UGE INTERNATIONAL LTD.

Management's Discussion and Analysis

Three and nine months ended September 30, 2018

The following Management's Discussion and Analysis ("MD&A") is prepared as of October 31, 2018 and is intended to assist in understanding the results of operations and financial condition of UGE International Ltd. (the "Company" or "UGE"). Throughout the MD&A, reference to the Company or UGE is on a consolidated basis. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and the audited consolidated financial statements for the year ended December 30, 2017, both of which are expressed in United States dollars ("USD") and prepared in accordance with International Financial Reporting Standards ("IFRS"). The functional currency of the Company is Canadian dollars ("CAD"). All amounts in this MD&A are expressed in USD, unless otherwise indicated.

Forward-Looking Information

This MD&A contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, expected sales, future revenue recognition, currency fluctuations, the effect of global and regional economic conditions, industry conditions, changes in laws and regulations, and changes in how they are interpreted and enforced, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, demand for the Company's services, and availability of funding. The Company's performance could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if they do so, what benefits the Company will derive there from. The forward-looking information is made as of the date of this press release or the MD&A, as applicable, and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Actual events or results could differ materially from the Company's expectations and projections.

Corporate Profile

UGE is a global renewable energy company, focused on providing commercial and industrial clients with energy solutions that deliver cheaper, more reliable, and more sustainable electricity. We develop, engineer, and deploy energy projects around the world, to organizations large and small.

UGE began as an energy solutions company, packaging together renewable energy technologies to solve the needs of commercial and industrial clients. Over our history, we have developed expertise in solar, battery storage, and the financing of renewable energy projects, which we leverage to deploy energy systems for our clients with the goal of providing them immediate economic benefit, such as through cheaper electricity costs. On February 22, 2016, we acquired UGE Canada Ltd. ("UGE Canada", formerly Endura Energy Project Corp Ltd.), which strengthened our market position in Canada and added significant additional solar engineering and deployment experience. On September 6, 2016, we divested UGE Holdings Ltd. ("UGE Holdings") and its subsidiaries, which represented wind energy operations that we had identified as non-core to our strategic plan. On April 3, 2017, we purchased substantially all the assets of Carmanah Solar Power Corp. ("CSPC"), further strengthening our ability to grow in Canada and globally.

Today, UGE provides complete turnkey solutions to clients across our key markets: the Northeast US, Canada, and the Philippines, as well as engineering services to clients around the globe. Our focus is on leveraging the low cost of distributed solar energy to provide our clients - organizations from around the world - more affordable energy.

Non-GAAP Measures

This MD&A presents certain non-GAAP ("GAAP" refers to Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management uses these non-GAAP measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)

- "EBITDA" represents net income or loss from continuing operations excluding net finance income or expense, income tax or recovery, depreciation, and amortization.

- "Adjusted EBITDA" represents EBITDA adjusted to exclude stock-based compensation, costs associated with one-time transactions (such as acquisitions) or write-downs, impairment losses recognized on long-live assets such as goodwill and plant and equipment, and the gain (loss) on sale of assets and investments.

- "Adjusted EBITDA margin" represents Adjusted EBITDA as a percentage of revenue.

Order Backlog

We believe it is important to provide an analysis of order backlog in our financial statements as a measure of our potential to earn revenues in the upcoming quarters. Our backlog is made up of two components:

1. Committed: in the normal course of securing project contracts, we often reach a stage where the customer makes a form of commitment to UGE, such as through a Letter of Intent or an award letter in response to a Request for Proposal. We identify such projects as "Committed" until they are fully contracted with the client.

2. Contracted: projects eventually reach the stage of being fully contracted, at which point there is a binding contract with the client and a deployment schedule has been identified.

As at September 30, 2018, our order backlog was $37.3 million, including $8.8 million of Contracted Projects and $28.5 million of Committed Projects.

The timing of the conversion of backlog to revenue can vary significantly on a project by project basis. A Contracted Project will typically start to convert to revenue in either the quarter the contract was signed or the quarter thereafter, with full deployment typically occurring within nine to twelve months. A Committed Project can often delay one to six quarters, pending completion of contract negotiations and scheduling of work. A Committed Project may potentially fail to secure final contracting for various reasons and therefore may not convert to revenue in the future.

