UGE INTERNATIONAL LTD.

Amended and Restated Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in United States dollars)

Notice to Reader

UGE International Ltd. ("UGE" or the "Company") has restated its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and the three and nine months ended September 30, 2020, which were previously filed on SEDAR (the "interim financial statements") on August 25, 2020 and November 24, 2020, respectively. Subsequent to the original issuance of the interim financial statements, management and the Audit Committee of the Company's Board of Directors reviewed the accounting for certain of the Company's transactions and determined that there were material accounting errors in the originally issued interim financial statements, as noted below:

- revenue and cost of goods sold were inappropriately recognized due to computational errors;
- borrowing costs associated with project construction were not capitalized;
- development fees were expensed rather than recognized as intangible assets;
- general and administrative expenses were under accrued or misclassified;
- loss associated with converting debt to shares and warrants was not recognized;
- right of use assets and liabilities associated with new leases were not recognized;
- current debt was understated and non-current debt was overstated by the same amount.

In addition to the items described above, the Company also corrected the classification of certain balances and transactions to conform with IFRS and the Company's accounting policies, and updated note disclosures for related party transactions and new accounting policies as required.

These errors have been corrected in the amended and restated unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and the three and nine months ended September 30, 2020. See Note 16 of these amended and restated unaudited condensed consolidated interim financial statements for more detail.

Notice of No Auditors Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying amended and restated unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these amended and restated unaudited condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

UGE INTERNATIONAL LTD.

Amended and Restated Condensed Consolidated Interim Statements of Financial Position as at
(Unaudited) (Expressed in United States dollars)

	September 30, 2020 *Amended and Restated*	December 31, 2019
Assets		
Current assets		
Cash	$ 140,666	$ 206,433
Trade and other receivables (Note 3)	1,830,503	1,991,307
Prepaid expenses and other assets	292,362	653,002
Construction-in-progress (Note 4)	607,876	428,030
	2,871,407	3,278,772
Non-current assets		
Plant and equipment (Note 4)	1,036,713	66,798
Solar Assets (Note 4)	608,301	-
Deferred development costs	88,355	-
Deferred Loan Fees	11,170	-
Deferred tax assets	1,054	1,083
Total assets	$ 4,617,000	$ 3,346,653
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 4,593,682	$ 4,857,467
Lease payable - Current (Note 5)	36,763	48,405
Loans payable - Current (Note 7)	1,672,244	2,522,571
Deferred revenue	1,075,459	656,852
	7,378,148	8,085,295
Non-current liabilities		
Lease payable (Note 5)	1,009,449	10,436
Loans payable (Note 7)	2,119,946	1,800,243
Decommissiong Provision	16,253	-
Tax equity investor liability	99,582	-
	10,623,378	9,895,974
Shareholders' deficiency		
Share capital (Note 8)	21,423,635	20,050,151
Contributed surplus	4,980,417	4,785,838
Accumulated other comprehensive (loss) income	72,308	(26,252)
Accumulated deficit	(32,482,738)	(31,359,058)
	(6,006,378)	(6,549,321)
Total liabilities and shareholders' deficiency	$ 4,617,000	$ 3,346,653

Reporting entity and going concern (Note 1)
Contingencies (Note 10)
Subsequent events (Note 13)

Approved on behalf of the Board:

"Nicolas Blitterswyk"
Director, President & Chief Executive Officer

"Jian Yang"
Director

The accompanying notes are an integral part of the consolidated financial statements.

UGE INTERNATIONAL LTD.

Amended and Restated Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited) (Expressed in United States dollars)

	Three months ended Sept 30		Nine months ended Sept 30	
	2020	2019	2020	2019
	Amended and Restated		*Amended and Restated*	
Revenue	$ 131,812	$ 496,404	$ 1,025,015	$ 3,505,927
Cost of Sales	(71,243)	(405,340)	(735,135)	(2,500,919)
Gross profit	60,569	91,064	$289,880	1,005,008
Operating expenses				
Selling, general, and administrative (Note 12)	(713,835)	(769,697)	(2,249,231)	(2,347,237)
Expected credit loss	(37,313)	-	(68,353)	-
Share-Based Compensation (Note 8)	(101,262)	(15,873)	(273,490)	(142,125)
Income (loss) from operating activities	(791,841)	(694,506)	(2,301,193)	(1,484,354)
Bad debts	(175)	(70,834)	(17,474)	(170,838)
Other Income	1,252,136	68,989	1,454,329	190,026
Gain (Loss) on conversion of debt to equity	(4,661)	37	(46,041)	25,124
Finance expense	(75,032)	(99,067)	(228,706)	(211,901)
Finance income	1,870	(2,467)	1,780	11,990
Accretion expense	(18,059)	(17,732)	(51,988)	(53,108)
Net Income (loss) before income taxes	364,238	(815,580)	(1,189,293)	(1,693,061)
Income tax (expense) recovery	(15,722)	72,153	65,614	(4,809)
Income (loss) for the period	348,517	(743,427)	(1,123,680)	(1,697,870)
Other comprehensive (loss) income items that are or may be reclassified to profit or loss				
Foreign currency translation differences	(93,981)	33,837	98,560	(120,925)
Comprehensive income (loss) for the period	$ 254,535	$ (709,590)	$ (1,025,120)	$ (1,818,795)
Income (loss) per share attributable to the shareholders of the Company				
Income (loss) for the period	$ 0.02	$ (0.04)	$ (0.05)	$ (0.09)
Weighted average number of shares				
Basic and diluted (Note 8)	21,886,746	19,563,258	23,446,486	19,412,769

The accompanying notes are an integral part of the consolidated financial statements.

UGE INTERNATIONAL LTD.

Amended and Restated Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the nine months ended September 30, 2019 and 2020
(Unaudited) (Expressed in United States dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Accumulated deficit	Total
Balance - January 1, 2019	$19,592,790	$4,464,701	$147,674	($28,851,407)	($4,646,242)
Net loss for the Period	-	-	-	(1,697,870)	(1,697,870)
Offering of share units, net of share costs	441,534	-	-	-	441,534
Shares for debt, net of transaction costs (Notes 7 and 8)	136,115	-	-	-	136,115
Conversion feature	-	-	-	-	-
Share-based compensation	-	142,425	-	-	142,425
Foreign currency translation differences	-	-	(120,925)	-	(120,925)
Balance - September 30, 2019	$20,170,439	$4,607,126	$26,749	($30,549,277)	($5,744,963)

Amended and restated	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Accumulated deficit	Total
Balance - January 1, 2020	$20,050,151	$4,785,838	-$26,252	($31,359,058)	($6,549,321)
Net loss for the Period	-	-	-	(1,123,679)	(1,123,679)
Common shares issued, net of costs	354,900	189,920			544,820
Common shares for debt, net of costs	275,023	22,777	-	-	297,800
Common shares issued for option exercises	107,803	(82,502)			25,301
Common shares issued for warrant exercises	635,758	(204,102)			431,656
Share-based compensation	-	268,486	-	-	268,486
Foreign exchange translation difference	-	-	98,560	-	98,560
Balance - September 30, 2020	$21,423,635	$4,980,417	$72,308	($32,482,738)	($6,006,378)

The accompanying notes are an integral part of the consolidated financial statements.

UGE INTERNATIONAL LTD.

