



Condensed Consolidated Interim
Financial Statements
Three Months Ended March 31, 2023
UNAUDITED

At a Glance

Etrion Corporation

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

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. Subject to the possibility of the Board identifying other potential business opportunities, the Company may deploy the remaining capital into a new venture or complete its windup activities and proceed with the dissolution of the Company within approximately 36 months, although it is possible that the dissolution may be accelerated or 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.



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

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FINANCIAL STATEMENTS

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The accompanying condensed consolidated unaudited interim financial statements of the Company for the three months ended March 31, 2023, have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements. Readers are cautioned that these condensed consolidated unaudited interim financial statements may not be appropriate for their purposes.

Condensed consolidated interim statement of net loss and comprehensive net loss

For the three months ended March 31, 2023, and 2022

UNAUDITED

Expressed in US\$'000

		Three months ended	
		Q1-23	Q1-22
General and administrative expenses	4	(375)	(790)
Other expense		(5)	(25)
Operating loss		(380)	(815)
Finance income	5	42	-
Finance costs	5	(920)	(3,986)
Net finance costs		(878)	(3,986)
Loss before income tax		(1,258)	(4,801)
Income tax expense	6	(16)	(36)
Net loss for the period		(1,274)	(4,837)
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Gain on currency translation		743	3,139
Total other comprehensive income		743	3,139
Total comprehensive net loss for the period		(531)	(1,698)
Loss attributable to:			
Owners of the parent		(1,274)	(4,837)
Total		(1,274)	(4,837)
Total comprehensive loss attributable to:			
Owners of the parent		(531)	(1,698)
Total		(531)	(1,698)
Basic and diluted loss per share for the period	7	\$(0.00)	\$(0.01)

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

Condensed consolidated interim balance sheet

As at March 31, 2023

UNAUDITED

Expressed in US\$'000

	Note	March 31 2023	December 31 2022
Assets			
Current assets			
Other receivables	9	276	338
Cash and cash equivalents	8	13,469	14,198
Total current assets		13,745	14,536
Total assets		13,745	14,536
Equity			
Attributable to common shareholders			
Share capital	10	2,055	2,055
Contributed surplus		9,461	9,461
Other reserves		(119)	(862)
Retained earnings (accumulated losses)		1,100	2,374
Total equity		12,497	13,028
Liabilities			
Non-current liabilities			
Employment benefit obligations		369	512
Total non-current liabilities		369	512
Current liabilities			
Trade and other payables	11	818	916
Current tax liabilities	6	61	80
Total current liabilities		879	996
Total liabilities		1,248	1,508
Total equity and liabilities		13,745	14,536

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

Condensed consolidated statement of changes in equity

For the three months ended March 31, 2023 and 2022

UNAUDITED

Expressed in US\$'000

	Share capital	Contributed surplus	Other reserves	Accumulated (losses) earnings	Total equity
Balance at January 1, 2022	2,055	9,461	(4,646)	10,587	17,457
Comprehensive income:					
Loss for the period	2,055	9,461	(4,646)	10,587	17,457
Other comprehensive income (loss):					
Currency translation	-	-	3,139	-	3,139
Total comprehensive (loss) income	-	-	3,139	(4,837)	(4,837)
Balance at March 31, 2022	2,055	9,461	(1,507)	5,749	15,758
Balance at January 1, 2023	2,055	9,461	(862)	2,374	13,028
Comprehensive loss:					
Loss for the period	-	-	-	(1,274)	(1,274)
Other comprehensive income (loss):					
Currency translation	-	-	743	-	743
Total comprehensive (loss) income	-	-	743	(1,274)	(531)
Balance at March 31 2023	2,055	9,461	(119)	1,100	12,497

