UGE INTERNATIONAL LTD.

Unaudited Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

Expressed in United States dollars

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 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 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.

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

Reporting entity and going concern (Notes 1 and 2)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Cash		**$ 3,035,938**	$ 1,000,069
Restricted cash	3	**34,299**	34,632
Trade and accounts receivable	4	**1,888,207**	1,774,988
Prepaid expenses and deposits		**132,017**	241,023
CURRENT ASSETS		**5,090,461**	3,050,712
Property plant and equipment	5	**1,292,765**	1,114,094
Right-of-use assets	9	**2,061,807**	1,504,712
Project development costs	6	**337,470**	208,649
Other non-current assets	7	**309,368**	312,808
NON-CURRENT ASSETS		**4,001,410**	3,140,263
TOTAL ASSETS		**$ 9,091,871**	$ 6,190,975
LIABILITIES			
Trade and other payables	8	**$ 2,702,193**	$ 3,849,195
Current portion of debt	10	**927,119**	1,859,551
Current portion of lease liabilities	9	**39,133**	34,633
Deferred revenue		**874,478**	947,875
CURRENT LIABILITIES		**4,542,923**	6,691,254
Debt	10	**1,992,981**	2,247,960
Lease liabilities	9	**2,119,749**	1,521,344
Decommissioning liabilities	5	**17,012**	10,948
NON CURRENT LIABILITIES		**4,129,742**	3,780,252
TOTAL LIABILITIES		**$ 8,672,665**	$ 10,471,506
EQUITY (DEFICIT)			
Share capital	13	**26,833,371**	22,854,278
Contributed surplus		**7,096,414**	5,307,304
Accumulated other comprehensive loss		**(86,819)**	(91,148)
Accumulated deficit		**(33,423,760)**	(32,350,965)
TOTAL EQUITY (DEFICIT)		**$ 419,206**	$ (4,280,531)
TOTAL LIABILITIES AND EQUITY (DEFICIT)		**$ 9,091,871**	$ 6,190,975

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

Contingencies (Note 15) **Subsequent Events (Note 19)**

Approved on behalf of the Board

"Nicolas Blitterswyk"
Director, President & Chief Executive Officer

"Jian Yang"
Director

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
for the three months ended March 31,
(Expressed in United States dollars) Unaudited

	Note	2021	2020 Amended [1]
REVENUE			
EPC and consulting revenue		**$ 398,623**	$ 640,013
Cost of goods - EPC and consulting		**307,804**	467,287
Gross profit - EPC and consulting		**90,819**	172,726
Energy generation revenue		**25,829**	-
TOTAL GROSS PROFIT		**116,648**	172,726
OPERATING COSTS AND EXPENSES			
General and administrative	17	**1,169,430**	939,870
Expected credit losses	16	**15,000**	53,160
Depreciation and amortization	5,9	**11,604**	11,742
TOTAL OPERATING COSTS AND EXPENSES		**1,196,034**	1,004,772
OPERATING LOSS		**(1,079,386)**	(832,046)
OTHER EXPENSE (INCOME)			
Financing expense	10, 12	**92,893**	122,708
Other expense (income)	11	**(99,484)**	-
TOTAL OTHER (INCOME) EXPENSE, NET		**(6,591)**	122,708
NET LOSS BEFORE TAX		**(1,072,795)**	(954,754)
Income tax expense (recovery)		**-**	(67,297)
LOSS FOR THE PERIOD		**(1,072,795)**	(887,457)
Other comprehensive loss items to be subsequently reclassified to net earnings when certain conditions are met			
Foreign currency translation		**4,329**	377,101
COMPREHENSIVE LOSS FOR THE PERIOD		**$ (1,068,466)**	$ (510,356)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS - BASIC		**($0.04)**	($0.04)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS -DILUTED		**($0.04)**	($0.04)
WEIGTHED AVERAGE NUMBER OF SHARES			
Basic		**29,570,565**	21,076,472
Diluted		**29,570,565**	21,076,472

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

[1] ***Please see Note 2 b) Q1 2020 Adjusted Results of Operations***

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)
For the three months ended March 31, 2021 and 2020
(Expressed in United States dollars) Unaudited

	Note	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit *Amended* [1]	Total
Balance at January 1, 2020		$ 20,050,151	$ 4,787,838	$ (26,252)	$(31,359,058)	$ (6,547,321)
Net loss for the period [1]					(887,457)	(887,457)
Common shares issued, net of costs	13	629,724	-	-	-	629,724
Common shares for debt, net of costs	13	138,772	-	-	-	138,772
Share-based compensation	13	-	34,606	-	-	34,606
Foreign exchange translation differences		-	-	377,101	-	377,101
Balance at March 31, 2020		**$ 20,818,647**	**$ 4,822,444**	**$ 350,849**	**$(32,246,515)**	**$ (6,254,575)**
Balance at January 1, 2021		**$ 22,854,278**	**$ 5,307,304**	**$ (91,148)**	**$(32,350,965)**	**$ (4,280,531)**
Net loss for the period		**-**	**-**	**-**	**(1,072,795)**	**(1,072,795)**
Common shares issued, net of costs	13	**3,447,093**	**1,580,105**	**-**	**-**	**5,027,198**
Common shares for debt, net of costs	13	**445,413**	**151,269**	**-**	**-**	**596,682**
Common shares issued for warrant exercises	13	**76,230**	**(42,258)**	**-**	**-**	**33,972**
Common shares issued for stock option exercises	13	**10,357**	**(3,602)**	**-**	**-**	**6,755**
Share-based compensation	13	**-**	**103,596**	**-**	**-**	**103,596**
Foreign exchange translation differences		**-**	**-**	**4,329**	**-**	**4,329**
Balance at March 31, 2021		**$ 26,833,371**	**$ 7,096,414**	**$ (86,819)**	**$(33,423,760)**	**$ 419,206**

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

[1] ***Please see Note 2 b) Q1 2020 Adjusted Results of Operations***

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Cash Flows for the three months ended March 31,
(Expressed in United States dollars) Unaudited