Selected Quarterly Financial Information

	Three months ended Sep 30, 2018	Three months ended Sep 30, 2017	Nine months ended Sep 30, 2018	Nine months ended Sep 30, 2017
Revenue	$ 4,166,708	$ 4,966,395	$ 13,654,866	$ 16,776,761
Cost of sales	(3,629,087)	(4,173,324)	(11,818,949)	(14,189,191)
Gross profit	537,621	793,071	1,835,917	2,587,570
Gross profit margin	13%	16%	13%	15%
Expenses				
Selling, general, and administrative	(1,145,585)	(1,628,357)	(3,609,489)	(4,152,244)
Project-related gain (loss)	(159,115)	-	(809,293)	-
Loss from operating activities	$ (767,079)	$ (835,286)	$ (2,582,865)	$ (1,564,674)
Impairment loss	-	-	(2,981,198)	-
Gain on conversion of debt to equity	939,534	-	939,534	-
Net finance costs	(126,521)	(129,051)	(648,914)	(323,134)
Income (loss) before income taxes	$ 45,934	$ (964,337)	$ (5,273,443)	$ (1,887,808)
Income tax recovery (expense)	66,880	106,444	(48,652)	9,391
Net income (loss) for the period	$ 112,814	$ (857,893)	$ (5,322,095)	$ (1,878,417)
Adjusted EBITDA	$ (671,183)	$ (422,484)	$ (1,668,078)	$ (846,071)
Adjusted EBITDA margin	-16%	-9%	-12%	-5%
Loss per share - basic and diluted	$ 0.00	$ (0.02)	$ (0.13)	$ (0.03)

Assets and Non-Current Financial Liabilities

	September 30, 2018	December 31, 2017
Total assets	$ 7,744,662	$ 13,551,411
Total non-current financial liabilities	$ 3,181,025	$ 3,600,000

Results of Operations for the three and nine months ended September 30, 2018

In the three months that ended September 30, 2018, we worked through working capital challenges that appeared on our June 30, 2018 financial statements, but made progress to increase revenue and gross margins, decrease our SG&A costs, and strengthen our balance sheet, including by improving our working capital position, to achieve stronger results going forward.

Revenue for the three months ended September 30, 2018 was $4,166,708, a 16% decrease from the same period of the prior year, but a 21% increase from the three months ended June 30, 2018. The decrease was due to limited growth in our Canadian market due to a shift in government policy in Ontario and delays in the continuation or commencement of work in the US and Philippines markets.

Revenue for the nine months ended September 30, 2018 was $13,654,866 compared to $16,776,761 in the prior year, a decrease of 19%. The decline is attributed to limited growth in our Canadian market and delays in the continuation or commencement of work in the US. However, the Philippines, which accounted for 21% of revenues for the nine months ended September 30, continues to perform well and has increased

its revenue tremendously compared to the same period of the prior year, demonstrating the growth potential in this market.

The gross profit margin for the three months ended September 30, 2018 was 13%, compared with 16% in the prior year comparative period. The decrease was primarily due to a significant portion of the revenue being generated from a larger multi-site Engineering, Procurement, and Construction (EPC) contract, which are typically lower margin than self-developed projects (D-EPC). The gross profit margin for the nine months ended September 30, 2018 decreased slightly to 13%, compared to 15% in the prior year. Part of the decrease was due to a project-related write down recorded in Cost of Sales, which had an impact of $62,370, but was largely driven by the lower margins experienced on the above-mentioned EPC contract. As we move towards self-developed projects, gross profit margins are expected to increase.

SG&A expenses for the three months ended September 30, 2018 were $1,145,585, compared with $1,628,357 in the same period of the prior year, a decrease of 30% as we lower expenses in less profitable areas of the Company. The decrease in SG&A expenses demonstrates UGE's commitment to shift to positive cash flow as it discontinues less profitable work and focuses on self-developed projects and adapts the business to markets where we see the highest growth potential. SG&A expenses for the nine months ended September 30, 2018 were $3,609,489 compared to $4,152,244 in the comparative period from the prior year. Furthermore, we took steps to further lower SG&A expenses after the release of our Q2 financial statements, which will result in lower costs in our fourth quarter.

Project-related losses of $159,115 and $809,293 were recognized for the three and nine months ended September 30, 2018, respectively, related to a combination of factors. Approximately $0.5 million was related to a US-based project that was purchased in the CSPC acquisition; the Company filed a claim with CSPC's parent company to partially recover this project loss and settled out of court for $0.1 million on October 9, 2018. A further amount of approximately $0.2 million relates to a payment not yet received from a prior customer; the Company has filed a legal claim with the customer to recover the amount. In addition, $0.2 million has been accrued in relation to a settlement between UGE USA and a US solar developer regarding a portfolio of projects that management believes were prematurely terminated. Lastly, one additional project offsets the above noted losses with a gain, to drive the final project loss amounts for the nine months ended September 30, 2018.

