries. The Company's head office is located in Geneva, Switzerland, and is responsible for the oversight, finance, corporate development, investor relations and regulatory activities of the Company.

GUARANTOR:

Solar Resources Holding S.à.r.l. is a wholly-owned subsidiary of the Company. Solar Resources is a private limited liability company incorporated 11 September 2007, and existing under the laws of Luxembourg, specifically the Law of 10th August 1915 on commercial companies, as amended, and registered with the Luxembourg Trade and Companies' Register under number B131619. The Guarantors registered and commercial name is Solar Resources Holding S.à.r.l..

Registered Address: 19 Rue Eugène Ruppert,
L-2453 Luxembourg

Telephone: +352 266 448-1

According to the Guarantor's Articles of Association article 2, the objective of the Guarantor is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or

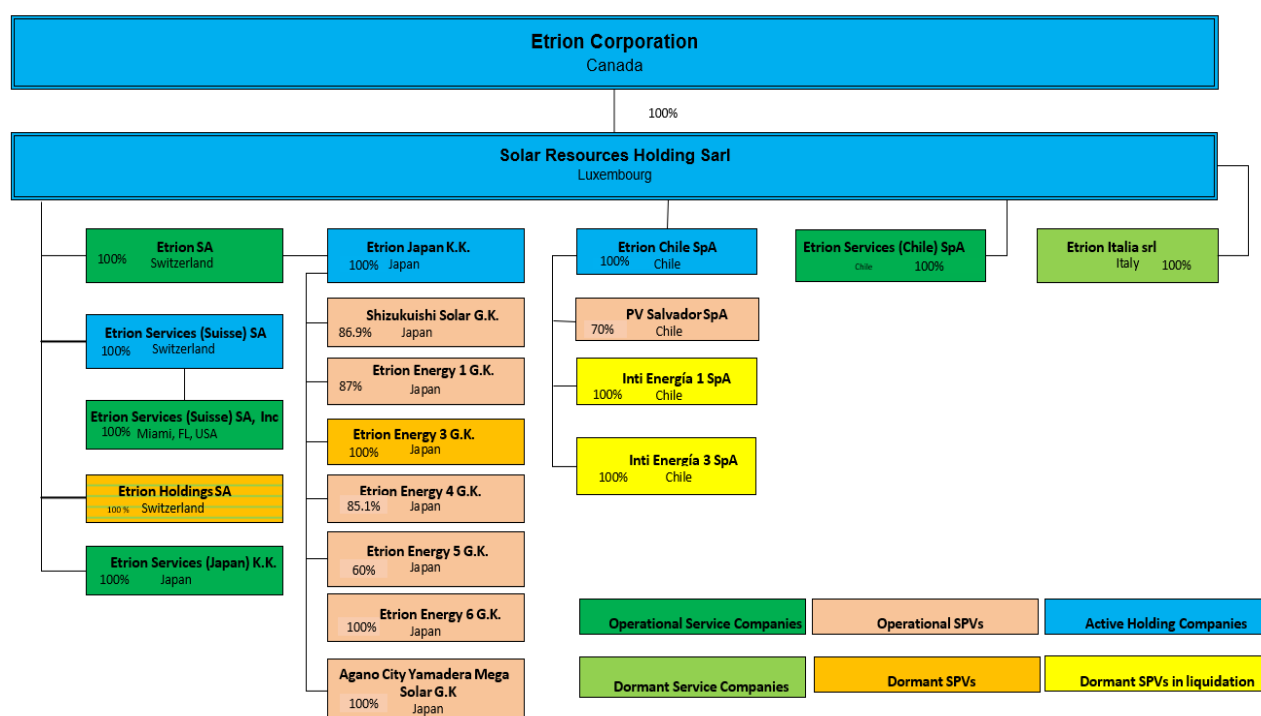
Registration Document

otherwise of stocks, bonds, debentures, notes and other securities of any kind, the possession, the administration, the development and the management of its portfolio. The Guarantor may also buy, sell, rent and administer any real estates as well in the Grand-Duchy of Luxembourg as in foreign countries. The Guarantor may participate in the establishment and development of any financial, industrial or commercial enterprises and may render every assistance whether by way of loans, guarantees or otherwise to subsidiaries or affiliated companies. The Guarantor may borrow in any form and proceed to the issuance of bonds and debentures. In general, it may take any controlling and supervisory measures and carry out any financial, movable or immovable, commercial and industrial operation which it may deem useful in the accomplishment and development of its purpose.

The Guarantor's sole function is to be a holding company for all of the Company's renewable energy assets.

The Company and the Guarantor operate as investment vehicles for solar power projects in various international jurisdictions. The Company and the Guarantor make investments by acquiring shares in solar power legal entities and by providing shareholder loans to these entities on market terms. The Company and the Guarantor are dependent on cash flow generated by the operating Subsidiaries in order to distribute funds by way of dividends, interest and/or repayment of shareholder loans, so that the Company and the Guarantor recover their equity investment and realize a reasonable return. As a result, the Company's ability to satisfy its financial obligations depends on the ability of its Subsidiaries to generate profits from operations and making such available for distribution to the Company

Ownership structure for the Group as date of the Prospectus



Subsidiaries are 100% owned unless different ownership percentage is indicated.

As of November 2018, Etrion and its subsidiaries had 27 full-time employees and 17 employees residing in Japan, which are mainly responsible for project development, construction management and operations. The remaining of employees, located in the headquarters, are responsible for the Company's corporate management, business strategy, corporate finance and financial reporting.

Registration Document

Etrion's current strategy is to focus exclusively on continuing to develop and operate solar power projects in Japan.

6. Business overview

The source of the information contained herein is Etrion Corporation unless otherwise stated. Where information has been sourced from a third party it has been accurately reproduced as far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The illustrations in this chapter are, unless otherwise stated, from the Company's investor presentation in connection with the bond issue - ISIN NO0010823958 - not publicly available.

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. Etrion owns and operates four operational projects, with a gross capacity of 56.7 MW. all in Japan. All operational projects in Japan benefit from revenues generated from 20-year feed-in-tariff ("FiT") power purchase agreements ("PPAs"), fixed price contracts with local utilities for all the electricity generated. Etrion also has several projects in the backlog and pipeline at different stages of development in 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").

Etrion's business model focuses on seven key drivers for success: (1) long term contracts with stable revenues; (2) low risk jurisdictions; (3) strategic partnerships; (4) low equipment cost and operating expenses; (5) available long-term project financing; (6) low cost of debt, and (7) attractive liquid market for future divesture.

Solar energy business process

The development of a solar power plant can be described as going through four phases: (1) site development, (2) project financing, (3) construction and (4) operations and asset management.

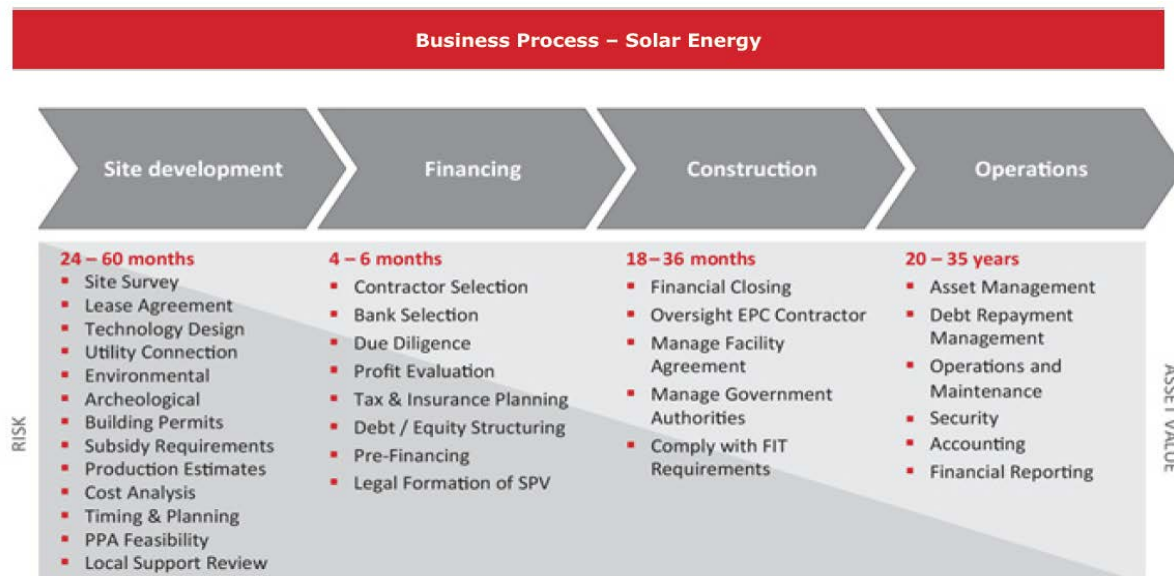
Phase 1 represents the period in which a project secures all permitting risks, authorizations and utility interconnection agreements to build a solar power plant. Depending on the jurisdiction, this process may vary in length between 24 to 60 months. Where projects are developed from their infancy ("greenfield" projects), and no environmental impact assessment is required, the development time will generally be close to two years. However, Etrion often enters into co-development agreements with local development companies to reduce development time and risk. The Company may also acquire permits at advanced stages from local developers to further reduce the time to market. In all cases, whether the projects in the pipeline are greenfield, co-development or acquired, they go through a rigorous development process to de-risk the projects before any material investments are made. In addition to evaluating all development risks, Etrion works extensively with engineering, procurement and construction ("EPC") contractors and civil works companies to optimize the design and reduce construction costs to further improve each project's economics.

Phase 2 generally takes 4 to 6 months, during which the Company assesses and selects various contractors and lenders, including EPC contractors responsible for the construction of the solar power plant. The Company analyzes the financial aspects of the project, assessing tenor, debt/equity structuring, cost and the selection of lenders. Furthermore, in phase 2, the Company evaluates potential legal structure of the special purpose vehicle that will function as the local operating subsidiary.

Phase 3 generally requires 18 to 36 months of work. During this phase, the Company enters into an EPC contract, and the projects are built with a view to ensuring that the local operating subsidiary complies with the FiT or PPA requirements. Under an EPC contract, the contractor is generally hired on a turn-key fixed-price basis and is required to, at its own risk, design the installation for the project, procure the necessary materials and construct the project by a certain date. As a result, the contractor generally bears a portion of the risk for scheduling as well as budgeting in return for a guaranteed fixed price.

