

Q1-19 Operations and Finance Update

May 8th 2019

etrion

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Developing, building and operating solar
power generation plants

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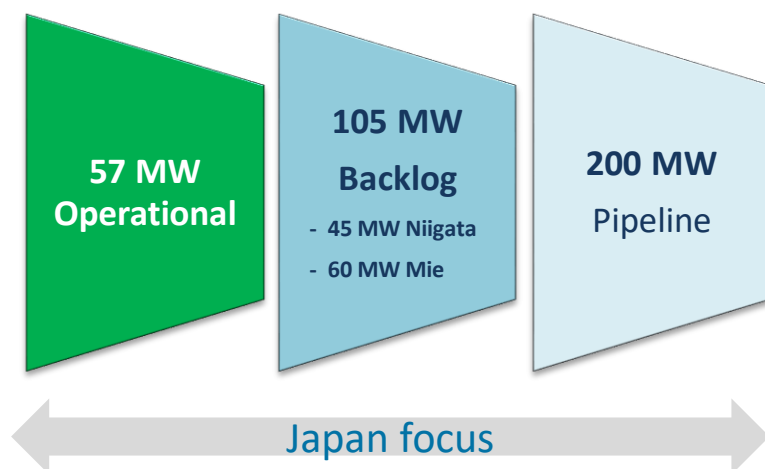
Corporate Overview

Etrion Corporation

Company Overview

- Solar development platform focused on Japan, third largest energy market in the world
- 11 solar plants operational with aggregate capacity of 57 MWs
- Next catalyst: 2 projects with combined capacity of 105MW to reach NTP within next 12 months
- 200 MW pipeline

Asset / Pipeline Highlights



Financial Summary

Recent Share Price (TSX/OMX: ETX)	C\$0.21 / SEK 1.55
Shares Outstanding	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues 2018	US\$19.5MM
Project-level EBITDA 2018	US\$14.6MM
Restricted / Unrestricted Cash as of March 31, 2019	US\$16.3MM / \$6.9MM
Market Capitalization	US\$52.3MM
Number of Employees	22

Notes:

- (1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona
- (2) ETX share price at closing on May 7, 2019
- (3) ETX shares outstanding as of March 31, 2019
- (4) Revenue and project-level EBITDA for the year ended December 31, 2018

Key Q1-19 Highlights

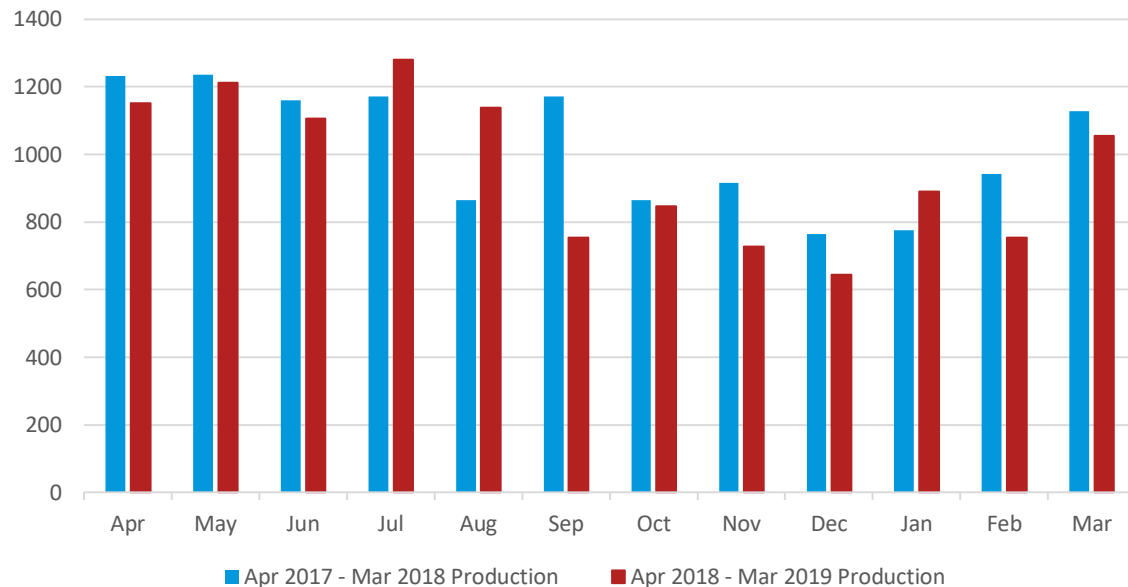
- Production, Revenues and EBITDA up above 40% relative to Q1-18
- Niigata 45 MW project on target to reach financial close in Q2-19
Project is fully funded. No additional equity will be needed at financial close
- Yokkaichi 60 MW project on litigation with developer to enforce compliance with contractual obligations. Settlement expected for Q1-2020. Management remains cautiously optimistic that Etrion will obtain a favorable ruling
- Kumamoto 45 MW receivable of \$2.4 million collected in Q1-19. Next payment of \$0.9 million expected before end of Q2-2019. Final payment of \$1.8 million by Q3-19