Goodwill had been recognized on the acquisition of UGE Canada (formerly known as Endura Energy Project Corp.) in 2016. During the three months ended June 30, 2018 and immediately thereafter, various factors affecting the Company's Canadian operations, the cash-generating unit (CGU) to which goodwill had been allocated, were identified as potential indicators for impairment, including a shift in government policy in Ontario. As a result, the recoverable amount of the CGU to which goodwill had been allocated was determined based on value in use calculations using a discounted cash flow analysis. Based on this analysis, the carrying amount of goodwill has been reduced to its recoverable amount of nil through recognition of an impairment charge of $2,859,383 against the goodwill, recorded in the three months ended June 30, 2018. In addition to the impairment of goodwill for the Canadian CGU, there was an excess impairment charge, which was allocated to the plant and equipment of the CGU, resulting in an incremental $121,815 write-down to plant and equipment in the same reporting period.

On September 28, 2018, the Company entered into agreements with several parties to convert their existing current and long-term debts (including payables and accrued interest) into common shares of the Company at a price of CAD$0.25 per share, which was higher than the market price of the Company's shares on the date of the transaction. As a result, 13,578,200 shares were issued for the settlement of approximately $2,630,000 of current and long-term liabilities for total share consideration of $1,656,108 based on the market price of the shares. This generated a non-cash gain on the conversion of debt to equity of $939,534, which has been reflected in the statement of operations. No other consideration was provided to these parties for the conversion of their debt to equity. One additional conversion transaction remains outstanding, pending regulatory approval, as of the date of approval of these financial statements, which would result in the issuance of an additional 13,901,026 common shares of the Company, through a corresponding decrease in long-term debt of approximately $2,250,000 and current liabilities of $440,000.

Adjusted EBITDA for the three months ended September 30, 2018 was negative $671,183, compared with negative $498,749 in the prior year comparative period. Adjusted EBITDA for the nine months ended September 30, 2018 was negative $1,668,078 compared to negative $669,676 in the prior year. The significant change in Adjusted EBITDA was due to lower revenue and margin generated for the nine months ended September 30, 2018, as discussed previously. As we focus on scaling revenue and gross profit margins, while closely managing SG&A, we will continue to work towards building sustainably profitable operations.

The Company recorded net income for the three months ended September 30, 2018 of $112,814, or $0.00 per share, compared with a loss of $857,893, or $0.02 per share, in the same period of the prior year. This change was primarily due to the gain on conversion of debt to equity recorded in the quarter. The net loss for the nine months ended September 30, 2018 was $5,322,095, or $0.13 per share, compared to a loss of $1,878,417, or $0.05 per share, in the prior year, which was primarily a result of the goodwill and plant and equipment impairment losses noted above, as well as lower revenues and project losses during the year.

Summary of Quarterly Results

All amounts in 000's, except per share figures

	Dec 31 2016 Q4	Mar 31 2017 Q1	Jun 30 2017 Q2	Trailing four quarters	Sep 30 2017 Q3	Dec 31 2017 Q4	Mar 31 2018 Q1	Jun 30 2018 Q2	Sep 30 2018 Q3	Trailing four quarters
Operations:										
Revenue	$ 3,362	$ 5,498	$ 6,312	15,172	$ 4,966	$ 4,158	$ 6,060	$ 3,428	$ 4,167	17,813
Net income (loss) from operations	(376)	(205)	(524)	(1,105)	(835)	215	(455)	(1,361)	(767)	(2,368)
Net income (loss)	(2,229)	(360)	(660)	(3,249)	(857)	(97)	(801)	(4,634)	113	(5,419)
Net loss from operations per share										
basic and diluted	(0.01)	(0.01)	(0.01)	(0)	(0.02)	0.01	(0.01)	(0.03)	(0.02)	(0)
Net income (loss) per share										
basic	(0.07)	(0.01)	(0.02)	(0)	(0.02)	(0.00)	(0.02)	(0.11)	0.00	(0)
diluted	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Quarter to quarter comparisons in the financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. The quarterly information is unaudited, but reflects all adjustments of a normal recurring nature, which are, in the opinion of management, necessary to present a fair statement of results of operations for the periods presented. Revenues and earnings may fluctuate from quarter to quarter. A number of factors could cause such fluctuations, including the timing of substantial orders. Because operating expenses are incurred based on anticipated sales, and are incurred throughout each fiscal quarter, any of the factors listed above could cause significant variations in revenues and earnings in any given quarter. The financial data has been presented in accordance with International Financial Reporting Standards in the presentation currency of US dollars, as opposed to the functional currency for the Company, which is the Canadian dollar.