	Note	2021	2020
OPERATING ACTIVITES			
Net loss		**$ (1,072,795)**	$ (887,457)
Items not affecting cash:			
Depreciation and amortization	5,9	**11,604**	11,742
Impairment and expected credit losses	4	**15,000**	53,160
Share-based compensation	13	**103,596**	34,606
Income tax expense (recovery)		**-**	(67,297)
Gain on debt settlement	11	**(41,111)**	-
Gain on warranty expiry		**(16,582)**	-
Finance expenses, net	12	**92,893**	122,708
Increase in right-of-use assets		**(557,095)**	-
Increase in lease liabilities		**602,905**	-
Decommissioning provision adjustment		**5,860**	-
Government-sponsored non-cash COVID relief		**(17,942)**	-
Tax attributes allocated to tax equity investors	10	**(8,870)**	-
Finance costs paid		**(226,135)**	(78,997)
Income taxes recovered		**-**	(6,780)
Change in trade and accounts receivable	4	**(146,931)**	(275,537)
Change in prepaid expenses and deposits		**109,006**	78,994
Change in trade and other payables	8	**(908,698)**	115,929
Change in deferred revenue		**(73,397)**	433,578
Cash used in operating activities		**$ (2,128,692)**	$ (465,351)
FINANCING ACTIVITIES			
Net proceeds from equity raises	13	**5,027,198**	304,724
Net proceeds from stock option and warrant exercises	13	**40,728**	-
Government-sponsored COVID loans	10	**120,811**	-
Increases in long term debt, net of deferred finance charges	10	**100,299**	496,446
Repayment of long term debt	10	**(805,712)**	(23,077)
Cash from financing activities		**$ 4,483,324**	$ 778,093
INVESTING ACTIVITIES			
(Increase)/Decrease in restricted cash	2	**333**	(35,064)
(Additions) to property, plant and equipment	5	**(190,275)**	(477,248)
(Additions) to project development costs	6	**(128,821)**	-
Cash used in investing activities		**$ (318,763)**	$ (512,312)
Increase (decrease) in cash for the period		**2,035,869**	(199,570)
Effect of exchange rate flucuations on cash		**-**	13,822
Cash at beginning of period		**1,000,069**	206,433
Cash at end of period		**$ 3,035,938**	$ 20,685
Non-cash transactions:			
Shares for debt ($ CAD)		**758,462**	160,761

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

1. 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 Company is evolving its principal business activities from a focus on engineering, procurement and construction ("EPC") of commercial and community solar facilities in the US and Philippines to include EPC and financing and operating commercial and community solar facilities in the US and Philippines.

2. Basis of preparation

a) Statement of compliance

These 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 unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the audited consolidated financial statements of the Company for the year ended December 31, 2020 unless otherwise indicated, and they should be read in conjunction with those financial statements.

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 27, 2021.

b) Q1 2020 Adjusted Results of Operations

As originally announced on April 19, 2021, as part of a review of its financial statements in connection with 2020 fiscal year-end activities, the Company determined that its originally issued interim financial statements for the three and six months ended June 30, 2020, and the three and nine months ended September 30, 2020, contained material accounting errors. The Company therefore announced its intention to refile amended financial statements (collectively, the "Restated Documents"). On May 10, 2021, prior to filing the Restated Documents, the Company reported its financial results for the year ended December 31, 2020. These included the 2020 audited consolidated financial statements and the related management discussion and analysis, and fully reflected the effects of all adjustments required in the Restated Documents. Subsequently, on May 17, 2021, the Company filed the Restated Documents.

The review of the financial statements, referenced above, also identified an error in the calculation of the Company's expected credit loss for the three months ended March 31, 2020, as shown below:

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

		Three months ended March 31, 2020
Expected credit loss provision, as originally reported	$	(90,294)
Expected credit loss provision, as amended		(53,160)
Decrease in expected credit loss	$	(37,134)
Net loss for the period, as originally reported	$	(924,591)
Net loss for the period, as amended		(887,457)
Decrease in net loss	$	(37,134)

This error, the effects of which were fully reflected in the Restated Documents and the Company's 2020 annual financial statements, was not sufficiently material to require the Company's financial statements for the three months ended March 31, 2020 to be amended and refiled. The correction of this error has been included in the Company's Q1 2020 operating results as presented in these unaudited condensed consolidated interim financial statements.

As well, certain comparative figures have been reclassified to conform to the current year's presentation but have no effect on the Company's financial position or results of operations.

c) Going concern and COVID 19

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. Although the Company had positive working capital of $547,538 at March 31, 2021 and equity of $419,206, for the three months ended March 31, 2021, the Company had a consolidated loss of $1,072,795, negative cash flow from operations of $2,128,692, and has an accumulated deficit of $33,423,760 at the end of the quarter.

The Company's ability to continue as a going concern, and to realize its assets and discharge its liabilities in the normal course of business, is dependent on generating sufficient cash flow from operations and on securing project specific debt and operating debt or equity financing to fund its current and any future working capital needs as it builds its portfolio of solar facilities. Various risks and uncertainties affect 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, asset and revenue growth, improving overall gross profit, managing operating expenses and working capital requirements, and securing additional financing, as needed, through one or more debt or equity investments. While the Company has sufficient capital to execute on its current business plans over the short and medium term, there are no guarantees that future 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 inability of the Company to raise sufficient funds could have a material adverse effect on the Company's financial condition and/or financial performance. Accordingly, there are some material risks and uncertainties that may cast doubt about the Company's ability to continue as a going concern.

These 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 these unaudited condensed consolidated interim financial statements.

To combat the spread of the COVID-19 pandemic, authorities in all regions where the Company operates have put in place restrictive measures for businesses. Current or future restrictive measures might have an adverse effect on the financial stability of the Company's suppliers and other partners, or on the Company's operating results, financial position, liquidity or capital expenditures. The issuance of permits and authorizations, negotiations and finalizations of agreements with regard to development and acquisition projects, construction activities and procurement of equipment have been and could continue to be adversely impacted by the COVID-19 restrictive measures. While conditions are improving, the full potential impact of COVID-19 on the Company's business is unknown as it may continue for an extended period and will depend on future developments that are uncertain and cannot be predicted, including, and without limitation, the duration and severity of the pandemic, the duration of government mitigation measures, the effectiveness of the actions taken to contain and treat the disease, and the length of time it takes for normal economic and operating conditions to resume.

d) Basis of presentation, functional and presentation currency

These consolidated financial statements are presented in United States dollars ("USD"). The functional currency of the Company is Canadian dollars ("CAD"). These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

Entity	Functional Currency
UGE USA Inc. ("UGE USA")	USD
UGE Canada RE Inc.	CAD
UGE Consulting Services Ltd. ("UGE Consulting")	CAD
UGE Project Holdco Ltd. ("UGE Project Holdco")	CAD
UGE Project Development Holdco ("UGE DevCo")	CAD
UGE Philippines Inc. (UGE Philippines")	Filipino pesos ("PhP")

UGE USA includes the accounts of controlled or wholly owned special purpose vehicles ("SPVs"). These SPVs own and operate solar facilities.