Operational Update

Mito – 9.3 MW operational

Mito Production (MWh)



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: ¥40/kWh Term: 20 years
Production	10.3 GWh/year
Total Project Cost	¥3.4Bn
Commencement of Operation	Aug-15



Mito site 1



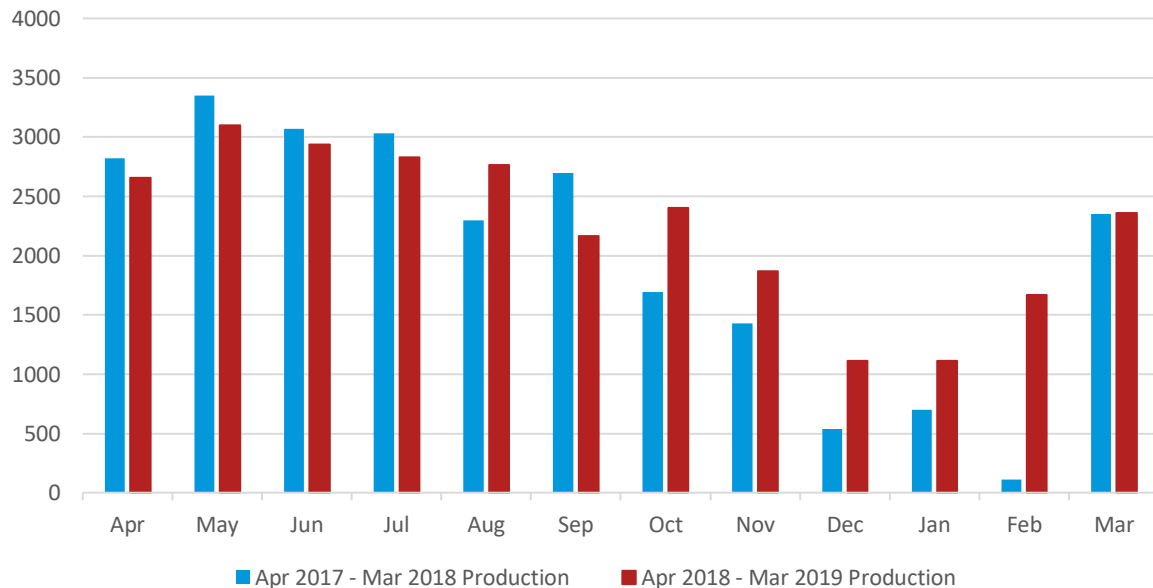
Mito site 2



Mito site 3

Shizukuishi – 24.7 MW operational

Shizukuishi Production (MWh)



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: ¥40/kWh Term: 20 years
Production	26.1 GWh/year
Total Project Cost	¥8.9Bn
Commencement of Operation	Oct-16



