Management's Discussion and Analysis
Year Ended December 31, 2024

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 no longer owns or controls any energy assets or projects and has the intention to wind up in due course. 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

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 March 21, 2025, should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2024. Financial information is reported in United States dollars ("$" or "USD"). In addition, certain material financial information has also been reported in Euros ("€") because of Erion's subsidiary company in Luxembourg and in Japanese yen ("¥") because the Company had 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 December 31, 2024	0.0061	0.0063	1.04
Closing rate at December 31, 2023	0.0066	0.0071	1.10
Average rate 2024	0.0066	0.0066	1.08
Average rate 2023	0.0066	0.0071	1.08

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, 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 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.

2024 HIGHLIGHTS

2024 highlights

	Three months ended		Twelve months ended	
USD thousands (unless otherwise stated)	**Q4-24**	**Q4-23**	**Q4-24**	**Q4-23**
Financial results from continuing operations				
EBITDA	(358)	(1,219)	(340)	(2,665)
Net income (loss)	**53**	**7,064**	**(691)**	**(5,267)**

	December 31 2024	December 31 2023
Balance sheet		
Total assets	6,410	10,217
Unrestricted cash	6,251	9,924
Working capital	6,210	7,576

Operational highlights

- The Company sold all the solar assets in 2021 and did not develop any new project during the twelve months ended December 31,2024.

Financial highlights

- Etrion closed the year 2024 with an unrestricted cash balance of $6.2 million and positive working capital of $6.2 million.
- On September 30, 2024, the Group's Luxembourg subsidiary received an earn-out payment of $1.2 million. This payment relates to a reimbursement for grid connection costs associated with a former Japanese asset that was sold in 2021.
- In September 2024, the Group's Japanese subsidiary realized $0.2 million in proceeds from the sale of specific permits and rights associated with a wind project previously abandoned.

BUSINESS REVIEW

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 no employees.

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.

After the sale of all of the Company's assets and partial return of capital to shareholders, 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 wind-up cost. In January, 2023, and in May, 2024 all warranties for damages given by the Company to the buyers of the Japanese Niigata solar park expired.

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, the Rome tax authority has lodged an appeal with the Supreme Court. As a consequence of the appeal filed with the Supreme Court, the Company must await the outcome, a process that could span from two to five years, before determining its complete entitlement to this refund. The Company has forsaken all other tax claims following favourable rulings.

Any cash remaining at the completion of the windup activities, collection of contingent assets and settlement of all liabilities of the Company will be distributed to shareholders.

FINANCIAL REVIEW

Financial review

Financial results

Selected financial information

During 2024, the Group's performance and results were primarily influenced by the absence of business activities and the associated expenses related to operating Etrion as a public company. Selected IFRS consolidated financial information, is as follows:

	Three months ended		Twelve months ended		
USD thousands (except per share data)	**Q4-24**	**Q4-23**	**2024**	**2023**	**2022**
Revenue	-	-	-	-	-
Gross profit	-	-	-	-	-
Net income (loss) for the period from continuing operations	**53**	**7,064**	**(691)**	**(5,267)**	**(8,522)**
Net income from discontinued operations	-	-	-	-	-
Net income (loss) attributable to owners of Etrion	**53**	**7,064**	**(691)**	**(5,267)**	**(8,522)**
Basic and diluted earnings (loss) per share for the period:	**$0.00**	**$0.02**	**$(0.00)**	**$(0.02)**	**$(0.03)**
Net income (loss) for the period from continuing operations	**53**	**7,064**	**(691)**	**(5,267)**	**(8,522)**
Adjustments to net income (loss) for:					
Net income tax expense	(7)	12	63	87	81
Foreign exchange loss	(399)	(8,600)	142	287	5,527
Interest income (expense)	6	(1,799)	6	-	-
Other expense, net	-	-	-	-	500
Income tax (paid) recovered	(93)	(6)	(230)	(6)	(74)
Changes in working capital	(388)	1,542	(2,195)	1,315	(1,997)
Operating cash outflow from continuing operations	**(828)**	**(1,787)**	**(2,905)**	**(3,584)**	**(4,485)**