Registration Document

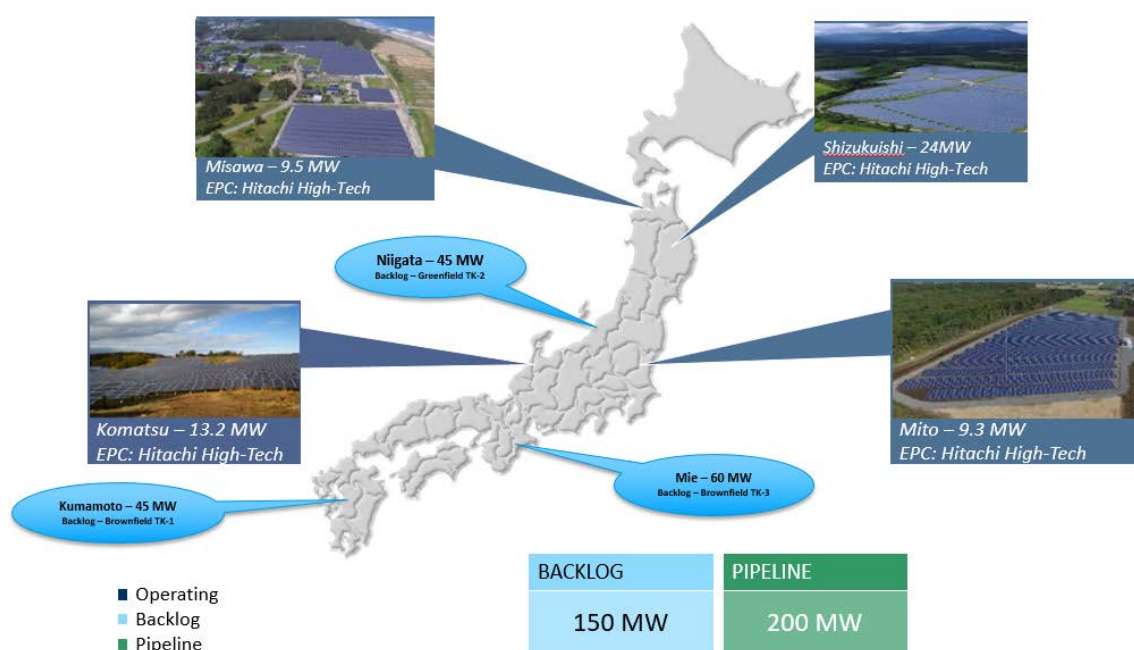
Phase 4 solar projects are designed to operate with a minimum life time of 30 years. The Company has in-country resources engaged in the operation of the solar power plants. Activities include, managing day to day project level accounting, administration, tax reporting and overall administration of all project related compliance with regulations. In this phase, the Company usually retains the EPC contractor to also provide operations and maintenance services based on fixed price contracts.



Source: Etrion – Annual Report 2017

Etrion's project portfolio

The following map shows the locations of Etrion's solar plants in Japan and projects under development:



Registration Document

Operating projects

Mito	
Utility	Tepco
Capacity	9.3 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation yield	1,120 kWh/kWp
Revenue stream	FiT: JYP 40/kWh Term: 20 years
Production	10.3 GWh/year
Total project cost	JPY 3.4Bn
Commencement of operation	August 2015

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.

As of the date of this Registration Document, the remaining PPA contract life of Mito is approximately 17 years.

Shizukuishi	
Utility	Tohoku
Capacity	24.7 MW
Ownership	87%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation yield	1,088 kWh/kWp
Revenue stream	FiT: JYP 40/kWh Term: 20 years
Production	26.1 GWh/year
Total project cost	JPY 8.9Bn
Commencement of operation	October 2016

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 the Tohoku Electric Power utility.

As of the date of this Registration Document, the remaining PPA contract life of Shizukuishi is approximately 18 years.

Misawa	
Utility	Tohoku
Capacity	9.5 MW
Ownership	60%
Technology	Fixed-tilt
Module	AOU
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation yield	1,126 kWh/kWp
Revenue stream	FiT: JPY 36/kWh Term: 20 years
Production	10.7 GWh/year
Total project cost	JPY 3.5Bn
Commencement of operation	February 2017

Misawa is expected to produce 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 the Tohoku Electric Power utility.

As of the date of this Registration Document, the remaining PPA contract life of Misawa is approximately 19 years.

Registration Document

Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership	85%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation yield	1,087 kWh/kWp
Revenue stream	FIT: JPY 32/kWh Term: 20 years
Production	14.2 GWh/year
Total project cost	JPY 4.3 Bn
Commencement of operation	May 2018

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 work began in February 2017 and the project was completed, on budget and on schedule, and was fully operational by May 2018. The solar power plant was built on 30.5 hectares of leased land and the facilities were connected through the Hokuriku Electric Power Co., Inc. ("Hokuriku Electric Power utility").

As of the date of this Registration Document, the PPA contract life of Komatsu is 20 years.

Development activities

On October 15, 2018, the Japanese Ministry of Economy, Trade and Industry ("METI") held a meeting and appeared to have accepted several proposals to introduce strict measures to address the more than 20 gigawatt ("GW") projects which have FIT of ¥40, ¥36 and, ¥32/kWh which are still under development and not connected and are holding 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 a subset of these projects which obtained their grid connection agreements by July 31, 2016, and so are not subject to the 3-year rule (See Japanese Market section). Under the proposed new rules, these projects would be potentially subject to a significant drop in the already allocated FIT. METI has requested public opinion until November 21, 2018, and is subsequently expected to announce final rules within 30 days.

At this point, since final rules have not yet been announced, Etrion is not in a position to assess the potential impact of new regulations on its backlog and pipeline projects. Based on the announcements to date by METI, the Greenfield Tk-2 project in the Niigata prefecture would not be impacted since it is already subject to the 3-year rule. With respect to the remaining Japanese backlog and early stage pipeline projects, the Company is awaiting for final rules to be published to determine any potential impact.

Projects under development

Until new METI rules are announced, Etrion continues to advance several projects that are at different stages of development and /or negotiation with third parties. Etrion also continues to actively work towards reaching Notice to Proceed ("NTP") for the Japanese backlog. Management generally refers to NTP status when a project has obtained all permits and authorizations, secured land and secured the interconnection agreement, the Company has selected an engineering procurement and construction ("EPC") contractor to build the solar project and financing has been secured. As explained further below, any project under development remains with a high degree of risk which may result in (a) delays to commence construction, (b) changes in the economics, (c) changes in capacity or (d) abandonment of the project. Changes (if any) to previously disclosed project size and details are due to optimizations during the development process. Final size and economics are only confirmed when financial close is reached. The Company classifies backlog projects as Brownfield or Greenfield. Brownfield projects are those originally developed by a third party and still in the development stage, with respect to which the Company has secured certain rights. Greenfield projects are those originally developed by the Company. The following table lists the current backlog projects.

Registration Document

Project	Prefecture	Sites	MW Gross	Target NTP
Brownfield Tk-1	Kumamoto	1	45	H2-19
Greenfield Tk-2	Niigata	1	45	H1-19
Brownfield Tk-3	Mie	1	60	H1-19
Total backlog		3	150	
Total early stage			200	
Total pipeline			350	

Japanese Backlog

Brownfield Tk-1. This project, located in the Kumamoto prefecture, is currently designed as a 45 MW solar park project. The project has secured the FiT of ¥36/kWh. It entered into a grid connection agreement (i.e. construction cost allocation agreement) with the off-taker utility before July 31, 2016.

The Company continues to advance discussions with land owners to secure property, however, progress has been minimal at this time. If and when land constraints are resolved and final land configuration is completed, the Company will file for the forest development authorization. The project does not require an environmental impact assessment. The project remains with a high degree of execution risk primarily due to the uncertainty of securing such property rights critical to it. Management remains cautiously optimistic that such issues will be resolved so that the project can proceed. However, at this time Etrion is unable to assess the feasibility of this project, but once new rules are announced by METI the Company will be able to communicate whether it will continue with the development or abandon it.

Greenfield Tk-2. This project, located in the Niigata prefecture, currently configured as a 45 MW solar park project. The project has secured the FiT of ¥36/kWh. As per the latest METI communication, it appears the FiT for this project is not at risk. It entered into a grid connection agreement (i.e. construction cost allocation agreement) with the off-taker utility after July 31, 2016 but before March 2017. This means this project is subject to a three-year limit for development from March 31st 2017. In other words, if this project starts operation one year late (i.e. by March 31, 2021) it will have its FiT period shortened to 19 years. The Company completed the purchase of all the land required for the project, except for certain public land parcels which are usually acquired at the later stage of development (after detailed layout design and forest development plans). The Company is currently in consultation with local communities and proceeding with land measurement and soil survey activities. It is also advancing on civil works and EPC contract negotiations and expects to reach the shovel ready stage and financial close by the first half of 2019.

Brownfield Tk-3. This project, located in the Mie prefecture, was originally configured as 50 MW but is in advanced discussions with local authorities and other stakeholders to be expanded to a 60 MW solar park project. The project has secured the FiT of ¥36/kWh. It entered into a grid connection agreement (i.e. construction cost allocation agreement) with the off-taker utility before July 31, 2016. The Company is in negotiations with the developer to amend certain terms of the development services agreement and management expects to reach agreement by the time this project is shovel ready. However, at this time Etrion is unable to assess the feasibility of this project, but once new rules are announced by METI the Company will be able to communicate whether it will continue with the development or abandon it.

Finally, the project located in the Saitama prefecture previously named Brownfield Tk-4 was re-assessed, and given the complexity of the site, the environmental impact assessment requirements, and the high cost of civil works management decided to abandon it. During 2018, the Company did not capitalize additional expenses to this project. All development costs incurred in this project up to the end of 2017 of US\$0.2 million were impaired as of December 31, 2017.

Early stage Japanese pipeline

The METI reported as of June 2018 total solar projects with valid FiT agreements but not yet under construction in the aggregate capacity of about 20 GW. Many of these projects are still in different stages of development and seeking development partners and investors to carry these projects to completion.

Etrion is actively working on several opportunities in the market, leveraging its network of developers and partners. It is currently managing a pipeline of approximately 200 MW of projects in different stages. Some are at very early stages of due diligence while others are at advanced stages of negotiations. Etrion is awaiting the final publication of new rules from METI to determine how its pipeline of 200 MW could be potentially affected. The Company will continue to provide visibility of individual projects once it enters into a binding agreement with developers and completes due diligences to validate the interconnection agreement with the utilities, evaluate the land rights acquisition, review status of permits and complete economic analysis. Given the early stage nature of these projects the Company will not provide timing status until the projects reach backlog stage. The estimated aggregate capacity disclosed for the pipeline is management's best estimates, however, final capacity may be adjusted based on permit restrictions, land availability and economics.

Investments

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 September 30, 2018, the Group has no contractual obligations over one year to acquire construction services.

Solar Market Overview

The market for renewable energy sources, including solar, biomass, wind, hydro and bio fuels, 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 PV cells and energy generated from solar collectors (i.e., thermal energy or heat).