General aerial view of full plant

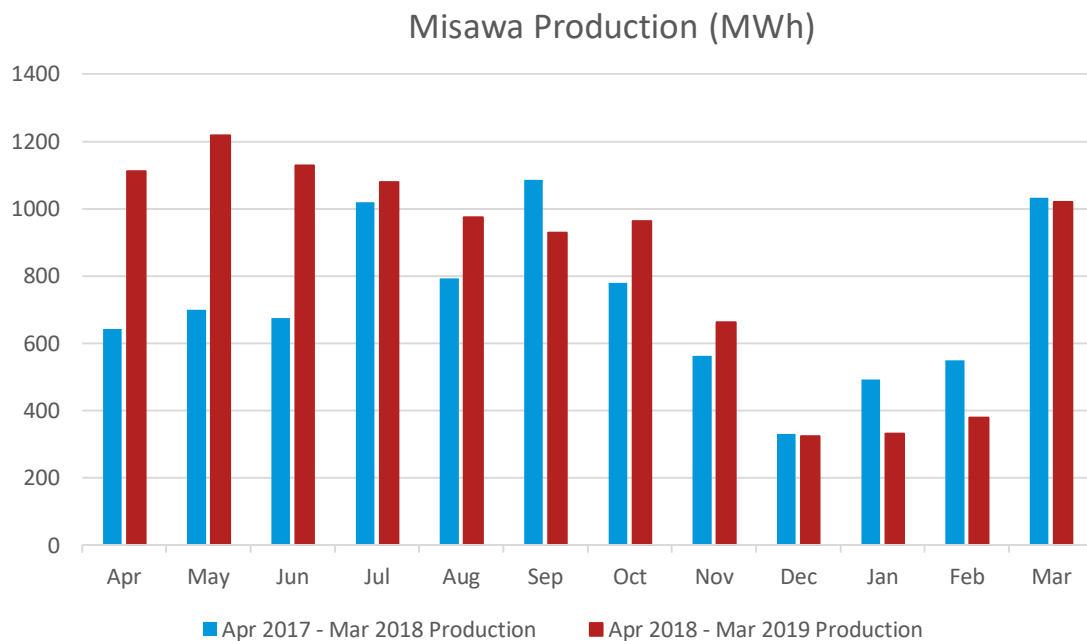


View of the SW section of the plant



View of the NW section of the plant.

Misawa – 9.5 MW operational



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: ¥36/kWh Term: 20 years
Production	10.7 GWh/year
Total Project Cost	¥3.5Bn
Commencement of Operation	Feb-2017