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

USD thousands	**December 31 2024**	**December 31 2023**	**December 31 2022**
Non-current assets	-	-	-
Current assets	6,410	10,217	14,536
Total assets	**6,410**	**10,217**	**14,536**
Non-current liabilities	170	219	512
Current liabilities	200	2,641	996
Total liabilities	**370**	**2,860**	**1,508**
Net assets	**6,040**	**7,357**	**13,028**

Financial review

Continued

Non-GAAP performance measures

Reconciliation of adjusted net loss to net loss	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Net income (loss)	**53**	**7,064**	**(691)**	**(5,267)**
Adjustments for non-recurring and non-cash items	8	299	(1,046)	299
Adjusted net income (loss)	**61**	**7,363**	**(1,737)**	**(4,968)**

Reconciliation of adjusted operating cash flows to operating cash flows	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Operating cash outflow	**(828)**	**(1,787)**	**(2,905)**	**(3,584)**
- Changes in working capital	388	(1,542)	2,195	(1,315)
- Income tax paid	93	6	230	6
Adjusted operating cash outflow	**(347)**	**(3,323)**	**(480)**	**(4,893)**

Reconciliation of Adjusted EBITDA to EBITDA	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Net income / (loss)	**53**	**7,064**	**(691)**	**(5,267)**
Adjustments for:				
Net income tax expense	(7)	12	63	87
Net finance costs	(404)	(8,295)	288	2,515
EBITDA	**(358)**	**(1,219)**	**(340)**	**(2,665)**
Adjustment for non-recurring items	8	299	(1,046)	299
Adjusted EBITDA	**(350)**	**(920)**	**(1,386)**	**(2,366)**

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)	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	**53**	**338**	**(547)**	**(535)**	**7,064**	**(1,262)**	**(9,795)**	**(1,274)**
Net (loss) income from continuing operations attributable to owners of Etrion	53	338	(547)	(535)	7,064	(1,262)	(9,795)	(1,274)
Net income (loss) attributable to owners of Etrion	53	338	(547)	(535)	7,064	(1,262)	(9,795)	(1,274)
Basic and diluted earnings (loss) per share:								
From operations attributable to owners of Etrion	$0.00	$0.00	$(0.00)	$(0.00)	$0.02	$(0.00)	$(0.03)	$(0.00)

The Company is no longer producing electricity and generating revenue, following the sale of all solar assets in 2021. The Group's condensed consolidated 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		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Salaries and benefits	-	26	-	100
Board of Directors' fees and expenses	19	36	97	128
Professional fees	275	756	876	1,437
Listing and marketing	12	30	92	102
Office lease	2	2	10	10
Office, travel and other	36	60	164	206
Taxes other than income	6	10	147	383
Total G&A	**350**	**920**	**1,386**	**2,366**

During the three months and twelve months ended December 31, 2024, general and administrative expenses decreased by $0.6 million and $1.0 million, respectively, compared with the same period in 2023. The decrease was mainly due to the significant reduction of all the activities of the Group.

Other income (expense), net

	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Other expense, net	(8)	(299)	-	(299)
Other income, net	-	-	1,046	-
Total other income, net	**(8)**	**(299)**	**1,046**	**(299)**

On September 30, 2024, the Group's Luxembourg subsidiary received an earn-out payment of $1.2 million. This payment relates to a reimbursement for grid connection costs associated with a former Japanese asset that was sold in 2021. In September 2024, the Group's Japanese subsidiary realized $0.2 million in proceeds from the sale of permits and rights associated with a wind project previously abandoned.

