



Condensed Consolidated Interim
Financial Statements
Three and Nine Months Ended September 30, 2023
UNAUDITED

At a Glance

Etrion Corporation

Etrion Corporation was created as 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.

In 2021, Etrion sold all its operating and under construction solar parks in Japan to two different Japanese consortiums. The Company will complete its windup activities and proceed with the dissolution of all the Company's legal entities. 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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The accompanying condensed consolidated unaudited interim financial statements of the Company for the three and nine months ended September 30, 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 and nine months ended September 30, 2023 and 2022

UNAUDITED

Expressed in US\$'000

		Three months ended		Nine months ended	
		Q3-23	Q3-22	Q3-23	Q3-22
General and administrative expenses	4	(660)	(226)	(1,446)	(1,829)
Other expense		7	(18)	-	(44)
Operating loss		(653)	(244)	(1,446)	(1,873)
Finance income	5	20	339	84	7
Finance costs	5	(619)	(18)	(10,894)	(7,000)
Net finance costs		(599)	321	(10,810)	(6,993)
Loss before income tax		(1,252)	77	(12,256)	(8,866)
Income tax expense	6	(10)	-	(75)	(86)
Net loss for the period		(1,262)	77	(12,331)	(8,952)
Other comprehensive income					
Gain (loss) on currency translation		(28)	(1,032)	7,784	4,396
Total other comprehensive income		(28)	(1,032)	7,784	4,396
Total comprehensive net loss for the period		(1,290)	(955)	(4,547)	(4,556)
Loss attributable to:					
Owners of the parent		(1,262)	77	(12,331)	(8,952)
Total		(1,262)	77	(12,331)	(8,952)
Total comprehensive loss attributable to:					
Owners of the parent		(1,290)	(955)	(4,547)	(4,556)
Total		(1,290)	(955)	(4,547)	(4,556)
Basic and diluted loss per share	7	\$(0.00)	\$(0.00)	\$(0.04)	\$(0.02)

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

Condensed consolidated interim balance sheet

As at September 30, 2023

UNAUDITED

Expressed in US\$'000

	Note	September 30 2023	December 31 2022
Assets			
Current assets			
Other receivables	9	359	338
Cash and cash equivalents	8	11,248	14,198
Total current assets		11,607	14,536
Total assets		11,607	14,536
Equity			
Attributable to common shareholders			
Share capital	10	2,055	2,055
Contributed surplus		9,461	9,461
Other reserves		6,922	(862)
Accumulated (losses) earnings		(9,957)	2,374
Total equity		8,481	13,028
Liabilities			
Non-current liabilities			
Employment benefit obligations		-	512
Total non-current liabilities		-	512
Current liabilities			
Trade and other payables	11	3,007	916
Current tax liabilities	6	119	80
Total current liabilities		3,126	996
Total liabilities		3,126	1,508
Total equity and liabilities		11,607	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 and nine months ended September 30, 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 loss:					
Loss for the period	-	-	-	(8,952)	(8,952)
Other comprehensive income:					
Currency translation	-	-	4,396	-	4,396
Total comprehensive (loss) income	-	-	4,396	(8,952)	(4,555)
Balance at September 30, 2022	2,055	9,461	(250)	1,635	12,902
Balance at January 1, 2023	2,055	9,461	(862)	2,374	13,028
Comprehensive loss:					
Loss for the period	-	-	-	(12,331)	(12,331)
Other comprehensive income:					
Currency translation	-	-	7,784	-	7,784
Total comprehensive (loss) income	-	-	7,784	(12,331)	(4,547)
Balance at September 30 2023	2,055	9,461	6,922	(9,957)	8,481

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

Condensed consolidated interim statement of cash flow

For the three and nine months ended September 30, 2023 and 2022

UNAUDITED

Expressed in US\$'000

	Note	Three months ended		Nine months ended	
		Q3-23	Q3-22	Q3-23	Q3-22
Operating activities:					
Net income for the period		(1,262)	77	(12,331)	(8,952)
Adjustments for:					
Income tax expense	6	10	-	75	86
Interest expense	5	370	18	1,799	68
Foreign exchange loss	5	76	(332)	8,887	6,932
Other expense		-	(19)	-	(44)
Sub-total		(806)	(256)	(1,570)	(1,910)
Changes in working capital:					
Trade and other receivables		(108)	(110)	(20)	184
Trade and other payables		25	(245)	(207)	(1,653)
Total cash flow (used in) generated from operating activities		(889)	(612)	(1,797)	(3,379)
Net decreased cash and cash equivalents		(889)	(612)	(1,797)	(3,379)
Effect of exchange rate changes on cash and cash equivalents		(99)	(1,007)	(1,153)	(2,663)
Cash and cash equivalents at the beginning of the period		12,236	16,155	14,198	20,578
Cash and cash equivalents at the end of the period	8	11,248	14,536	11,248	14,536

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 and nine months ended September 30, 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 retained a cash reserve 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.

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 November 24, 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 and nine months ended September 30, 2023, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2022.