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

Condensed consolidated interim statement of cash flow

For the three months ended March 31, 2023 and 2022

UNAUDITED

Expressed in US\$'000

	Note	Three months ended	
		Q1-23	Q1-22
Operating activities:			
Net loss for the period		(1,274)	(4,837)
Adjustments for:			
Income tax expense	6	16	36
Foreign exchange gain	5	898	3,951
Other expense		5	(25)
Sub-total		(355)	(875)
Changes in working capital:			
Trade and other receivables		62	(67)
Trade and other payables		(242)	(803)
Total cash flow used in operating activities		(535)	(1,745)
Net decreased cash and cash equivalents		(535)	(1,745)
Effect of exchange rate changes on cash and cash equivalents		(194)	(737)
Cash and cash equivalents at the beginning of the period		14,198	20,578
Cash and cash equivalents at the end of the period	8	13,469	18,096

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

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Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2023 and 2022

UNAUDITED

Expressed in US\$'000 unless otherwise stated

1. General information

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums and therefore is no longer owning and operating any solar projects. On August 24, 2021, the Company distributed \$109.2 million to the shareholders as a return of capital, and the share capital was reduced accordingly.

Further to the sale of all of the Company's assets and the return of capital to shareholders, and in order to minimize the costs and management time associated with the listing of the Corporation's common shares on the Toronto Stock Exchange (the "TSX") and Nasdaq Stockholm stock exchange (the "Nasdaq"), the Company applied to voluntarily delist the common shares. Such delisting from the TSX became effective after the close of trading on September 17, 2021 and from the Nasdaq after the close of trading on January 4, 2022.

The Company plans to retain approximately \$14 million in cash to address any potential warranty and damage claims from the sale of the Niigata asset in Japan, corporate obligations, and potential claims as well as wind-up cost. The only remaining warranties related to intentional breach expire in May 2024.

Subject to the possibility of the board of directors of identifying new potential business opportunities, the Company expects to complete its windup activities and proceed with the dissolution of the Company within approximately 36 months, although it is possible that the dissolution may be accelerated or 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.

These condensed consolidated interim financial statements are presented in United States ("US") Dollars ("\$"), which is the Group's presentation currency. The Company's Board of Directors approved these condensed consolidated interim financial statements on May 12 2023.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements have been prepared on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

3. Accounting estimates and assumptions

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

On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material. There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2023, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2022.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2023 and 2022

UNAUDITED

Expressed in US\$'000 unless otherwise stated

4. General and administrative expenses

	Three months ended	
	Q1-23	Q1-22
Salaries and benefits	-	405
Professional fees	182	191
Listing and marketing	13	18
Office lease	2	30
Office, travel and other	57	146
Taxes other than income	121	-
Total general and administrative expenses	375	790

Taxes other than income refers to the net wealth tax expense for the Company's subsidiary Solar Resources Holding, Sarl.

5. Net finance costs

	Three months ended	
	Q1-23	Q1-22
Finance income:		
Other finance income	42	-
Total finance income	42	-
Finance costs:		
Foreign exchange loss	899	3,951
Other finance costs	21	35
Total finance costs	920	3,986
Net finance costs	878	3,986

During the three months ended March 31, 2023, the Group recognized an unrealized foreign exchange loss of \$0.9 million (2022: \$3.9 million) associated with intercompany loans with the subsidiary in Luxembourg denominated in Euros.

6. Income taxes

(a) Income tax expense

	Three months ended	
	Q1-23	Q1-22
Income tax expense:		
Corporate income tax expense	16	36
Total income tax expense	16	36

During the three months ended March 31, 2023, the Group recognized an income tax expense of \$16,000 thousand (2022: \$36,000 thousand) associated with its management services subsidiaries.

(b) Current income tax liabilities

	March 31 2023	December 31 2022
Corporate income tax	61	80
Total current income tax liabilities	61	80

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2023 and 2022

UNAUDITED

Expressed in US\$'000 unless otherwise stated

7. Loss per share

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

	Three months ended	
	Q1-23	Q1-22
Income attributable to common shareholders:		
Loss from the period	(1,274)	(4,837)
Total loss attributable to common shareholders	(1,274)	(4,837)
Weighted average number of thousand shares outstanding	334,094	334,094
Basic and diluted loss per share:	\$(0.00)	\$(0.01)

8. Cash and cash equivalents

The Group's cash and cash equivalents are held in banks in Canada, Luxembourg, Switzerland, and Japan with high and medium grade credit ratings assigned by international credit agencies. The fair value of cash and cash equivalents approximates their carrying value owing to short maturities.

