etrion

Management's Discussion and Analysis
Three Months Ended March 31, 2021

24.7 MW Shizukuishi solar power park in Japan

At a Glance

Etrion Corporation

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

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

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

In 2020, Etrion engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd as financial advisor to assist with the potential sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. In March and April 2021, subsidiaries of Etrion signed various formal agreements to sell most of the solar portfolio to two different Japanese consortiums. Completion of the sale of the Japanese assets will be subject to meeting certain conditions precedent and securing all necessary shareholder and regulatory approvals.

11
Solar plants

61m
Kilowatt-hours produced for Japan in **2020**

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

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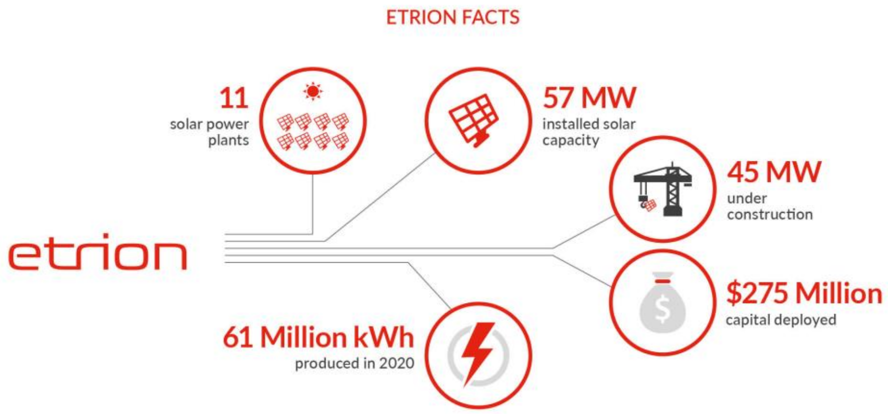


Management's discussion and analysis

Management's discussion and analysis

This management's discussion and analysis ("MD&A") for Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is intended to provide an overview of the Group's operations, financial performance and a description of current and future business opportunities. This MD&A, prepared as of May 6, 2021, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2021. Financial information is reported in both United States dollars ("$" or "USD") and in Euros ("€") because the Company's previously outstanding corporate bonds were denominated in the latter currency. In addition, certain material financial information has also been reported in Japanese yen ("¥") because the Company has its main business activities in Japan. Exchange rates for the relevant currencies of the Group with respect to the $ and the ¥ are as follows:

	€/¥	$/¥	€/$
Closing rate at March 31, 2021	129.92	110.74	1.17
Closing rate at March 31, 2020	119.23	108.42	1.09
Three months average rate 2021	127.19	106.35	1.21
Three months average rate 2020	120.13	108.9	1.10

Non-IFRS financial measures and forward-looking statements

The terms "adjusted net income (loss)", "earnings before interest, tax, depreciation and amortization" ("EBITDA"), "Adjusted EBITDA", "solar segments EBITDA" and "adjusted operating cash flow", used throughout this MD&A, are non-IFRS measures and therefore do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures disclosed by other companies. The basis for calculation has not changed and has been applied consistently by the Company over all periods presented. Adjusted net income (loss) is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements (the most comparable IFRS measure is net income (loss) as reconciled on page 18). EBITDA, including solar segments EBITDA, is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and certain accounting policy decisions, while Adjusted EBITDA is also useful because it excludes expenses that are expected to be non-recurring (the most comparable IFRS measure for both EBITDA and Adjusted EBITDA is net income (loss) as reconciled on page 18). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to a company's operating performance (the most comparable IFRS measure is cash flow used in operations as reconciled on page 18). This MD&A contains forward-looking information based on the Company's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially from the information contained herein. For information on material risk factors and assumptions underlying the forward-looking information, refer to the "Cautionary statement regarding forward-looking information" on page 29.

FIRST QUARTER 2021 HIGHLIGHTS

First quarter 2021 highlights

Operational highlights

- Etrion produced 11.2 million kilowatt-hours ("kWh") of electricity from the Company's 57-megawatt ("MW") portfolio comprising 11 solar power plant sites in Japan.
- Construction of the 45 MW Niigata project in central Japan is approximately 78% complete with estimated connection to the electricity grid in the fourth quarter of 2021.
- On March 31, 2021, subsidiaries of the Company signed the first formal agreements to sell their interests in the Company's 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito operating solar energy projects to a Japanese consortium ("Consortium"), for an aggregate net purchase price of approximately JPY 8.252 billion (or $74.9 million). The Company is currently negotiating the sale of the Company's fourth operating project, Misawa, which is currently undergoing repairs from winter storms to the same Consortium that is acquiring the other three operating assets.
- On April 9, 2021, the Company announced the signature of agreements to sell the Group's interests in the 45 MW Niigata solar project under construction to a consortium led by Renewable Japan Co. Ltd for an aggregate net purchase price of approximately JPY 6.3 billion (approximately $57.7 million), subject to certain adjustments at closing. Completion of the sale of the Japanese assets will be subject to meeting certain condition precedents and securing all necessary shareholder and regulatory approvals. The Company's management has concluded that, since September 30, 2020, the Japanese solar assets and the entire Solar Segment have met the definition of assets held-for-sale and discontinued operations as per IFRS 5. Note 5
- As of the date of this report, the Company has not been adversely affected by COVID-19. The Company has implemented very rigorous guidelines to ensure the wellbeing of its employees while at the same time maintaining minimal business disruptions.