Amended and Restated Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2019 and 2020
(Unaudited) (Expressed in United States dollars)

	2020 *Amended and restated*	2019
Cash flow used in operating activities		
Net Loss	(1,123,680)	(1,697,870)
Adjustment for:		
Depreciation and amortization	36,879	38,383
Expected Credit Loss	85,827	170,838
Income tax expense	(65,614)	4,809
Share-based compensation	273,490	142,125
Loss (gain) on conversion of debt to equity	46,041	(25,124)
Gain on loan settlement	(1,013,838)	-
Gain on accounts payables settlement	(134,386)	-
Government-sponsored non-cash COVID relief	(99,967)	-
Tax attributes allocated to tax equity investors	(9,769)	-
Gain on disposal	-	3,674
Net finance expense	226,925	199,911
Accretion expense	51,987	53,108
Decommisioning Provision	16,253	-
	(1,709,852)	(1,110,146)
Change in trade and other receivables	96,029	1,753,252
Change in prepaid expenses and deposits	61,271	(476,129)
Additions to right-of-use assets	(1,003,634)	-
Additions to lease liabilities	987,371	-
Change in accounts payable and accrued liabilities	91,463	(1,258,308)
Additions to deferred development costs	(88,355)	-
Additions to deferred loan fees	(11,170)	-
Change in deferred revenue	418,607	386,766
	(1,158,270)	(704,565)
Income taxes paid	(5,718)	(1,937)
Net finance expenses paid	(133,451)	(154,221)
Cash used in operating activities	(1,297,439)	(860,723)
Cash flow from investing activities		
(Increase)/Decrease to restricted cash	299,328	698,321
(Increase)/Decrease to plant and equipment	(791,307)	(23,800)
Cash from (used in) investing activities	(491,979)	674,521
Cash flow from financing activities		
Net proceeds from equity raise	544,820	441,534
Net proceeds from option and warrant exercises	456,957	-
Proceeds from tax equity investors	100,000	-
Net proceeds of loan payable	621,874	(339,249)
Cash from financing activities	1,723,651	102,285
Increase (Decrease) in cash for the period	(65,767)	(83,917)
Effect of exchange rate fluctuations on cash	-	(8,745)
Cash, at beginning of period	206,433	121,735
Cash, at end of period	140,666	29,073
Non-cash transactions:		
Shares for Debt	267,330	136,115

The accompanying notes are an integral part of the consolidated financial statements.

1. Reporting entity and going concern

(a) Reporting entity

UGE International Ltd. (the "Company" or "UGE") is incorporated under the laws of the Province of Ontario and its common shares are listed on the TSX Venture Exchange under the symbol "UGE". The Company's registered office is located at 417 5th Avenue, Suite 804, New York, New York, United States. The principal business activity of the Company is to provide renewable energy solutions to its clients. Primarily, it provides project development, engineering, and project management work in the commercial solar sector.

(b) Going concern

These amended and restated unaudited 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 and has incurred losses from operations (Note 8) as of the approval date of these consolidated financial statements. For the nine months ended September 30, 2020, the Company had a consolidated net loss of $1,123,680 and negative cash flow from operations of $1,297,439. As of September 30, 2020, the Company had cash of $140,666, a working capital deficiency of $4,506,741 and shareholders' deficiency of $6,006,378.

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 secure additional debt or equity financing to fund its current and any future working capital needs. Various risks and uncertainties are 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, 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. There are no guarantees that the funds raised will be sufficient to sustain the Company's ongoing operations or that additional debt or equity financing will be available to the Company or available at acceptable terms. Failure to implement the Company's business plan or the ability for the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, some material risks and uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These amended and restated unaudited condensed consolidated interim financial statements 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 amended and restated unaudited condensed consolidated interim financial statements.

2. Basis of preparation

(a) Statement of compliance

These amended and restated unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These amended and restated unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the consolidated financial statements of the Company for the year ended December 31, 2019, except for new accounting policies described in Note 3. These amended and restated unaudited condensed consolidated interim financial statements should be read in conjunction with consolidated financial statements of the Company for the year ended December 31, 2019.

These amended and restated unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 16, 2021.

(b) Basis of presentation and accounting

These amended and restated unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries.

All significant intercompany balances and transactions have been eliminated on consolidation.

(c) Functional and presentation currency

These consolidated financial statements are presented in United States dollars ("USD"). The functional currency of the Company, UGE Consulting Services Co. Ltd. ("UGE Consulting"), UGE Project Holdco Ltd. ("UGE Holdco"), and UGE Canada RE Ltd. is the Canadian dollar ("CAD"); the functional currency of UGE USA Inc. ("UGE USA") is USD, and the functional currency of UGE Philippines Inc. ("UGE Philippines") is Filipino pesos ("PhP").

(d) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis.

(e) Accounting assumptions, estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these amounts.

Critical judgments that management has made in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include: assessment of the Company's ability to continue as a going concern (Note 1(b)); and determination of the functional currency of the principal operations of the Company (Note 2(c)).

Significant areas having estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the amended and restated unaudited condensed consolidated interim financial statements are as follows:

i) Useful lives of property, plant and equipment and intangible assets

Property, plant, and equipment is beginning to and will represent a significant portion of the Company's total assets. The Company reviews its estimates of useful life of property, plant and equipment and intangible assets on an annual basis and adjusts depreciation on a prospective basis as required.

ii) Impairment of non-financial assets

The Company makes several estimates when calculating the recoverable amount of an asset, in particular property, plant and equipment. The recoverable amounts are a value in use calculation using discounted cash flows. Future cash flows depend on certain estimations such as electricity production, project life, costs to operate, capital expenditures, and the discount rates. For intangible development costs, the likelihood of being able to develop the project is assessed in respect of the competitive environment and government policy.

iii) Allowances for expected credit losses

An 'expected credit loss' impairment model applies to financial assets measured at amortized cost using the effective interest method, less a provision for ECL, which requires a loss allowance to be recognized based on expected credit losses. Provisions for expected credit losses are established using an ECL model. The provisions are based on a forward-looking ECL, which includes possible default events on the accounts receivable over the entire holding period of the accounts receivable, considering the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, default or delinquency in payments are considered indicators that recovery of the accounts receivable is doubtful. The default rate is subject to significant estimate and judgement.

iv) Stock-based compensation

The Company uses the Black-Scholes options pricing model to determine the amount of stock-based compensation. Such models require assumptions related to share price volatility, expected life of options and discount rate. Changes in these assumptions affects the fair value of the options and the amount of stock-based compensation to be recognized in profit or loss over the vesting period.

v) Percentage of completion calculation

The Company measures the stage of completion for EPC and engineering projects based on the costs incurred to date compared to the total estimated costs for the project. The estimating total costs requires professional judgement and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

vi) Tax equity liabilities

The Company makes estimates in the determination of expected future cash flows to calculate the EIR and amortization of tax equity liabilities. Future cash flows depend on certain estimations such as electricity production, facility life, costs to operate, required capital expenditures and timing of the exercise of any put/call options after the flip date.

vii) Government loans and forgiveness – COVID 19

The Company has applied judgment in assessing whether it will qualify for loan forgiveness under certain COVID-19 relief programs. Additionally, in determining the fair value of the loans received under COVID-19 relief programs management makes estimates about the market interest rate it would otherwise receive for loans on similar terms.

3. Significant accounting policies

The Company adopted new accounting policies during the three and nine months related to new business transactions.

a) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition and construction of Solar projects during active construction. Other borrowing expenses are expenses in the period in which they are incurred.

b) Project Development costs

Project development costs include design and acquisition costs associated with new Solar projects. These costs are deferred until construction begins at which time they are transferred to property, plant, and equipment. The Company defers costs for Solar projects when it believes the projects will more likely than not be completed. When it is no longer probable a Solar project will be completed, the costs deferred to date are expensed. During the period of development, the asset is tested for impairment annually or more often if indicators of impairment exist.

c) Leases or arrangements containing a lease

The Company leases roof-top sites and land for its solar projects and office space for corporate activities. At the inception of a contract, the Company assesses whether the contract is or contains a lease that conveys to the Company the right to control the use of an underlying asset in return for payment. If the contract meets the definition of a lease, a lease liability is recognized in an amount equal to the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or if that cannot be determined the Company's incremental borrowing rate. Lease payments include: (i) all fixed payments; (ii) variable payments that depend on an index or rate; and (iii) any purchase option or termination penalty reasonably certain to be incurred. A lease ROU asset is recognized in amount equal to the lease liability less any lease incentives received and plus: (i) any payments made prior to the start of the lease; (ii) any initial direct costs incurred; and (iii)an estimate of the cost to restore the asset as required by the lease contract.