Japanese market

Japan is the world's third largest energy consumer and today is the second largest solar market. 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, which has led to most of the nation's 52 reactors being idled due to safety concerns. While current renewable energy usage remains low (currently 15% of total primary energy), Japan is planning to accelerate further renewable energy development.

Registration Document

Revenue stream for solar projects in Japan is based on FiT 20 years fixed rate as per table if secured before March 2017. After March 2017 the FiT program was discontinued, and the revenues will be based on a new reverse auction regime.

FIT JPN/KWh	From	To
40	Apr-12	Mar-13
36	Apr-13	Mar-14
32	Apr-14	Mar-15
29	Apr-15	Jun-15
27	Jul-15	Mar-17
Auctions < 21	Nov-17	----->

The Ministry of Economy, Trade and Industry published in December 2017 an update on the permitted and installed capacity of PV projects with size over 10kW (so called *industrial size*) According to the Ministry, as of December 2017 there was 65.4 GW of permitted PV capacity in Japan, out of which 32.9 GW had been already built and 32.5 GW of capacity that has received a FiT but has not yet been built. A large portion of this capacity is still being held by developers seeking investors, like Etrion, to bring them to construction.

In this context, 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). A number of proposals were made to introduce strict new deadlines and other measures on solar project development, which, if not met, would result in project FiT rates being reduced significantly. According to METI, more than 20 GW of solar power projects which have FiT 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 which obtained their grid connection agreements by July 31, 2016, and so are not subject to the 3-year rule ("Early High FiT Holders"). The new measures include (1) a new grid connection work application deadline (which if not met, will result in a significant reduction to the project FiT rate), 2) a new scheduled grid connection date ("Scheduled Grid Connection Date") deadline (which if not met, will also result in a significant reduction to the project FiT rate); and 3) a new general 1-year deadline for such projects to achieve their commercial operation date in any case (failing which they will have their PPA period reduced).

The new proposed measures have been released for public comment until November 21, 2018. However, many parties in the industry are actively advocating that the new rules (based on the reasons given by METI for pursuing these measures), should only apply to those projects whose development is uncertain and which are not significantly progressing towards completion.

Etrion's position in Japan as of March 13, 2018¹:

#	Name	MW	#	Name	MW
1	Orix Corporation	520	16	Vaitec Solar Energy	124
2	SB Energy	390	17	Japan Asia Group	120
3	Mitsui & Co.	337	18	Itochu	116
4	NTT Facilities	265	19	Tokio Marine Asset Mgt	111
5	Equis Energy	250	20	C-tech Corp	110
6	Eurus Energy Holdings	248	21	Ichigo ECO Energy	100
7	Japan Renewable Energy	196	22	Pacifico Energy	97
8	Kyocera TCL Solar	167	23	Marubeni Corp	90
9	Sparx	157	24	Shibaura Group Holdings	77
10	Renova	140	25	Canadian Solar	75
11	Daiwa House Industry	137	26	Crystal Clear Solar	63
12	Mitsubishi Corp	136	27	Safeway KK	56
13	Sojitz Corp	136	28	Sonnedix Japan KK	51
14	Smart Solar	135	29	Etrion	47
15	Obayashi Clean Energy	129			

¹ Source: <https://solarassetmanagement.asia/news/2018/3/6/top-30-solar-portfolios-japan#access> – Not all publicly available

7. Administrative, management and supervisory bodies

ISSUER:

Board of Directors:

Name	Position
Ashley Heppenstall	Chairman
Marco A. Northland	Director and Chief Executive Officer
Aksel Azrac	Director
Garrett Soden	Director
Ian H. Lundin	Director

Management:

Name	Position
Marco A. Northland	Chief Executive Officer and Director
Christian Lacueva	Chief Financial Officer
Giora Salita	Executive Vice President, Business Development and M&A
Toshihiro Awata	CEO - Etrion Japan
Martin Oravec	Chief Investment Officer
Teruo Yamanaka	Corporate Director - Japan

The address of the Issuer's head office serves as c/o address in relation to the members of the board of directors and management.

GUARANTOR:

Board of Managers/Conseil de Gérance:

Name	Position
Barry Black	Manager / Gérant
Nicolas Schreurs	Manager / Gérant
Patrice Yande	Manager / Gérant

Management:

The Guarantor is managed by the members of the Board of Managers.

The address of the Guarantor's head office serves as c/o address in relation to the members of the Board of Managers.

Set out below are brief biographies of the members of the Board of Directors and the Management of the Issuer and the Board of Managers of the Guarantor in alphabetical order.

Aksel Azrac - Director

Mr. Azrac is a Co-Founder and Partner of 1875 Finance a family office in Geneva, Switzerland. Mr. Azrac joined the Baumgartner Papier, where he was in charge of auditing and consulting services. He then joined Paribas bank, where he managed two funds. In 2001, after the merger between BNP and Paribas, Mr. Azrac joined the Ferrier Lullin & Cie bank as portfolio manager where he managed Swiss and foreign private client portfolios. Mr. Azrac studied engineering at the Ecole Polytechnique de Lausanne (EPFL) and business administration at HEC Lausanne, Switzerland.

Ashley Heppenstall - Chairman

Mr. Heppenstall has worked with public companies within the Lundin Group since 1993. From 1984 until 1990, he worked in the banking sector where he was involved in project financing of oil and mining businesses. In 1990, Mr. Heppenstall was a founding director and shareholder of Sceptre

Registration Document

Management Limited. In 1998, he was appointed Finance Director of Lundin Oil AB. Following the acquisition of Lundin Oil by Talisman Energy in 2001, Lundin Petroleum was formed, and Mr. Heppenstall was appointed President & Chief Executive Officer in 2002 until he stood down in 2015. Mr. Heppenstall graduated from the University of Durham with a bachelor degree in mathematics.

Barry Black

Mr. Black is Managing Director of Equiom Luxembourg S.A. where he oversees the key business functions in Equiom's Luxembourg office, having joined Equiom in December 2017 through the acquisition of Carey S.A. where he was previously the CEO, since April 2012. Previously Barry held senior executive roles within some of the largest fund operation companies in Luxembourg. He is a creative and results driven business executive with more than 25 years of relevant industry experience. His work includes managing client solutions for both fund and corporate clients, mainly in private equity, real estate and other alternative asset classes. As a member of various boards he supports his clients with local corporate governance advice and expertise in the Luxembourg regulatory environment. Barry holds a Masters Degree in Business Studies from the UCD Michael Smurfit Graduate Business School and is ACCA qualified.

Christian Lacueva - Chief Financial Officer

Mr. Lacueva has over 20 years proven managerial experience in finance, accounting, human resources and overall administration, dealing with complex situations in multicultural environments. Before joining Etrion, he was part of the team that led the expansion in Europe of SunPower Corporation, a leading U.S. solar energy company, setting up operations in Spain, Italy, France, Greece and Japan. Prior to SunPower, Mr. Lacueva held senior positions at the Bacardi Group helping structure their commercial and financial matters. Mr. Lacueva holds a bachelor's degree in economics from Fribourg University, Switzerland and an MBA from the Wharton School of the University of Pennsylvania. Mr. Lacueva is fluent in six languages, including English, Spanish, French and Italian.

Garrett Soden - Director

Mr. Soden has extensive experience as a senior executive and board member of various public companies in the natural resources sector. He has worked with the Lundin Group for over a decade. Mr. Soden is currently President and CEO of Africa Energy Corp., a Canadian oil and gas company with exploration assets in Africa. He is also a Non-Executive Director of Gulf Keystone Petroleum Ltd., Panoro Energy ASA and Phoenix Global Resources plc. Previously, he was Chairman and CEO of RusForest AB, CFO of Etrion and PetroFalcon Corporation and a Non-Executive Director of Petropavlovsk plc and PA Resources AB. Prior to joining the Lundin Group, Mr. Soden worked at Lehman Brothers in equity research and at Salomon Brothers in mergers and acquisitions. He also previously served as Senior Policy Advisor to the U.S. Secretary of Energy. Mr. Soden holds a BSc honours degree from the London School of Economics and an MBA from Columbia Business School.

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

Mr. Salita has over 15 years of executive experience in the renewable energy, technology and private equity sectors. Prior to joining Etrion, Mr. Salita was one of the founding members of Sunray Renewable Energy Ltd., a leading solar power developer in Europe and the Middle East that was acquired by SunPower Corporation, a leading U.S. solar energy company, in 2010. Subsequently, Mr. Salita held the position of Vice President Utility Power Plants International at SunPower, where he led the marketing, sales and business development teams responsible for project development, engineering, procurement and construction of utility-scale solar parks. Mr. Salita graduated from the Warwick Business School with a bachelor's degree in management sciences and attended the development program for owners/directors at INSEAD Business School in France.

Ian H. Lundin - Director

Mr. Lundin co-leads the investment initiatives of the Lundin Group and serves on the board of several Lundin companies, specifically, Chairman of Lundin Petroleum AB. In 1984, he joined the Lundin Group as drilling manager for International Petroleum Corporation (IPC), where he was appointed President and CEO in 1990. In 1998, IPC merged with another Lundin Group company, Sands

Registration Document

Petroleum AB to form Lundin Oil AB, the successor company to Lundin Petroleum AB, where Mr. Lundin held the position of CEO. Mr. Lundin graduated from the University of Tulsa in 1982 with a bachelor of science degree in petroleum engineering.

Marco A. Northland - Director and Chief Executive Officer

Mr. Northland has extensive experience leading growth companies. Prior to co-founding Etrion in 2008, he was responsible for establishing and overseeing European operations for SunPower Corporation, a leading U.S. solar energy company, where he secured commitments for several large-scale solar power plants in Spain, Italy, Germany and Portugal. Prior to SunPower, Mr. Northland held executive positions in various technology companies, including AT&T Latin America, FirstCom and Panamsat. Mr. Northland graduated from the George Washington University with a bachelor's degree in electrical engineering and a master's in computer science. He also received an MBA from the University of Chicago. Mr. Northland is originally from Chile and is fluent in English and Spanish.

Martin Oravec - Chief Investment Officer

Mr. Oravec has over 10 years of experience in the finance and renewable energy sectors. Prior to joining Etrion in 2009, Mr. Oravec worked as a manager for a renewable energy private equity fund in London with investments in wind and solar projects across Europe. He was responsible for investment analysis, project financing and communication with investors. Prior to that, he worked as a consultant for an energy consulting company in Washington, DC, advising on business strategy to large international companies in the United States and abroad. Mr. Oravec graduated from the Maxwell School of Syracuse University with a dual master's degree in Economics and International Relations. He is a Chartered Financial Analyst (CFA) charterholder since 2010. Mr. Oravec is fluent in English and Slovak, conversational in German and has advanced knowledge of French.