See below for the calculation of Adjusted EBITDA for the most recent eight quarters:

All amounts in 000's, except per share figures

	Dec 31 2016 Q4	Mar 31 2017 Q1	Jun 30 2017 Q2	Sep 30 2017 Q3	Dec 31 2017 Q4	Mar 31 2018 Q1	Jun 30 2018 Q2	Sep 30 2018 Q3
Net income (loss) from continuing operations	$ (376)	$ (360)	$ (660)	$ (857)	$ (97)	$ (801)	$ (4,634)	$ 113
Add/(deduct):								
Net finance expense	69	103	91	129	162	242	281	127
Income tax expense (recovery)	25	51	46	(107)	(140)	104	11	(67)
Depreciation and amortization	5	4	183	185	200	14	12	4
Share-based compensation	89	18	43	74	65	(13)	67	(148)
Acquisition related expenses	-	-	286	1	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	2,981	-
Other one-time or non-recurring items	-	-	23	76	48	385	354	(700)
Adjusted EBITDA[(1)]	$ (188)	$ (183)	$ 12	$ (499)	$ 238	$ (69)	$ (928)	$ (671)

(1) A non-GAAP measure defined above

Liquidity and Capital Resources

Cash flow from operations

The source of cash flows for the Company includes operations and debt and equity financings. The primary uses of cash are operating expenses, including cost of sales and working capital, and to fund acquisitions.

During the nine months ended September 30, 2018, we generated negative cash flow from operating activities of $854,721 and a net loss of $5,322,095. In addition, as at September 30, 2018, the Company had a working capital deficiency of $2,518,929, which is expected to be settled through the course of operations and raising additional capital.

During recent quarters, we have managed expense levels and focused on closing new projects with higher margins, with the goal of strengthening our financial position. However, to the extent that we do not generate positive cash flows from operations in the future, or financing is not available on reasonable terms, reductions in expenditures may be required or we may not be able to continue as a going concern. Certain conditions discussed above and in the Business Risks section of the MD&A raise significant doubt about our ability to continue as a going concern.

Financing activities

On September 28, 2018, the Company entered into agreements with several parties to convert their existing current and long-term debts (including payables and accrued interest) into common shares of the Company at a price of CAD$0.25 per share. As a result, 13,578,200 shares were issued for the settlement of approximately $2,630,000 of current and long-term liabilities. On the same day, we also received conditional approval for one additional debt-to-equity conversion, pending regulatory review which is currently underway. Once approved, this transaction would result in the issuance of an additional 13,901,026 common shares of the Company, through a corresponding decrease in long-term debt of $2,250,000 and current liabilities of $440,000, as illustrated by the pro forma balance sheet below:

	Interim Sep 30, 2018	Pending Debt Conversion	Pro-forma Sep 30, 2018
Total assets	**$ 7,744,662**	**$ -**	**$ 7,744,662**
Current liabilities	$ 10,207,469	$ (440,000)	$ 9,767,469
Non-current liabilities	3,181,025	(2,250,000)	931,025
Total liabilities	**13,388,494**	**(2,690,000)**	**10,698,494**
Shareholders' deficiency	**(5,643,832)**	**2,690,000**	**(2,953,832)**
Total liabilities and shareholders' deficiency	**$ 7,744,662**	**$ -**	**$ 7,744,662**

We believe that these debt to equity conversions strengthen the Company by reducing our working capital deficit, improving our debt ratio, decreasing our overall debt position and interest costs, and providing a vote of confidence from our lenders and creditors.

On October 23, 2018, the Company raised additional financing by way of a secured convertible debenture in the amount of CAD$720,000 ($557,784) and secured project green bonds in the amount of CAD$500,000 ($387,350). Net proceeds of the secured convertible debenture will be used for working capital, business development, and general administrative purposes. Net proceeds of the secured project green bonds will be used to finance eligible solar projects owned by UGE indirectly through a wholly-owned subsidiary of the Company.

Contractual commitments

As of September 30, 2018, the Company has contractual commitments as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Accounts payable and accrued liabilities	$ 7,444,060	$ 7,444,060	$ 7,444,060	$ -	$ -	$ -
Loans payable	5,120,412	5,120,412	1,446,470	169,000	3,504,942	-
Lease commitments	-	2,266,083	68,340	273,551	755,058	1,169,134
	$ 12,564,472	$ 14,830,555	$ 8,958,870	$ 442,551	$ 4,260,000	$ 1,169,134

Since the close of the quarter, we have negotiated a lease termination for our former Toronto office, significantly decreasing our lease commitments by approximately $2.1 million beyond October 31, 2018 and further reducing our overhead costs.

