

PRESS RELEASE

**Etrion Releases 2019 Results and 2020 Guidance**

March 10, 2020, Geneva, Switzerland – Etrion Corporation (“Etrion” or the “Company”) (TSX: ETX) (OMX: ETX), a solar independent power producer, released today its annual consolidated financial statements, related management’s discussion and analysis (“MD&A”) and annual information form (“AIF”) for the year ended December 31, 2019. Etrion also announces 2020 guidance for project-level revenues, earnings before interest, taxes, depreciation and amortization (“EBITDA”) and electricity production from its operational solar power plants in Japan.

**Etrion delivered strong project-level results in 2019 from its Japanese assets, performing above the high end of guidance. Higher installed capacity and electricity production resulted in increased revenue and consolidated EBITDA compared to the same period in 2018. In 2019, Etrion also increased its net installed megawatt (“MW”) capacity from 47 MW to 57 MW.**

**2019 HIGHLIGHTS**

**Operational**

- Etrion produced 63.6 Gigawatt-hours (“GWh”) of electricity from the Company’s 57 MW portfolio comprising 11 solar power plant sites in Japan, a 12% increase in production compared with 2018.
- Construction of the 45 MW Niigata solar project in central Japan is approximately 36% complete with estimated connection to the electricity grid in the fourth quarter of 2021. Once completed, this project will generate an estimated 45 GWh per year and approximately US\$3.6 million of free cash flow per year while nearly doubling our net installed capacity to 102 MW.
- Etrion continues to advance the litigation over a backlog solar power project under development in Japan with estimated gross capacity of 60 MW.

**Financial**

- Consolidated revenues of US\$21.9 million were 12% higher relative to 2018.
- Solar segment EBITDA of US\$16.5 million was 13% higher relative to 2018.
- Etrion closed 2019 with a cash balance of US\$123.4 million, US\$10.6 million of which was unrestricted and held at the corporate level, and working capital of US\$109.7 million.
- On December 25, 2019, Etrion closed a multi-step transaction resulting in significant value creation across its Japanese solar portfolio. Etrion acquired for US\$4.3 million the minority equity interests of Hitachi High Technologies (“Hitachi High-Tech” or “HHT”) and Tamagawa Holdings (“Tamagawa”), optimized the related Japanese corporate structure and renegotiated the operations and maintenance (“O&M”) contracts for Etrion’s 57 MW solar portfolio in Japan.
- In June 2019, the Group issued a project bond of approximately ¥16.0 billion (US\$147.0 million) at an all-in fixed rate of 1.2% for the construction of the 45 MW Niigata solar power project.
- On July 1, 2019, Etrion charged the Niigata project with a net development fee of approximately ¥600 million (US\$5.6 million) and anticipated land lease for ¥459 million (US\$4.2 million).
- The Group collected ¥300 million (US\$2.7 million) associated with the sale of rights of the 45 MW Kumamoto solar power project.
- The Company received a VAT reimbursement of ¥300 million (US\$2.8 million) associated with the Komatsu project and repaid the outstanding amount of the VAT credit facility for the same amount.

## Management Comments

Marco A. Northland, the Company's Chief Executive Officer, commented, "Japan continues to deliver strong positive results. Higher installed capacity compared to the same period last year resulted in material consolidated EBITDA improvements. With the 45 MW Niigata project now fully financed and under construction, we are set to nearly double Etrion's installed capacity in Japan. Work continues on the development side to bring additional projects to our platform in Japan, and we remain optimistic about our growth potential in this market."

## FINANCIAL SUMMARY

US\$ thousand (unless otherwise stated)	Three months ended		Twelve months ended	
	Q4-19	Q4-18	2019	2018
<b>Electricity production (MWh)<sup>1</sup></b>	<b>10,396</b>	<b>12,190</b>	<b>63,631</b>	<b>56,786</b>
<b>Financial performance</b>				
Revenues	3,599	4,048	21,876	19,500
Consolidated EBITDA	99	510	14,196	7,553
Net loss	(6,249)	(2,566)	(4,688)	(8,618)
Project cash distributions	-	-	2,030	2,135
Cash flow from operations	2,955	2,171	15,920	8,795
Adjusted operating cash flow	168	1,360	14,421	7,958
<b>Financial position</b>				
			<b>Dec 19</b>	<b>Dec 18</b>
Unrestricted cash at parent level			10,596	9,328
Restricted cash at project level			112,786	15,399
Working capital			109,655	22,835
Consolidated net debt on a cash basis			193,143	151,918
Corporate net debt			27,201	29,476

## 2020 Guidance

Etrion prepares and updates on a quarterly basis forecasts for project-level production, revenues and EBITDA information regarding its operational and fully-funded solar parks in Japan. The purpose of these forecasts is to provide investors with management's view on the expected performance of the Company's solar assets over the coming fiscal year. Readers are advised not to place undue reliance on this forecasted financial and operational information. Etrion's consolidated project-level forecast for 2020 is in the following ranges:

US\$ million otherwise stated	Low end	High end
Energy generation (GWh)	59.9	66.2
Revenue	20.6	22.8
Project-level EBITDA	15.0	16.5

<sup>1</sup> MWh-Megawatt-hour

Revenue, project-level EBITDA and production forecast for our Japanese business, incorporated in the above consolidated guidance, are based on Etrion's 100% ownership over the approximately 57 MW operational Japanese portfolio comprising the Mito, Shizukuishi, Misawa and Komatsu solar parks. These projects benefit from 20-year Power Purchase Agreements with Japanese public utilities under which they will receive between ¥32 and ¥40 per kWh produced (approximately between US\$0.27 and US\$0.34 per kWh). In Japan, revenues are received in Japanese yen and are translated using the ¥/US\$ exchange rate of the corresponding period. Consequently, revenues expressed in US\$ may fluctuate according to exchange rate variations.