Financial highlights

- Consolidated revenues of $3.9 million were 8.2% lower relative to Q1-20.
- Solar segment EBITDA of $2.8 million was 12.4% lower relative to Q1-20.
- On January 4, 2021, Etrion received a €4.0 million (approximately $4.7 million) loan facility from the Lundin family in order to finance the payment of the corporate bond. The loan bears a 3% interest rate and is repayable on December 21, 2021.
- Repayment of corporate bonds: On January 7, 2021, Etrion redeemed the €40 million (approximately $49.0 million) principal amount of outstanding corporate bonds, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest.
- Etrion closed the first quarter of 2021 with an unrestricted cash balance of $4.9 million held at corporate level and negative working capital of $1.6 million.
- In connection with the proposed sale of the Group's solar assets, the Company announced that following the closing of the transactions the Company plans to make an initial distribution to shareholders of approximately CAD$0.41 per share and that subject to the possibility of the Board of Directors identifying other potential business opportunities, the Company expects to wind up its activities and proceed with the dissolution of the Company within approximately 24 months after closing.

First quarter 2021 highlights

Continued

	Three months ended	
USD thousands (unless otherwise stated)	Q1-21	Q1-20
Electricity production (MWh)[1]	**11,168**	**12,463**
Financial results from discontinued operations		
Revenues	3,944	4,296
EBITDA	2,761	3,153
Net income (loss)	923	(439)
Financial results from continuing operations		
EBITDA	(1,782)	(1,676)
Adjusted EBITDA[2]	(1,649)	(1,293)
Net loss	(2,453)	(2,139)

	March 31 2021	December 31 2020
Balance sheet		
Total assets	324,197	381,625
Unrestricted cash at parent level	4,865	8,956
Restricted cash at parent level	-	37,008
Working capital	(1,635)	822
Consolidated net debt on a cash basis	-	(4,532)
Corporate net debt	-	(4,532)
Assets-held-for sale, net	20,754	20,610

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

BUSINESS REVIEW

Business review

Business overview

Etrion is an independent power producer that develops, builds, owns and operates utility-scale power generation plants in Japan. The Company owns and operates 57 MW of installed solar capacity and 45 MW of solar projects under construction, all in Japan. The Company has 11 operational projects (consolidated into four Special Purpose Companies ("SPCs")). All operational projects benefit from revenues generated from 20-year feed-in-tariff ("FiT") Power Purchase Agreements ("PPAs") that are fixed price contracts with local utilities for all the electricity generated.

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

Business process – solar energy

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

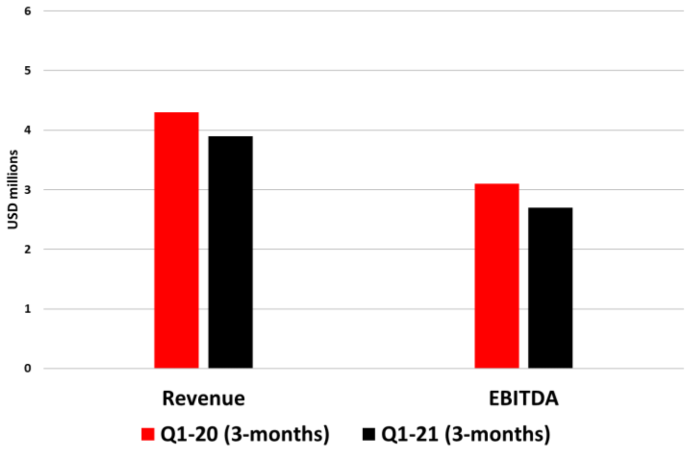
Business review

Continued

Operations review
Three months ended March 31

USD thousands (unless otherwise stated)	Japan Q1-21	Japan Q1-20
Operational data		
Electricity production (MWh)	11,168	12,463
Operational performance		
Electricity revenue		
Feed-in-tariff [1]	3,944	4,296
Total revenues	3,944	4,296
EBITDA [2]	2,761	3,153
EBITDA margin (%)	70%	73%
Net loss	923	(439)

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



Revenues from Japan are received in Japanese yen and have been translated to the Group's presentation currency $ using the Q1-21 average rates. Accordingly, changes in the ¥/$ exchange rate have an impact on the accounting conversion process of the income statement from ¥ to the Group's reported figures in $.

Operating performance in Japan (3 months)

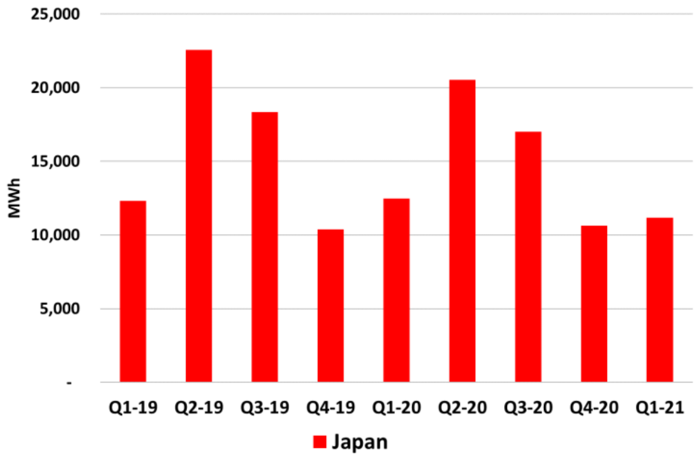
During Q1-21, the Group produced 10.4% less electricity in Japan than in the same period in 2020. Total production was severely affected due to historically high snowfall conditions experienced in Japan. In addition, two of the four solar sites (sites 3 & 4) from Misawa were taken out of service because they were partially damaged due to these snowfall conditions. The company plans to process its business interruption insurance to recover a portion of the revenues lost during this period.