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

e) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are accounted for at fair value.

f) Accounting assumptions, estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

During the reporting periods management has made a number of estimates and assumptions in applying the Company's accounting policies, including the assessment of the Company's ability to continue as a going concern, as discussed above in Note 2. Other significant areas having estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

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

Property, plant, and equipment is beginning, and will continue, to 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) Leases

The Company leases roof-tops, land and offices. In determining whether a lease contract should be accounted for as a right-of-use asset with a corresponding lease liability, management must make judgements about the rights conferred to the Company. To the extent that the Company determines a lease contract does not confer sufficient rights, the cost of the lease payment is expensed as incurred and no right-of-use asset or lease liability is recorded. Certain leases are not considered as leases for accounting purposes, given certain contractual restrictions, and no right of use and lease liabilities are currently recorded for these leases.

iii) Impairment of non-financial assets

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

iv) Decommissioning liabilities

The Company makes a number of estimates when calculating the fair value of asset decommissioning obligations which represent the present value of future decommissioning costs for facilities. Estimates of these costs are dependent on labour and material costs, inflation rates, salvage values, discount rates, the risk specific to the obligation, and the timing of the outlays.

v) Determining control or significant influence of special purpose entities

The determination of whether the Company has control or significant influence over special purpose entities requires the Company to make assumptions and judgements in evaluating its specific control and influence characteristics. The Company exercises judgement in determining whether non-wholly owned special purpose entities are controlled by the Company, which involves the assessment of how the decisions of the special purpose entities are made, whether the rights of other partners are protective or substantive in nature; and the ability of the Company to influence the returns of the special purpose entity.

vi) Allowances and provisions for expected credit losses

An expected credit loss ("ECL") impairment model is applied to financial assets measured at amortized cost, in order to establish provisions for expected credit losses. The provisions are based on a forward-looking ECL, which includes possible default events of the accounts receivable over their entire holding period, including the consideration of the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, and 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.

Trade receivables are reviewed for impairment on a case-by-case basis to identify any deterioration of credit risk since initial recognition, at which time a provision is recognized in the consolidated statements of operations and comprehensive loss within general and administrative expenses. If credit risk has not increased significantly, the allowances are based on 12 month expected losses. If the credit risk has increased significantly and if the receivable is impaired, the allowances are 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 and comprehensive loss.

vii) Stock-based compensation

The Company uses the Black-Scholes option 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 affect the fair value of the options and the amount of stock-based compensation to be recognized in profit or loss over the vesting period.

viii) 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 estimation of total costs requires professional judgement and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

ix) 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.

x) 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.

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

xi) Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Restricted cash

At March 31, 2021, the Company has $34,299 in restricted cash (December 31, 2020 - $34,632), in the form of security held against a loan.

4. Trade and other receivables

				As at
		March 31, 2021		December 31, 2020
Trade receivables	**$**	**1,369,280**	$	1,381,321
Unbilled revenue		**325,238**		194,549
Withholding and sales tax receivable		**147,464**		132,204
Other		**46,225**		66,914
	$	**1,888,207**	**$**	**1,774,988**

At March 31, 2021 approximately $1 million (December 31, 2020 - $1million) of the trade receivables relate to the litigation discussed in Note 15, which are mostly offset by a corresponding amount payable recorded in trade and other payables.

As at March 31, 2021, the allowance for expected credit losses provided against trade and other receivables and unbilled revenue was $263,706 (December 31, 2020 - $248,706). As shown below, during Q1 2021, the Company increased its expected credit losses by net $15,000 (Q1 2020 – $53,160 increase).

	Three months ended March 31			
		2021		2020
				Amended 1
ECL allowance, beginning of period	**$**	**248,706**	$	176,705
Additions		**15,000**		53,160
Write offs		**-**		-
ECL allowance, end of period	**$**	**263,706**	$	229,865

[1] ***Please see Note 2 b) Q1 2020 Adjusted Results of Operations***

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

5. Plant and equipment

The Company's plant and equipment consists almost entirely of solar facilities that are either in use or under construction. The cost of solar equipment includes expenditures that are directly attributable to constructing the asset and readying it for use. These costs include the present value of the decommissioning liability that the Company establishes when it begins construction of a solar facility, which is recognized as a liability on the statement of financial position. At March 31, 2021, the carrying value of the Company's decommissioning liabilities is $17,012 (December 31, 2020 – $10,948).

	Solar facilities in use	Solar facilities under construction	Corporate	Total
Year ended December 31, 2020				
Balance- beginning of the year	$ -	$ 428,030	$ 17,260	$ 445,290
Additions	928,016	681,146	3,369	1,612,531
Disposals	-	-	-	-
Foreign exchange difference	-	-	370	370
Transfer to solar facilities in use	-	(928,016)	-	(928,016)
Depreciation	(10,890)	-	(5,191)	(16,081)
Balance - end of year	$ 917,126	$ 181,160	$ 15,808	$ 1,114,094
As at December 31, 2020				
Cost	$ 928,016	$ 181,160	$ 30,335	$ 1,139,510
Accumulated depreciation	(10,890)	-	(14,527)	(25,417)
Net carrying amount	$ 917,126	$ 181,160	$ 15,808	$ 1,114,094
Three months ended March 31, 2021				
Balance - beginning of the year	**$ 917,126**	**$ 181,160**	**$ 15,808**	**$ 1,114,094**
Additions	**-**	**186,421**	**3,674**	**190,095**
Disposals	**-**	**-**	**-**	**-**
Foreign exchange difference	**-**	**-**	**180**	**180**
Transfer to solar facilities in use	**-**	**-**	**-**	**-**
Impairment	**-**	**-**	**-**	**-**
Depreciation	**(9,894)**	**-**	**(1,710)**	**(11,604)**
Balance - end of period	**$ 907,232**	**$ 367,581**	**$ 17,952**	**$ 1,292,765**
As at March 31, 2021				
Cost	**$ 928,016**	**$ 367,581**	**$ 34,354**	**$ 1,329,951**
Accumulated depreciation	**(20,784)**	**-**	**(16,402)**	**(37,186)**
Net carrying amount	**$ 907,232**	**$ 367,581**	**$ 17,952**	**$ 1,292,765**

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

6. Project Development Costs

	As at and for the three months ended March 31, 2021	As at and for the year ended December 31, 2020
Cost		
Beginning of period	$ 208,649	$ -
Additions - consulting and design	78,033	181,933
Additions - right-of-use asset depreciation and lease interest expense	50,809	62,765
Transfers to solar facilities under construction	-	(36,049)
Write-off	(21)	-
Balance, end of period	$ 337,470	$ 208,649

7. Other non-current assets

	March 31, 2021	As at December 31, 2020
Notes receivable - third party	$ 196,810	$ 200,263
Note receivable - related party	100,000	100,000
Deferred loan fees	11,439	11,439
Deferred income taxes	1,119	1,106
	$ 309,368	$ 312,808

The Notes receivable - third-party are associated with solar facility acquisition loans to customers in the Philippines. In the Philippines, in order to meet local requirements, the current legal structure for self-financed (build/own/operate) projects is different from the US. In the Philippines legal structure, the ownership of the solar facility transfers to the customer once completed and the Company finances the customer's acquisition of the solar facility, receiving interest income and servicing income (from operations and maintenance) over the life of the project. The balance owing at March 31, 2021 represents two notes of $41,293 and $155,517, (December 31, 2020 - $42,048 and $158,215, respectively) at interest rates of 10.04% and 9.98%, respectively, maturing in November 2034 and October 2035,

The related party note receivable was made to an 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 deferred loan fees are associated with the Company's project loans that are used to finance the construction of a solar facility. At construction completion, the project loans are converted to term loans, and the deferred fees are amortized over the loan term using the effective interest rate method.