Capital management

The objective in managing capital is to safeguard our ability to continue as a going concern and to sustain future development of the business. In the management of capital, we include shareholders' equity, excluding accumulated other comprehensive income and to maintain or adjust our capital structure, we may issue shares. The Board of Directors does not establish quantitative return on capital criteria for management. UGE is not subject to any externally imposed capital requirements.

Financial Instruments and other instruments

The Company's risk exposures and the impact on our financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. We manage credit risk by requiring payment from customers prior to shipment, where possible. However, we do have trade receivables outstanding with several customers.

Liquidity risk

Our objective in managing liquidity risk is to ensure sufficient liquidity to meet financial obligations when due by maintaining sufficient cash and cash equivalents to settle current liabilities and meet anticipated working capital requirements. As at September 30, 2018, the Company had cash of $674,773, unrestricted cash of $728,137, a working capital deficiency of $2,518,929, and shareholders' deficiency of $5,604,450. Discussion regarding our ability to manage our liabilities is outlined in the Liquidity and Capital Resources section. We plan to realize our assets, increase revenues and gross profit margins, and raise further capital as necessary, either through debt or equity, to maintain sufficient liquidity. If we are unable to achieve some or all of these plans within a reasonable timeframe, we may not be able to continue as a going concern. On October 23, 2018, the Company raised additional financing by way of a convertible debenture in the amount of CAD$720,000 and green bonds in the amount of CAD$500,000.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and the majority of debt with fixed interest rates and therefore is not significantly exposed to fluctuating interest rates. Our current policy is to invest excess cash in a savings account at our banking institution.

(b) Foreign currency risk

The Company enters into transactions denominated in USD, CAD and Filipino Pesos, for which the related revenue, expenses, trade receivables and accounts payable balances are subject to exchange rate fluctuations. As of this time, we do not hedge our exposure to foreign currency risk using financial instruments.

Changes in Accounting Policies

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and it replaces IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a

lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of adopting the standards noted above and does not expect to adopt these standards prior to their mandatory effective dates.

Business Risks

Going concern risk

These condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern, notwithstanding that the Company has a working capital deficiency, has incurred losses from operations, and is in discussions with its bank regarding its revolving credit facility as of the date of this MD&A. During the nine months ended September 30, 2018, the Company had a net loss of $5,361,547, which included goodwill and plant and equipment impairment charges totaling $2,981,198, primarily due to management's view of changes in the Ontario solar market, and negative cash flow from operations of $854,721. As at September 30, 2018, the Company had cash of $674,773, unrestricted cash of $728,137, a working capital deficiency of $2,518,929, and shareholders' deficiency of $5,604,450. We have incurred losses as we develop and expand our operations and revenues have not been sufficient to cover all costs and may not be sufficient in future quarters.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon achieving sustained profitability and the ability to raise additional debt or equity financing to fund its current and any future working capital deficits. There are various risks and uncertainties affecting the Company's operations including, but not limited to, the market acceptance and rate of commercialization of the Company's offerings, the ability of the Company to successfully execute its business plan and changes thereof, the public policy environment for renewable energy solutions, the Company's ability to raise sufficient equity and/or debt financing, the ability of the Company to work with its bank on any defaults of its loan agreement as they may arise, and general global economic conditions, certain of which are beyond the Company's control. The Company's strategy to mitigate these risks and uncertainties is to execute a business plan aimed at continued focus on renewable energy solutions, revenue growth, improving overall gross profit, managing operating expenses and working capital requirements, and securing additional financing, as needed, through one or more of loans and equity investments.

To date the Company has funded losses with private placements, a short form prospectus offering, and debt. On October 23, 2018, the Company raised additional financing by way of a convertible debenture in the amount of CAD$720,000 ($557,784) and project green bonds in the amount of CAD$500,000 ($387,350). To the extent that we are unable to complete any additional financing within the next three to six months, the Company may need to seek strategic alternatives or may be forced to cease operations. Management remains confident that adequate financing will be obtained for the Company to carry on as a going concern, but there can be no guarantees that such financing will be obtained.

The directors are of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 on a going concern basis, as has been done in prior years, which do not include any adjustments or disclosures that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the condensed consolidated interim financial statements.

Customer concentration risk

We derive a significant portion of revenue from sales to a relatively limited number of customers. If any of our more significant prospective customers fail to purchase our solutions or our existing customers discontinue their relationship with us for any reason, our revenue may be substantially reduced. To mitigate this risk, we have implemented quality control measures and provide superior customer service. Our sales programs also address a large base of potential customers and at any given time, we are pursuing a significant number of sales opportunities.