The Group receives revenues denominated in Japanese yen from its operating solar projects. Revenues come from the FiT system, whereby, through 20-year PPA contracts with three Japanese public utilities, for each kWh of electricity produced a premium fixed price is received from Tokyo Electric Power Company ("TEPCO"), Hokuriku Electric Power Co., Inc ("HOKURIKU") or Tohoku Electric Power Co., Inc. ("TOHOKU"), depending on the location of the solar project. During Q1-21, the Group received the FiT of ¥40 per kWh applicable to the Mito and Shizukuishi solar park sites, the FiT of ¥36 per kWh applicable to the solar park sites of the Misawa project and the FiT of ¥32 per kWh applicable to the solar park site of the Komatsu project.

During Q1-21, the Group's revenue and project-level EBITDA decreased by approximately 8.2% and 12.4%, respectively, compared with the same period in 2020, primarily due to heavy snowfalls resulting in lower performance of the solar plants.

Historical production

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

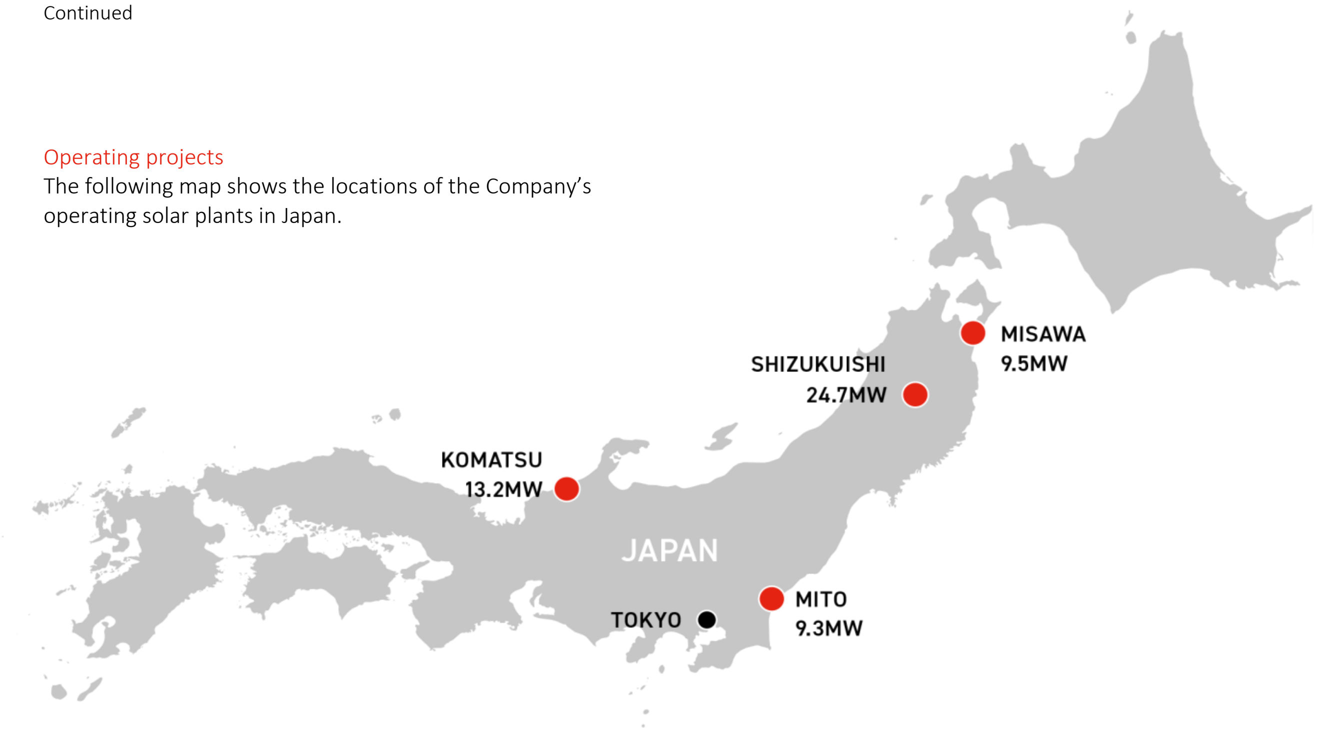


Business review

Continued

Operating projects

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



Mito

As of the date of this MD&A, the remaining PPA contract life of Mito is approximately 14 years. Details of the Group's 100%-owned operating solar power project in Japan are shown below:

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

Mito's solar power sites in Japan are capable of producing more than 10.3 million kWh of electricity on an annual basis.

Shizukuishi

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

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

Shizukuishi' s solar power plant in Japan is capable of producing approximately 26.1 million kWh of electricity per year.

Misawa

As of the date of this MD&A, the remaining PPA contract life of Misawa is approximately 16 years. Details of the Group's 100%-owned operating solar power project are shown below:

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

Misawa's solar power sites are capable of producing approximately 10.7 million kWh of solar electricity per year.

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

Business review

Continued

Komatsu

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

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

Komatsu's solar power plant is capable of producing approximately 14.2 million kWh of solar electricity per year.

Development activities

Projects under construction

Niigata 45MW

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

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

The remaining 5% of total project cost has been fully funded by Etrion during the development period. On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥600 million ($5.6 million) and anticipated land lease of ¥459 million ($4.2 million).