Site 1



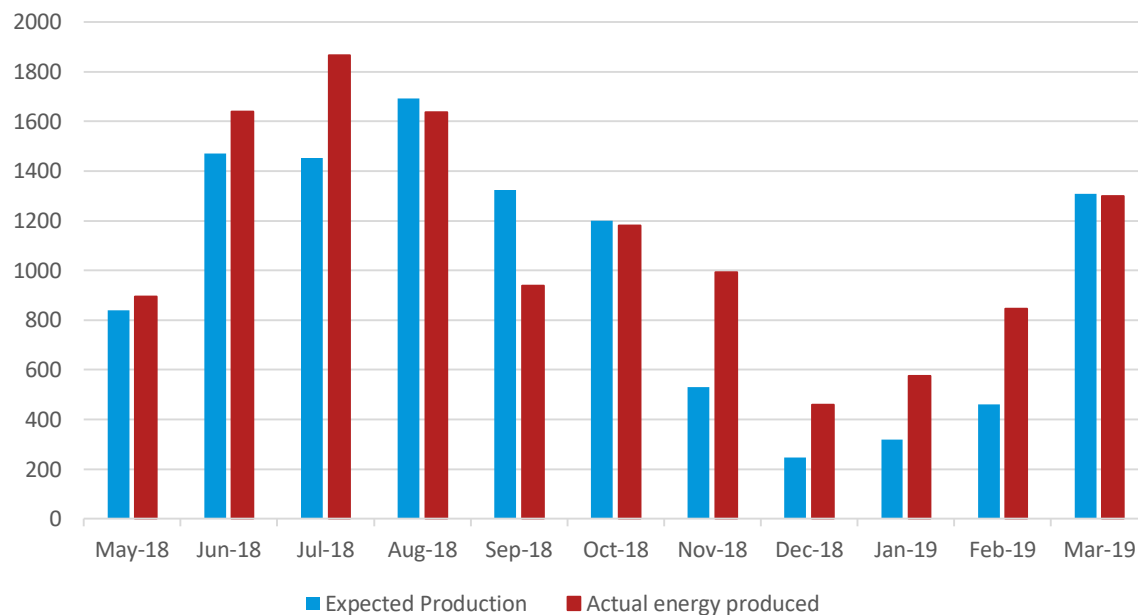
Site 2



Site 4

Komatsu – 13.2 MW operational

Komatsu Production (MWh)



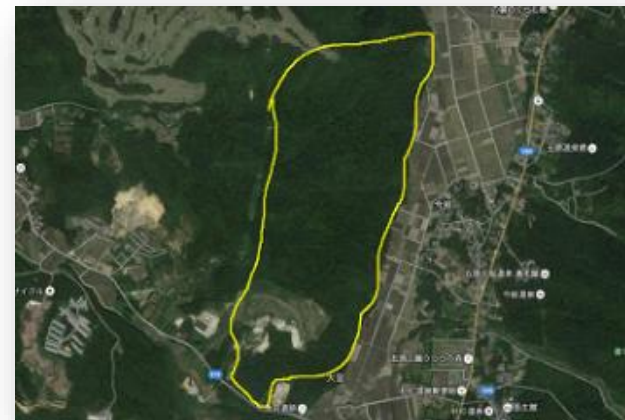
Komatsu	
Utility	Hokuriku
Capacity	13.2 MW
Ownership	85%
Technology	Fixed-tilt
Module	Canadian Solar
Inverters	Hitachi
EPC / O&M	Hitachi High-Tech
Irradiation Yield	1,087 kWh/kWp
Revenue Stream	FiT: ¥32/kWh Term: 20 years
Production	14.2 GWh/year
Total Project Cost	¥4.3 Bn
Commencement of Operation	May-2018