Net finance costs

	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Other finance income	(9)	10	(9)	(74)
Interest expense	-	351	140	2,150
Foreign exchange loss (gain)	(399)	(8,600)	142	287
Other finance costs, net	4	(56)	15	152
Net finance (income) cost	**(404)**	**(8,295)**	**288**	**2,515**

During the three and twelve months ended December 31, 2024, the Group net finance costs decreased by $7.8 million and $2.2 million, respectively. During 2024, the Company recognized $0.1 million (2023: $2.2 million) of interest expense associated with a tax reassessment from the Canadian Revenue Agency in Canada ("CRA").

Income tax expense

	Three months ended		Twelve months ended	
USD thousands	Q4-24	Q4-23	Q4-24	Q4-23
Corporate income tax	(7)	12	63	87
Total income tax expense	**(7)**	**12**	**63**	**87**

During the three and twelve months ended December 31, 2024, the Group recognized an income tax expense (recovery) of $7,000 and $63,000 associated with its management services subsidiaries (2023: Income tax expense of $12,000 and $87,000).

Financial review

Continued

Financial position

Liquidity and financing

Cash position

USD thousands	December 31 2024	December 31 2023
Cash and cash equivalents:	6,251	9,924
Total cash and cash equivalents	**6,251**	**9,924**

Unrestricted cash analysis

The Group's cash and cash equivalents at December 31, 2024, included unrestricted cash of $6.3 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 to project loans and O&M contracts. In addition, The company held a USD-denominated term deposit of $4.0 million, bearing an annual interest rate of 3.89%. The term deposit is classified as cash and cash equivalents due to its short-term maturity of three months from the date of acquisition. The Company's USD-denominated term deposit (included in cash and cash equivalents) of $4.0 million matured on 16 January 2025 and on March 10, 2025, it was renewed for one month.

Net equity

During 2024, total equity attributable to owners of the Company decreased by $1.3 million from a net asset position of $7.4 million at December 31, 2023, to a net asset position of $6.1 million at December 31, 2024. During the period the company recognized a net comprehensive loss of $1.3 million.

Outstanding share data

At the date of this MD&A, the Company had 334,094,324 common shares (March 21, 2024: 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 December 31, 2024, and December 31, 2023.

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 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.

Financial review

Continued

Related parties

For the purposes of preparing the Company's 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 consolidated financial statements for the three and twelve months ended December 31, 2024, 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 2024, the Group incurred general and administrative expenses of $nil (2023: $2 thousand) from Orrön Energy AB. At December 31, 2024, the Group owed no amounts in relation to these expenses. (December 31, 2023: nil)

Luna Capital Holding LLC

On May 31, 2023, Etrion terminated the employment agreement of Mr. Northland, who was acting as CEO and CFO of the Company. Subsequently, 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 as Chief Executive Officer and Chief Operating Officer. The consulting agreement was to automatically end without prior notice on May 31, 2024. On December 13, 2023, the Company and Luna Capital Holdings, LLC terminated the consulting agreement. During 2023, the Company paid a total of $0.6 million to Luna Capital Holdings, LLC for services rendered under the consulting agreement.

On January 1, 2024, the Company signed a new 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 Financial Officer. The contract may be terminated by either party giving at least thirty days advance written notice to the other party. The total amount under this contract is CHF 6,500 per month. During the three and twelve months ended December 31, 2024, the Group incurred general and administrative expenses of $23 thousand (2023: $0.4 million) and $89 thousand (2023: $0.6 million) under the Luna Capital agreements.

Key management personnel

Key management personnel are those persons having the 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 Operating Officer, Marco A. Northland.

The key management of the Group includes members of the Board of Directors and the Chief Executive Officer. Remuneration of key management personnel is as follows:

	2024	2023
Salaries and benefits	-	602
Pension costs and other social contributions	-	26
Board of Directors	-	12
Total	**-**	**640**

OTHER DISCLOSURES

Other disclosures

Risks and uncertainties

Following the completion of the sale of its solar projects, there are no material risks to which the Group is exposed. The Company plans to maintain a cash reserve 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