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

8. Trade and other payables

At March 31, 2021 approximately $1 million (December 31, 2020 - $1 million) of accrued payables relates to the litigation discussed in Note 15, which is mostly offset by a corresponding receivable recorded under trade receivables. Taxes payable at March 31, 2021 include the Company's 2020 income tax expense of $90,496 (December 31, 2020 - $90,496), with the remainder related to other ongoing corporate taxes associated with operations.

	March 31, 2021	As at December 31, 2020
Trade payables	**$ 699,795**	$ 1,217,355
Accrued and other payables	**1,779,001**	2,284,882
Warranty provision	**23,029**	39,235
Taxes payable	**185,076**	292,283
Other	**15,292**	15,440
	$ 2,702,193	$ 3,849,195

9. Right of use assets and lease liabilities

The Company enters into various leases in the conduct of its operations, primarily those related to right of use leases of land for the Company's solar facilities or solar facilities under development or construction. The leases typically have terms between twenty and twenty-five years, most with subsequent options to renew. The Company expects to exercise renewal options to match its facilities' respective useful lives. At the current time, the Company has estimated a 30-year useful life for solar projects constructed on leased land, and has therefore used thirty years to calculate its lease liabilities and the amount and useful life of the associated right-of-use assets. As a general rule, contractual lease payments are minimal during development and construction, with payments increasing when commercial operations begin. The majority of the leases also provide for lease payment escalations in the range of 2% per annum to reflect inflation.

During the development and construction period, the Company defers the depreciation expense associated with the right-of-use assets and the interest expense associated with the lease liabilities as part of the development costs of the solar facilities (see Note 6) that are constructed on the leased land. These costs will be amortized as a component of the solar facilities when they begin commercial operation. In Q1 2021, the Company capitalized $13,273 depreciation and $37,536 lease interest. There were no similar amounts in Q1 2020.

Please see the tables below for more information regarding the Company's right-of-use assets and lease liabilities.

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

Right-of-use assets	Land	Other	Total
Year-ended December 31, 2020			
Balance - beginning of year	$ -	$ 49,538	$ 49,538
Additions	1,520,675	-	1,520,675
Impairment	-	-	-
Amortization	(15,963)	(35,385)	(51,348)
Termination adjustment	-	(14,154)	(14,154)
Balance - end of year	$ 1,504,712	$ -	$ 1,504,712
As at December 31, 2020			
Cost	$ 1,520,675	$ -	$ 1,520,675
Accumulated depreciation	(15,963)	-	(15,963)
Net carrying amount	$ 1,504,712	$ -	$ 1,504,712
Three months ended March 31, 2021			
Balance - beginning of period	**$ 1,504,712**	**$ -**	**$ 1,504,712**
Additions	**570,368**	**-**	**570,368**
Impairment	**-**	**-**	**-**
Amortization	**(13,273)**	**-**	**(13,273)**
Termination adjustment	**-**	**-**	**-**
Balance - end of period	**$ 2,061,807**	**$ -**	**$ 2,061,807**
As at March 31, 2021			
Cost	**$ 2,091,043**	**$ -**	**$ 2,091,043**
Accumulated depreciation	**(29,236)**	**-**	**(29,236)**
Net carrying amount	**$ 2,061,807**	**$ -**	**$ 2,061,807**

Lease liabilities	Land	Other	Total
Year-ended December 31, 2020			
Balance - beginning of year	$ -	$ 58,841	$ 58,841
New obligations	1,520,674	-	1,520,674
Payments	(11,500)	(34,405)	(45,905)
Interest accretion	46,803	-	46,803
Termination adjustment	-	(24,436)	(24,436)
Balance - end of year	$ 1,555,976	$ -	$ 1,555,976
As at December 31, 2020			
Current	$ 34,633	$ -	$ 34,633
Long term	1,521,344	-	1,521,344
Net carrying amount	$ 1,555,977	$ -	$ 1,555,977
Three months ended March 31, 2021			
Balance - beginning of period	**$ 1,555,976**	**$ -**	**$ 1,555,976**
New obligations	**570,368**	**-**	**570,368**
Payments	**(5,000)**	**-**	**(5,000)**
Interest accretion	**37,536**		**37,536**
Termination adjustment	**-**	**-**	**-**
Balance - end of period	**$ 2,158,882**	**$ -**	**$ 2,158,882**
As at March 31, 2021			
Current	**$ 39,133**	**$ -**	**$ 39,133**
Long term	**2,119,749**	**-**	**2,119,749**
Net carrying amount	**$ 2,158,882**	**$ -**	**$ 2,158,882**

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

10. Debt

OPERATING DEBT		Maturity	Contractual Rate	Original Currency	As at March 31, 2021	As at December 31, 2020	Financing costs [1] Three months ended March 31, 2021	Financing costs [1] Three months ended March 31, 2020
UGE International								
Convertible debenture	(i)	Oct-21	8.0%	CAD 720,000	**$ 537,047**	$ 515,707	**$ 26,291**	$ 17,419
Aquisition loan	(ii)	Sep-21	8.0%	CAD 750,000	**-**	588,525	**6,682**	27,600
Short term loan	(iii)	none	7.5%	CAD 101,873	**-**	79,940	**1,655**	2,812
UGE CanadaRE								
Canada Emergency Business Account	(iv)	Dec-22	0.0%	CAD 40,000	**28,679**	29,080	**687**	-
UGE Consulting								
Canada Emergency Business Account	(iv)	Dec-22	0.0%	CAD 40,000	**28,679**	29,080	**687**	-
UGE USA								
Paycheck protection program (PPP 1)	(v)	Apr-22	1.0%	USD 131,998	**31,826**	31,851	**688**	-
Paycheck protection program (PPP 2)	(v)	Feb-26	1.0%	USD 120,811	**120,811**	-	**-**	-
Economic injury disaster loan (EIDL)	(vii)	Jun-50	3.75%	USD 150,000	**153,633**	152,481	**1,685**	-
Debt to former subsidiary	(viii)	Sep-23	8.0%	USD 350,000	**-**	350,000	**5,684**	7,729
UGE Philippines								
Bank loan	(ix)	Dec-27	8.00%	PhP 9,000,000	**185,400**	439,027	**6,587**	11,488
Total					**$ 1,086,075**	$ 2,215,691	**$ 50,646**	$ 67,048
Current portion					**$ 570,638**	$ 1,466,074		
Non-current portion					**$ 515,437**	$ 749,617		

[1] **Financing costs include all finance charges including capitalized interest and accretion.**

Please see Note 16(d) *Liquidity risk* for a maturity profile for the above loans.