Business Development Update

Niigata – 45 MW

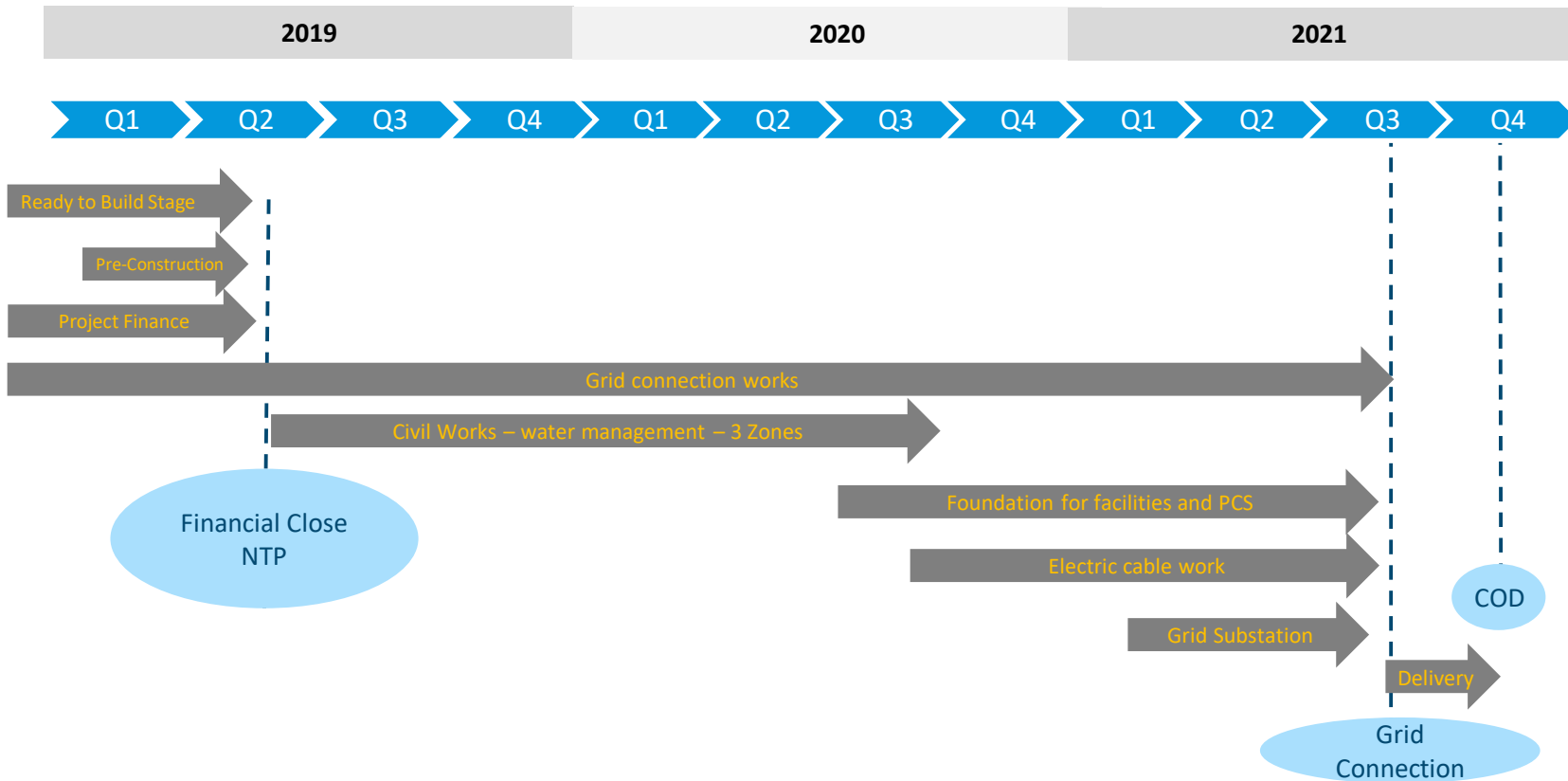
Size	45.0 MWp	Ownership share	100%
Region / Utility	Tohoku	Expected: NTP / COD	Q2-2019 / Q4-2021
Revenue	FIT: ¥36/kWh	METI	FIT secured
Irradiation	1,050 kWh/kWp	Development Period	Since Q2-2016
O&M Contractor	TAG	EPC Contractor	Toyo Engineering



Project Development Status

Task	Status
Approval by local communities	- Completed.
Land Contracts	- Completed. All land has been purchased
Interconnection line	- Under construction. Target completion date Q3-2021
PPA	- To be signed by end of Q2-19
Permits	- Forest Development obtained in March 2019. No other permits required
EPC Status	- EPC and O&M contracts on target to be signed at financial close. Toyo Engineering act as EPC and TAG as O&M contractor.
Financing	- On target to reach financial close in Q2-2019

Niigata Project Timeline



Mie 60 MW Project

- Etrion has a development agreement in place with local developer. Terms of agreement outlines responsibility of the parties to develop the project. Under this contract, Etrion to take 100% ownership once project reaches ready to build status
- Etrion commenced litigation in Q4-2018. Management is cautiously optimistic that litigation will be favorable to Etrion and regain full control of the project
- Expected resolution of litigation by Q1-2020 but could be delayed further
- Latest update is that it has obtained Forest Development permit and should have reached ready to build status. Given ongoing litigation, Etrion has limited visibility of the project

Growth Opportunity

- The Company continue to pursue new opportunities in Japan and remains working on different opportunities with aggregate capacity of about 200 MW
- Given latest FiT changes, several projects with FiT awarded still under development are at risk of losing FiT
- This situation has created increased competition to acquire good projects. Window remains open for next 18 months to secure additional FiT projects
- Beyond FiT the company is exploring bilateral agreements for PPA contracts. PPA market is at very early stage but should become a strong source of growth post FiT market