Business review

Continued

Discontinued operations

As stated above, in 2020 Etrion engaged MUMSS as financial advisor to assist with the potential sale of the Company's 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan. In March and April 2021, the Group signed various formal agreements to sell most of the solar portfolio to two different Japanese consortiums. Completion of the sale of the Japanese assets will be subject to meeting certain condition precedents, and securing all necessary shareholder and regulatory approvals.
The Company is currently negotiating the sale of the Company's fourth operating project, Misawa, which is currently undergoing repairs from winter storms, to the same Consortium that is acquiring the other three operating assets. The Solar Japan segment has been classified as a disposal group held for sale and as discontinued operations since September 30, 2020.

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

	Three months ended	
USD thousands	**Q1-21**	**Q1-20**
Revenue	**3,944**	**4,296**
Operating expenses	(1,135)	(1,055)
General and administrative expenses	(46)	(96)
Other (expense) income	(2)	8
EBITDA	**2,761**	**3,153**
Depreciation and amortization	-	(2,290)
Finance costs	(1,084)	(1,094)
Income (loss) before income tax	**1,677**	**(231)**
Income tax expense	(754)	(208)
Net income (loss) discontinued operations	**923**	**(439)**

The major classes of assets and liabilities of the Solar Japan disposal group classified as held for sale as at March 31, 2021, are as follows:

USD thousands	**March 31 2021**	**December 31 2020**
Assets		
Property, plant & equipment	231,084	242,800
Intangible assets	11,420	12,306
Other assets	13,305	13,646
Cash and cash equivalents	59,999	63,175
Assets classified as held for sale	**315,808**	**332,467**
Liabilities		
Borrowings	260,745	279,953
Derivative financial instruments	9,579	11,140
Lease liabilities	9,188	10,199
Provisions	5,066	5,456
Other liabilities	10,474	5,104
Tax liabilities	2	5
Liabilities directly associated with assets held for sale	**295,054**	**311,857**
Net assets held for sale	**20,754**	**20,610**

USD thousands	**March 31 2021**	**December 31 2020**
Amounts included in other reserves		
Loss on cash flow hedges	(16,450)	(17,575)
Deferred tax on cash flow hedges	4,475	4,782
Assets classified as held for sale	**(11,975)**	**(12,793)**

Sale of Japanese assets

The Company engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd in the summer of 2020 as financial advisor to assist with the potential sale of the Japanese solar assets. During the third quarter of 2020, the Company received several non-binding proposals from strategic and financial investors regarding the potential purchase of the solar projects and a short-listed group of interested parties were selected to engage in detailed due diligence of the subject assets. Following such due diligence, the Company received various binding offers and in the fourth quarter the Board of Directors selected two preferred bidders, one for the four operating solar projects and another one for Project Niigata. Following the selection of the preferred bidders, the Company entered into negotiation of formal transaction agreements.

On March 31, 2021, subsidiaries of the Company signed the first formal agreements to sell their interests in the Company's 13.2 MW Komatsu, 24.7 MW Shizukuishi and 9.3 MW Mito operating solar energy projects to a Japanese Consortium for an aggregate net purchase price of approximately JPY 8.252 billion (or $74.9 million). The Company is currently negotiating the sale of the Company's fourth operating project, Misawa, which is currently undergoing repairs from winter storms to the same Consortium that is acquiring the other three operating assets.

On April 9, 2021, the Company announced the signature of agreements to sell the Group's interests in the 45 MW Niigata solar project under construction to a consortium led by Renewable Japan Co. Ltd for an aggregate net purchase price of approximately JPY 6.3 billion (approximately $57.7 million), subject to certain adjustments at closing. Completion of the sale of the Japanese assets will be subject to meeting certain conditions precedent, and securing all necessary shareholder and regulatory approvals.

On April 16, 2021, the Company announced the mailing of the Management Information Circular (the "Circular") and related meeting materials for an annual and special meeting of shareholders to be held on May 27, 2021. The shareholders meeting is being called to request approval of, in addition to usual annual meeting matters, the sale of Etrion's Japanese solar projects that would represent a sale of all or substantially all the Company's assets. Shareholders will also be asked to approve a reduction of capital to facilitate a distribution of proceeds from the sale of the Japanese assets and the voluntary dissolution of the Company, as the Company will not have any significant assets or active business operations following completion of the sale transaction.

As set out in the Circular, the current plan of the board of directors of the Company following completion of the sale transaction is as follows:

• Upon closing of the sale transaction, the Company will cause its subsidiaries to distribute the proceeds thereof, net of applicable expenses, liabilities and taxes, to the Company.

• Within approximately 60 days after closing, the Company plans to make an initial distribution to shareholders of approximately CAD$0.41 (approximately US$0.32) per share, provided that the actual amount of the distribution will be determined by the Board based on its assessment of the financial position of the Company and its future cash needs. Assuming that shareholders approve a reduction of capital at the meeting, such distribution will be made by way of return of capital, which in the circumstances should generally not be taxed as a dividend for Canadian income tax purposes.

• The Company plans to reserve approximately CAD$20 million to cover for any liabilities that may result from potential warranty claims under the different agreements contemplated as part of the sale transaction, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs.

• After closing, the Company will be required to provide certain transition services to the purchasers of its projects for a period of 90 days. The Company plans to maintain the minimum resources required to effectively provide such transition services, continue to prosecute the pursuit of its claim for Italian tax credits and complete the windup of its subsidiaries, except as may be required to pursue such credits.