(i) *Convertible debenture* - This debenture is convertible to common shares of the Company at the option of the holder at a conversion price of CAD $0.96, at any time prior to the maturity date. Interest accrued is payable in cash or in common shares at the option of the holder at the same conversion price. In addition, the Company issued 60,000 broker warrants at an exercise price of CAD $1.40 which expired unexercised on October 23, 2020. The debenture is secured by the Company's assets under a general security agreement.

At issue, the debentures' net proceeds of CAD $619,439 (US $467,800) were separated into the liability component of CAD $486,210 (US $367,186), equity component of CAD $100,067 (US $75,571), and broker warrants value of CAD $26,162 (US $19,758). The liability is carried at amortized cost using the EIR method with an effective interest rate of 18.12% per annum. Transaction costs of CAD $107,561 (US $81,230) were paid in relation to the debentures. The fair value of the 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 trading prices of the Company, risk-free interest rate of 2.350%, expected life of 2 years and share price of CAD $0.58. During the three months ended March 31, 2021, the Company recorded accretion expense of $15,076 (March 31, 2020 - $14,209). Interest is payable quarterly with principal due at maturity if not converted.

(ii) *Acquisition loan* - This loan was secured by project receivables generated by UGE RE Inc. and a general security on UGE Canada RE Ltd., with the entities subsequently amalgamating to form UGE Canada RE Inc. In addition to the interest charges the loan incurred quarterly service charges of CAD $3,750, which were recognized as financing costs. Interest was paid quarterly with the principal due at maturity. In Q1 2021, the outstanding principal amount of the loan plus accrued interest and service charges was converted to common shares of the Company for CAD $2.65/unit, resulting in the issuance of 286,220 common shares and 143,110 warrants.

(iii) *Short term Loan* - In Q1 2021 the principal amount of this loan plus accrued interest was paid in full.

(iv) *Canada Emergency Business Account* – In 2020 UGE Canada RE and UGE Consulting each received CAD $40,000 under the Canada Emergency Business Account loan program that was offered in response to the COVID-19 pandemic. If 75% of the loan is repaid by the December 2022 maturity date, 25% (CAD $10,000) of each loan will be forgiven. The Company has not recorded the potential loan forgiveness. If not repaid, the loans will be converted to 3-year term loans at 5% annual interest, paid monthly. The interest rate on these loans is below market terms and each loan's estimated benefit of CAD $17,932 associated with the below market terms is being recognized over the term of the loan. The loans are being amortized using an effective interest rate of 12%. In April 2021 both entities received an additional CAD $20,000 under an expansion of the loan program.

(v) *Paycheck Protection Program* – In response to the COVID-19 pandemic the US government, through the Small Business Administration (SBA), provided loans to qualifying companies. The Company received a loan of $131,998 under this program. In 2020, the Company had applied for loan forgiveness in the amount of $99,967, which in management's judgment would be approved, and as such this amount was recognized as other income in 2020. The Company received the approval in May 2021. At the date of these financial statements management had not yet been informed of the repayment terms for the remaining balance. The interest rate on this loan is at below market terms and the estimated benefit of $7,848 associated with the below market terms is being recognized over the term of the loan. The loan is being amortized using an effective interest rate of 11%. In February 2021 the Company received an additional $120,811 under this program. The Company intends to apply for loan forgiveness in an amount that has yet to be determined.

(vi) *Economic Injury Disaster Loan* - In response to the COVID-19 pandemic the US government, through the SBA, provided loans to qualifying companies. The Company received a loan of $150,000 under this program. The interest rate on this loan is at below market terms and the estimated benefit of $63,966 associated with the below market terms is being recognized over the term of the loan. The loan is being amortized using an effective interest rate of 9.05%. Under the program the first payment has been deferred until June 15, 2021.

(vii) *Debt to Former Subsidiary* - Upon conversion of a divestment loan from debt to equity, a $350,000 loan was issued to the Company's former subsidiary, Urban Green Energy HK Ltd. Interest was payable quarterly with principal due at maturity. In Q1 2021 the principal amount of this loan plus accrued interest was paid in full.

(viii) *Unionbank Loan* – Term loans are due upon completion of the construction of projects and have a security interest in the projects. In Q1 2021, the $251,680 current portion of the $439,027 outstanding balance at December 31, 2020 was repaid.

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

PROJECT DEBT	Note	Maturity	Contractual Rate	Original Currency		As at March 31, 2021		As at December 31, 2020		Financing costs[1] Three months ended March 31, 2021		Financing costs[1] Three months ended March 31, 2020
UGE USA												
Construction financing	(i)		8.5%		**$**	**295,898**	$	205,630	**$**	**3,880**	$	13,899
Operating project debt	(ii)	2027	6.2%-7.4%			**870,694**		987,204		**17,084**		-
Tax equity financing	(iii)					**232,189**		249,131		**14,094**		-
UGE Project Holdco.												
Green Bonds	(iv)	Sep-23	7.0%	CAD 500,000		**365,165**		357,813		**9,863**		9,276
Green Bonds	(iv)	Jan-25	7.0%	CAD 105,000		**70,078**		68,501		**2,181**		946
UGE Project Development Holdco.												
Secured debentures	(v)	2021	12.0%	CAD 30,000		**-**		23,541		**1,244**		657
Total					**$**	**1,834,024**	$	1,891,820	**$**	**48,346**	**$**	**24,778**
Current portion					**$**	**356,481**	$	393,478				
Non-current portion					**$**	**1,477,543**	$	1,498,342				

[1] **Financing costs include all finance charges including capitalized interest and accretion.**

Construction loan finance costs are capitalized.

TOTAL DEBT				
Current portion	**$**	**927,119**	$	1,859,551
Non-current portion	**$**	**1,992,981**	$	2,247,960

Please see Note 16(d) *Liquidity risk* for a maturity profile for the above loans.

(i) *Construction financing* – The Company enters into construction financing arrangements to fund the construction of solar facilities. These financing arrangements are drawn based on milestones and have provisions for conversion to long term project debt upon reaching completion of the solar facility. At March 31, 2021, the Company has one solar facility under construction that is expected to be completed in 2021. The construction financing is secured against the solar facility under construction. The Company defers origination fees and capitalizes borrowing costs during the construction period. Origination fees are subsequently amortized over the project debt term, and borrowing costs are included in the carrying cost of the underlying project.

(ii) *Operating project debt* – At March 31, 2021, the Company had project loans for three solar facilities. The loans have 7-year terms with 25-year amortization schedules, and interest rates between 6.19% and 7.39%. Interest and principal are payable monthly. The project debt is secured by the underlying solar facilities.