4. General and administrative expenses

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Salaries and benefits	70	15	70	443
Board of Directors' fees and expenses	33	33	92	75
Professional fees	225	60	685	379
Listing and marketing	14	37	72	104
Office lease	3	6	8	50
Office, travel and other	22	55	146	480
Taxes other than income	293	20	373	298
Total general and administrative expenses	660	226	1,446	1,829

Taxes other than income refers to the net wealth tax expense for the Company's subsidiary Solar Resources Holding, Sarl. Professional fees include the cost of the services provided by Luna Capital Holding LLC. [Note 12](#).

5. Net finance costs

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Finance income:				
Foreign exchange gain	-	332	-	-
Other finance income	20	7	84	7
Total finance income	20	339	84	7
Finance costs:				
Foreign exchange loss	76	-	8,887	6,932
Interest expense	370	-	1,799	-
Other finance costs	173	18	208	68
Total finance costs	619	18	10,894	7,000
Net finance costs (income)	599	(321)	10,810	6,993

During the three and nine months ended September 30, 2023, the Group recognized an unrealized foreign exchange loss of \$76 thousand million and of \$8.9 million associated with intercompany loans with the subsidiary in Luxembourg denominated in Euros (2022: foreign exchange gain of \$0.3 million and foreign exchange loss of \$6.9 million). During the three months ended September 30, 2023, the Company recognized \$0.4 million and \$1.8 million of interest expense associated with an outstanding tax payable that is expected to be fully offset in January 2024.

6. Income taxes

(a) Income tax expense

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Income tax expense:				
Corporate income tax expense	10	-	75	86
Total income tax expense recovery	10	-	75	86

During the three and nine months ended September 30, 2023, the Group recognized an income tax expense of \$10,000 thousand and \$75,000 thousand (2022: Income tax expense of \$nil and \$86,000 thousand) associated with its management services subsidiaries.

(b) Current income tax liabilities

	September 30 2023	December 31 2022
Corporate income tax	119	80
Total current income tax liabilities	119	80

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 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		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
Income attributable to common shareholders:				
Loss from the period	(1,262)	77	(12,331)	(8,952)
Total loss attributable to common shareholders	(1,262)	77	(12,331)	(8,952)
Weighted average number of thousand shares outstanding	334,094	334,094	334,094	334,094
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.04)	\$(0.03)

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.

	September 30 2023	December 31 2022
Cash and cash equivalents	11,248	14,198
Total	11,248	14,198

9. Other receivables

	September 30 2023	December 31 2022
Current portion:		
VAT account receivables	108	108
Advances paid and prepaid expenses	172	138
Other current assets	78	92
Total other receivables	258	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 September 30, 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

	September 30 2023	December 31 2022
Financial liabilities		
Trade payables	244	73
Total financial liabilities	244	73
Accrued expenses	154	276
Interest payable	1,799	-
Other payables	809	567
Total trade and other payables	3,006	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.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended September 30, 2023 and 2022

UNAUDITED

Expressed in US\$'000 unless otherwise stated

(a) Related party transactions

During the three and nine months ended September 30, 2023, the Group entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	Q3-23	Q3-22	Q3-23	Q3-22
General and administrative expenses:				
Orrön Energy AB	-	-	2	2
Luna Capital Holding LLC	45	-	180	-
Total transactions with related parties	45	-	182	2

There were no amounts outstanding to related parties at September 30, 2023 and December 31, 2022.

There were no amounts outstanding from related parties at September 30, 2023 and December 31, 2022.

Luna Capital Holding LLC

On May 31, 2023, Etrion terminated the employment agreement with Mr. Northland, who was acting as CEO and CFO of the Company. In addition, on June 1, 2023, the Company signed a consulting agreement with Mr. Northland, through his wholly owned Company, Luna Capital Holdings, LLC, for Mr. Northland to continue to render the services of a Chief Executive Officer and Chief Operating Officer. The consulting agreement shall automatically end without prior notice on May 31, 2024 and the total amount under this contract of CHF 0.5 million is considered an in-lieu compensation that replaces Mr. Northland's severance. During the three and nine months ended September 30, 2023, the Company paid \$0.1 million and \$0.2 million to Luna Capital Holdings, LLC for services rendered under the consulting agreement.

13. Financial assets and liabilities

	September 30, 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	11,248	-	11,248	14,198	-	14,198
Total financial assets	11,248	-	11,248	14,198	-	14,198

	September 30, 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	244	-	244	73	-	73
Total financial liabilities	244	-	244	73	-	73

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

	September 30 2023	December 31 2022
Financial assets		
Level 1: Cash and cash equivalents (including restricted cash)	11,248	14,198
Total financial assets	11,248	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, the Rome tax authority has lodged an appeal with the Supreme Court. This means that the Company will have to postpone the windup's completion until the final ruling is delivered, which could potentially extend the process by an extra 3 to 5 years. Other tax claims for later years have not received favourable rulings, and specific deadlines outlined in the Asset Purchase Agreement with the buyer have lapsed. As a result, the Company has chosen to forego any further legal action.