The Company applies the cost model to subsequently measure lease ROU assets and applies the same impairment policy as other PP&E. Lease ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The lease term includes any renewal or termination the Company is reasonably certain to exercise. Where leased assets are required for the operation of a Solar project, the Company assumes the lease will be renewed to match the term of the project's power purchase agreement (PPA). ROU asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

d) Decommissioning liabilities

Decommissioning liabilities are recorded when the underlying activities requiring future decommissioning obligations are incurred and are measured at the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent periods, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or changes in the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing, the amount of the original estimate of the undiscounted cash flows or a change of the discount rate are accounted for as part of the carrying amount of the related property, plant and equipment. The carrying amounts of the decommissioning liabilities are reviewed at each quarter-end to reflect current estimates and changes in the discount rate.

e) Financial liabilities

Tax equity structures

The Company owns and operates a project in the US under a tax equity structure to finance the construction of the solar project. The structure is designed to allocate the majority of renewable tax incentives, such as investment tax credits (ITCs) and accelerated depreciation to the tax equity investor. With its current portfolio of solar projects, the Company cannot fully monetize such tax incentives. Generally, tax equity structures allocate the majority of the project's US taxable income and renewable tax incentives along with a portion of the project's cash flows until they receive an agreed-upon after-tax investment return (the "flip point"). The flip points are generally dependent on the projects' respective return but also maybe contractually determined. At all times, both before and after the projects' flip point the Company retains control over the projects financed with a tax equity structure. Subsequent to the flip point the Company receives the majority of the projects' taxable income, cash flows and remaining tax incentives.

Amounts paid by the tax equity investors for their equity stakes are classified as debt on the consolidated statements of financial position and are measured at amortized cost using EIR until the flip date. Amortized cost is affected by the allocation of ITCs, taxable income and accelerated tax depreciation.

After the flip date the tax investors equity investment will be accounted for as non-controlling interests. The Company also has the option to settle the with the tax equity investor after the flip date.

The Company recognizes the TEI contributions as long-term loans and borrowings, at an amount representing the proceeds received from the TEI in exchange for shares of the subsidiary, net of the following elements affecting amortized cost of the tax equity financing:

- *ITC*: Allocation of ITCs to the TEI stemming from the construction activities and recognized as a reduction in the cost of the assets to which they relate.
- *Taxable income (loss), including tax attributes such as accelerated tax depreciation*: Allocation of taxable income and other tax attributes to the TEI recognized in other (income) expenses as incurred.
- *Cash distributions*: Cash allocation to the TEI

Tax equity financing balances are reduced by the value of tax benefits (ITCs and tax depreciation) allocated to the investor and by cash distributions paid to the investor for their share of net earnings and cash flow generated at each project. Tax equity financing balances are increased by interest recognized at the implicit interest rate. In applying the effective interest method to tax equity financings, the Company has made an accounting policy choice to recognize the impacts of the tax attributes in net interest expense.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

4. Trade and other receivables

	September 30, 2020	December 30, 2019
	Amended and Restated	
Trade receivables	$ 1,363,825	$ 1,415,811
Unbilled revenue	278,585	483,819
Interest receivable	3,677	-
Note receivable - related party	100,000	-
Withholding tax and sales tax receivables	84,416	91,677
	$ 1,830,503	$ 1,991,307

Trade receivables are reviewed for impairment on a case-by-case basis and are provided for based on the deterioration of credit risk since initial recognition, at which time a provision is recognized in the consolidated statements of operations and comprehensive loss within selling, general, and administrative expenses. If the credit risk has not increased significantly, allowances are based on 12-month expected losses. If the credit risk has increased significantly and if the receivable is impaired, the allowances will be based on lifetime expected losses. Subsequent recoveries of amounts previously provided for are credited against selling, general, and administrative expenses in the consolidated statements of operations. For the three and nine months ended September 30, 2020 the Company recorded $37,313 and $68,353 in expected credit losses, respectively (2019 - $nil and $nil, respectively). At September 30, 2020, there was an allowance for expected credit losses of $246,806 (December 31, 2019 - $176,705).

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

5. Plant and equipment

		Office equipment	Right-of-use Asset	Solar Assets	Total
			Amended and Restated	*Amended and Restated*	
Cost					
Balance as at					
	January 1, 2019	$ 55,045	$ -	**$ -**	**$ 55,045**
Additions		25,961	92,000	-	**117,961**
Disposals		(56,681)	-	-	**(56,681)**
Foreign exchange difference		2,075	-	-	**2,075**
Balance as at					
	December 31, 2019	26,400	92,000	-	**118,400**
Additions		1,475	-	610,454	**611,929**
Additions - land lease right-of-use assets		-	1,011,953	-	**1,011,953**
Foreign exchange difference		(668)	-	-	**(668)**
Balance as at					
	September 30, 2020	$ 27,207	$ 1,103,953	$ 610,454	**$1,741,613**
Accumulated depreciation					
Balance as at					
	January 1, 2019	$ 19,853	$ -	$ -	**$ 19,853**
Depreciation expense		7,403	42,462	-	**49,865**
Disposals		(27,848)	-	-	**(27,848)**
Foreign exchange difference		9,732	-	-	**9,732**
Balance as at					
	December 31, 2019	9,140	42,462	-	**51,602**
Depreciation expense		2,880	31,846	2,153	**36,879**
Depreciation - allocated to deferred development costs		-	8,319	-	**8,319**
Foreign exchange difference		(200)	-	-	**(200)**
Balance as at					
	September 30, 2020	$ 11,820	$ 82,627	$ 2,153	**$ 96,599**
Carrying amounts					
December 31, 2019		$ 17,260	$ 49,538	$ -	**$ 66,798**
September 30, 2020		$ 15,387	$ 1,021,326	$ 608,301	**$1,645,014**
	Construction-in-progress	-	-		607,876
Total Plant and equipment					**$2,252,890**

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

Construction-in-Progress – As of September 30, 2020, construction was in progress on three self-owned and self-financed projects that will be operated by UGE USA. Capitalized amounts include borrowing costs, and all costs of construction, including materials purchased and subcontractor labour.

As of September 30. 2020, balances per project are as follows:

		September 30, 2020
Construction in Progess:		
NY CDG 001 LLC	$	211,258
NY CDG 003 LLC		367,374
NY CDG 004 LLC		29,244
Total Construction in progress	**$**	**607,876**

During the quarter, construction for two of the company's self-financed projects (not shown above) was completed and the projects became operational.

Right-of-Use Assets

The Company has an office lease expiring in February 2021. The present value was calculated using an interest rate of 13.5%.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

6. Lease Liability

The following table reconciles the Company's operating lease commitments at September 30, 2020 to the lease liabilities recognized on the initial application of IFRS 16 at December 31, 2019.

	Office equipment	Land Leases	Total
		Amended and Restated	
Lease liabilities up adoption of IFRS 16 in 2019	$ 92,000	$ -	$ 92,000
Lease payments	(55,736)	-	(55,736)
Lease interest	22,577	-	22,577
Lease Liability balance at December 31, 2019	**$ 58,841**	**$ -**	**$ 58,841**
Lease liability opening balance 2020	$ 58,841	$ -	$ 58,841
Liabilities entered into during 2020	-	1,011,953	1,011,953
Lease payments	(41,706)	(8,500)	(50,206)
Lease interest	8,628	16,996	25,624
September 30, 2020	**$ 25,763**	**$ 1,020,449**	**$ 1,046,212**
Current portion of lease liability	$ 25,763	$ 11,000	$ 36,763
Long term portion of lease liability	-	1,009,449	1,009,449
Fiscal 2020 future payments	14,030	500	14,530
Fiscal 2021 and beyond future payments	9,821	3,824,300	3,834,121
Total future lease payments	$ 23,851	$ 3,824,800	$ 3,848,651

The Company did not have any short-term leases or leases of low-value assets included in the statement of loss and comprehensive loss for the periods ended September 30, 2020 and 2019.