Sales risk

Our sales efforts target medium sized and large organizations and we spend significant time and resources educating prospective customers about the features and benefits of our solutions. Our sales cycle usually ranges from six to twelve months and sales delays could cause our operating results to vary. The Company balances this risk by continuously assessing the condition of our backlog and pipeline and making the appropriate adjustments as far in advance as possible. Our strategy also includes a comprehensive program to build and improve relationships with our customers to better understand their needs and proactively manage incoming business levels effectively.

Controlling Shareholders

The following entities and individuals each have significant shareholdings of the Company: Castel Qihua Hi-Tech Investments Limited ("Castel") holds 5,159,770 representing 9% of the issued and outstanding Common Shares on a non-diluted basis; Xiangrong Xie holds 11,371,936 Common Shares representing 20% of the issued and outstanding Common Shares on a non-diluted basis and also holds 1,780,000 Special Warrants exercisable for Common Shares; and Nicolas Blitterswyk holds 2,168,011 Common Shares representing 4% of the issued and outstanding Common Shares on a non-diluted basis and also holds 660,000 Special Warrants exercisable for Common Shares (Castel, Xiangrong Xie, Nicolas Blitterswyk are collectively referred to as the "Major Shareholders"). The Major Shareholders collectively own more than 33% of the Company and will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company's assets, election of directors and other significant corporate actions. Major Shareholders may also have the power to prevent or cause a change in control. In addition, without the consent of one or more of the Major Shareholders, the Company could be prevented from entering into transactions that may otherwise be beneficial to the Company.

Dependence on Management and Ability to Hire and Retain Key Personnel

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term. The contributions of the existing management team to the immediate and near-term operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the industry is competitive and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

The Company's success will also depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, financial performance, and prospects. To support growth, the Company must hire, train, deploy, manage and retain a number of skilled employees. In particular, the Company must continue to expand and optimize its sales infrastructure to grow its customer base and the Company plans to expand its sales force. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new salesperson is fully trained and productive. If the Company is unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, the Company may not be able to

realize the expected benefits of this investment or grow its business.

Enforcing Judgments Internationally

Certain directors and officers, including the Chief Executive Officer, reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Company's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the Company's directors or officers for violations of Canadian securities laws or otherwise, it may not be possible to enforce such judgment against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims or otherwise in original actions instituted in the USA. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

Limited Business History

The Company has not paid any dividends and it is unlikely the Company will pay any dividends in the immediate or foreseeable future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Company has limited financial resources and there is no assurance that additional funding will be available to the Company for further operations or to fulfil its obligations under applicable debt and supplier agreements. There is no assurance that the Company can operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Additionally, the Company cannot assure that it will be successful in generating substantial revenue from new products or services or from any additional energy-related products and services it may introduce in the future. In addition, the Company only has limited insight into emerging trends that may adversely impact its business, prospects and operating results. As a result, the Company's limited operating history may impair the Company's ability to accurately forecast future performance.

Additional Financing

During the nine months ended September 30, 2018, the Company incurred a net loss of $5,322,095 and negative cash flow from operations of $854,721.

To date, the Company has funded losses by issuing additional equity and loans. To the extent that the Company does not achieve or maintain positive cash flows from operations in the future, or financing is not available or not available on reasonable terms, reductions in expenditures will be required or the Company may not be able to continue as a going concern. These conditions raise significant doubt about the ability of the Company to continue as a going concern. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the Company's financial statements.

In order to achieve profitability, make further investments, or take advantage of future opportunities, the Company will require additional financing. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on

acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Negative Cash Flows and Profitability

During the nine months ended September 30, 2018, the Company had negative cash flow and since its inception has not been profitable. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Significant Competition

There are companies in competition with us in each of the markets that the Company or its subsidiaries operate in. Some of these companies may be better financed or have larger sales teams and marketing budgets than the Company. There can be no guarantee that the Company will be able to effectively compete in the marketplace with such competition.

The renewable energy industry is highly competitive and continually evolving as participants strive to distinguish themselves within their markets. The Company's competitors can be expected to continue to develop competitive advantages and could cause a decline in market acceptance of the Company's services. In addition, the Company's competitors could cause a reduction in the prices for some services as a result of intensified price competition.

Also, the Company may be unable to effectively anticipate and react to new entrants in the marketplace competing with the Company's services.