#### **Operations and Finance Update call**

A conference call webcast to present the Company's 2019 Operations and Finance update will be held on Tuesday, March 10, 2020, at 10:00 a.m. Eastern Standard Time (EST) / 3:00 p.m. Central European Time (CET).

#### Dial-in details:

Conference ID: 3854058

North America: +1-647-788-4919 / Toll Free: +1-877-291-4570 / Sweden Toll Free: 02-079-4343

#### Webcast:

A webcast will be available at <https://www.webcaster4.com/Webcast/Page/1297/33370>

The Operations and Finance update call presentation and the Company's consolidated financial statements for the year ended December 31, 2019, as well as the related documents, will be available on the Company's website ([www.etrion.com](http://www.etrion.com))

A replay of the telephone conference will be available until March 20, 2020.

#### Replay dial-in details:

North America: +1-416-621-4642 / Toll Free: +1-800-585-8367

Pass code for replay: 3854058

## **About Etrion**

Etrion Corporation is an independent power producer that develops, builds, owns and operates utility-scale solar power generation plants. The Company owns and operates 57 MW of solar capacity and owns the 45 MW Niigata project under construction, all in Japan. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under ticker symbol "ETX". Etrion's largest shareholder is the Lundin family, which owns approximately 36% of the Company's shares directly and through various trusts.

For additional information, please visit the Company's website at [www.etrion.com](http://www.etrion.com) or contact:

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*Note: The capacity of power plants in this release is described in approximate megawatts on a direct current ("DC") basis, also referred to as megawatt-peak ("MWp").*

*Etrion discloses the information provided herein pursuant to the Swedish Securities Market Act. The information was submitted for publication at 8:05 a.m. CET on March 10, 2020.*

### *Project Economics Forecasts*

*Etrion has forecasted revenue, EBITDA and electricity production at the project level for the fiscal year ending December 31, 2020 based on the assumptions set out below under the "Basis of preparation of the forecasts" section. These forecasts include a financial measure not defined under IFRS, specifically EBITDA. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. Such forecasted financial information provides a financial outlook on the basis and for the year described above, and this information may not be appropriate for any other purposes.*

### *Basis of preparation of the forecasts:*

*The revenue forecasts have been prepared on a basis consistent with the accounting policies that are expected to be used in the Group's consolidated financial statements for the year to be then ended. These policies are consistent with those set out in the accounting policies in the Group's consolidated financial statements for the years ended December 31, 2019 and 2018, including the impact of the IFRS 16 adoption effective January 1, 2019. Electricity production forecasts have been prepared using the installed production capacity of the solar power plants, the guaranteed availability of the solar parks and irradiation levels based on historical data from the various solar park locations. Revenue and project-level EBITDA forecasts have been prepared using the project currency and translated to US dollars using the 2019 average of ¥/US\$ 1:109.15*

### *Assumptions for the forecasts:*

*The forecasts included herein also reflect assumptions with respect to certain factors outside the influence or control of management:*

- *There will be no major event or other circumstances which would cause a significant delay in the construction, completion and connection to the grid of new solar power plants.*
- *There will be no material change in the current management team, ownership of and control over the project level companies.*
- *There will be no material change in legislation or regulatory requirements impacting the Group's operations or its accounting policies.*
- *There will be no material differences between the actual or past recent weather and irradiation conditions and those anticipated or projected by management.*
- *There will be no material changes to general trading and economic conditions and no downturn in economic activity in Japan, from that which is currently prevailing and/or anticipated by management which would cause a material change in levels of energy production and demand.*
- *There will be no major or international natural disasters, outbreaks of hostilities, terrorist attacks or other circumstances which would cause a material change in levels of energy production and demand.*

- *There will be no business interruptions that materially affect the Group, its major suppliers or its major customers.*
- *There will be no material change in interest rates from those currently prevailing, hedged and/or anticipated by management.*
- *There will be no material changes to the prices of energy electricity forecasted by the Group's projects.*

*Factors within the influence or control of management:*

- *There will be no loss of revenue due to underperformance of the solar projects which will have a material impact on the forecast.*
- *There will be no acquisitions and disposals by the Group which will have a material impact on the forecast.*

*Non-IFRS Measures:*

*This press release includes non-IFRS measures not defined under IFRS, specifically EBITDA and Adjusted operating cash flow. Non-IFRS measures have no standardized meaning prescribed under IFRS and therefore such measures may not be comparable with those used by other companies. EBITDA 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. In addition, EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting policy decisions. The most comparable IFRS measure to EBITDA is net income (loss). 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 to adjusted operating cash flow is cash flow used in operations. Refer to Etrion's MD&A for the year ended December 31, 2019, for a reconciliation of EBITDA and adjusted operating cash flow reported during the period.*

*Forward-Looking Information:*

*This press release contains certain "forward-looking information". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the Company's 2020 guidance and development projects in Japan) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company as well as certain assumptions including, without limitation, the assumptions contained elsewhere in this press release with respect to the 2020 guidance and the ability of the Company to execute on its development projects in Japan on economic terms and in a timely manner. Forward-looking information is subject to a number of significant risks and uncertainties and other factors that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, the risk that the Company's solar projects may not produce electricity or generate revenues and earnings at the levels expected, the risk that the Company may not be able to obtain all applicable permits for the development of projects in Japan and the associated project financing required for the development of such projects on economic terms and the risk of unforeseen delays in the development and construction of its projects. Reference is also made to the risk factors disclosed under the heading "Risk factors" in the Company's AIF for the year ended December 31, 2019 which has been filed on SEDAR and is available under the Company's profile at [www.sedar.com](http://www.sedar.com).*

*Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.*