7. Accounts payable and accrued liabilities

	September 30, 2020	December 30, 2019
	Amended and Restated	
Trade Payables	$ 2,427,943	$ 3,508,613
Accrued & Other Payables	1,979,014	1,059,397
Warranty Provision	12,719	47,628
Income Taxes Payable	174,006	241,828
	$ 4,593,682	$ 4,857,467

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

8. Loans payable

Operating Debt

	UGE Entity	September 30, 2020	December 31, 2019	Interest expensed during March 31, 2020	Interest expensed during June 30, 2020	Interest expensed during September 30, 2020
		Amended and Restated			***Amended and restated***	
UGE International Debt						
Acquisition Loan (CAD$750,000)(i)	UGE	561,150	576,150	14,790	14,640	13,845
Convertible Debenture (ii) (CAD$720,000)	UGE	477,116	445,215	10,569	10,426	10,720
Debt to former Subsidiary (iii)	UGE	350,000	350,000	7,729	7,883	8,041
Short term Loan (iv)	UGE	76,222	78,188	3,820	1,396	1,410
UGE Canada RE Debt						
Construction Financing Facility (v)	UGE Canada RE	-	1,200,000	12,097	3,049	-
Revolving Credit Facility (CAD$315,000)(vi)	UGE Canada RE	-	241,983	2,961	5,474	-
Canada Emergency Business Account (vii)	UGE Canada RE	29,928	-	-	-	-
UGE Consulting Debt						
Canada Emergency Business Account (vii)	UGE Consulting	29,928	-	-	-	-
UGE USA Debt						
PPP Loan (viii)	UGE USA	32,031	-	-	-	582
SBA EIDL (ix)	UGE USA	149,900	-	-	-	1,618
UGE PHP Debt						
Bank Loan (PHP 29,800,000) (x)	UGE PHP	470,710	587,060	11,255	12,251	11,744
Sub-total operating debt		$ 2,176,985	$ 3,478,596	$ 63,221	$ 55,119	$ 47,961

(i) Acquisition Loan – As at September 30, 2020, the Company has a loan bearing interest at 8.0% per annum (plus a quarterly service charge of CAD $3,750) due September 24, 2021 of CAD$750,000 ($561,150). For the nine months ended September 30, 2020, the Company incurred $33,081 (2019 – $11,456) in interest expense and $8,270 in service charges which are recognized as finance expenses in the consolidated statement of operations and comprehensive loss.

(ii) Convertible Debenture – As at September 30, 2020, the Company has a convertible debenture with a coupon rate of 8% on the face amount of CAD $720,000 ($538,704). The debenture is convertible into common shares of the Company at the option of the holder at a conversion price of CAD $0.96 per share. Interest accrued under the debenture is payable in cash or in shares at the option of the holder, and if payable in shares, such shares shall be issued at a conversion price of CAD $0.96. The debentures are secured against the Company pursuant to a subordinated general security agreement.

The Debentures' net proceeds of CAD $619,439 ($467,800) were separated into the liability component of CAD $486,210 ($367,186), equity component of CAD $100,067 ($75,571), and broker warrants value of CAD $26,162 ($19,758). The liability is carried at amortized cost using the effective interest rate method with an effective interest rate of 18.12% per annum. Transaction costs of CAD $107,561 ($81,230) were paid in relation with the Debentures. The fair value of 60,000 broker warrants issued with the Debentures was valued using the Black-Scholes option-pricing model based on the following assumptions: volatility of 113% using the historical prices of the Company, risk-free interest rate of 2.350%, expected life of 2 years and share price of $0.58. During the 9-months ended September 30, 2020, the Company recorded interest of $31,715 (2019 - $8,925) and accretion expense of $42,637 (2019 - $11,519) which were recorded as finance expense and accretion expense in the consolidated statements of operations and comprehensive loss.

(iii) Debt to Former Subsidiary - This $350,000 loan bears interest at 8.0% per annum due September 23, 2023. During the nine months ended September 30, 2020 the Company recorded $23,653 (2019 - $7,140) of interest as finance expense in the consolidated statements of operations and comprehensive loss.

(iv) Short term Loan – As at September 30, 2020, the Company has a loan advance agreement of CAD $101,873 ($76,222) bearing interest of 7.5% per annum where repayment will be in line with a repayment schedule of a loan agreement still being negotiated, and the timing of which is not yet known. During the nine months ended September 30, 2020 the Company recorded USD $6,626 (2019 - $nil) of interest as finance expense in the consolidated statement of operations and comprehensive loss.

(v) Construction Financing Facility – During the three months ended September 30, 2020, the Company settled a construction financing facility with a maximum limit of $957,734. The facility bore interest at a rate equal to prime + 1.45% (5.4%) and was secured by a general security agreement covering all assets of UGE Canada RE. The Company recorded $15,146 (December 31, 2019 - $81,000) in interest as finance expense in the consolidated statement of operations and comprehensive loss. During the quarter, the Company reached an agreement with the lender and settled the remaining balance.

(vi) Revolving Credit Facility - During the three months ended September 30, 2020, the Company settled a revolving demand credit facility that had had a maximum limit of CAD $315,000 ($230,895), (December 31, 2019 - $241,983). The credit facility bore interest at prime + 1.45% (5.4%) per annum and was secured by a general security agreement covering all assets of UGE Canada RE. The Company recorded $8,435 (December 31, 2019 - $22,411) of interest as finance expense in the consolidated statement of operations and comprehensive loss. During the quarter, the Company reached an agreement with the lender and settled the remaining balance.

(vii) Canada Emergency Business Account – In response to the COVID-19 pandemic, during the nine months ended September 30, 2020, UGE Canada RE and UGE Consulting, two wholly-owned subsidiaries of the Company, applied and received Canada Emergency Business Account loans. The loans are in the amount of $29,928 (CAD $40,000) each due December 31, 2022. There are forgiveness rules in place where 25% of the loan amount will be forgiven if 75% (or CAD $30,000) of the loan is repaid by the due date.

(viii) Paycheck Protection Program (PPP) – In response to the COVID-19 pandemic, the Company received a loan for $131,998 due April 20, 2022 bearing interest of 1% from the US Small Business Administration (SBA) as a form of coronavirus relief. The SBA is currently working out forgiveness rules as well as calculations for how much of the loan can be eligible for forgiveness; the Company recorded $99,967 of loan forgiveness in the current quarter as it expects to meet the requirements. During the nine months ended September 30, 2020 the Company recorded $582 of interest as finance expense in the consolidated statement of operations and comprehensive loss.

(ix) Economic Injury Disaster Loan (EIDL) – In response to the COVID-19 pandemic, during the nine months ended September 30, 2020, in, the Company received a loan of $150,000 bearing interest of 3.75% due June 2050. The SBA has offered a one-year deferment on the first monthly payment beginning June 15, 2021. The Company recorded $1,618 of interest which are recognized as finance expenses in the consolidated statement of operations and comprehensive loss.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

7. Loans payable (continued)

(x) Bank Loan Line – As of September 30, 2020, the Company has a line for PHP 22,850,000 ($470,710) with PHP 10,750,000 due December 23, 2020 and the remainder due February 12, 2021 with interest payable monthly at 7.75%. For the nine months ended September 30, 2020, the Company recorded interest of $35,250 (December 31, 2019 - $3,499) in the consolidated statement of operations and comprehensive loss.

Project Debt

	UGE Entity	September 30, 2020	December 31, 2019
		Amended and Restated	
UGE HoldCo Debt			
Green Bonds (CAD$605,000) (xi)	UGE Holdco	413,233	338,254
Project Development Capital			
Secured Debentures (xii)	UGE Devco	22,446	23,046
Term Loan (xiii)	UGE USA	-	25,000
Term Loan (xiv)	UGE USA	-	84,410
Project-Level Debt			
UGE USA Project Debt (xv)	UGE USA	1,179,525	373,508
Subtotal project debt		$ 1,615,204	$ 844,218

(xi) Green Bonds – On October 23, 2018, the Company completed an offering of Secured Green Bonds in the aggregate principal amount of CAD $500,000 ($374,100), accruing interest at the rate of 7% per annum and maturing on September 1, 2023. The effective interest rate is 10.38%. For each $1,000 of principal issued in Bonds, the Company issued 25 bonus units (the "Bond Units") consisting of one common share of the Company (the "Bond Unit Shares") and half of one common share purchase warrant (each whole warrant, a "Bond Unit Warrant") resulting in the issuance of 12,500 Bond Unit Shares, and 6,250 Bond Unit Warrants. Each Bond Unit Warrant may be exercised by the holder for one common share of the Company at an exercise price of $1.40 per share for 24 months from the date of issuance, being October 23, 2020. Also, 21,429 broker warrant purchase units were issued at an exercise price of $1.40 expiring October 23, 2020. On January 24, 2020, the Company completed a second offering of Secured Green Bonds in the aggregate amount of CAD $105,000 ($78,561). The Bonds are secured against projects of the Company with security interests owned by the Company's wholly-owned subsidiary, UGE Project HoldCo Ltd. Total interest and accretion expense for the nine months ended September 30, 2020 was $37,747 (2019 - $38,108) and transaction costs of $nil (2019 - $nil) was recorded.