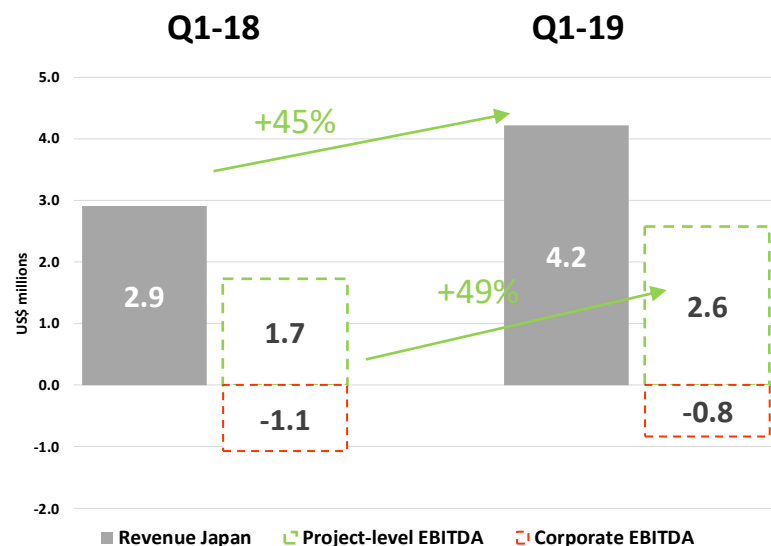
Other Activities / initiatives

- Divestiture of Kumamoto
 - Expect next payment to be received before end of May-2019 and final payment within Q3-2019.
- Divestiture of Chilean 70 MW PV Salvador project
 - Company retained financial advisor
 - Target closing by Q4-19
- Italy tax recovery initiative – Tremonti
 - Tranche 1 – taxes (2010-2013) €6.2M share to Etrion. Exploring options to monetize tax credits
 - Tranche 2 – taxes (2014-2017) €3M share to Etrion

Financial results

Financial results

Etrion consolidated results



Q1-19 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	4.2	-	4.2
Operating expenses	(1.3)	-	(1.3)
G&A expenses	(0.1)	(0.9)	(0.9)
Other income	(0.3)	0.0	(0.2)
EBITDA	2.6	(0.8)	1.7
Depreciation and amortization	(2.3)	(0.0)	(2.3)
Net finance costs	(1.1)	(0.1)	(1.2)
Loss before taxes	(0.7)	(1.0)	(1.7)
Tax expense	(0.4)	(0.1)	(0.5)
Net loss	(1.1)	(1.1)	(2.2)

- Revenues and consolidated EBITDA increased significantly relative to Q1-18 due to additional installed capacity in Japan
- In Q1-19 electricity production in Japan increased 52% mainly as a result of the new Komatsu solar project and higher performance of existing projects

