Management's Discussion and Analysis
Three Months Ended March 31, 2023

At a Glance
Etrion Corporation

Etrion Corporation is as a renewable energy development 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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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 12, 2023, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2023. 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, 2023	135.64	121.64	1.11
Closing rate at March 31, 2021	129.92	110.74	1.17
Three months average rate 2022	125.73	116.16	1.12
Three months average rate 2021	127.19	106.35	1.21

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 11). 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 11). 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 11). 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 17.

FIRST QUARTER 2023 HIGHLIGHTS

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First quarter 2023 highlights

	Three months ended	
USD thousands (unless otherwise stated)	**Q1-23**	**Q1-22**
Financial results from continuing operations		
EBITDA	(380)	(815)
Adjusted EBITDA	(375)	(790)
Net loss	(1,274)	(4,837)
	March 31 2023	**December 31 2022**
Balance sheet		
Total assets	13,745	14,536
Unrestricted cash	13,469	14,198
Working capital	12,866	13,540

Operational highlights

- The Company sold all the solar assets in 2021 and was not developing any new project during the twelve months ended December 31, 2022.

Financial highlights

- Etrion closed the first quarter of 2023 with an unrestricted cash balance of $13.5 million and positive working capital of $12.8 million.

BUSINESS REVIEW

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Business review

Business overview

Etrion Corporation was created as an independent renewable energy developer. Etrion's largest shareholder is the Lundin family, which owns approximately 36% of the Company's shares directly and through various trusts. Etrion is based in Geneva, Switzerland. As of the date of this MD&A, the Company has a total of 1 employee.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums and therefore it has disposed of all of its solar assets. 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 retained 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. On January 31, 2023, the warranty for damages given by the Company to the buyers of the Japanese Niigata solar park expired. 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.

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 favor 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 noting 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.

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Financial review

Financial results

Selected financial information

During the three months ended March 31,2023, the Group's performance and results were impacted by the sale of all the solar projects. Selected IFRS consolidated financial information, is as follows:

	Three months ended	
USD thousands (except per share data)	**Q1-23**	**Q1-22**
Revenue	-	-
Gross profit	-	-
Net loss for the period	**(1,274)**	**(4,837)**
Net loss attributable to owners of Etrion	(1,274)	(4,837)
Basic and diluted loss per share for the period:	**$(0.00)**	**$(0.01)**

Net loss for the period	**(1,274)**	**(4,837)**
Adjustments to net loss for:		
Net income tax expense	16	36
Net finance costs	898	3,951
Other expense, net	5	(25)
Changes in working capital	(180)	(870)
Operating cash outflow	**(535)**	**(1,745)**

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

USD thousands	**March 31 2023**	**December 31 2022**
Non-current assets	-	-
Current assets	13,745	14,536
Total assets	**13,745**	**14,536**
Non-current liabilities	369	512
Current liabilities	879	996
Total liabilities	**1,248**	**1,508**
Net assets	**12,497**	**13,028**

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net loss	Three months ended	
USD thousands	Q1-23	Q1-22
Net loss income from operations	(1,274)	(4,837)
Adjustments for non-recurring and non-cash items	-	-
Adjusted net loss	(1,274)	(4,837)

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended	
USD thousands	Q1-23	Q1-22
Operating cash outflow operations	(535)	(1,745)
- Changes in working capital	180	870
- Income tax paid	-	36
Adjusted operating cash outflow operations	(355)	(839)

Reconciliation of Adjusted EBITDA to EBITDA	Three months ended	
USD thousands	Q1-23	Q1-22
Net loss from operations	(1,274)	(4,837)
Adjustments for:		
Net income tax expense	16	36
Net finance costs	878	3,986
EBITDA	(380)	(815)
Adjustment for non-recurring items:		
VAT write-off and other	5	25
Adjusted EBITDA	(375)	(790)

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)	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
Revenue	-	-	-	-	-	-	246	6,710
Japan	-	-	-	-	-	-	246	6,710
Net (loss) income	**(1,274)**	**430**	**77**	**(4,192)**	**(4,837)**	**(2,485)**	**6,175**	**101,102**
Net (loss) income from operations attributable to owners of Etrion	(1,274)	430	77	(4,192)	(4,837)	(3,795)	(2,541)	(1,977)
Net income (loss) attributable to owners of Etrion	(1,274)	430	77	(4,192)	(4,837)	1,310	6,175	101,102
Basic and diluted (loss) earnings per share:								
From operations attributable to owners of Etrion	$(0.00)	$0.00	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.00)

In 2023, the Company is no longer producing electricity and generating revenue, following the sale of all solar assets in 2021. 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	**Q1-23**	**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 G&A	**375**	**790**

During the three months ended March 31, 2023, general and administrative expenses decreased by $0.4 million (52%), compared with the same period in 2021 due to the reduced activity of the corporation after the sale of Japanese assets.