(xii) Secured Debentures – As of September 30, 2020, UGE Devco had two debentures secured by early-stage solar projects of the Company paying interest equal to 12% per annum and due in 2021. Total interest expense paid was $1,972 (2019 - $3,077).

(xiii) Term Loan – As of September 30, 2020, UGE USA has repaid a short-term loan unsecured facility of $50,000, used for short-term project development investments, based on a fixed weekly repayment schedule. The Company paid total interest of $1,234 (2019 - $1,234) which is recorded in finance expense in the consolidated statement of operations and comprehensive loss.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

(xiv) Term Loan - As of September 30, 2020, UGE USA, a wholly-owned subsidiary of UGE, has since repaid a short-term loan unsecured facility used to fund short-term project development investments with a maximum limit of $130,000 and secured by UGE USA assets. The Company recorded interest of $6,351 (2019 - $3,952) in finance expense in the consolidated statement of operations and comprehensive loss.

(xv) UGE USA Project Debt– As of September 30, 2020, the Company had secured Project-level debt for five self-financed projects. Once projects are operational, the project-level debt has a 7-year term with interest rates of 7.39% for two of the loans, 6.19% for the third and fourth loan and 5.90% for the fifth loan. As of September 30, 2020, the first two projects were operational. During the projects' construction phase (until the project reaches commercial operation), the interest rate is increased to 9% for the third and fourth loans, and 8.50% for the fifth loan for drawn portions of the facilities, which totaled $1,179,525 as of September 30, 2020. Origination fees and interest expense to date in 2020 were capitalized as all projects were under construction. During the quarter, two of the projects have reached commercial operation, with the interest rate adjusting as described herein, and the Company has stopped capitalizing interest on these projects.

Total Company debt outstanding is as follows:

	September 30, 2020 *Amended and Restated*	December 31, 2019
Total debt	$ 3,792,190	$ 4,322,814
Current portion	$ 1,672,244	$ 2,522,571
Non-current portion	$ 2,119,946	$ 1,800,243

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

9. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

The issued and outstanding share capital for nine month ending September 30 is as follows:

	2020			2019		
	Number of shares		Amount	Number of shares		Amount
			Amended and Restated			
Balance at beginning of period	20,250,439	$	20,050,151	10,192,507	$	16,575,247
Private placement of share units, net of share costs	3,000,000		354,900	312,500		190,428
Shares issued for conversion of restricted share units	-		-	2,500		2,510
Shares for services	-		-	98,109		112,853
Shares issued in relationg to Green Bonds	-		-	12,500		-
Shares issued for conversion of debt to equity	1,382,407		275,023	6,956,056		2,711,752
Shares issued for common stock exercises	216,780		107,803	-		-
Shares issued for warrant exercises	1,696,666		635,758	-		-
Amount issued for exercise of special warrants	-		-	500,000		-
Balance at end of period	26,546,292	$	21,423,635 $	18,074,172	$	19,592,790

On December 23, 2019, the Company completed a 4:1 share consolidation. The exercise price or conversion price of, and the number of common shares issuable under, any convertible securities of the Company were proportionately adjusted upon completion of the share consolidation. References in these consolidated financial statements to share amount, per share data, share prices exercise prices and conversion prices have been adjusted to reflect the share consolidation.

8. Share capital (continued)

Private placement equity financing

On February 25, 2020, the Company completed a non-brokered private placement of 3,000,000 units ("Units"), with each such unit consisting of one common share in the capital of the Company (the "Common Shares") and half of one common share purchase warrant (each whole warrant, a "Unit Warrant") at an issuance price of CAD $0.26 per Unit for aggregate gross proceeds of CAD $780,000 (the "Offering"). Each Unit Warrant entitles the holder to purchase one Common Share at an exercise price of CAD $0.33 per share for 18 months from the date of issuance. Certain finders of purchasers in the Offering were entitled to receive a cash commission equal to 5% of the gross proceeds from subscribers sourced by such finders as well finder's warrants (the "Finder's Warrants") equal to 5% the number of Units sourced by such finders, resulting in the payment by the Company of $18,200 in commission and fees and the issuance of 80,000 Finder's Warrants. Each Finder's Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of $0.33 per share for 18 months from the date of issuance. 98% of the warrants described herein were exercised by holders of the Unit Warrants and Finder's Warrants prior to September 30, 2020.

On February 8, 2019, the Company completed a non-brokered private placement of 1,013,333 ("Units"), with each such unit consisting of one common share in the capital of the Company (the "Common Shares") and half of one common share purchase warrant (each whole warrant, a "Unit Warrant") at an issuance price of CAD $0.60 per Unit for aggregate gross proceeds of CAD $608,000 ($458,371) (the "Offering"). Each Unit Warrant entitles the holder to purchase one Common Share at an exercise price of CAD $0.80 per share for 24 months from the date of issuance. Certain finders of purchasers in the Offering were entitled to receive a cash commission equal to 6% of the gross proceeds from subscribers sourced by such finders as well finder's warrants (the "Finder's Warrants") equal to 6% the number of Units sourced by such finders, resulting in the payment by the Company of CAD $6,480 ($4,885) and the issuance of 10,800 Finder's Warrants. Each Finder's Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of CAD $0.80 per share for 24 months from the date of issuance. In addition to finder's warrants, the Company paid CAD $15,765 ($11,952) in legal and issuance fees for the completion of the private placement. Significant assumptions used in the Black-Scholes model to value the warrants included an expected life of 2 years, volatility of 103% and a risk-free rate of 1.59%.

Shares for conversion of debt to equity

On January 8, 2020 the Company converted six accounts payable balances totaling CAD $61,042 to 382,292 common shares. In particular two officers and three directors elected to receive certain bonuses and directors' fees in the form of equity, which accounted for the majority of the conversion.

On February 14, 2020, the Company converted two accounts payable balances totaling CAD $39,226 to 157,500 common shares and realized a non-cash loss of CAD $7,724 (US $5,646) on the conversion. In particular, one officer of the Company elected to receive certain bonuses owed in the form of equity, which accounted for the majority of the conversion.

On March 17, 2020, the Company converted two accounts payable balances totaling CAD$ 84,806 to common shares and warrants of the Company, resulting in the issuance of 325,000 common shares and 125,000 warrants and realized a non-cash loss of CAD $48,882 (US $35,732) on the conversion. In particular, one officer of the Company, elected to receive certain bonuses owed in the form of equity.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

On July 6, 2020, the Company converted three accounts payable balances totaling CAD $115,917 for 438,667 common shares realizing a non-cash loss of CAD $5,523 (US $4,078). In particular, one officer of the Company, elected to receive certain bonuses owed in the form of equity.

On August 6, 2020, the Company converted one accounts payable balance totaling CAD $30,000 for 78,948 common shares, realizing a noncash loss of CAD $789. In particular, one officer of the Company elected to receive certain bonuses owed in the form of equity.

On February 12, 2019, the Company converted four accounts payable balances totaling CAD $130,667 for 217,778 common shares of the Company. In particular, two officers of the Company, including its Chief Executive Officer, elected to receive certain bonuses owed in the form of equity, which accounted for the majority of the conversion.

On June 10, 2019, the Company converted seven accounts payable balances totaling CAD $83,345 for 138,907 common shares.