Third Party Suppliers

The Company's product suppliers and subcontractors including, without limitation, installers and solar panel, inverter, and racking manufacturers, may run into funding, supply chain, technical, and/or other difficulties. As a result, they could be unable to deliver essential services or components in time and could cause significant delays in the delivery of the Company's projects. Any significant delivery delays could negatively impact the Company's future revenue and may have a material adverse effect on the business, financial position or results of operations of the Company. In addition, it is possible that certain vendors may face high demand for their services or products and not be able to supply the Company with what it needs, and/or when it needs it. Trade barriers, such as tariffs imposed by governments on import, also have the potential to disrupt the Company's supply chain, necessitating the Company to find other suppliers, sometimes on short notice. Such tariffs could also impose additional costs on the Company, negatively impacting its profitability.

The declining cost of solar panels has been a driver in the pricing of the Company's projects and customer adoption of this form of renewable energy. If solar panel prices increase or do not continue to decline, the Company's growth could slow, and the Company's financial results could suffer. Such events could harm the Company's financial results by requiring it to pay higher prices.

Warranty

The Company's business exposes it to potential liability risks. The Company provides warranty for its services, typically for one year or more after the service is completed. If the Company experiences a greater number of warranty claims than budgeted in the normal course, the Company's gross margins could be negatively affected.

Bonding

Our ability or inability to obtain bonding may limit or restrict the nature and size of contracts the Company may be awarded and hence have an impact on our plans to achieve positive cash flow and profitability.

Commercial and Industrial Customers

Projects with commercial and industrial customers may create concentrated operating and financial risks. The effect of recognizing revenue or other financial measures on the sale of a larger project, or the failure to recognize revenue or other financial measures as anticipated in a given reporting period because a project is not yet completed under applicable accounting rules by period end, may materially impact the Company's quarterly or annual financial results. In addition, if operational issues arise on a larger project, or if the timing of such projects unexpectedly shifts for other reasons, such issues could have a material impact on the Company's financial results. If the Company is unable to successfully manage these significant projects in multiple markets, including related internal processes and external construction management, or if the Company is unable to continue to attract such significant customers and projects in the future, the Company's financial results would be harmed.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Damage to Reputation

The Company depends significantly on its reputation for high-quality products, services, engineering abilities and exceptional customer service to attract new customers and grow its business. If the Company fails to continue to deliver its solutions within planned timelines, if products and services do not perform as anticipated, or if the Company damages any of its customers' properties or cancels projects, its brand and reputation could be significantly impaired. In addition, if the Company fails to deliver, or fails to continue to deliver, high-quality services to customers through long-term relationships, the Company's customers will be less likely to purchase future services from the Company, which is a key strategy to achieve desired growth. The Company also depends on referrals from existing customers for growth, in addition to other marketing efforts. Therefore, the Company's inability to meet or exceed current customers' expectations would harm the Company's reputation and growth through referrals.

Resale of Shares

The continued operation of the Company will be dependent upon its ability to generate profitable operations and to procure additional financing. There can be no assurance that any such profits can be generated or that other financing can be obtained. If the Company is unable to generate such profits or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Company Shares would be diminished.

Fluctuating Results of Operations

The Company's quarterly operating results are difficult to predict and may fluctuate significantly in the future.

Given that the Company is an early-stage company operating in a rapidly growing industry, fluctuations may be masked by recent growth rates and thus may not be readily apparent from historical operating results. As such, past quarterly operating results of the Company may not be good indicators of future performance.

In addition to the other risks described in this "*Risk Factors*" section, the following factors could cause the Company's operating results to fluctuate:

- significant fluctuations in customer demand for the Company's offerings;
- market acceptance of the Company's new or existing offerings;
- the Company's ability to complete installations in a timely manner;
- the Company's ability to continue to expand operations, and the amount and timing of expenditures related to this expansion;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in the Company's pricing policies or terms, or those of its competitors, including electric utilities; and
- actual or anticipated developments in the competitive landscape.

For these or other reasons, the results of any prior quarterly or annual periods of the Company should not be relied upon as indications of the Company's future performance. In addition, actual revenue, key operating metrics and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have a severe adverse effect on the trading price of the Company's shares.

International Operations

The Company has a customer base internationally. Risks inherent to international operations include the following:

- inability to work successfully with third parties with local expertise to co-develop or build international projects;
- multiple, conflicting and changing laws and regulations, including export and import restrictions, tax laws and regulations, labour laws and other government requirements, approvals, permits and licenses;
- changes in general economic and political conditions in the countries where the Company operates, including changes in government incentives relating to power generation;
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;
- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable; and

- inability to obtain, maintain or enforce intellectual property rights, including inability to apply for or register material trademarks in foreign countries.