• Subject to the possibility of the board of directors of identifying other potential business opportunities, the Company expects to complete its windup activities and proceed with the dissolution within approximately 24 months after closing, although it is possible that the dissolution may be extended beyond that time. Any cash remaining at the completion of the windup activities and settlement of all liabilities of the Company will be distributed to shareholders. The Company currently expects the final distribution to be between CAD$0.04 (approximately US$0.03) per share and CAD$0.08 (approximately US$0.06) per share.

FINANCIAL REVIEW

Financial review

Financial results

Selected financial information

During the three months ended March 31,2021, the Group's performance and results were negatively impacted by the adverse weather conditions compared with the same period in 2020 in Japan. Revenue, gross profit and EBITDA on a consolidated basis decreased in comparison with the same period in 2020, due to the lower performance of the existing solar parks. Selected IFRS consolidated financial information, is as follows:

	Three months ended	
USD thousands (except per share data)	**Q1-21**	**Q1-20**
Revenue	-	-
Gross profit	-	-
Net loss for the period from continuing operations	(2,453)	(2,139)
Net income (loss) from discontinued operations	923	(439)
Net loss for the period	**(1,530)**	**(2,578)**
Net loss attributable to owners of Etrion	(1,530)	(2,578)
Basic and diluted loss per share from continuing operations	**$(0.01)**	**$(0.01)**
Basic and diluted loss per share for the period:	**$(0.01)**	**$(0.01)**

Net loss for the period from continuing operations	**(2,453)**	**(2,139)**
Adjustments to net loss for:		
Net income tax expense (recovery)	83	(92)
Depreciation and amortization	33	34
Share-based payment expense	132	48
Net finance costs	585	733
Other expense	131	450
Income tax paid	(83)	(1,594)
Changes in working capital	(1,795)	2,131
Operating cash outflow from continuing operations	**(3,367)**	**(429)**

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

USD thousands	**March 31 2021**	**December 31 2020**
Non-current assets	1,239	1,301
Current assets	322,958	380,324
Total assets	**324,197**	**381,625**
Non-current liabilities	1,143	1,221
Current liabilities	303,845	358,892
Total liabilities	**304,987**	**360,113**
Net assets	**19,210**	**21,512**

Financial review

Continued

Segment information

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

Segment information three months ended March 31

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

	Three months ended					
USD thousands	**Q1-21**			**Q1-20**		
	Solar Japan	**Corporate**	**Total**	**Solar Japan**	**Corporate**	**Total**
Revenue	**3,944**	**-**	**3,944**	**4,296**	**-**	**4,296**
Operating expenses	(1,135)	-	(1,135)	(1,055)	-	(1,055)
General and administrative expenses	(46)	(1,649)	(1,695)	(96)	(1,218)	(1,314)
Other (expense) income	(2)	(133)	(135)	8	(458)	(450)
EBITDA	**2,761**	**(1,782)**	**979**	**3,153**	**(1,676)**	**1,477**
Depreciation and amortization	-	(33)	(33)	(2,290)	(34)	(2,324)
Finance income	-	101	101	-	247	247
Finance costs	(1,084)	(657)	(1,741)	(1,094)	(768)	(1,862)
Income (loss) before income tax	**1,677**	**(2,370)**	**(694)**	**(231)**	**(2,231)**	**(2,462)**
Income tax (expense) recovery	(754)	(83)	(837)	(208)	92	(116)
Net income (loss) for the period	**923**	**(2,453)**	**(1,530)**	**(439)**	**(2,139)**	**(2,578)**

Solar Japan: During Q1-21, the Group's Japanese solar segment generated revenues of $3.9 million and EBITDA of $2.8 million, representing decreases of 8.2% and 12.4 %, respectively, in comparison with the same period in 2020. Revenue and EBITDA decreased due to heavy snowfalls causing significant damage to the Misawa solar park and adverse weather conditions which impacted the overall performance of the solar plants. Nevertheless, the Group's Japanese segment generated a net income of $0.9 million, in comparison with a net loss of $0.4 million for the same period in 2020 mainly as an effect of IFRS 5 application since the depreciation of the assets held for sale (solar plants) ceased from September 30, 2020, the date of the new classification.

Corporate: During Q1-21, the Group's corporate segment generated negative EBITDA of $1.8 million and a net loss of $2.5 million, compared to a negative EBITDA of $1.7 million and a net loss of $2.1 million, respectively, in the same period in 2020. Net results were affected in 2021 by the expenses associated with the sale process of the Japanese assets and lower capitalization of development costs.

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net loss	Three months ended	
USD thousands	Q1-21	Q1-20
Net loss from continuing operations	**(2,453)**	**(2,139)**
Adjustments for non-recurring and non-cash items:		
Tax reassessment from Italian municipalities	-	383
VAT write-off	133	-
Depreciation and amortization	33	34
Share-based payment expense	132	48
Adjusted net loss	**(2,155)**	**(1,674)**

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended	
USD thousands	Q1-21	Q1-20
Operating cash outflow from continuing operations	**(3,367)**	**(429)**
- Changes in working capital	1,795	(2,131)
- Income tax paid	83	1,594
Adjusted operating cash outflow from continuing operations	**(1,489)**	**(966)**

Reconciliation of continuing operations Adjusted EBITDA to EBITDA	Three months ended	
USD thousands	Q1-21	Q1-20
Net loss from continuing operations	**(2,453)**	**(2,139)**
Adjustments for:		
Net income tax expense	83	92
Net finance costs	556	521
Depreciation and amortization	33	34
EBITDA	**(1,782)**	**(1,676)**
Adjustment for non-recurring items:		
Tax reassessment from Italian municipalities	-	383
VAT write-off	133	-
Adjusted EBITDA from continuing operations	**(1,649)**	**(1,293)**