On September 17, 2019, the Company converted one accounts payable balance totaling CAD $7,500 for 31,250 common shares.

Warrants

The Warrant activity is as follows:

Exercise price	Expiry	December 31, 2019 Outstanding	Issued	Expired	Exercised	September 30, 2020 Outstanding
Amended and Restated			*Amended and Restated*	*Amended and Restated*		*Amended and Restated*
0.80	June 26, 2019	-	-	-	-	-
0.60	June 26, 2019	-	-	-	-	-
1.60	June 14, 2020	312,500	-	(312,500)	-	-
1.40	October 23, 2020	87,679	-	-	-	87,679
0.80	February 8, 2021	517,467	-	-	(16,666)	500,801
0.33	August 16, 2020	-	1,580,000	(25,000)	(1,555,000)	-
0.33	August 16, 2020	-	125,000	-	(125,000)	-
		917,646	1,705,000	(337,500)	(1,696,666)	588,480

During the quarter, 1,680,000 $0.33 warrants were exercised along with 16,666 $0.80 warrants. A total of 25,000 $0.33 warrants expired.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

The Company offers an incentive stock option plan that provides for the granting of options up to 10% of its issued and outstanding common shares to directors, officers, employees and consultants.

The stock option activity is as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
	Amended and Restated	*Amended and Restated*		
Balance at beginning of period	1,255,626	$ 0.42	1,051,166	$ 1.08
Granted	2,246,802	0.35	1,076,825	0.34
Exercised	(216,780)	0.34	-	N/A
Expired	(37,500)	0.71	-	N/A
Forfeited	(68,725)	0.34	(245,692)	0.68
Canceled	-	-	(626,673)	2.12
Balance at end of period	3,179,423	$ 0.39	1,255,626	$ 0.42
Balance exercisable at the end of period	1,028,732	$ 0.44	398,917	$ 3.00

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

8. Share capital (continued)

Details of the outstanding stock options are as follows (in CAD):

Exercise price (CAD)	Options outstanding at September 30, 2020	Weighted average remaining life (months)	Weighted average exercise price (CAD)	Options exercisable at September 30, 2020	Weighted average exercise price (CAD)
	Amended and Restated			*Amended and Restated*	*Amended and Restated*
$2.44	17,525	21	$2.44	17,525	$2.44
1.80	13,250	9	1.80	13,250	1.80
1.32	10,000	32	1.32	10,000	1.32
1.16	64,925	32	1.16	64,925	1.16
1.12	10,000	15	1.12	10,000	1.12
0.52	194,096	38	0.52	113,032	0.52
0.36	50,000	51	0.36	50,000	0.36
0.70	62,500	41	0.70	62,500	0.70
0.32	421,325	45	0.32	-	0.32
0.13	200,000	51	0.13	80,000	0.13
0.13	80,000	27	0.13	80,000	0.13
0.33	100,000	11	0.33	100,000	0.33
0.27	17,500	6	0.27	17,500	0.27
0.43	300,000	21	0.43	-	0.43
0.28	200,000	51	0.28	200,000	0.28
0.24	300,000	56	0.24	210,000	0.24
0.24	808,302	57	0.24	-	0.24
0.78	330,000	36	0.78	-	0.78
	3,179,423	43	0.39	1,028,732	0.44

For the nine months ended September 30, 2020, the Company recorded share-based compensation expense of $273,490 (September 30, 2019 - $142,125) respectively, relating to stock options in the consolidated statement of operations and comprehensive loss. The compensation expense was based on the fair value of each stock option on the date of the grant using the Black-Scholes option-pricing model with the below weighted average assumptions:

	2020	2019
Expected life	5 years	5 years
Expected volatility in market price of shares	192.2%	153.4%
Expected dividend rate	0.0%	0.0%
Risk-free interest rate	0.38%	1.40%

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

9. Segmented information

The Company has determined that it operates in one operating segment, renewable energy solutions. During the nine months ended September 30, the Company had revenues in the United States, Canada, the Philippines, and in its global consulting practice, and is organized into sales areas consisting of these markets.

Total revenue by geographic area for the nine months ended September 30, was as follows:

	2020	2019
	Amended and Restated	
Canada	$ 225,501	$ 2,446,568
United States	129,824	437,803
Philippines	669,690	621,556
	$ 1,025,015	$ 3,505,927

All non-current assets are related to the Company's United States operations.

During the nine months ended September 30, 2020 the Company had three (2019 - no) customers that accounted for more than 10% of consolidated revenue as listed below. No other customer accounted for more than 10% of the Company's consolidated revenue.

	Nine months ended September 30, 2020	2019
	Amended and Restated	
Customer 1	18%	0%
Customer 2	18%	0%
Customer 3	18%	0%

10. Contingencies

Contingencies

UGE USA was contracted to complete a portfolio consisting of three projects with a US-based solar developer (the "Developer"). In July 2018 a dispute arose between UGE USA and the Developer. The Developer named UGE USA in a legal action for alleged breach of contract. UGE USA disputed the claims and filed counterclaims for non-payment, among other counterclaims.

UGE has settled the dispute related to one of the three projects with the Developer. The Company has accrued for damages that could be levied on the settlement of the third project, all of which has been included in project-related loss in the statement of operations and comprehensive loss. The total amount accrued on this project is $974,706. Settlement discussions have not yielded an acceptable outcome and the lawsuit continues, with UGE demanding payment for amounts owed which exceed $1,000,000. Currently, trial is scheduled for May 2021.

UGE Canada RE is a party to a collaboration agreement with a Canadian solar developer, Soventix Canada Inc. ("Soventix"), which saw the two parties complete a portfolio of solar projects, mostly throughout 2017. During the second quarter of 2018, UGE filed a Statement of Claim with the Ontario Superior Court of Justice for unpaid invoices and contractual damages totaling $376,369 (CAD$500,425), which consisted of costs and accumulated interest. Until the action has been determined, the Company has taken a project loss of $213,000 which was written off to bad debts during the year ended December 31, 2019.

In the process of winding down the UGE Canada RE business unit, several claims were filed against UGE Canada RE. When the Company filed a Notice of Intent to File a Proposal on December 18, 2019, all such claims were stayed. A stay of proceedings by operation of the BIA (Bankruptcy and Insolvency Act) is binding on the debtor company's (UGE Canada RE) creditors, barring all creditors from taking proceedings to recover debts claimed, and any existing proceeds have stayed. On February 14, 2020, 96% of creditors voted in favor of the Proposal, and the Company is currently awaiting approval from the Ontario Court of Justice, with the Proposal to be heard on November 25, 2020. Upon approval of the proposal, UGE Canada RE's activities and operations will be classified and disclosed as discontinued operations on the consolidated statement of operations and comprehensive loss

The Company is subject to possible claims that arise in the ordinary course of business. The outcome of these claims, either individually or in the aggregate, is not expected to have a material impact on the Company's financial position or financial performance.

11. Financial Instruments

Fair value

Fair value measurements recognized in the consolidated statements of financial position, if any, must be categorized in accordance with the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and;
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments that are measured at fair value on a recurring basis on the consolidated statements of financial position is currently cash and restricted cash.

The Company's financial instruments consist of cash, restricted cash, trade receivables and other receivables excluding HST and VAT, accounts payable and accrued liabilities and loans payable. The fair values of these financial instruments except for loans payable approximate carrying value because of the short-term nature of these instruments. The carrying value of the loans payable, except for convertible debts, approximate their fair value based on market rates of interest.

Financial risk management

The Company is exposed to a number of financial risks arising through the normal course of business as well as through its financial instruments. The Company's overall business strategies, tolerance of

risk and general risk management philosophy are determined by the directors in accordance with prevailing economic and operating conditions.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans payable include both fixed and variable interest rates; however, the Company does not believe it is exposed to material interest rate risk.

(b) *Foreign currency risk*

The Company primarily operates in the United States, Canada, and the Philippines. Each entity may be exposed to foreign currency risks from fluctuations if they have exposure outside their respective functional currency. A significant change in the currency exchange rates between the aforementioned currencies for entities with foreign currency exposure could have an effect on the Company's financial performance, financial position and cash flows. The Company does not use derivative instruments to reduce its exposure to exchange rate risk.