Nicolas Schreurs

Mr. Schreurs is Head of Corporate Services of Equiom Luxembourg S.A. where he oversees Equiom Luxembourg's corporate services, offering accountancy, administration, company formation and secretarial support services to Equiom's clients. He maintains and develops key strategic industry relationships. He has 20 years' experience in the banking, financial and corporate services industry, including spending eight years as Legal Advisor for a large financial institution in Belgium. Over his career, Nicolas has gained a wealth of experience with respect to corporate and administration services to numerous blue chip and sophisticated commercial clients, with an emphasis on private equity and real estate investment vehicles, as well as debt financing. Nicolas has a Master's degree in Law from the University of Ghent and is fluent in Dutch, French and English. He is also an active member of the Institut Luxembourgeois des Administrateurs (ILA). Nicolas joined Equiom in December 2017 following the acquisition of Carey Luxembourg S.A.

Patrice Yande

Mr. Yande is Head of Accounting of Equiom Luxembourg S.A. where he oversees the accounting, bookkeeping and management of many SPVs, holding companies active in the field of real estate in Europe and held by important institutional investors. He previously was Head of Bookkeeping of Veco Trust (Luxembourg S.A., part of the Verga Group, an independent consultancy company, providing commercial, financial and tax consulting services, based in Switzerland, with branches in the Netherlands, Brazil and Luxembourg. Mr. Yande has a Bachelor in Accounting, from ISL Libramont, Belgium.

Teruo Yamanaka - Corporate Director - Japan

Mr. Teruo Yamanaka has extensive experience of 40 plus years' in management of sales for Hitachi group consumer products in Japan and overseas. He established Hitachi Sales Scandinavia AB in Stockholm, Sweden. He also served as Managing Director for all European consumer products businesses based in their London office. Prior to joining Etrion in 2012, Mr. Yamanaka was President and CEO of Anoto Maxell K.K., Swedish IT affiliate office in Japan and also served as Vice President of Hitachi GE Lighting, a joint venture between Hitachi and General Electric. Throughout his career, Mr. Yamanaka acquired broad expertise in successfully establishing partnerships between Japanese and

Registration Document

foreign companies. In 2010 he was nominated as Auditor of the Swedish Chamber of Commerce in Japan. Mr. Yamanaka graduated from Tokyo University of Foreign Studies. He is conversational in German and Swedish and fluent in business English.

Toshihiro Awata - CEO - Etrion Japan

Mr. Toshihiro Awata comes with a wealth of experience of 30 years in power generation and transmission as well as renewable and energy savings in emerging markets. Prior to joining Etrion in 2017, Mr. Awata held several top management positions at Hitachi High-Technologies, including CEO of HHT Taiwan, Corporate Officer for direct sales solutions and General Manager for the Strategy Division. His work also included new business development in Japan as well as overseas. Mr. Awata holds a bachelor's degree in Commercial Law from Keio University and an MBA from Chuo University. He is fluent in Japanese and English.

Conflicts of interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of Etrion. In particular, certain of the directors and officers of Etrion are involved in managerial or director positions with other companies whose operations may, from time to time, be in direct competition with those of Etrion or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Etrion. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

The Group receives professional services from Lundin Services BV ("Lundin Services"), a wholly-owned subsidiary of Lundin Petroleum AB. The Chairman of Lundin Petroleum AB is a Director of the Company.

Other than the above mentioned there are currently no potential conflicts of interests between any duties to the issuing entity of the persons referred to in this section and their private interests or other duties.

Corporate Governance and Nominating Committee

The Company is incorporated and registered in Canada and complies with the laws and regulations applicable to Canadian companies. The Company is not obliged to comply with Norwegian company law nor the Norwegian Code of Practice for Corporate Governance.

The Corporate Governance and Nominating Committee is comprised of Ashley Heppenstall (Chairman), Aksel Azrac and Ian H. Lundin. They have the responsibility in general for developing and monitoring Etrion Corporation's approach to corporate governance issues. For supplementary information please see:

https://www.etrion.com/site/assets/files/3982/updated_nominating_committee.pdf

Audit Committee

The Audit Committee is comprised of Ashley Heppenstall (Chairman), Aksel Azrac and Ian H. Lundin. The Audit Committee reviews and pre-approves any material engagement for non-audit services to be provided by the Company's external auditors or its affiliates, together with estimated fees and considers the effect on the independence of the external auditor.

Compensation Committee

The Compensation Committee is comprised of Aksel Azrac (Chairman), Ashley Heppenstall and Ian H. Lundin. The purpose of the Compensation Committee is to; review and approve corporate goals and objectives relevant to Chief Executive Officer and director performance and evaluate performance to determine compensation; make recommendations to the Board regarding compensation

Registration Document

including incentive and equity-based compensation plans; and review director and executive officer compensation disclosure prior to its public disclosure.

8. Major shareholders

ISSUER:

Etrion Corporation is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under the same ticker symbol, "ETX".

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 are issued and outstanding. 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 in the years ended December 31, 2017 and 2016.

The Company's major shareholder is the Lundin family, which collectively owns directly and through various investment trust approximately 36.1% of the Company's common shares. There are no measures in place to ensure that such control is not abused. 6.7% of the shares are owned by other directors and management and the remaining 57.2% of the shares are owned by others.

The shareholders in Etrion as per October 2018:

Lundin family	120 686 620	36.1 %
Other directors/management	22 456 711	6.7 %
Others	190 950 993	57.2 %
Total number of shares	334 094 324	100.00 %

GUARANTOR:

Solar Resources Holding S.à.r.l. share capital is EUR 25,137,500 divided into 2,513,750 shares each with a nominal value of EUR 0.11. There is only one class of shares and there are no differences in voting rights between the shares. The Guarantor is a wholly-owned subsidiary of the Issuer.

At the date of this Registration Document, there are no arrangements known to the Issuer or Guarantor which may at a subsequent date result in a change in control of the Issuer or Guarantor.

9. Financial information

ISSUER:

The consolidated annual consolidated financial statements of the issuer for the years ended December 31, 2017 and 2016 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"). The condensed consolidated interim financial statements of the Issuer for the nine months ended September 30, 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB, using accounting policies consistent with IFRS.

The financial information set out below is derived from these consolidated financial statements incorporated by reference into this Registration Document. Please also see the cross-reference list in section 11 in this Registration Document:

Etrion Corporation (consolidated)

INCOME STATEMENT	31 Dec 2017	31 Dec 2016	30 September 2018	30 September 2017
<i>(Amounts in USD thousand)</i>	<i>audited</i>	<i>audited</i>	<i>unaudited</i>	<i>unaudited</i>
Operating revenue	21 848	15 233	15,452	19,245
Operating expenses	(19 456)	(18 799)	(9,510)	(16 892)
Profit (loss) before tax	17 632	(102 928)	(4,862)	21 845
Profit (loss) for the period	16 507	(74 418)	(6,052)	20 732

BALANCE SHEET

(Amounts in USD thousand)

Total non-current assets	153 751	214 290	160,773	155 908
Total current assets	58 384	74 351	44,655	71 444
Total assets	212 135	288 641	205,428	227 352
Total equity	9 847	(46 289)	5,792	13 933
Total non-current liabilities	187 515	305 836	181,754	198 422
Total liabilities	202 288	334 930	199,636	213 419
Total equity and liabilities	212 135	288 641	205,428	227 352

CASH FLOW STATEMENT

(Amounts in USD thousand)

Net cash flow from operating activities	(1 352)	(3 257)	6,625	(3 052)
Net cash flow from investing activities	(45 232)	31 800	(13,063)	(37 015)
Net cash flow from financial activities	24 612	(11 512)	(5,955)	37 967
Net change in cash and cash equivalents	(21 972)	17 031	(12,393)	(2 100)
Cash and cash equivalents by the end of the period	43 203	61 174	30,421	61 145

Basic and diluted earnings (loss) per share from continuing operations	0.06	(0.24)	(0.019)	0.07
Basic and diluted earnings (loss) per share from income (loss) of the period	0.06	(0.13)	(0.019)	0.07

The Company's annual consolidated financial statements for the years ended December 31, 2017 and 2016 have been audited by Ernst & Young as stated in its audit opinions incorporated by reference into this Registration Document. The condensed consolidated interim financial statements for

Registration Document

the nine months ended September 30, 2018 have not been audited or subject to a limited review by the external auditor of the Issuer.

GUARANTOR:

The Guarantor's annual financial statements for the years ended December 31, 2017 and 2016 have been prepared in accordance with IFRS as issued by the IASB and the IFRIC. The interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with IFRS. The financial information set out below is derived from these financial statements included in section 12 of this Registration Document.

Solar Resources Holding S.a.r.l.**INCOME STATEMENT***(Amounts in Euros thousand)*

	31 Dec 2017	31 Dec 2016	30 June 2018	30 June 2017
	<i>audited</i>	<i>audited</i>	<i>unaudited</i>	<i>unaudited</i>
Operating expenses	(232)	(254)	(13)	(150)
Gain on sale of subsidiaries	-	39,079	-	-
Impairment of investment in subsidiaries	(345)	(1,972)	-	-
Other (expenses) income	(26)	545	-	(20)
Net finance income (costs)	5	(1,602)	(1)	11
(Loss) profit for the period	(598)	35,796	(14)	(159)

BALANCE SHEET*(Amounts in Euros thousand)*

Total non-current assets	1,086	1,553	1,086	1,086
Total current assets	68	642	36	68
Total Assets	1,154	2,195	1,122	1,154
Total equity	1,128	1,726	1,114	1,128
Total liabilities	26	469	8	26
Total equity and liabilities	1,154	2,195	1,122	1,154

CASH FLOW STATEMENT*(Amounts in Euros thousand)*

Net cash flow from operating activities	(707)	194	(37)	(630)
Net cash flow from investing activities	116	85,060	-	116
Net cash flow from financial activities	-	(85,020)	-	-
Net change in cash and cash equivalents	(591)	234	(37)	(514)
Cash and cash equivalents in end of period	51	642	14	128

The Guarantor's annual financial statements have been audited by PricewaterhouseCoopers SA as stated in its audit opinion included in section 12 of this Registration Document. The Guarantor's condensed interim financial statements for the six months ended June 30, 2018 and 2017 have not been audited or reviewed.

Legal disputes

On August 10, 2015, the Group received a litigation notice from a former employee alleging unrec-onciled labor-related differences. The Company's directors believe the claim is without merit, and the Group intends to vigorously defend itself. Given the early 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.