(iii) *Tax equity financing* – The Company owns and operates certain solar facilities in the US under subsidiaries that are set up as tax equity structures ("TEIs") to finance the capital cost of solar facilities. Amounts paid by the TEIs for their equity stakes are classified as debt on the consolidated statements of financial position and are measured at amortized cost using the EIR method. Amortized cost is affected by the allocation of ITCs, taxable income, and accelerated tax depreciation. Financing expenses represents the interest accretion using the EIR. The average EIR of the tax equity financing is 22.12%.

(iv) *Green Bonds* – On October 23, 2018, the Company completed an offering of $500,000 of Secured Green Bonds. 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 could be exercised by the holder for one common share of the Company at an exercise price of $1.40 per share up to October 23, 2020. The Bond Unit Warrants expired with no exercises. In addition, 21,429 broker warrant purchase units were issued at an exercise price of $1.40, expiring October 23, 2020. Each warrant entitled the holder thereof to acquire a unit of the Company consisting of one common share and ½ of one common share purchase warrant for a period of 24 months from the Closing Date, with each warrant being exercisable for one Common Share at an exercise price of $1.40 per share for a period of 24 months from the Closing Date. The broker warrants expired with no exercises. On January 24, 2020 the Company completed a second offering of Secured Green Bonds in the aggregate amount of CAD$105,000 ($83,073). The effective interest rate is 11.18%. The Bonds are secured against projects of the Company with security interest owned by the Company's wholly owned subsidiary, UGE Project HoldCo Ltd. During the three months ended March 31, 2021, the Company recorded accretion expense of $3,802 (March 31, 2020 - $2,872). Interest is payable quarterly with the principal due at maturity.

(v) *Secured debentures* – In February and October of 2019, the Company's wholly-owned subsidiary, UGE DevCo, issued debentures secured by the Company's solar projects, in aggregate equal to CAD $30,000 and paying 12% interest. Interest was payable quarterly with principal due at maturity. In Q1 2021 these debentures plus accrued interest were paid in full.

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

11. Other expense (income)

	Three months ended March 31, 2021	2020
Government grants and loan forgiveness - COVID 19 related	**$ (32,922)**	$ -
Net gain on proposal under the BIA	**(28,488)**	-
Net gain on other trade payables settlements	**(12,623)**	-
Warranty expiration	**(16,582)**	-
Tax equity investor allocations	**(8,870)**	-
	$ (99,484)	$ -

During 2020 and continuing during the first quarter of 2021, the Company has received grants through the Canadian employer wage subsidy program that have been recognized as government grant income. Additionally, during the quarter the Company received a second loan under the US SBA Paycheck Protection Program and will be eligible to submit an application for loan forgiveness in May 2021. Management expects the forgiveness will be approved, since the Company has met the required terms.

In Q4 2020, the Company's Canadian business unit (UGE Canada RE Ltd.) received approval from the Ontario Court of Justice for its Proposal under the BIA (Bankruptcy and Insolvency Act). Under the terms of the proposal the Company agreed to pay CAD $678,390 (US $532,333) in quarterly installments over 24 months, in settlement of CAD $1,831,136 in accounts payable to creditors. This resulted in a gain of CAD $1,122,620 (US $849,037) on the settlement of accounts payable in 2020. In Q1 2021 the Company pre-paid the remaining amount owing under the proposal at a discount of CAD $36,079 (US $28,488) recognizing a gain on early settlement.

In Q1 2021, the Company negotiated settlements of outstanding balances with individual creditors, resulting in gains of $12,623.

In Q1 2021, warranties that the Company's Canadian EPC business had provided in prior years expired, resulting in a gain of CAD $21,000 (US $16,582)

Tax equity investor allocations include the allocation of taxable income and tax benefits to tax equity investors net of any cash allocations made to the tax equity investors based on their percentage allocation.

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

12. Finance expenses

	Three months ended March 31, 2021	2020
Interest on operating debt	**$ 36,705**	$ 72,910
Interest on project debt	**26,569**	29,395
Interest on tax equity financing	**14,094**	-
Interest on lease liabilities	**-**	3,727
Accretion expenses	**19,082**	17,081
Finance Income	**(6,904)**	(1,530)
Other	**3,347**	1,125
	$ 92,893	$ 122,708

The Company's finance expenses are primarily associated with its operating and project debt. Please see Note 10 for more detail of individual loan finance expenses.

13. 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 is as shown below:

	Three months ended March 31,			
	2021		2020	
	Number of shares	Amount	Number of shares	Amount
Balance beginning of period	**28,164,252**	**$ 22,854,278**	20,250,439	$ 20,050,151
Private placement of shares, net of costs	**2,645,000**	**3,447,093**	3,000,000	629,724
Stock option exercises	**4,799**	**10,357**	-	-
Warrant exercises	**47,801**	**76,230**	-	-
Debt to equity conversions	**286,220**	**445,413**	864,792	138,772
Balance at end of period	**31,148,072**	**$ 26,833,371**	24,115,231	$ 20,818,647

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.

Private placement equity financing and warrants

On February 17, 2021, the Company completed a brokered private placement of 2,645,000 units ("Units') for gross proceeds of CAD $7.01 million (US $5.51 million). Each Unit consists of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $2.65 per Unit. Each Unit warrant entitles the holder to purchase one common share of the Company for CAD $3.30 for 24 months from the date of issuance. Following the one-year anniversary of the issuance the Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $4.50 for ten consecutive trading days. In connection with the offering the Company paid the underwriters a cash commission of CAD $420,555 (US $330,851) and issued 158,700 in broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company for CAD$2.65 until February 17, 2023.

The Unit and broker warrants were valued at CAD $1,777,043 (US $1,398,000) and CAD $231,480 (US $182,105), respectively, using the following significant assumptions: expected life of 24 months, volatility of 117%, and a risk-free rate of 0.15%.

As also described above in Note 10, on February 17, 2021 the Company converted CAD $750,000 (US $596,682) of debt and CAD $8,462 (US $6,657) in accrued interest and fees, originally issued on September 24, 2018 and otherwise maturing September 24, 2021, into 286,220 units. Each unit consisted of one common share of the Company and one half of one common share purchase warrant at a conversion price of $2.65 per unit. Each unit warrant entitles the holder to purchase one common share of the Company for CAD $3.30 for 24 months from the date of issuance. Following the one-year anniversary of the issuance the Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $4.50 for ten consecutive trading days. The warrants were valued at CAD $192,283 (US $151,269) using the significant assumptions described above for the Unit warrants and broker warrants.

On December 23, 2020, the Company completed a non-brokered private placement of 908,155 units ("Units') for gross proceeds of CAD $1,634,679 (US $1,280,719). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $1.80 per Unit. Each Unit warrant entitles the holder to purchase one common share of the Company for CAD $2.40 for 18 months from the date of issuance. The Unit warrants accelerate expiry if the price of the common shares of the Company equals or exceeds CAD $3.00 for ten consecutive trading days. Certain finders of the private placement received cash commissions equal to 5% of gross proceeds from subscribers sourced and finder's warrants equal to 5% of the Units from subscribers sourced. Cash commissions and fees totaled CAD$96,650 (US $75,704) and finder's warrants issued totaled 26,550. Each finder's warrant entitles the holder to purchase one common share of the Company for CAD$1.80 for 24 months from the date of issuance. The warrants were valued at CAD $396,888 (US $310,587), using the following significant assumptions: expected lives of 18 and 24 months, volatilities of 116% and 117%, and a risk-free rate of 0.26%.