Financial review

Continued

Quarterly selected financial information

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

USD thousands (except per share data)	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19
Revenue	**3,944**	**3,932**	**6,011**	**7,130**	**4,296**	**3,599**	**6,356**	**7,705**
Japan	3,944	3,932	6,011	7,130	4,296	3,599	6,356	7,705
Net (loss) income	**(1,530)**	**(4,477)**	**28,030**	**1,611**	**(2,578)**	**(6,249)**	**3,242**	**547**
Net (loss) income from continuing operations attributable to owners of Etrion	(2,453)	(4,263)	26,818	1,611	(2,578)	(6,110)	2,973	164
Net (loss) income attributable to owners of Etrion	(1,530)	(4,477)	28,030	1,611	(2,578)	(6,110)	2,973	164
Basic and diluted (loss) earnings per share:								
From continuing operations attributable to owners of Etrion	$(0.00)	$(0.01)	$0.08	$0.00	$(0.00)	$(0.02)	$0.01	$0.00

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

Financial review

Continued

General and administrative expenses

	Three months ended	
USD thousands	Q1-21	Q1-20
Salaries and benefits	509	583
Board of Directors' fees	29	68
Share-based payments	132	48
Professional fees	534	368
Disposal expenses assets-held for sale	278	-
Listing and marketing	48	45
Depreciation and amortization	33	34
Office lease	56	74
Office, travel and other	63	128
Total G&A	**1,682**	**1,348**

During the three months ended March 31, 2021, general and administrative expenses increased by $0.3 million (24.8%), compared with the same period in 2020 due to the expenses associated with the sale process of the Japanese assets and lower capitalization of development costs. Following the presentation of continuing / discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Other expense

	Three months ended	
USD thousands	Q1-21	Q1-20
Municipality tax reassessment from disposed assets	-	383
Other	133	67
Income tax expense	**133**	**450**

During the three months ended March 31, 2021, the Company recognized a $0.1 million write-off of unrecoverable VAT from one of its Japanese subsidiaries. During the three months ended March 31, 2020, the Company recognized $0.4 million of tax expense relating to tax reassessments received from the Italian municipalities where two of its previously owned solar parks operated. Under the terms of the original sale and purchase agreement, the seller was responsible for certain specific potential claims not confirmed at the date of sale in December 2016.

Net finance costs

	Three months ended	
USD thousands	Q1-21	Q1-20
Interest expense on corporate bond	64	743
Loss on call option	117	-
Loss on debt extinguishment	435	-
Foreign exchange (gain)	(102)	(245)
Other finance costs, net	41	25
Net finance cost	**555**	**521**

During the three months ended March 31, 2021, net finance costs increased by $34 thousand, compared to the same period in 2020. Following the redemption and full repayment of the corporate bonds as of January 7, 2021, the interest expense significantly decreased in comparison with the same period in 2020. In addition, the Company recognized finance costs of $0.4 million together with a loss on call option of $0.1 million associated with the redemption of the corporate bond. Following the presentation of continuing / discontinued operations, the above table represents the continuing operations with restated comparatives as per IFRS 5 requirements.

Income tax expense

	Three months ended	
USD thousands	Q1-21	Q1-20
Corporate income tax (expense) recovery	(83)	92
Income tax (expense) recovery	**(83)**	**92**

During the three months ended March 31, 2021, the Group recognized an income tax expense of $0.1 million (2020: tax recovery of $0.1 million) associated with its management services subsidiaries.

Financial review

Continued

Financial position

Liquidity and financing

Cash position

USD thousands	March 31 2021	December 31 2020
Cash and cash equivalents:		
Unrestricted at parent level	4,865	8,956
Restricted at parent level (bond)	-	37,008
Total cash and cash equivalents	**4,865**	**45,964**

Unrestricted cash analysis

The Group's cash and cash equivalents at March 31, 2021, included unrestricted cash of $4.9 million held at the corporate level.

The Company's management is confident that the Group will be able to fund its working capital requirements for at least 12 months from the date of these consolidated financial statements.

Restricted cash analysis (discontinued operations)

USD thousands	March 31 2021	December 31 2020
Japan	59,999	63,715
Total restricted cash	**59,999**	**63,715**

The Group's cash and cash equivalents at March 31, 2021, included restricted cash held at the project level in Japan that is restricted by the lending banks for future payment of interest and repayment of principal and for working capital requirements related to each project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions. Restricted cash decreased by $3.8 million mainly due to funds used in the construction of the Niigata solar power project, partially offset by operating cash flow from the Japanese solar power projects.

Working capital

At March 31, 2021, the Group's contractual obligations for the next five years and thereafter are as follows:

USD thousands	2021	2022	2023	2024	After five years	Total
EPC	28,280	725	-	-	-	29,005
Project loans	10,993	27,637	17,150	17,757	159,191	232,728
O&M contracts	684	616	773	1,216	9,323	12,612
Operating leases	312	1,010	1,010	1,010	11,973	15,315
Lundin loan	4,679	-	-	-	-	4,679
Trade payables	11,752	-	-	-	-	11,752
Total	**56,700**	**29,988**	**18,933**	**19,983**	**180,487**	**306,091**

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

Net equity

During the three months ended March 31, 2021, total equity attributable to owners of the Company decreased by $2.3 million from a net asset position of $21.5 million at December 31, 2020, to a net asset position of $19.2 million at March 31, 2021. This change was primarily due to the recognition of $1.5 million of net loss during the period. Total equity attributable to owners of the Company at March 31, 2021, was negatively impacted by the cumulative fair value losses of $11.9 million recognized within other reserves that are associated with the Group's derivative financial instruments. Excluding these fair value losses, the total equity attributable to owners of the Company at March 31, 2021 would have resulted in a net asset position of $31.1 million.