Registration Document

During the second quarter of 2018, a Chilean arbitration court ruled against one of the Group's Chilean subsidiaries and ordered an additional \$1.5 million termination fee payment to one of the subsidiary's subcontractors. Management considered that payment was due since there is no appeal recourse and as of June 30, 2018, the Group recognized a provision for the full amount of the claim and it is presented as part of the consolidated general and administrative expenses, under the corporate segment. On August 29, 2018 parties in the arbitration process agreed to a final and definitive settlement of \$1.3 million paid in cash as of that date. During the three months ended September 30, 2018, the Group has recognized an adjustment of \$0.2 million to the previous full amount of the claim. There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or Company's financial position or profitability.

De-consolidation of PV Salvador SpA

Effective September 30, 2017, the Group no longer consolidates PV Salvador SpA, the company that owns the 70 MW Salvador solar power project in Northern Chile. Therefore, the Group's consolidated financial performance for the nine months ended September 30, 2018, is not fully comparable with the same period in 2017. The Group has not restated previous year's figures because PV Salvador SpA is still owned by the Group.

Subsequent events

There is no other significant change in the financial or trading position of the Company or Guarantor which has occurred since the end of the last financial period for which either audited annual financial statements or unaudited interim financial statements have been published. Furthermore, there has been no material adverse change in the prospects of the Issuer or Guarantor since the date of their last published audited financial statements, and there are none known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's or Guarantor's prospects for at least the current financial year.

There are no recent events in particular to the Issuer or Guarantor which are to a material extent relevant to the evaluation of the Issuer's or Guarantor's solvency.

Material contracts

There are no material contracts that are not entered into in the ordinary course of the Issuer's or Guarantor's business, which could result in any Company member being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet its obligation to security holders in respect of the securities being issued.

10. Documents on display

ISSUER:

For the life of the Registration Document, the following documents may be inspected at the Company's head office, or copies thereof requested by sending a written request to Etrion Corporation, c/o Regus Rue du Commerce 4 1204 Genève Switzerland, during normal business hours from Monday to Friday each week (except public holidays).

- The Company's articles of association
- The audited 2017 and 2016 consolidated financial statements for the Company
- The Q3 2018 condensed consolidated unaudited interim financial statements for the Company, with comparable Q3 2017 figures.

GUARANTOR:

For the life of the Registration Document, the following documents may be inspected at the Guarantor's head office, or copies thereof requested by sending a written request to Solar Resources Holding S.à.r.l., 19 Rue Eugène Ruppert, L-2453 Luxembourg, during normal business hours from Monday to Friday each week (except public holidays).

- The Guarantor's articles of association
- The audited 2017 and 2016 financial statements for the Guarantor
- The Q2 2018 financial statement (unaudited) for the Guarantor, with comparable Q2 2017 financial figures

11. Cross reference list

In section 9 in this Registration Document the financial information regarding the Issuer is incorporated by reference to as follow:

Etrion Corporation	Financial reports		
	2017	2016	Q3 2018*
Income statement	Page 38	Page 37	Page 5
Balance sheet	Page 39	Page 38	Page 6
Cash flow statement	Page 41	Page 40	Page 8
Accounting principles	Page 42 - 49	Page 41 - 48	Page 10 - 11
Notes	Page 42 - 72	Page 41 - 71	Page 10 - 25
Auditors report	Page 36 - 37	Page 35 - 36	-

**with comparable Q3 2017*

Information concerning 2017 is incorporated by reference from Etrion Corporation – Annual Report 2017.

Information concerning 2016 is incorporated by reference from Etrion Corporation – Annual Report 2016.

Information concerning Q3 2018 and Q3 2017 is incorporated by reference from Etrion Corporation – Interim Report - nine months ended September 30, 2018.

The financial reports are available at:

2017:

https://www.etrion.com/site/assets/files/4079/06_-_2017_annual_report_version_a4_print.pdf

2016:

https://www.etrion.com/site/assets/files/3877/ar_2016.pdf

30 September 2018:

https://etrion.com/site/assets/files/4116/etrion_q318_financials.pdf

12. Attachments

1. Audited financial statements for the Guarantor for the years ended December 31, 2017 and 2016
2. The Q2 2018 financial statements (unaudited) for the Guarantor

SOLAR RESOURCES HOLDING S.À.R.L.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

CONTENTS

▪ INDEPENDENT AUDITOR'S REPORT	1
▪ STATEMENT OF COMPREHENSIVE INCOME For the years ended December 31, 2017 and 2016	3
▪ BALANCE SHEET As at December 31, 2017 and 2016	4
▪ STATEMENT OF CHANGES IN EQUITY For the years ended December 31, 2017 and 2016	5
▪ STATEMENT OF CASH FLOW For the years ended December 31, 2017 and 2016	6
▪ NOTES TO THE FINANCIAL STATEMENTS As at and for the years ended December 31, 2017 and 2016	7



Independent auditor's report

to the Board of Directors of Solar Resources Holding S. à r. l.

Luxembourg

Opinion

On your instructions, we have audited the financial statements of Solar Resources Holding S. à r. l., which comprise the balance sheets as at December 31, 2017 and December 31, 2016 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

We are independent of the entity in accordance with the requirements of the Swiss audit profession and the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction of Use

This audit report has been furnished in connection with Etrion Corporation's registration document with the Financial Supervisory Authority of Norway and should not be relied on for any other purpose.

Responsibilities of Management and the Board of Directors for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 entity'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 the 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 entity'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 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

PricewaterhouseCoopers SA



Luc Schulthess



Colin Johnson

Geneva, December 4, 2018

Enclosure:

- Financial statements (balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000

		2017	2016
	Note		
General and administrative expenses	5	(232)	(254)
Gain on sale of subsidiaries, net	10	-	39,079
Impairment of investments in subsidiaries	10	(345)	(1,972)
Other (expenses) income, net		(26)	545
Operating (loss) gain		(603)	37,398
Finance income	6	7	441
Finance costs	6	(2)	(2,043)
Net finance income (costs)		5	(1,602)
(Loss) income for the year		(598)	35,796
Basic and diluted (loss) gain per share	7	€ (0.02)	€ 1.42

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

BALANCE SHEET

AS AT DECEMBER 31, 2017 AND 2016

Expressed in €'000

		2017	2016
	Note		
Assets			
Non-current assets			
Investments in subsidiaries	10	366	366
Intangible assets		20	26
Loans granted to related parties	11	700	1,161
Total non-current assets		1,086	1,553
Current assets			
Other assets		17	-
Cash and cash equivalents		51	642
Total current assets		68	642
Total assets		1,154	2,195
Equity			
Attributable to owners of the Company			
Share capital	9	2,657	2,657
Retained earnings		(1,529)	(931)
Total attributable to owners of the Company		1,128	1,726
Liabilities			
Current liabilities			
Trade and other payables		26	283
Accounts payables related parties	11	-	186
Total current liabilities		26	469
Total liabilities		26	469
Total equity and liabilities		1,154	2,195

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

Approved by the Board of Directors:

"Nicolas Schreurs"

Nicolas Schreurs, Director

"Patrice Yande"

Patrice Yande, Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000

	Share capital	Accumulated deficit	Total Equity
Balance at January 1, 2016	2,657	(23,232)	(20,575)
Income for the year	-	35,796	35,796
Dividends declared	-	(13,495)	(13,495)
Balance at December 31, 2016	2,657	(931)	1,726
Loss for the year	-	(598)	(598)
Balance at December 31, 2017	2,657	(1,529)	1,128

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

STATEMENT OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000

	Note	2017	2016
Cash flow from operating activities:			
(Loss) income for the year		(598)	35,796
Adjustments for:			
Gain on sale of subsidiaries	10	-	(39,079)
Impairment of investments in subsidiaries	10	345	1,972
Interest expense		-	2,039
Interest income		(3)	(440)
Foreign exchange gain		(4)	(1)
Other expenses		7	-
(Decrease)/increase in other assets		(11)	12
Decrease in trade and other payables		(443)	(105)
Total cash flow (used in) from operating activities		(707)	194
Cash flow from investing activities:			
Proceeds from collection of loan principal and interest from related parties		116	9,784
Proceeds from sale of financial assets	10	-	6,118
Proceeds from sale of subsidiaries	10	-	69,158
Total cash flow from investing activities		116	85,060
Cash flow from financing activities:			
Dividends paid		-	(13,495)
Repayment of loan principal and interest to related parties		-	(71,525)
Total cash flow used in financing activities		-	(85,020)
Net (decrease) increase in cash and cash equivalents		(591)	234
Cash and cash equivalents at the beginning of the year		642	408
Cash and cash equivalents at the end of the year		51	642

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

1. GENERAL INFORMATION

Solar Resources Holding S.à.r.l. ("SRH" or the "Company") is incorporated under the laws of Luxembourg, Luxembourg. The address of its registered office is 19, Rue Eugène Ruppert, L-2453 Luxembourg.

SRH is an independent power investment vehicle that mainly owns participations in solar power generation entities and management service companies.

The Company is a 100% wholly-owned subsidiary of Etrion Corporation, its parent company, a Canadian entity listed in the Toronto Stock Exchange that regularly prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Therefore the Company is exempt from presenting consolidated financial statements.

These stand-alone financial statements were prepared to comply with the Oslo Stock Exchange reporting requirements in connection with the issuance of a €40 million senior secured bond by SRH's parent company, Etrion Corporation. These financial statements are presented in Euros ("€") which is the functional currency of the Company.

The Company's Board of Directors approved these financial statements for issue on December 4, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF PREPARATION

The stand-alone 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, 2016. The financial statements have been prepared under the historical cost convention.

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 Company's accounting policies. For the years ended December 31, 2017 and 2016, Company's management did not identify critical accounting policies or estimates.

(b) GOING CONCERN

The Company's financial statements for the year ended December 31, 2017, have been prepared on a going concern basis, which assumes that the Company 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.

These financial statements for the year ended December 31, 2017, do not include the adjustments that would result if the Company were unable to continue as a going concern.

(c) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards and amendments issued and not yet adopted by the Company

The following new standards and amendments, applicable to the Company, available for application and not yet adopted, are as follows:

IFRS 9, Financial Instruments: This standard addresses the classification, measurement and recognition of financial assets and liabilities, replacing IAS 39 Financial Instruments: Recognition and Measurement. The Company has completed the process of evaluating the impact of the IFRS 9 on the financial statements and on its internal controls and expects to adopt this standard from January 1, 2018.

IFRS 15, Revenue from contracts with customers: This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

application is permitted. The Company has completed the assessment and full impact of IFRS 15 and concluded that there will be no quantitative impact in the Company's financial statements.

IFRS 16, Leases: This standard addresses the measurement and recognition of leases which will result in almost all lease contracts being recognized in the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 is mandatory for financial years commencing on or after January 1, 2019. The Company expects that the adoption of this standard will have no impact in the Company's financial statements

There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Company.