Financial position

Consolidated Balance Sheet

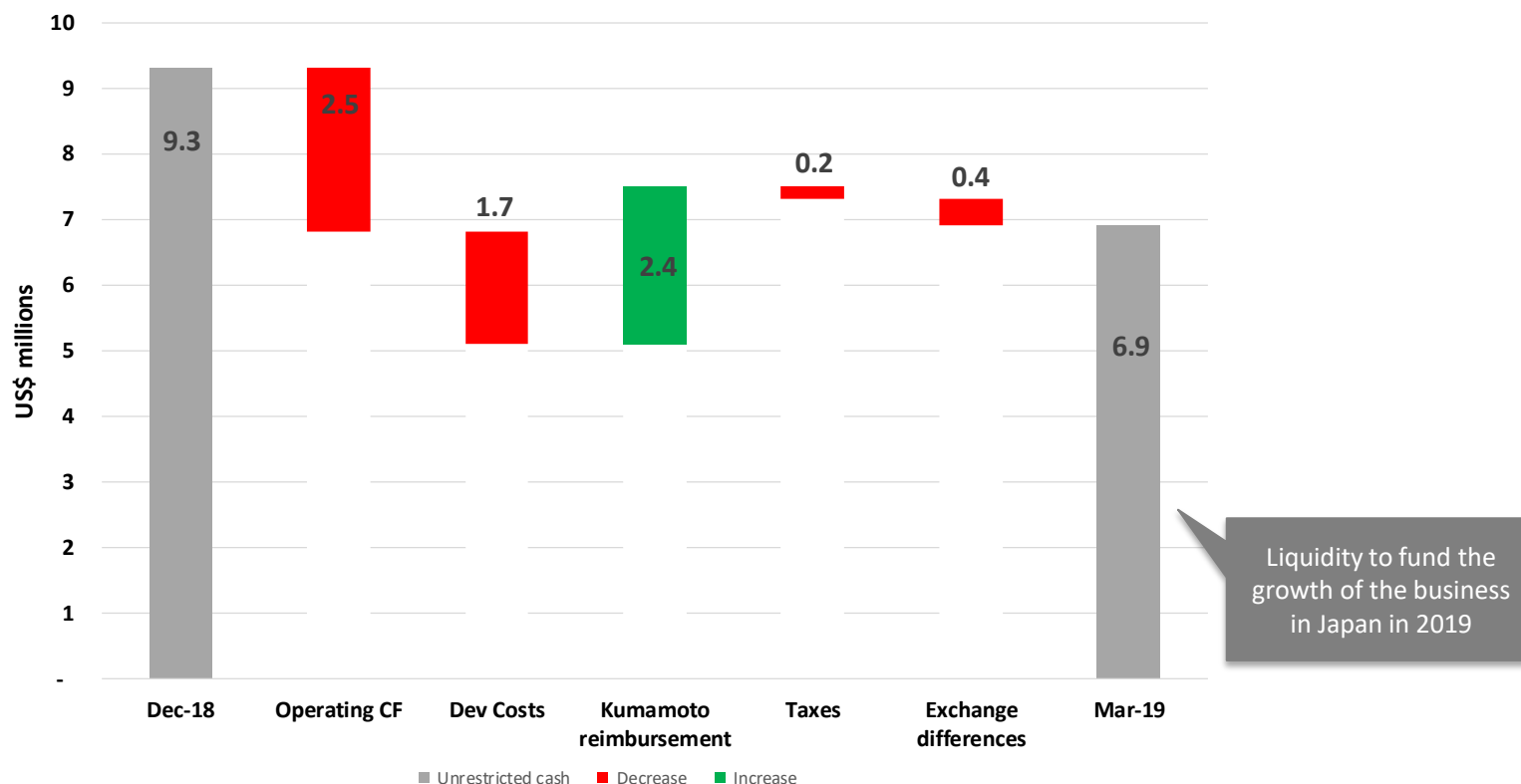
March 31, 2019			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	153.6	0.1	153.6
Intangible assets	10.4	4.2	14.6
Cash and cash equivalents	16.3	7.0	23.2
Other assets	9.4	7.3	16.8
Total assets	189.7	18.5	208.2
Borrowings	137.4	37.9	175.3
Trade and other payables	2.0	0.8	2.8
Other liabilities	29.2	0.9	30.1
Total liabilities	168.6	39.6	208.2
Net equity	21.13	(21.1)	0.1

Positive net equity on a consolidated basis

- Etrion has a working capital of \$20.3 million and a consolidated cash position of \$23.2 million, of which \$6.9 million is unrestricted at corporate level
- Etrion continues to expand in Japan and has increased its asset base in this country with positive results. As at March 31, 2019, the Japanese assets represent approximately 91% of consolidated assets of the Group

Cash and liquidity

Unrestricted cash reconciliation



- Etrion's unrestricted cash decreased during the period mainly due to capital investments in Japan and was positively impacted by the partial collection of the Kumamoto settlement of US\$2.4 million

Summary

Summary

- Strong Q1-2019 financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Niigata 45 MW project on track to financial close by Q2-2019. Terrific execution of the team on a very complex project
- Fully funded with no additional capital required to build Niigata project
- Clear upside beyond Niigata with resolution of Mie project litigation and potential realization of pipeline projects
- Other upside opportunities beyond Japan to further strengthen Etrion's balance sheet including potential proceeds from Italy and Chile

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