Financial review

Continued

Borrowings

Non-recourse project loans

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

USD thousands	MW	Maturity	March 31 2021	December 31 2020
Shizukuishi	25	December 30, 2034	50,591	54,269
Mito	9	June 30, 2034	21,103	22,655
Misawa	10	June 30, 2036	22,496	24,150
Komatsu	13	December 30, 2036	27,636	29,668
Niigata	45	June 30, 2038	138,919	149,211
Total			**260,745**	**279,953**

Japanese projects

The non-recourse project loans obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects mature between 2034 and 2036 and bear annual interest rates of Tokyo Interbank Offered Rate ("TIBOR") plus a margin ranging from 1.1% to 1.4%. The Japanese non-recourse project loans are 90% hedged through interest rate swap contracts during the operational period at interest rates ranging from 1.72% to 3.13% all-in. At March 31, 2021, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. All the Japanese interest rate swap contracts qualified for hedge accounting at March 31, 2021, and December 31, 2020.

At March 31, 2021 and December 31, 2020, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

Corporate borrowings

On January 7, 2021, the Company repaid the outstanding corporate bond, in full and at a redemption price of 100.725% of the face value plus accrued and unpaid interest. The bonds were issued by the Company in June 2018 at 7.25% annual interest with a three-year maturity.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (May 7, 2020: 334,094,324). The Company maintains the Restricted Share Unit Plan (the "Plan") pursuant to which employees, consultants, Directors and officers of the Group may be awarded restricted share units ("RSUs"). The outstanding RSUs have a contractual term of six years and are subject to certain market performance-based vesting conditions. At the date of this MD&A, the Company had 16,766,667 RSUs outstanding.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements at March 31, 2021, and December 31, 2020.

Capital investments

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

Critical accounting policies and estimates

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

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

There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2021, from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2020.

Financial review

Continued

Going concern

The Company's condensed interim consolidated financial statements for the three months ended March 31, 2021, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At March 31,2021, the Group had unrestricted cash and cash equivalents from continuing operations of $4.9 million (December 31, 2020: $46.0 million) and negative working capital of $1.6 million. During the three months ended March 31, 2021, the Group recognized a net loss of $1.5 million (2020: loss $2.6 million). The Company's management is confident that in the event the proposed sale of the Group's solar assets is not completed, the Group will be able to fund its working capital requirements for at least 12 months from the date of these consolidated financial statements. The Company's interim consolidated financial statements for the three months ended March 31, 2021, do not include the adjustments that would result if the Group were unable to continue as a going concern.

Contingencies

On August 10, 2015, the Group received a litigation notice from a former employee alleging unreconciled labor-related differences. The Company's Directors believe the claim is without merit, and the Group intends to vigorously defend itself. Given the current stage of the legal process, the Company is unable to make a reliable estimate of the financial effects of the litigation.

Related parties

For the purposes of preparing the Company's condensed interim consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns directly and through various investment trusts approximately 36% of the Company's common shares. All related party transactions are made on terms equivalent to those made on an arm's length basis. The related party transactions disclosed in the notes to the Company's condensed consolidated interim financial statements for the three months ended March 31, 2021, are summarized below.

Related party transactions

Lundin Energy AB

The Group receives professional services from Lundin Energy AB, for market and investor relation activities in Sweden and general and administrative expenses, respectively. During the three months ended March 31, 2021, the Group incurred general and administrative expenses of $1 thousand (2020: $nil) from Lundin Energy AB. At March 31, 2021, the Group owed no (December 31, 2020: nil) outstanding amounts in relation to these expenses.

Lundin SA

During the three months ended March 31, 2021, the Group recognized expenses of $30 thousand (2020: $30 thousand) under the service agreement with Lundin SA to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

Lundin family

On January 4, 2021, Etrion received a €4.0 million (approximately $4.7 million) loan facility from the Lundin family in order to re-finance the payment of the corporate bonds. The loan bears a 3% interest rate and is repayable on December 21, 2021.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group include members of the Board of Directors, the Chief Executive Officer, Marco A. Northland, the Chief Financial Officer, Christian Lacueva, the Chief Investment Officer, Martin Oravec and the Executive Vice President, Business Development and M&A, Giora Salita.

During the three months ended March 31, 2021, the Group recognized within general and administrative expenses, $0.7 million (2020: $0.3 million) associated with the remuneration of key management personnel, related to salaries and short-term benefits, pension costs, fees paid to the Board of Directors and share-based payment expenses. At March 31, 2021, the Group had no outstanding liabilities to key management personnel (March 31, 2020: $nil).

Financial review

Continued

Financial risk management

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

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

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

Derivative financial instruments

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

USD thousands	March 31 2021	December 31 2020
Derivative financial assets:		
Corporate bond call option	-	120
Total derivative financial assets	-	120

Corporate bond call option

During the three months ended March 31, 2021, the Group derecognized the call option on the redemption of the corporate bond which was fully repaid on January 7, 2021.

Interest rate swap contracts

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

At March 31, 2021, and December 31, 2020, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in finance income/costs. Following the IFRS 5 presentation all derivatives associated with solar projects are classified under liabilities associated with the assets held for sale.