The Company's financial instruments subject to foreign currency risk are listed below (in USD).

	2020	2019
Financial assets		
Cash	$ 41,906	$ (33,094)
Restricted Cash	-	299,338
Trade Receivable	411,507	1,393
Financial liabilities		
Accounts payable	208,217	278,024
Loan payable	-	1,200,000

Based on financial assets and liabilities held as at September 30, 2020, a 5% increase or decrease in the financial instruments which have foreign currency exposure, with all other variables held constant, would result in a foreign exchange gain or loss of approximately $33,081 (December 31, 2019 - $87,283).

(c) *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and restricted cash, and trade receivables. The carrying amount of these financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash and restricted cash by placing these financial instruments with high-quality financial institutions. Credit risk relating to trade receivables and overdue Accounts receivable from vendors are managed on a case by case basis. As of September 30, 2020, the Company had overdue accounts receivable outstanding and payable due to litigation with the Developer as noted in Note 12. UGE is requesting full payment of amounts owing of $1,130,274.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its financial obligations when due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansionary plans. As of

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

September 30, 2020, the contractual maturities of financial liabilities, including estimated interest payments are as follows:

Amended and Restated	Carrying Value	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
Accounts payable and accrued liabilities	4,593,682	4,593,682	4,593,682	-	-	-
Loans payable	3,792,190	4,623,447	1,934,201	702,582	1,275,573	711,091
Lease liability	1,046,212	3,884,947	66,736	20,411	224,068	3,573,732
	9,432,084	13,102,076	6,594,619	722,993	1,499,641	4,284,823

12. Selling, general, and administrative expense

	Nine months ended September 30, 2020 *Amended and Restated*	Nine months ended September 30, 2019
Employee compensation	$ 1,176,842	$ 1,141,133
Corporate, professional & office	685,425	897,030
Depreciation and amortization	36,879	38,383
Insurance	191,822	192,783
Travel and entertainment	45,828	76,165
Advertising and marketing	18,677	1,743
Project development costs	93,758	-
	$ 2,249,231	$ 2,347,237

13. Subsequent Events

Subsequent to September 30, 2020, a total of 221,387 stock options and 50,000 warrants were exercised providing gross receipts of CAD $143,941 to the Company.

On November 12, 2020, the Company entered into a contract to sell one of its projects, through the special purpose vehicle NY CDG 003 LLC, for a total of $689,000.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

14. Government Grants

During the nine months ended September 30, 2020, the Company received government grants in response to the COVID-19 pandemic. For the Company's subsidiaries, the Canada Emergency Wage Subsidy (CEWS) became available for eligible businesses as of March 15, 2020. This program provides a salary subsidy to allow employers to retain employees during the COVID-19 pandemic. It provides employers with wage subsidies up to CAD $847/ week/ employee. UGE International and UGE Consulting have applied for this program for consecutive periods since its release.

For the Company's U.S. subsidiary, UGE USA, the U.S. Small Business Administration provided a one-time grant to small businesses to help them sustain their business during COVID-19 in the amount of $1,000 per employee. This is a grant that does not need to be repaid and no interest payments are required.

Method of Presentation

The Company has chosen to present the government grants as Other Income on the consolidated statement of comprehensive income.

Nature and Extent of amounts recognized and benefits received

Summary of amounts recognized are as follows:

		September 30, 2020
CEWS Subsidy:		
March 15 - April 11	$	26,029
April 12 - May 9		19,904
May 10 - June 6		25,606
June 7 - July 4		27,178
July 5 - Aug 1		31,430
Aug 2 - 29		31,430
	$	161,576
SBA Grant - May 2020		7,000
Total Grants/Subsidies	$	168,576

Unfulfilled Conditions

The Company has met all conditions in regards to recognition of the government grants.

15. Related Party Transactions

The Company's related parties include the following individuals or entities:

- associates, or entities, that are controlled or significantly influenced by the Company;
- key management personnel as defined by IFRS, comprised of the Company's directors and officers, and other employees having authority and responsibility for planning, directing and controlling the Company's activities; and
- entities controlled by key management personnel

As at, and during the nine months ended September 30, 2020, the Company had the following related party transactions:

- one officer became a tax equity investor in a tax equity partnership controlled by the Company for a total investment of $100,000; at September 30, 2020 the carrying amount of the associated tax equity liabilities was $99,582.
- the Company issued a $100,000 note receivable to one officer of the Company in connection with the officer's investment in a tax equity partnership controlled by the Company. The note is secured by the tax equity investment and cash distributions from the tax equity investment must first be directed to reduce the loan balance. The note was issued in August 2020, matures in February 2022, and bears interest at 3%. It may be prepaid at any time, in full or in part, without penalty. The outstanding balance of the note was $100,000 at September 30, 2020;
- the Company entered into a land lease agreement with one officer, with the intention of constructing a solar facility. The lease agreement has market terms and conditions;
- a director held CAD $30,000 secured debentures payable by the Company. The debentures had market terms and conditions;
- the Company settled $91,808 in executive bonuses with two officers for 488,532 common shares, realizing a non-cash other loss of $9,759. Please see *Note 8 Share Capital* for more information;
- the Company settled $22,930 in director compensation with one current and two former directors for 187,500 in common shares. Please see *Note 8 Share Capital* for more information.

16. Restatement

The Company has amended and restated its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020, and the three and nine months ended September 30, 2020. Subsequent to the original issuance of the interim financial statements, management and the Audit Committee of the Company's Board of Directors reviewed the accounting for certain of the Company's transactions and determined that there were material accounting errors in the originally issued interim financial statements, as described below These errors have been corrected in the amended and restated unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and the three and nine months ended September 30, 2020. As at and for the nine months ended September 30, 2020 these errors resulted in:

- revenue being overstated by $266,984 in the quarter and $508,256 in the nine months, with cost of goods sold being understated by $52,783 in the quarter and $64,380 in the nine months;
- other income being overstated by $57,828 in the nine months, due to the recognition of a government grant in other income rather than as a reduction in the solar facility carrying value;
- financing expenses being overstated by $28,377 in the quarter and $63,084 in the nine months for borrowing costs that were not capitalized to the solar facility carrying value;
- development costs being overstated by $88,355 in the nine months due to not being capitalized to intangible assets;
- share based compensation being understated by $64,684 in the nine months;
- a loss of $46,041 associated with conversion of debt to equity that was not recognized;
- under accruals of general and administrative expenses of $168,303 in the nine months;
- loan forgiveness of $99,967 that was not recognized, relating to COVID-19 debt;
- property, plant and equipment being overstated by $382,072 primarily due to computational errors related to the overstatement of revenue described above;
- property, plant and equipment being understated due to right-of-use assets of $1,021,326 not being recognized; largely offset by lease liabilities being understated by $1,020,449;
- current debt was understated by $1,106,819 and non-current debt was overstated by the same amount.

In addition to the items described above the Company also corrected the classification of certain balances and transactions to conform with IFRS and the Company's accounting policies.