On February 25, 2020, the Company completed a non-brokered private placement of 3,000,000 units ("Units') for gross proceeds of CAD $780,000 (US $559,577). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant for an issuance price of CAD $0.26 per Unit. Each Unit warrant entitled the holder to purchase one common share of the Company for CAD $0.33 for 18 months from the date of issuance. Certain finders of the private placement received cash commissions equal to approximately 5% of gross proceeds from subscribers sourced and finder's warrants equal to 5% of the Units from subscribers sourced. Cash commissions and fees totaled CAD $24,166 (US $18,200) and finder's warrants issued totaled 80,000. Each finder's warrant entitled the holder to purchase one common share of the Company for CAD $0.33 for 18 months from the date of issuance. During 2020, 1,555,000 of the Unit warrants and finders' warrants associated with this issuance were exercised for proceeds of CAD $513,150. The warrants were valued at CAD $251,151 (US $189,920), using the following significant assumptions: an expected life of 18 months, volatility of 126% and a risk-free rate of 1.51%.

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

Shares for conversion of debt to equity

In Q1 2020, the Company converted certain accounts payable balances to common shares, as shown below. There were no similar transactions in Q1 2021.

Date	Type		Balance converted (CAD)	Average conversion price (CAD)	Number of common shares
8-Jan-20	Accounts payable & executive bonuses	$	61,042	$0.160	382,292
14-Feb-20	Accounts payable & executive bonuses		39,226	0.249	157,500
6-Mar-20	Accounts payable & executive bonuses		60,493	0.186	325,000
Total for the three months ended March 31, 2020		**$**	**160,760**	**$0.19**	**864,792**

On March 15, 2020 the Company settled CAD $24,313 (US $17,773) in payables through the issuance of 125,000 common share warrants with a strike price of $0.33 and an 18-month term to expiry. All of the warrants were exercised during 2020. There were no similar transactions in Q1 2021.

Warrants

The Warrant activity is as shown below:

Date issued	Expiry	Exercise price (CAD)	Outstanding at Dec 31, 2020	Issued	Expired	Exercised	Outstanding at Mar 31, 2021
8-Feb-19	8-Feb-21	$0.80	47,801	-		(47,801)	-
23-Dec-20	23-Jun-22	$2.40	454,077	-	-	-	**454,077**
23-Dec-20	23-Jun-22	$1.80	26,550	-	-	-	**26,550**
17-Feb-21	17-Feb-23	$3.30	-	1,465,610	-	-	**1,465,610**
17-Feb-21	17-Feb-23	$2.65	-	158,700	-	-	**158,700**
			528,428	**1,624,310**	**-**	**(47,801)**	**2,104,937**

Date issued	Expiry	Exercise price (CAD)	Outstanding at Dec 31, 2019	Issued	Expired	Exercised	Outstanding at Mar 31, 2020
15-Jun-18	14-Jun-20	$1.60	312,500	-	-	-	312,500
23-Oct-18	23-Oct-20	$1.40	87,679	-	-	-	87,679
8-Feb-19	8-Feb-21	$0.80	517,467	-	-	-	517,467
27-Feb-20	16-Aug-20	$0.33	-	1,580,000	-	-	1,580,000
5-Mar-20	16-Aug-20	$0.33	-	125,000	-	-	125,000
			917,646	1,705,000	-	-	2,622,646

The Company offers an incentive stock option plan that provides for the granting of options of its issued and outstanding common shares to directors, officers, employees and consultants. In 2020, the Board of Directors approved an amendment to change the stock option plan from a “rolling” stock option plan, which defines a maximum number of options available as 10% of total issued and outstanding shares at time of grant, to one with a fixed number of stock options available. The number of options was fixed at 3,800,000, with the condition that any options issued above the options available under the 10% cap cannot be exercised until the change to the stock option plan has been approved by shareholder vote at the next annual meeting.

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

The stock option activity is as shown below:

	Three months ended March 31,					
	2021			2020		
	Number of options		Weighted average exercise price (CAD)	Number of options		Weighted average exercise price (CAD)
Balance beginning of period	**2,997,617**	**$**	**0.49**	1,255,626	$	0.42
Granted	**-**		**-**	-		-
Exercised	**(4,799)**		**1.80**	-		-
Expired	**(2,750)**		**0.43**	-		-
Forfeited	**(29,251)**		**0.28**	(14,475)		0.37
Canceled	**-**		**-**	-		-
Balance at end of period	**2,960,817**	**$**	**0.49**	1,241,151	$	0.53
Balance exercisable at end of period	**1,425,891**	**$**	**0.48**	397,592	$	3.00

During the three months ended March 31, 2021, the Company recorded share-based compensation expense of $103,596 (March 31, 2020 - $34,606) in the consolidated statement of operations and comprehensive loss, relating to stock options issued to employees, directors, and consultants. 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.

The Company's outstanding options at March 31, 2021 are as shown below:

Exercise price CAD $	Number outstanding	Number exercisable	Weighted average remaing contractual life (years)
$0.13	280,000	280,000	3.5
0.24	988,500	210,000	4.2
0.28	200,000	200,000	3.3
0.32	351,075	99,942	3.3
0.36	50,000	50,000	3.0
0.43	300,000	150,000	1.3
0.52	105,292	65,000	2.7
0.70	62,500	62,500	2.9
0.78	330,000	165,000	2.5
1.16	64,925	64,925	2.2
1.32	2,500	2,500	2.2
1.80	208,500	58,500	4.5
2.44	17,525	17,525	1.3
$0.49	**2,960,817**	**1,425,891**	**3.6**

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

14. Segmented information

Management has determined that the Company operates in one operating segment, renewable energy solutions. Operations take the form of consulting, EPC, or the build-own-operate solar facilities model. Revenue is the primary means by which management evaluates operations. During the three months ended March 31, the Company had revenues in the United States, Canada and the Philippines, and is organized into geographic sales areas consisting of these countries.

Total revenue by geographic area for the three months ended March 31 was as shown below:

	Three months ended March 31, 2021	2020
Canada	**$ 26,110**	$ 100,905
United States	**151,283**	21,616
Philippines	**247,059**	517,492
	$ 424,452	$ 640,013

The majority of the Company's non-current assets are related to its United States operations.

In Q1 2021 the Company had three (March 31, 2020 - three) customers that individually 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.

	Three months ended March 31, 2021	2020
Customer 1	**42%**	26%
Customer 2	**29%**	22%
Customer 3	**10%**	19%

15. 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.