(d) INVESTMENTS IN SUBSIDIARIES

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SRH controls another entity. Investments in subsidiaries are recognised at their purchase price, less possible accumulated impairment write-offs. Transaction costs are recognised in profit or loss.

The following companies are the direct subsidiaries of SRH, and their place of incorporation is the same as their place of business:

Name	Location	Activity	December 31, 2017 Share %	December 31, 2016 Share %
Etrion Italia Srl	Italy	Management services	100	100
Etrion Holding	Switzerland	Holding Company	100	100
Etrion Services Chile	Chile	Management services	100	100
Etrion SA	Switzerland	Management services	100	100
Etrion Japan Services	Japan	Management services	100	100
Etrion Chile, SpA	Chile	Holding Company	100	100
Etrion Services (Suisse)	Switzerland	Management services	100	100

(d) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of the Company is the Euro. Foreign exchange gains and losses are presented within finance income or costs.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. 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 the profit or loss, except when deferred in other comprehensive income.

Exchange rates for the relevant currencies of the Company with respect to the Euro are as follows:

	€/USD
Closing rate at December 31, 2017	1.20
Closing rate at December 31, 2016	1.05
Twelve month average rate December 31, 2017	1.13
Twelve month average rate December 31, 2016	1.11

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

(e) INTANGIBLE ASSETS

Recognition and measurement

Intangible assets are initially measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditures directly attributable to the acquisition of the asset.

(f) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for possible impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the cost may not be recoverable. An impairment loss is recognised for the amount by which the asset's cost exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use of an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Management has not identified impairment indicators that could triggered an impairment loss.

(g) FINANCIAL ASSETS

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; available-for-sale; and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired and the Company's management determines the classification of its financial assets at initial recognition as follows:

- **Loans and receivables:** This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets, except when the maturity is greater than twelve months from the reporting date, which are classified as non-current assets. The Company's loans and receivables are comprised of trade and other receivables and cash and cash equivalents.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date (i.e., the date on which the Company commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed within finance income or costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, except where the fair value cannot be measured reliably in which case the assets are carried at cost less impairment. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included within finance income or costs in the period in which they arise.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are only recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (i.e., a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company uses the following criteria to determine whether there is objective evidence for the recognition of an impairment loss associated with financial assets:

- significant financial difficulty of the obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; and

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

Assets carried at amortized cost

The Company first assesses whether objective evidence of impairment exists at the end of each reporting period and in the event such evidence exists, the amount of impairment is measured as the difference between the asset's cost and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's cost is reduced and the impairment loss is recognized in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the fair value of the asset carried at amortized cost increases and the increase can be objectively related to an event occurring after the impairment loss was initially recognized (such as an improvement in the debtor's credit rating), the impairment loss is reversed in the profit or loss.

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.

(g) 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.

(h) SHARE CAPITAL

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

(i) 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 Company has an unconditional right to defer settlement of the liability for at least twelve months after balance sheet date. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(j) INTEREST INCOME

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Company reduces the cost 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 are recognized using the original effective interest rate.

3. FINANCIAL RISK MANAGEMENT

(a) CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders by increasing its investments and cash flow returns from existing and new solar power projects. The capital structure of the Company consists of net debt (i.e., current and non-current borrowings with related parties less cash and cash equivalents) and equity (i.e., issued share capital, reserves and accumulated deficit or retained earnings).

The Company's objectives when managing the capital structure are to safeguard the Company's ability to continue as a going concern in order to provide returns to its unique shareholder 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 Company 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 working capital requirements short-term liquidity. These objectives are primarily met through cash management and continuous review of attractive acquisition and development opportunities. SRH is an investment vehicle that is 100% owned by Etrion Corporation, and as such maintains large amounts of shareholder loans payables and receivables with its subsidiaries and shareholder. Etrion Corporation provides funding to SRH when it engages on investment opportunities in the solar renewable industry and the Company is not subject to external debt arrangements or third party debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company is exposed to a variety of financial risks relating to its investments in Italy, Japan and Chile. These risks include market risk (interest rate risk, foreign currency risk), credit risk and liquidity risk. The Company'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 Company's financial performance.

Market risk

Interest rate risk

The Company is highly leveraged through financing for the equity contribution necessary for the construction of its solar power projects investments. The Company enters shareholder loans with Etrion Corporation at fixed interest rates. The Company is not significantly exposed to interest rate risks associated with its shareholder loans as these are fixed-rate instruments.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc, US dollar, Japanese yen and Chilean peso. The Company's foreign currency exposure is due primarily to intercompany borrowings made in US dollars and Swiss franc, to subsidiaries that have a different functional currency. The Company 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. However, the Company considers foreign currency risk limited due to the fact that monetary assets and liabilities held by the Company are primarily held in SRH's functional currency. Furthermore, monetary assets and liabilities held in currencies other than the functional currency are considered insignificant.

Credit risk

Credit risk mainly arises from cash and cash equivalents and account receivables from related parties, 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 cost of financial assets net of impairment represents the Company's maximum exposure to credit risk. The Company does not have policies in place to assign internal ratings or to set credit limits to its counterparties.

The credit risk on liquid funds (i.e., cash and cash equivalents) is considered to be limited due to the fact that counterparties are financial institutions with "A" credit ratings assigned by international credit agencies.

Liquidity risk

The Company operates as an investment vehicle for solar power projects in various international jurisdictions. The Company makes investments by acquiring shares in solar power legal entities and by providing shareholder loans to these entities on market terms. The Company is dependent of cash flow generated by its operating subsidiaries in order to distribute funds by way of dividends, interest and/or repayment of shareholder loans, so that SRH recovers its equity investment and realize a reasonable return. The Company's management performs cash flow scenarios in order to ensure that sufficient cash is available to meet investments needs at all time, with cash flow short-falls being covered by Etrion Corporation. The Company's management monitors the Company's liquidity position taking into consideration the Company's investment and financing plans. Given its investment vehicle nature and its direct and unique relation with its parent company, the Company has flexibility to repay the shareholder loan obtained from Etrion Corporation and is not subject to future fixed payments based on contractual maturities.

(c) FAIR VALUE ESTIMATION

The Company does not have financial instruments carried at fair value that should be classified within the IFRS measurement hierarchies.

4. SEGMENT REPORTING

SRH's Board of directors regularly reviews current management reports with regard to operating results as well as the validity of allocating investment expenditures. Based on the SRH business structure, the Board of Directors has identified only one operating segment.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

5. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Corporate and professional fees	225	56
Taxes other than income tax	-	195
Office, travel and other general and administrative expenses	7	3
Total general and administrative expenses	232	254

6. FINANCE INCOME AND COSTS

	2017	2016
Finance income:		
Interest income:		
- Associated with shareholder loans	3	440
- Foreign exchange gain	4	1
Total finance income	7	441
Finance costs:		
Interest expense:		
- Associated with shareholder loans	-	(2,039)
Other finance costs	(2)	(4)
Total finance costs	(2)	(2,043)
Net finance income (costs)	5	(1,602)

The Company had several shareholder loan credit facilities outstanding with its subsidiaries and also with its parent company used to finance the construction of its operating solar power projects in Japan and Chile. In 2016 the Company fully repaid the shareholder loan it had with its parent company.

7. (LOSS) GAIN PER SHARE

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

	2017	2016
(Loss) profit attributable to owners of the Company	(598)	35,796
	Number of shares	
Weighted average number of shares outstanding	25,137,500	25,137,500
Basic and diluted (loss) gain per share	€(0.01)	€1.42

8. FINANCIAL ASSETS

	Loans and receivables
At December 31, 2017	
Loans granted to related parties Note 11	700
Cash and cash equivalents	51
Total financial assets	751
At December 31, 2016	
Loans granted to related parties Note 11	1,161
Cash and cash equivalents	642
Total financial assets	1,803

9. SHARE CAPITAL

The Company has authorized capital consisting of 25,137,500 common shares issued and outstanding at December 31, 2017 and 2016. 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. The Company declared and paid dividends in cash during year ended December 31, 2016 in the amount of €13.5 million.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

10. INVESTMENTS IN SUBSIDIARIES

	December 31, 2017		December 31, 2016	
	Cost	Share %	Cost	Share %
Etrion Italia Srl	125	100	125	100
Etrion Holding	92	100	92	100
Etrion Services SA	83	100	83	100
Etrion SA	66	100	66	100
Etrion Japan Services	-	100	-	100
Etrion Chile, SpA	-	100	-	100
Etrion Services (Chile)	-	100	-	100
	366		366	

Gain on disposal of subsidiaries

On November 14, 2016, the Company signing a definitive sale and purchase agreement with EF Solare Italia, a joint venture owned equally by Enel Green Power S.p.A. and Fondo Italiano per le Infrastrutture "F2i" for the disposal of its 100% economic interest in Etrion Spa and Helios ITA Srl (collectively the "Italian subsidiaries"). The Italian subsidiaries held or owned the economic interest and rights over the 60 MW operational solar power plants in Italy. Etrion SpA was sold on December 12, 2016 and Helios ITA was sold on December 23, 2016, after obtaining certain approvals, bank waivers and completing other regular closing procedures. Sale proceeds for the share investments in these two Italian subsidiaries consisted of €71.9 million in cash and €24 million of contingent consideration depending on the outcome of certain legal and regulatory proceedings. The Company did not recognized any assets associated to the contingent consideration as of the date of sale or as of the date of these financial statements, in accordance with IFRS. In addition, upon the execution of the sale and purchase agreement, the shareholder loans outstanding from these entities were both acquired by EF Solare Italia €6.1 million. The sale of these investment generated a gross gain of €41.8 million recorded within the statement of comprehensive income of the year ended December 31, 2016. Transaction costs directly attributable to the sale transaction of approximately €2.8 million have been recognized as part of the net results.