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

Summary of adjustments made to the Amended and Restated Unaudited Condensed Consolidated Interim Statements of Financial Position at September 30, 2020:

	As at September 30, 2020		
	As previously reported	Adjustments	Restated
Assets			
Current assets			
Cash	140,666	-	140,666
Trade and other receivables	2,037,083	(206,580)	1,830,503
Prepaid expenses and other assets	318,563	(26,201)	292,362
Construction-in-progress	767,102	(159,226)	607,876
	3,263,414	(392,007)	2,871,407
Non-current assets			
Plant and equipment	33,079	1,003,634	1,036,713
Solar assets	831,147	(222,846)	608,301
Project development costs	-	88,355	88,355
Deferrred loan fees	-	11,170	11,170
Deferred tax assets	1,054	-	1,054
	865,280	880,313	1,745,593
Total assets	**4,128,694**	**488,306**	**4,617,000**
Liabilties			
Current liabilities			
Accounts payable and accrued liabilties	4,969,674	(375,992)	4,593,682
Lease payable - current	25,763	11,000	36,763
Loans payable - current	565,425	1,106,819	1,672,244
Deferred revenue	845,997	229,462	1,075,459
	6,406,859	971,289	7,378,148
Non-current liabilities			
Lease payable	-	1,009,449	1,009,449
Loans payable	3,312,345	(1,192,399)	2,119,946
Decommissioning provision	16,253	-	16,253
Tax equity investor liability	-	99,582	99,582
	3,328,598	(83,368)	3,245,230
Total liabilties	**9,735,457**	**887,921**	**10,623,378**
Shareholders' deficiency			
Share capital	21,298,684	124,951	21,423,635
Contributed surplus	4,993,036	(12,619)	4,980,417
Accumulated other comprehensive (loss) income	78,238	(5,930)	72,308
Accumulated deficit	(31,976,721)	(506,017)	(32,482,738)
Total deficit	(5,606,763)	(399,615)	(6,006,378)
Total liabilities and deficit	**4,128,694**	**488,306**	**4,617,000**

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

Summary of adjustments made to the Amended and Restated Unaudited Condensed Consolidated Interim Statements of Operations: Three and nine months ended September 30, 2020:

	Three months ended September 30, 2020		
	As previously reported	Adjustments	Restated
Revenue	398,796	(266,984)	131,812
Cost of sales	(124,026)	52,783	(71,243)
Gross Profit	274,770	(214,201)	60,569
Operating expenses			
Selling, general and administrative	(743,617)	29,782	(713,835)
Expected credit loss	5,970	(43,283)	(37,313)
Share-based compensation	(34,957)	(66,305)	(101,262)
Income (loss) operating activities	(497,834)	(294,007)	(791,841)
Bad debt	(175)	(0)	(175)
Other income	1,140,734	111,402	1,252,136
Gain (Loss) on conversion of debt to equity	-	(4,661)	(4,661)
Finance expense	(48,114)	(26,918)	(75,032)
Finance income	13,565	(11,695)	1,870
Accretion expense	(18,058)	(1)	(18,059)
Net income (loss) before income taxes	590,118	(225,880)	364,238
Income tax expense	(6,173)	(9,549)	(15,722)
Income (loss) for the period	583,945	(235,428)	348,517
Other comprehensive income (loss) income items that are or may be reclassified to profit and loss			
Foreign currency translation	(364,719)	270,738	(93,981)
Comprehensive income (loss) for the period	**219,226**	**35,309**	**254,535**
Income (loss) per share attributable to the shareholders of the Company			
Income (loss) for the period	0.03	(0.01)	0.02
Weighted average number of shares			
Basic and diluted	21,886,746		21,886,746

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

	Nine months ended September 30, 2020		
	As previously reported	Adjustments	Restated
Revenue	1,533,271	(508,256)	1,025,015
Cost of sales	(799,515)	64,380	(735,135)
Gross Profit	733,756	(443,876)	289,880
Operating expenses			
Selling, general and administrative	(2,106,372)	(142,859)	(2,249,231)
Expected credit loss	(53,915)	(14,438)	(68,353)
Share-based compensation	(208,806)	(64,684)	(273,490)
Income (loss) operating activities	(1,635,337)	(665,856)	(2,301,193)
Bad debt	(17,474)	(0)	(17,474)
Other income	1,303,064	151,265	1,454,329
Gain (Loss) on conversion of debt to equity	-	(46,041)	(46,041)
Finance expense	(288,431)	59,725	(228,706)
Finance income	-	1,780	1,780
Accretion expense	(51,987)	(1)	(51,988)
Net income (loss) before income taxes	(690,165)	(499,128)	(1,189,293)
Income tax expense	72,502	(6,888)	65,614
Income (loss) for the period	(617,663)	(506,017)	(1,123,680)
Other comprehensive income (loss) income items that are or			
Foreign currency translation	104,489	(5,929)	98,560
Comprehensive income (loss) for the period	**(513,174)**	**(511,946)**	**(1,025,120)**
Income (loss) per share attributable to the shareholders of the Company			
Income (loss) for the period	(0.03)	(0.02)	(0.05)
Weighted average number of shares			
Basic and diluted	23,446,486		23,446,486

Summary of adjustments to the Amended and Restated Unaudited Condensed Consolidated Interim Statements of Changes in Equity: Nine months ended September 30, 2020:

	Nine months ended September 30, 2020		
	reported	Adjustments	Restated
Balance - January 1, 2020	(6,549,321)	-	(6,549,321)
Net loss for the period	(617,663)	(506,016)	(1,123,679)
Offering of share units, net of costs	1,001,778	(456,958)	544,820
Common shares for debt, net of costs	246,755	51,045	297,800
Common shares issued for option exercises	-	-	25,301
Common shares issued for warrant exercises	-	-	431,656
Conversion feature	5,004	(5,004)	-
Share based compensation	202,194	66,292	268,486
Foreign currenncy translation differences	104,490	(5,930)	98,560
Total shareholders deficit	(5,606,763)	(856,572)	(6,006,378)

(Unaudited) (Amounts expressed in United States dollars, unless otherwise indicated)

Summary of adjustments to made to the Amended and Restated Unaudited Condensed Consolidated Interim Statement of Cash Flows for the nine months ended September 30, 2020:

	Nine months ended September 30, 2020		
	As previously reported	Adjustments	Restated
Cash flow used in Operating activities			
Net loss for the period	(617,663)	(506,017)	(1,123,680)
Adjustment for:			
Depreciation and amortization	41,553	(4,674)	36,879
Expected credit loss	71,389	14,438	85,827
Income tax expense (recovery)	(72,502)	6,888	(65,614)
Share-based compensation	208,806	64,684	273,490
Loss on conversion of debt to equity	-	46,041	46,041
Net finance expense	288,431	(61,506)	226,925
Accretion expense	51,987	-	51,987
Gain on loan settlement	(1,013,838)	-	(1,013,838)
Gain on accounts payable settlement	-	(134,386)	(134,386)
Government-sponsored non-cash COVID relief	-	(99,967)	(99,967)
Tax attributes allocated to tax equity investors	-	(9,769)	(9,769)
Decomissioning expense	16,253	-	16,253
	(1,025,584)	(684,268)	(1,709,852)
Change in trade and other receivables	(73,162)	169,191	96,029
Change in prepaid expenses and deposits	35,111	26,160	61,271
Change in right-of-use assets	-	(1,003,634)	(1,003,634)
Change in deferred development costs	-	(88,355)	(88,355)
Change in deferred loan fees	-	(11,170)	(11,170)
Change in accounts payable and accrued liabilities	139,593	(48,130)	91,463
Change in lease liabilities	-	987,371	987,371
Change in deferred revenue	189,145	229,462	418,607
	(734,897)	(423,373)	(1,158,270)
Decommisioning provision	16,253	(16,253)	-
Income taxes recovered	(5,718)	-	(5,718)
Net finance expenses paid	(208,152)	74,701	(133,451)
Cash used in operating activities	**(932,514)**	**(364,925)**	**(1,297,439)**
Cash flow used in Investing activities			
(Addition) decrease to restricted cash	299,328	-	299,328
(Addition) decrease to plant and equipment	(1,124,670)	333,363	(791,307)
Cash from investing activities	**(825,342)**	**333,363**	**(491,979)**
Cash flow from financing activities			
Net proceeds from equity raise, net of costs	1,001,778	(456,958)	544,820
Proceeds from option and warrant exercises	-	456,957	456,957
Proceeds from tax equity investors	-	100,000	100,000
Net proceeds of loans payable	816,939	(195,065)	621,874
Cash from financing activities	**1,818,717**	**(95,066)**	**1,723,651**
Decrease in cash for the period	60,861	(126,628)	(65,767)
Effect of exchange rate fluctuations on cash	(126,628)	126,628	-
Cash at beginning of period	206,433	-	206,433
Cash at end of period	**140,666**	**-**	**140,666**
Non-cash transactions:			
Shares for debt	267,330	-	267,330