Other expense, net

	Three months ended	
USD thousands	**Q1-23**	**Q1-22**
Other	5	25
Total other expense, net	**5**	**25**

Net finance costs

	Three months ended	
USD thousands	**Q1-23**	**Q1-22**
Foreign exchange gain	899	3,951
Other finance costs, net	(21)	35
Net finance cost	**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.

Income tax expense

	Three months ended	
USD thousands	**Q1-23**	**Q1-22**
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.

Financial review

Continued

Financial position

Liquidity and financing

Cash position

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

Unrestricted cash analysis

The Group's cash and cash equivalents at March 31, 2023, included unrestricted cash of $13.5 million. 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.

Working capital

At the date of this MD&A, the Group had no more contractual obligations in regards of project loans and O&M contracts. The only obligations pertain to the trade payables amounting of $0.9 million as of March 31, 2023 and due within one year. All of the contractual obligations will be funded from existing cash available, with no additional capital investments to be made by the Group.

Net equity

During the three months ended March 31, 2023, total equity attributable to owners of the Company decreased by $0.5 million from a net asset position of $13.0 million at December 31, 2022, to a net asset position of $12.5 million at March 31, 2023. During the period the company recognized a net loss of $1.4 million.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (May 25, 2022: 334,094,324).

On June 22, 2021, following the completion of the sale of the majority of the Company's Japanese assets, the outstanding RSU grants met the accelerating vesting conditions. Therefore, as of June 22, 2021, all outstanding RSUs have been fully expensed. Consequently, the original treatment was modified from equity-settled to cash-settled, and the board of directors approved the fair value of $0.327 per RSU at the date of modification. The fair value was measured by reference to the Company's share price at the date of the modification.

On August 24, 2021, the Company distributed $0.327 per share to the shareholders as a return of capital for a total amount of $109.2 million, and the share capital was reduced accordingly. The Company also distributed $0.327 per RSU to the holders of the RSUs for a total amount of $5.0 million. The holders of the RSUs will be entitled to additional payments in the event that further distributions of net proceeds from the sale of the Company's assets and/or certain tax refunds are made to shareholders.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements at March 31, 2023, and December 31, 2022.

Capital investments

Following the completion of the sale of its Japanese solar assets, the Group has no required capital investments.

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.

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 consolidated financial statements for the year ended December 31, 2022.

Financial review

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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, 2023, are summarized below.

Related party transactions

Orrön Energy AB

The Group receives professional services from Orrön Energy AB, for market and investor relation activities in Sweden and general and administrative expenses, respectively. During the three months ended March 31, 2023, the Group incurred general and administrative expenses of $2 thousand (2022: $2 thousand) from Orrön Energy AB. At March 31, 2023, the Group owed no (December 31, 2022: nil) amounts in relation to these expenses.

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 and Chief Financial Officer, Marco A. Northland.

During the three ended March 31, 2023, the Group recognized within general and administrative expenses, $0.1 million (2022: $0.2 million) associated with the remuneration of key management personnel, related to salaries and short-term benefits and pension costs. At March 31, 2023, the Company recognised an amount of $0.5 million payable to the entitled employees under the RSUs plan.

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Risks and uncertainties

Following the completion of the sale of its solar projects, the only material risks to which the Group is exposed are the risk of warranty claims and uncertainties with respect to the outcome of its litigation with a former employee. The Company plans to reserve approximately CAD$20 million to cover for any liabilities that may result from potential warranty claims under the sale and purchase agreements pursuant to which its solar projects were sold, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs.

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 possibility that the Company may pursue an alternative business venture or proceed to wind up its activities and dissolve following the completion of the sale of its solar assets and the anticipated distribution of remaining available 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: uncertainties with respect to the Company's ongoing activities following the completion of such sale; the risk that the Company may have insufficient funds to satisfy its future obligations, including without limitation warranty claims under the agreements pursuant to which its projects were sold and uncertainties with respect to the outcome of its current litigation; uncertainties with respect to the determination of whether the Company will pursue an alternative business venture or proceed with dissolution and winding-up; uncertainties with respect to the timing of any such determination; in the case of a determination to proceed with an alternative business, the nature of such business; and, in the case of a the dissolution and winding-up of the Company, 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 assumptions as to the amount of funds that will be required to satisfy potential warranty claims under the sale agreements, other corporate level liabilities and anticipated expenses to cover continuing operations and windup costs. 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