Impairment

During the years ended 2017 and 2016, the Company identified indicators of impairment on the carrying value of its investments in certain subsidiaries in Italy, Chile and Japan. The carrying value of these investments in holding and management services entities was compared to the recoverable amount based on its fair values less cost of disposal. The Company completed an impairment assessment based on fair values less cost of disposal with reference to the carrying value of the net assets of the subsidiaries. Etrion Italia Srl, Etrion Japan Services and Etrion Chile Services are management services operating with negative margins and have accumulated operating losses in excess of the initial investment value. Etrion Chile, SpA is the subsidiary that holds the investment in Salvador SpA, a 70% owned solar power project in Northern Chile. The net present value of Salvador SpA is negative and below the initial investment value made by Etrion Chile, SpA, as a result of a sharp decline in the outlook for long term power prices in the Chilean market where Salvador is located. As a result of the impairment assessment, the Company determined that the recoverable amount of its investments was equal to \$0.4 million and recorded impairment charges of \$0.3 million and \$1.9 million in 2017 and 2016, respectively.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

Cash distributions from Japanese projects

The Company is dependent on cash flows generated by the operating Japanese subsidiaries held through Etrion SA, in order to distribute funds by way of dividends, interest and/or repayment of shareholder loans, so that the Company recovers its equity investment and realize a reasonable return. As a result, the Company's ability to satisfy its financial obligations depends on the ability of its operating Japanese Subsidiaries to generate profits from operations and making such available for distribution to the Company. Set out below is summarized financial information for each Japanese subsidiary that are material to the Company:

	December 31, 2017			December 31, 2016		
	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)
Shizukuishi	1,433	(2,173)	(730)	3,715	(5,203)	(1,488)
Mito	553	651	1,204	3,470	(2,861)	609
Misawa	2,211	(857)	1,354	(2,211)	3,291	1,080
Komatsu	1,979	(1,450)	529	504	1,193	1,697
Total net assets (liabilities)	6,186	(3,829)	2,357	5,478	(3,580)	1,897

Changes in the net assets (liabilities) position over time of the subsidiaries above are mainly driven by the ability of accumulating positive operating results and changes in the fair value of derivatives instruments (i.e. interest rate swaps). The (Loss) income for the period for the Japanese entities for the years ended December 31, is as follows:

	2017	2016
Shizukuishi	261	(188)
Mito	560	687
Misawa	350	(28)
Komatsu	(136)	(29)
Total (Loss) income for the period	1,036	442

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Expressed in €'000 unless otherwise stated

11. RELATED PARTIES

For the purposes of preparing the Company's financial statements, parties are considered to be related if one party has the ability to control the other party, under ordinary control, or if one party can exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24, *Related Party Disclosures*. The Company's major shareholder is Etrion Corporation which owns 100% of the outstanding shares of the Company at December 31, 2017 and 2016.

Details of balances and transactions between the Company and its subsidiaries, which are related parties of the SRH, are disclosed below.

(a) RELATED PARTY TRANSACTIONS

The Group has entered into the following transactions with related parties:

	2017	2016
Finance costs:		
- Interest expense associated with shareholder loans:		
Etrion Corporation	-	(2,039)
Finance income:		
- Interest income associated with shareholder loans:		
Etrion Chile, SpA	3	7
Etrion Italia Srl	-	45
Etrion, Spa	-	388
Total finance income	3	440
Net finance income (costs) with related parties	3	(1,599)

The loan subscribed with the Italian subsidiary is a credit line that is renewed automatically, has no specific repayment period and bears no interest. Amounts outstanding to related parties at December 31, 2017 and 2016 are as follows:

	2017	2016
Non-current assets:		
Shareholder loans and accrued interest at fixed market rates:		
Etrion Chile, SpA	-	116
Etrion Italia Srl	700	1,045
Total non-current assets	700	1,161
Current liabilities:		
Shareholder loans and accrued interest at fixed market rates:		
Etrion Corporation	-	186
Total Current liabilities	-	186
Total net amounts outstanding to related parties	700	975

(a) 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. During 2017 and 2016, no remuneration was given to the directors of the Company and no amounts were outstanding to or from directors at December 31, 2017 and 2016. The Company has no employees.

12. SUBSEQUENT EVENTS

On June 15, 2018, SRH's parent company completed the €40 million senior secured bond issue (the "New Bonds") in the Nordic bond market. The New Bonds have an annual interest rate of 7.25% and a bullet maturity in May 2021. The Company has listed the New Bonds on the Frankfurt Stock Exchange Open Market and plans to list it on the Oslo Stock Exchange within six months from the issue date.

SOLAR RESOURCES HOLDING S.À.R.L.

INTERIM FINANCIAL STATEMENTS - UNAUDITED

SIX MONTHS ENDED JUNE 30, 2018 AND 2017

CONTENTS

▪ INTERIM STATEMENT OF COMPREHENSIVE LOSS	3
For the six months ended June 30, 2018 and 2017	
▪ INTERIM BALANCE SHEET	4
As at June 30, 2018 and December 31, 2017	
▪ INTERIM STATEMENT OF CHANGES IN EQUITY	5
For the six months ended June 30, 2018 and 2017	
▪ INTERIM STATEMENT OF CASH FLOW	6
For the six months ended June 30, 2018 and 2017	
▪ NOTES TO THE INTERIM FINANCIAL STATEMENTS	7 - 14
As at and for the six months ended June 30, 2018 and 2017	

INTERIM STATEMENT OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000

		2018	2017
	Note		
General and administrative expenses	5	(13)	(150)
Other expenses		-	(20)
Operating loss		(13)	(170)
Finance income	6	-	12
Finance costs	6	(1)	(1)
Net finance (costs) income		(1)	11
Loss for the period		(14)	(159)
Basic and diluted loss per share	7	€ (0.00)	€ (0.01)

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

INTERIM BALANCE SHEET

AS AT JUNE 30, 2018 AND DECEMBER 31, 2017

UNAUDITED

Expressed in €'000

		June 30 2018	December 31 2017
	Note		
Assets			
Non-current assets			
Investments in subsidiaries	10	366	366
Intangible assets		20	20
Loans granted to related parties	11	700	700
Total non-current assets		1,086	1,086
Current assets			
Other assets		22	17
Cash and cash equivalents		14	51
Total current assets		36	68
Total assets		1,122	1,154
Equity			
Attributable to owners of the Company			
Share capital	9	2,657	2,657
Retained earnings		(1,543)	(1,529)
Total attributable to owners of the Company		1,114	1,128
Liabilities			
Current liabilities			
Trade and other payables		8	26
Total current liabilities		8	26
Total liabilities		8	26
Total equity and liabilities		1,122	1,154

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

Approved by the Board of Directors:

"Nicolas Schreurs"

Nicolas Schreurs, Director

"Patrice Yande"

Patrice Yande, Director

INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000

	Share capital	Accumulated deficitAccumulayed	Total Equity
Balance at January 1, 2017	2,657	(931)	1,726
Loss for the period	-	(159)	(159)
Balance at June 30, 2017	2,657	(1,090)	1,567
Balance at January 1, 2018	2,657	(1,529)	1,128
Loss for the period	-	(14)	(14)
Balance at June 30, 2018	2,657	(1,543)	1,114

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

INTERIM STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000

	2018	2017
	Note	
Cash flow from operating activities:		
Loss for the period	(14)	(159)
Adjustments for:		
Decrease / increase in other assets	(5)	(2)
Decrease in trade and other payables	(18)	(469)
Total cash flow (used in) from operating activities	(37)	(630)
Cash flow from investing activities:		
Proceeds from collection of loan principal and interest from related parties	-	116
Total cash flow from investing activities	-	116
Net decrease in cash and cash equivalents	(37)	(514)
Cash and cash equivalents at the beginning of the year	51	642
Cash and cash equivalents at the end of the year	14	128

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

2. GENERAL INFORMATION

Solar Resources Holding S.à.r.l. ("SRH" or the "Company") is incorporated under the laws of Luxembourg, Luxembourg. The address of its registered office is 19, Rue Eugène Ruppert, L-2453 Luxembourg.

SRH is an independent power investment vehicle that mainly owns participations in solar power generation entities and management service companies.

The Company is a 100% wholly-owned subsidiary of Etrion Corporation, its parent company, a Canadian entity listed in the Toronto Stock Exchange that regularly prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Therefore the Company is exempt from presenting consolidated financial statements.

On June 15, 2018, SRH's parent company, Etrion Corporation, successfully completed the issuance of new senior secured bonds for €40 million in the Nordic bond market. The new bonds have an annual interest rate of 7.25% and a bullet maturity in May 2021. According to the terms of the bond agreement, SRH is the guarantor of the parent company in respect of the new €40 million bond issued.

These stand-alone interim financial statements were prepared to comply with the Oslo Stock Exchange reporting requirements in connection with the issuance of the above mentioned senior secured bond. These financial statements are presented in Euros ("€") which is the functional currency of the Company.

The Company's Board of Directors approved these financial statements for issue on December 4, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF PREPARATION

The stand-alone 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, 2018. The financial statements have been prepared under the historical cost convention.

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 Company's accounting policies. For the six months ended June 30, 2018 and 2017, Company's management did not identify critical accounting policies or estimates.

(b) GOING CONCERN

The Company's financial statements for the six months ended June 30, 2018, have been prepared on a going concern basis, which assumes that the Company 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.

These financial statements for the six months ended June 30, 2018, do not include the adjustments that would result if the Company were unable to continue as a going concern.

(c) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards and amendments adopted by the Company

The following new standards and amendments, applicable to the Company, available for application and adopted, are as follows:

IFRS 9, Financial Instruments: This standard addresses the classification, measurement and recognition of financial assets and liabilities, replacing IAS 39 Financial Instruments: Recognition and Measurement. The Company has completed the process of evaluating the impact of the IFRS 9 on the financial statements and on its internal controls and has adopted this standard on January 1, 2018. The new accounting policies based on IFRS 9 are effective from January 1, 2018 and, in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The adoption of IFRS 9 did not result in any transition adjustments being recognized as at January 1, 2018.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

IFRS 15, Revenue from contracts with customers: This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company has completed the assessment and full impact of IFRS 15 and has adopted this standard in the accounting period beginning January 1, 2018. The IFRS 15 adoption has no quantitative impact in the Company's financial statements and therefore there is no impact on the accumulated deficit balance.

New standards and amendments issued and not yet adopted by the Company

The following new standards and amendments, applicable to the Company, available for application and not yet adopted, are as follows:

IFRS 16, Leases: This standard addresses the measurement and recognition of leases which will result in almost all lease contracts being recognized in the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 is mandatory for financial years commencing on or after January 1, 2019. The Company expects that the adoption of this standard will have no impact in the Company's financial statements

There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Company.

(d) INVESTMENTS IN SUBSIDIARIES

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SRH controls another entity. Investments in subsidiaries are recognised at their purchase price, less possible accumulated impairment write-offs. Transaction costs are recognised in profit or loss.

The following companies are the direct subsidiaries of SRH, and their place of incorporation is the same as their place of business:

Name	Location	Activity	June 30	December
			2018	31, 2017
			Share %	Share %
Etrion Italia Srl	Italy	Management services	100	100
Etrion Holding	Switzerland	Holding Company	100	100
Etrion Services Chile	Chile	Management services	100	100
Etrion SA	Switzerland	Management services	100	100
Etrion Japan Services	Japan	Management services	100	100
Etrion Chile, SpA	Chile	Holding Company	100	100
Etrion Services (Suisse)	Switzerland	Management services	100	100

(d) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of the Company is the Euro. Foreign exchange gains and losses are presented within finance income or costs.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. 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 the profit or loss, except when deferred in other comprehensive income.