RISKS AND UNCERTAINTIES

Risks and uncertainties

The Group's activities expose it to a variety of financial and non-financial risks and uncertainties that could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. Certain of such risks are discussed below. Certain of such risks and uncertainties will also be subject to the outcome of the proposed sale of the Group's Japanese solar assets as disclosed elsewhere in this MD&A. For a more detailed discussion of risk factors currently applicable to the Group generally and risk factors specifically applicable to the proposed sale of the Group's solar assets, see Etrion's Annual Information Form for the year ended December 31, 2020 and the Management Information Circular for the annual and special general meeting of the shareholders of the Company to be held on May 27, 2021, both of which have been filed on SEDAR and is available under Etrion's profile at www.sedar.com. Risk management is carried out by the Company's management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also oversees and provides assistance with the overall risk management strategy and mitigation plan of the Group.

Risks related to the Sale of Assets

The completion of the sale of the Group's Japanese solar assets is subject to a number of conditions precedent, some of which are outside of the control of the Company, including receipt of shareholder approval and receipt of required consents or approvals from third parties. There can be no certainty, and the Company cannot provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.
In the event that the Company does not complete the sale of assets, the Company will continue to carry on business in the normal course.

Subject to the completion of the sale of assets, the Company intends to distribute a portion of the net proceeds received by the Company from the transaction as soon as practicable. The timing of such distribution will be determined by the Board of Directors and the Company cannot provide any assurance as to the timing and amount of such distribution.

If the sale of the Japanese solar assets is completed, the Company will have no ongoing business activities and subject to the possibility of the Board of Directors identifying other potential business opportunities, the Company expects to wind up its activities and proceed with the dissolution of the Company within approximately 24 months after Closing. Any funds of the Company remaining at the time of dissolution after settlement of all outstanding liabilities would be distributed to shareholders but there can be no certainty as to the timing of the dissolution or the amount of funds that will be available for distribution at that time.

Financial risks

Debt and equity financing

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

Capital requirements and liquidity

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

Market risks

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

Cost uncertainty

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

Non-financial risks

Licenses and permits

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

Governmental regulation

The renewable energy sector is subject to extensive government regulation. These regulations are subject to change based on current and future economic and political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Group operates could lead to delays in the construction or development of additional solar power projects and/or adversely impair its ability to acquire and develop economic projects, generate adequate internal returns from operating projects and continue operating in

Risks and uncertainties

Continued

current markets. Specifically, reductions in the FiT payable to the Group on its existing solar power projects in Japan as well as other legislative or regulatory changes could impact the profitability of the Group's solar power projects.

Competition

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

Prices and markets for electricity

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

International operations

Renewable energy development and production activities are subject to significant political and economic uncertainties that may adversely affect the Group's performance. Uncertainties include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future FiTs/PPAs, a change in renewable energy pricing policies and a change in taxation policies or the regulatory environment in the jurisdictions in which the Group operates. These uncertainties, all of which are beyond the Group's control, could have a material adverse effect on the Group's financial position and operating performance. In addition, if legal disputes arise relating to any of the Group's operations, the Group could be subject to legal claims and litigation within the jurisdiction in which it operates.

Reliance on contractors and key employees

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

Coronavirus (COVID-19)

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

OTHER DISCLOSURES

Other disclosures

Disclosure controls and internal control over financial reporting

In accordance with National Instrument 52-109 Certification of Disclosures in Issuers' Annual and Interim Filings, the Company's Chief Executive Officer and Chief Financial Officer are required to:

- design or supervise the design and evaluate the effectiveness of the Group's disclosure controls and procedures ("DC&P"); and
- design or supervise the design and evaluate the effectiveness of the Group's internal controls over financial reporting ("ICFR").

The Company's Chief Executive Officer and Chief Financial Officer have not identified any material weakness in the Group's DC&P and ICFR.

Cautionary statement regarding forward-looking information

Forward-looking information and statements are included throughout this MD&A and include, but are not limited to, statements with respect to: the Group's proposed sale of its Japanese solar assets; the anticipated distribution of funds to shareholders of the Company following completion of such sale; the possibility that the Company may proceed to wind up its activities and dissolve following the completion of such sale; and the anticipated distribution of funds to shareholders in connection with the dissolution of the Company. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties and factors that could cause actual results or events to differ materially from current expectations, including, without limitation: the risk that the sale of the Japanese solar assets may not be completed as expected; uncertainties with respect to the timing and amount of the distribution of funds to shareholders following the completion of such sale; uncertainties with respect to the Company's ongoing activities following the completion of such sale; and uncertainties with respect to the timing of the dissolution of the Company and the amount of funds that will be available for distribution at the time of dissolution.. All such forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. In addition to the assumptions set out elsewhere in this MD&A, such assumptions include, but are not limited to: the ability of the Group to complete the sale of its Japanese assets and assumptions as to the amount of funds that will be available for distribution following the completion of such sale. The foregoing factors, assumptions and risks are not exhaustive and are further discussed under the heading "Risk and uncertainties" above and in Etrion's most recent Annual Information Form, the Management Information Circular for the annual and special general meeting of the shareholders of the Company to be held on May 27, 2021 and other public disclosure available on SEDAR at www.sedar.com. Actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or, if any of them do so, what benefits will be derived therefrom. Investors should not place undue reliance on forward-looking information. Except as required by law, Etrion does not intend to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The information contained in this MD&A is expressly qualified by this cautionary statement.

Additional information

Additional information regarding the Company, including its Annual Information Form, may be found on the SEDAR website at www.sedar.com or by visiting the Company's website at www.etrion.com