In 2019 UGE 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 have been included in project-related loss in the statement of operations and comprehensive loss for the year ended December 31, 2019. The total amount accrued on this project is $1,074,707, which is included in trade and other payables (see Note 8). Settlement discussions have not yielded an acceptable outcome and the lawsuit continues, with UGE demanding payment for amounts owed of $1,130,274 which is included in trade receivables (see Note 4). Currently, the case is expected to go to trial in approximately September 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 with the final two sites being completed in early 2018. 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 consists of costs and accumulated interest. Until the action has been determined, the Company took a project loss of $213,000 in 2018.

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, are not expected to have a material impact on the Company’s financial position or financial performance.

16. Financial Instruments

Fair value

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

The Company’s financial instruments consist of cash, restricted cash, trade and other receivables excluding HST and VAT, trade and other payables, and debt. The fair values of these financial instruments, except for certain loans payable that are discussed in Note 10, approximate carrying value because of the short-term nature of these instruments. The carrying values of the majority of the Company’s loans payable approximate their fair value, given that interest rates have not changed materially during the term the Company has held the loans.

Financial risk management

The Company is exposed to a number of financial risks arising in 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.

(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.

The Company has cash balances and currently all outstanding debt has fixed interest rates and therefore the Company is not significantly exposed to fluctuating interest rates in the short to mid-term based on the current balance sheet position. There is interest rate risk on project refinancing as most project financing contractual terms are shorter than the project life. Projects in the backlog will require debt financing and changes in bench-mark interest rates prior to debt commitment could affect the viability of specific projects. The Company does not currently hedge these risks. Our current policy is to invest excess cash in a savings account at our banking institution.

(b) *Foreign currency risk*

The Company primarily operates in the United States, Canada, and the Philippines, and therefore enters into transactions denominated in USD, CAD and Filipino Pesos. Each entity may be exposed to foreign currency risks from exchange rate fluctuations by entering into transactions outside their respective functional currencies. A significant change in the currency exchange rates between the aforementioned currencies for entities with revenue, expenses, receivables and payables foreign currency exposures could have an effect on the Company's financial performance, financial position and cash flows. The Company does not currently hedge its exposure to foreign currency risk using financial instruments.

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

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

	March 31, 2021	As at December 31, 2020
Financial assets		
Cash	**34,892**	16,566
Restricted cash	**-**	-
Trade Receivables	**94,052**	30,259
Financial liabilities		
Accounts payable	**84,572**	5,875

Based on financial assets and liabilities held at March 31, 2021, a 5% increase or decrease in foreign exchange rates, with all other variables held constant, would result in a foreign exchange gain or loss of approximately $10,700 (December 31, 2020 - $2,600).

(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 receivable and overdue accounts receivable from vendors are managed on a case-by-case basis. At March 31, 2021, the Company had overdue accounts receivable outstanding and payable due to litigation with the Developer as noted in Note 15. The Company is demanding full payment of amounts owing of $1,130,274.

At March 31, 2021 the Company has provided $263,706 (March 31, 2020 - $229,865) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. Excluding the receivables associated with the litigation discussed above, at March 31, 2021 there were $277,159 outstanding accounts receivable aged more than 30 days, which the Company believes will be collected. Please see Note 2 b) and Note 4 for more information.

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

(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. At March 31, 2021 the contractual maturities of financial liabilities, including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5+ years
Trade and other payables	$ 2,702,193	$ 2,702,193	$ 2,702,193	$ -	$ -	$ -
Project loans payable	1,834,024	2,139,548	455,060	153,860	814,895	715,733
Operating loans payable	1,086,075	1,327,308	680,705	156,263	222,671	267,669
Lease liabilities	2,158,882	8,529,688	39,133	96,225	689,543	7,704,787
	$ 7,781,174	**$14,698,737**	**$ 3,877,091**	**$ 406,348**	**$ 1,727,109**	**$ 8,688,189**

17. General and administrative expenses

	Three months ended March 31, 2021	2020
Salaries and benefits	**$ 552,017**	$ 440,977
Share based compensation	**103,596**	34,606
Corporate and office	**451,636**	345,443
Insurance	**47,742**	85,264
Travel and marketing	**14,439**	33,580
		-
	$ 1,169,430	$ 939,870

18. 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 three months ended, March 31, 2021 the Company had the following related party transactions:

- during 2020, two directors and one officer became tax equity investors in tax equity partnerships controlled by the Company for a total investment of $268,000; at March 31, 2021 the carrying amount of the associated tax equity liabilities was $232,189. Subsequent to March 31, 2021 one director became a tax equity investor in a tax equity partnership controlled by the Company.

- during 2020 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 plus accrued interest of $1,893 at March 31, 2021;

- during 2020 the Company entered into a land lease agreement with one officer, with the intention of constructing a solar facility. At March 31, 2021 the lease liability associated with this lease is $162,007 with expected future cash flows over 30 years of $496,317. The lease agreement has market terms and conditions;

- at December 31, 2020 a director held CAD $30,000 secured debentures payable by the Company. The debentures, which had market terms and conditions, were repaid in full in March 2021;

- during 2020 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. There were no similar transactions during the first three months of 2021.

- during 2020 the Company settled $22,930 in director compensation with one current and two former directors for 187,500 in common shares. There were no similar transactions during the first three months of 2021.

- during the first quarter of 2021, the Company's engineering division began providing engineering and consulting services to a company for which one of the Company's directors is in a management and ownership position. The Company's director was not involved in negotiating the contracts, which are on market terms and conditions offered by the Company's engineering division. The Company recognized revenue of $7,805 in the quarter from this activity, which may continue for at least the balance of the current fiscal year.

19. Subsequent Events

Subsequent to March 31, 2021 the Company's wholly owned subsidiaries, UGE Canada RE and UGE Consulting, each received CAD $20,000 under the Canada Emergency Business Account loan program that was offered in response to the COVID-19 pandemic. This was in addition to the CAD $40,000 that each subsidiary received during 2020. If the loans are repaid before December 31, 2022, CAD $10,000 of each loan will be forgiven. If the loans are not repaid at December 31, 2022 they will be converted to two-year term loans at 5% annual interest.

Subsequent to March 31, 2021 the Company's application to increase its EIDL loan to $500,000 was approved. The Company has not yet received any additional funds.

Subsequent to March 31, 2021 the Company received notification that its application for loan forgiveness of $99,967, which related to a loan received in 2020 under the SBA's Paycheck Protection Program, had been approved. The Company has not yet been informed of the repayment terms for the remaining balance of approximately $32,000.

Subsequent to March 31, 2021 the Company entered into a tax equity agreement with a director of the Company for a solar facility that is currently under construction. The amount of the tax equity investment is expected to be $200,000.

Subsequent to March 31, 2021 the Company entered into two new long-term land leases for the purpose of constructing solar facilities.