Doing business in foreign markets requires the Company to be able to respond to rapid changes in market, legal, and political conditions in these countries. The success of the Company's business depends, in part, on its ability to succeed in differing legal, regulatory, economic, social and political environments.

The Company will continually and selectively consider new international markets. In other instances, the Company may rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting the Company's products and services, and operations in international markets may not develop at a rate that supports the Company's level of investment

Existing Industry Regulations

Federal, state, provincial, and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned electricity generation. Governments and utilities continuously modify these regulations and policies. These regulations and policies could deter customers from purchasing solar solutions.

In addition, any changes to government or internal utility regulations and policies that favour electric utilities could reduce the Company's competitiveness and cause a significant reduction in demand for its products and services.

Drop in Retail Price of Utility-Generated Electricity and Improved Infrastructure

The Company believes that a customer's decision to implement a renewable energy solution is driven largely by its desire to reduce its cost of electricity. A customer's decision may also be affected by the cost of other renewable energy sources. Decreases in the retail prices of electricity from the utilities or from other renewable energy sources or improved distribution of electricity would harm the Company's ability to offer competitive pricing and could harm its business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, particularly in emerging markets, including nuclear, coal, natural gas or renewable energy;
- the construction of additional electric transmission and distribution lines which improve access, reliability and/or cost of electricity;
- a reduction in the price of natural gas or other fossil fuels; and
- development of new renewable energy technologies that provide less expensive energy.

If the retail price of energy available from utilities were to decrease due to any of these reasons, or others, or the distribution of electricity is improved as a result of improved infrastructure, the Company may be at a competitive disadvantage, limiting growth.

Conflicts of Interest

Certain directors of the Company are also directors of other companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.

Dividends

The Company has not paid any dividends on its outstanding shares. Any payments of dividends on the Company's shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's board of directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other organizations or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for companies of similar size. Depending on future plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to the Company. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. As a result, the level of the Company's indebtedness from time to time, could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the USA and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Company's shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility. A public trading market in the Company Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Company Shares at any given time, which presence is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, which could have an adverse effect on the market price of the Company. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the Company's shares does not develop, or does not continue to develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

No Guarantee of Active Liquid Market

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSX Venture Exchange ("TSXV"). Investors may not be able to sell their Common Shares quickly, on satisfactory terms or at the latest market price if trading in the Common Shares is not active.

Issues Related to Acquisitions

With acquisitions there is a risk that integration will result in challenges that were not anticipated, such as key staff departures, diversion of management time and resources, or projected revenues that do not materialize. Should the future projected revenue attributed to any acquisition not materialize, the Company's overall revenues will be negatively impacted, which may have a material adverse effect on the Company's revenues going forward. The Company may not be able to successfully overcome these risks and this may adversely affect the Company's financial condition, and ability to execute its business plan.

Government Policies

The Company is subject to policies, laws, and regulations established by various levels of government and government agencies. These are subject to change by the government or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material adverse effect on the Company.

Currency Exchange Risk

The Company currently operates in Canada, USA and the Philippines where the revenues and expenses at times are in different currencies making the margins on projects sensitive to exchange rate risk. Sudden increases in the value of the US dollar or reductions in the value of the Canadian dollar can have a negative impact on the cash-flow of the Company and the feasibility of certain projects.

Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is committed to delivering timely and accurate disclosure of all material information.

Disclosure controls and procedures ensure that reporting requirements are satisfied, and that material information is disclosed in a timely manner. Due to the limitation on the ability of the officers to design and implement cost-effective policies for disclosure controls and procedures and internal control over financial reporting, the officers are not making representations that such controls and procedures would identify and allow for reporting material information on a timely basis, nor are they representing that such procedures are in place that provide reasonable assurance regarding the reliability of financial reporting.

However, as permitted for TSX Venture issuers, the CEO and CFO individually have certified that after reviewing the condensed consolidated interim financial statements for the nine months ended September 30, 2018 and this MD&A of the Company, there are no material misstatements or omissions, and the filing materially presents the consolidated financial position and consolidated results of operations and cash flows for the nine months ended September 30, 2018 and all material subsequent activity up to October 31, 2018.

Other

As of the date of this MD&A, the Company has 58,100,659 common shares issued and outstanding. In addition, there are 3,100,000 special warrants held by the founders of UGE, which may be converted to common shares for no additional consideration, 3,567,215 share purchase warrants which may be exercised for one common share each at a fixed exercise price, and stock options that have been granted to purchase an additional 2,460,819 common shares. The Company also has restricted share units which allow employees and directors to acquire a total of 1,439 common shares over the next year for no additional consideration.

Additional information and other publicly filed documents relating to the Company are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.