	March 31 2023	December 31 2022
Cash and cash equivalents	13,469	14,198
Total	13,469	14,198

9. Other receivables

	March 31 2023	December 31 2022
Current portion:		
VAT account receivables	97	108
Advances paid and prepaid expenses	81	138
Other current assets	98	92
Total other receivables	276	338

10. Share capital

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 shares are issued and fully-paid and outstanding at March 31, 2023 (December 31, 2022: 334,094,324). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors.

11. Trade and other payables

	March 31 2023	December 31 2022
Financial liabilities		
Trade payables	23	73
Total financial liabilities	23	73
Accrued expenses	226	276
Other payables	569	567
Total trade and other payables	818	916

12. Related parties

For the purposes of preparing the Company's condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 36% of the Company's common shares (2022: 36%). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed below. Details of transactions between the Group and other related parties are disclosed below.

(a) Related party transactions

During the three months ended March 31, 2023, the Group entered into the following transactions with related parties:

	Three months ended	
	Q1-23	Q1-22
General and administrative expenses:		
Orrön Energy AB	2	2
Total transactions with related parties	2	2

There were no amounts outstanding to related parties at March 31, 2023 and December 31, 2022.

There were no amounts outstanding from related parties at March 31, 2023 and December 31, 2022.

13. Financial assets and liabilities

	March 31, 2023			December 31, 2022		
	Financial assets at amortized cost	Fair value recognized in profit and loss	Total	Financial assets at amortized cost	Fair value recognized in profit and loss	Total
Financial assets						
Current						
Cash and cash equivalents	13,469	-	13,469	14,198	-	14,198
Total financial assets	13,469	-	13,469	14,198	-	14,198

	March 31, 2023			December 31, 2022		
	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Total	Financial and other liabilities at amortized cost	Fair value recognized in profit and loss	Total
Financial liabilities						
Current						
Trade payables	23	-	23	73	-	73
Total financial liabilities	23	-	23	73	-	73

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

	March 31 2023	December 31 2022
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	13,469	14,198
Total financial assets	13,469	14,198

14. Contingencies

(a) Former employee claim

On August 10, 2015, the Group received a litigation notice from a former employee alleging unreconciled labor-related differences. The Company's Directors believe the claim is without merit, and the Group continues to vigorously defend itself. Given the current stage of the legal process, the Company is unable to make a reliable estimate of the financial effects of the litigation and has not included a provision for liability under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, in these consolidated financial statements.

(b) Tax reimbursement claim

The Company has been actively pursuing reimbursement of certain tax payments (Tremonti Ambiente) in Italy regarding years 2010-2013, 2014-2015 and 2016-2017 before the Italian Courts. On July 27th, 2022, the Regional Tax Court in Rome ruled partially in favour of the Company and recognized the right of refund of EUR 6 million (gross) for the 2010-2013 tax years. However, on November 2nd, 2022 the Italian Tax Authority appealed the ruling of the Regional Tax Court before the Supreme Court. The Counterclaim of the Company was timely filed within 40 days from the official notification of the claim of the Italian Tax Authority. In addition, it is worth noticing that the Company filed an additional Claim before the Supreme Court on February 27, 2023 for the part of the refund, related to 2010 - 2013 not recognized by the Regional Tax Court in Rome on July 27th, 2022. As already anticipated in the previous communication, this circumstance will delay the final resolution by some years. In addition, on July 13, 2022 a negative ruling was issued by the First Instance Tax Commission of Rome on the refund for the tax years 2016-2017, which the Company appealed with the Competent Tax Commission of second instance judgment. Overall, litigation for the 2014-2015 and 2016- 2017 years continues at various stages before the Courts and the Company will inform should developments arise.