Exchange rates for the relevant currencies of the Company with respect to the Euro are as follows:

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

	€/USD
Closing rate at June 30, 2018	1.17
Closing rate at December 31, 2017	1.20
Six month average rate June 30, 2018	1.21
Six month average rate June 30, 2017	1.08

(e) INTANGIBLE ASSETS

Recognition and measurement

Intangible assets are initially measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditures directly attributable to the acquisition of the asset.

(f) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for possible impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the cost may not be recoverable. An impairment loss is recognised for the amount by which the asset's cost exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use of an asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Management has not identified impairment indicators that could triggered an impairment loss.

(g) FINANCIAL ASSETS

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; available-for-sale; and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired and the Company's management determines the classification of its financial assets at initial recognition as follows:

- **Loans and receivables:** This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets, except when the maturity is greater than twelve months from the reporting date, which are classified as non-current assets. The Company's loans and receivables are comprised of trade and other receivables and cash and cash equivalents.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date (i.e., the date on which the Company commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed within finance income or costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, except where the fair value cannot be measured reliably in which case the assets are carried at cost less impairment. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included within finance income or costs in the period in which they arise.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are only recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (i.e., a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company uses the following criteria to determine whether there is objective evidence for the recognition of an impairment loss associated with financial assets:

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

- significant financial difficulty of the obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

Assets carried at amortized cost

The Company first assesses whether objective evidence of impairment exists at the end of each reporting period and in the event such evidence exists, the amount of impairment is measured as the difference between the asset's cost and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's cost is reduced and the impairment loss is recognized in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the fair value of the asset carried at amortized cost increases and the increase can be objectively related to an event occurring after the impairment loss was initially recognized (such as an improvement in the debtor's credit rating), the impairment loss is reversed in the profit or loss.

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.

(g) 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.

(h) SHARE CAPITAL

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

(i) 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 Company has an unconditional right to defer settlement of the liability for at least twelve months after balance sheet date. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(j) INTEREST INCOME

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Company reduces the cost 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 are recognized using the original effective interest rate.

3. FINANCIAL RISK MANAGEMENT

(a) CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders by increasing its investments and cash flow returns from existing and new solar power projects. The capital structure of the Company consists of net debt (i.e., current and non-current borrowings with related parties less cash and cash equivalents) and equity (i.e., issued share capital, reserves and retained earnings).

The Company's objectives when managing the capital structure are to safeguard the Company's ability to continue as a going concern in order to provide returns to its unique shareholder 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 Company 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 working capital requirements short-term

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

liquidity. These objectives are primarily met through cash management and continuous review of attractive acquisition and development opportunities. SRH is an investment vehicle that is 100% owned by Etrion Corporation, and as such maintains large amounts of shareholder loans payables and receivables with its subsidiaries and shareholder. Etrion Corporation provides funding to SRH when it engages on investment opportunities in the solar renewable industry and the Company is not subject to external debt arrangements or third party debt obligations.

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company is exposed to a variety of financial risks relating to its investments in Italy, Japan and Chile. These risks include market risk (interest rate risk, foreign currency risk), credit risk and liquidity risk. The Company'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 Company's financial performance.

Market risk

Interest rate risk

The Company is highly leveraged through financing for the equity contribution necessary for the construction of its solar power projects investments. The Company enters shareholder loans with Etrion Corporation at fixed interest rates. The Company is not significantly exposed to interest rate risks associated with its shareholder loans as these are fixed-rate instruments.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc, US dollar, Japanese yen and Chilean peso. The Company's foreign currency exposure is due primarily to intercompany borrowings made in US dollars and Swiss franc, to subsidiaries that have a different functional currency. The Company 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. However, the Company considers foreign currency risk limited due to the fact that monetary assets and liabilities held by the Company are primarily held in SRH's functional currency. Furthermore, monetary assets and liabilities held in currencies other than the functional currency are considered insignificant.

Credit risk

Credit risk mainly arises from cash and cash equivalents and account receivables from related parties, 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 cost of financial assets net of impairment represents the Company's maximum exposure to credit risk. The Company does not have policies in place to assign internal ratings or to set credit limits to its counterparties.

The credit risk on liquid funds (i.e., cash and cash equivalents) is considered to be limited due to the fact that counterparties are financial institutions with "A" credit ratings assigned by international credit agencies.

Liquidity risk

The Company operates as an investment vehicle for solar power projects in various international jurisdictions. The Company makes investments by acquiring shares in solar power legal entities and by providing shareholder loans to these entities on market terms. The Company is dependent of cash flow generated by its operating subsidiaries in order to distribute funds by way of dividends, interest and/or repayment of shareholder loans, so that SRH recovers its equity investment and realize a reasonable return. The Company's management performs cash flow scenarios in order to ensure that sufficient cash is available to meet investments needs at all time, with cash flow short-falls being covered by Etrion Corporation. The Company's management monitors the Company's liquidity position taking into consideration the Company's investment and financing plans. Given its investment vehicle nature and its direct and unique relation with its parent company, the Company has flexibility to repay the shareholder loan obtained from Etrion Corporation and is not subject to future fixed payments based on contractual maturities.

(b) FAIR VALUE ESTIMATION

The Company does not have financial instruments carried at fair value that should be classified within the IFRS measurement hierarchies.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

4. SEGMENT REPORTING

SRH's Board of directors regularly reviews current management reports with regard to operating results as well as the validity of allocating investment expenditures. Based on the SRH business structure, the Board of Directors has identified only one operating segment.

5. GENERAL AND ADMINISTRATIVE EXPENSES

	June 30 2018	June 30 2017
Corporate and professional fees	13	145
Office, travel and other general and administrative expenses	-	5
Total general and administrative expenses	13	150

6. FINANCE INCOME AND COSTS

	June 30 2018	June 30 2017
Finance income:		
Interest income associated with shareholder loans	-	3
Foreign exchange gain	-	9
Total finance income	-	12
Finance costs:		
Foreign exchange loss	(1)	-
Other finance costs	-	(1)
Total finance costs	(1)	(1)
Net finance (costs) income	(1)	11

7. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss income for the six months ended June 30, 2018 and 2017 attributable to owners of the Company by the weighted average number of shares outstanding during the year. The calculation of basic and diluted loss per share is as follows:

	June 30 2018	June 30 2017
Loss attributable to owners of the Company	(14)	(159)
	Number of shares	
Weighted average number of shares outstanding	25,137,500	25,137,500
Basic and diluted loss per share	€(0.00)	€(0.01)

8. FINANCIAL ASSETS

	Loans and receivables
At June 30, 2018	
Loans granted to from related parties Note 12	700
Cash and cash equivalents	14
Total financial assets	714
At December 31, 2017	
Loans granted to related parties Note 12	700
Cash and cash equivalents	51
Total financial assets	751

9. SHARE CAPITAL

The Company has authorized capital consisting of 25,137,500 common shares issued and outstanding at June 30, 2018 and December 31, 2017. 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

10. INVESTMENTS IN SUBSIDIARIES

	June 30, 2018		December 31, 2017	
	Cost	Share %	Cost	Share %
Etrion Italia Srl	125	100	125	100
Etrion Holding	92	100	92	100
Etrion Services SA	83	100	83	100
Etrion SA	66	100	66	100
Etrion Japan Services	-	100	-	100
Etrion Chile, SpA	-	100	-	100
Etrion Services (Chile)	-	100	-	100
	366		366	

Cash distributions from Japanese projects

The Company is dependent on cash flows generated by the operating Japanese subsidiaries held through Etrion SA, in order to distribute funds by way of dividends, interest and/or repayment of shareholder loans, so that the Company recovers its equity investment and realize a reasonable return. As a result, the Company's ability to satisfy its financial obligations depends on the ability of its operating Japanese Subsidiaries to generate profits from operations and making such available for distribution to the Company. Set out below is summarized financial information for each Japanese subsidiary that are material to the Company:

	June 30, 2018			December 31, 2017		
	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)
Shizukuishi	1,885	(2,834)	(949)	1,433	(2,173)	(730)
Mito	806	942	1,748	553	651	1,204
Misawa	1,771	(210)	1,561	2,211	(857)	1,354
Komatsu	3,969	(3,026)	943	1,979	(1,450)	529
Total net assets (liabilities)	8,432	(5,129)	3,303	6,186	(3,829)	2,357

Changes in the net assets (liabilities) position over time of the subsidiaries above are mainly driven by the ability of accumulating positive operating results and changes in the fair value of derivatives instruments (i.e. interest rate swaps). The (Loss) income for the period for the Japanese entities for the six months period ended June 30, is as follows:

	2018	2017
Shizukuishi	(394)	20
Mito	401	370
Misawa	129	284
Komatsu	162	(27)
Total (Loss) income for the period	298	647

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

UNAUDITED

Expressed in €'000 unless otherwise stated

11. RELATED PARTIES

For the purposes of preparing the Company's financial statements, parties are considered to be related if one party has the ability to control the other party, under ordinary control, or if one party can exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24, *Related Party Disclosures*. The Company's major shareholder is Etrion Corporation which owns 100% of the outstanding shares of the Company at June 30, 2018 and December 31, 2017.

Details of balances and transactions between the Company and its subsidiaries, which are related parties of the SRH, are disclosed below.

(a) RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2018 and 2017 the company has entered into the following transactions with related parties:

	2018	2017
Finance income:		
- Interest income associated with shareholder loans:		
Etrion Chile, SpA	-	3
Etrion Italia Srl	-	-
Etrion, Spa	-	-
Total finance income with related parties	-	3

Amounts outstanding to related parties at June 30, 2018 and December 31, 2017 are as follows:

	2017	2016
Non-current assets:		
Shareholder loans:		
Etrion Italia Srl	700	700
Total non-current assets	700	700
Total net amounts outstanding to related parties	700	700

(a) 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. During the six months ended June 30, 2018 and 2017, no remuneration was given to the directors of the Company and no amounts were outstanding to or from directors at June 30, 2018 and December 31, 2017. The Company has no employees.

12. SUBSEQUENT EVENTS

On July 17, 2018, SRH's parent company completed the redemption of the €40 million nominal amount of corporate bonds issued in 2014 that paid 8.0% annual interest and were to mature in April 2019. The 2014 bonds were redeemed at 101% of par plus accrued interest for a total net amount of €31.8 million (\$37.2 million) using the net proceeds from SRH's parent company recently issued €40 million of senior secured bonds that have an annual interest rate of 7.25% and mature in May 2021. The Company has listed the New Bonds on the Frankfurt Stock Exchange Open Market and plans to list them on the Oslo Stock Exchange within six months from the issue date.