UGE INTERNATIONAL LTD.

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended
December 31, 2021

CEO Message to Shareholders

Dear Shareholders,

2021 was the second full year of UGE's pivot to our develop/build/own/operate business model, and the results of that pivot are now manifesting. Our industry is growing rapidly, with the International Energy Association predicting that 80% of all new energy installed by the end of this decade will be solar, and our primary objective in 2021 was to scale our platform. We strengthened our team, which helped to contribute to record growth for our development pipeline, including backlog growth that far exceeded our goals. We expect our development work to continue to scale, and to pay dividends as our projects mature through their development stages and become operational assets.

2022 and beyond will see project deployments ramp more significantly as our projects mature. As we prepare to release our 2021 year-end financials, three projects in New York are in the late stages of construction, which will double our operating portfolio once complete, and we are preparing five projects in Maine for Notice to Proceed ("NTP").

I am proud of the work our team is doing across the organization, as we originate, develop, engineer, build, finance, own, and operate mid-scale solar projects. We have an amazingly talented team that is at the forefront of the energy revolution. Regulatory and industry support continues to be strong, with the U.S. Department of Energy providing support to grow community solar by approximately 8X in the next four years. This would see the U.S. community solar industry building 20GW of new projects by 2025, which is roughly equivalent to the entire history of the US residential sector. State-level support also continues to be strong, especially when it comes to community solar; 22 states passed enabling legislation in 2021 as the number of states supporting the sector continues to rapidly expand.

As with all industries, we are monitoring supply chain constraints. While we manage this closely, constraints have not caused us to materially delay projects. Looking into the medium term, we are optimistic that 2021's historical expansions in manufacturing capacity, combined with eventual resolutions to industry tariff and trade disputes, will lead to decreasing costs and shorter lead times by the end of 2022.

Looking towards the future

We are focused on continuing to secure new projects and develop the projects in our backlog, while preparing an ever-increasing number of MWs for construction. Our 158MW year-end backlog exceeded our 2021 goal of 120MW, and positions us to exceed our target of 100MW of operating assets by 2024, as well.

At UGE we believe it is evident that this decade will see renewable energy overtake fossil fuels as the dominant source of energy and we are focused on building the team to consistently move profitable projects forward from origination through to operational status, playing a leadership role in midscale solar. After making key additions to the team in 2021, we are now focusing on enhancing our processes and technology for scalable long-term growth.

Thank you to the team at UGE for their hard work and commitment to exceeding our goals, and thank you to our investors and advisors for funding and investing in our growth.

Kind regards,

Nick Blitterswyk
April 28, 2022

Introduction

This Management's Discussion and Analysis ("MD&A") is a discussion of the operating results, cash flows and financial position of UGE International Ltd. ("UGE" or the "Company") for the three and twelve months ended December 31, 2021 and is prepared as of April 28, 2022. References to the "Company" or "UGE" are to the consolidated group of entities, unless otherwise specified.

This MD&A is intended to assist readers in understanding UGE's consolidated business, together with its business environment, strategies, performance, outlook and relevant risks, and it should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020, both of which are expressed in United States dollars ("USD") and prepared in accordance with International Financial Reporting Standards ("IFRS"). The functional currency of the Company is Canadian dollars ("CAD"). All amounts in this MD&A are expressed in USD, unless otherwise indicated, and percentages are in comparison to the same period in 2020. Some measures referred to in this MD&A are not recognized measures under IFRS and therefore may not be comparable to those presented by other issuers. Please refer to the *"Non-GAAP Measures"* section for more information and definitions.

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

As of the date of this MD&A, the Company has 32,243,575 common shares issued and outstanding. In addition, there are 2,104,937 share purchase warrants which may be exercised for one common share each at a fixed exercise price, and stock options that have been granted to purchase an additional 3,458,366 common shares. Please see *Note 16 Share Capital* in the *2021 Audited Consolidated Financial Statements* for more information.

Forward-Looking Information

This MD&A contains forward-looking information, including the Company's projected operating capacity and project development activities and estimates related to the values in Company's project backlog and the projects included therein. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. The forward-looking information involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such assumptions, risks and uncertainties include, without limitation, those associated with loss of markets, expected sales, future revenue recognition, the ability to secure appropriate sites, the effect of global and regional economic conditions, equipment supply and pricing, changes electricity prices, delays and over runs in construction, delays in or inability to obtain permits, changes in laws and regulations and changes in how they are interpreted and enforced, changes in tax policies and incentive programs, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, demand for the Company's services, and availability of capital and funding. Please also refer to the Risk Factors section of this MD&A for further discussion of risks and uncertainties.

The Company's performance could differ materially from that expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if they do occur, what benefits the Company will derive there from.

The forward-looking information is made as of the date of this MD&A, and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Actual events or results could differ materially from the Company's expectations and projections.

Business Profile

UGE is a solar and renewable energy project developer, focused on developing commercial and community solar energy solutions that deliver cheaper, cleaner, and more reliable electricity. We develop, build, finance, and operate commercial and community solar projects in our target markets (currently the US and Philippines). We also provide engineering and consulting services worldwide. UGE has greater than 500 MW of solar project experience since its founding in 2010.

UGE began as an energy solutions company, designing and supplying clean technology solutions to solve the needs of commercial and industrial clients. Over our history, we have developed expertise in solar, battery storage, and the financing of renewable energy projects, and we leverage our experience to develop, build, finance, and operate solar energy projects. These projects are designed to provide energy users and real estate owners immediate economic benefit, primarily through cheaper electricity costs and/or a long-term lease for roof space or vacant land.

On February 22, 2016, we acquired UGE Canada Ltd. ("UGE Canada", formerly Endura Energy Project Corp Ltd.), which strengthened our market position in Canada and added engineering and deployment experience. On April 3, 2017, we purchased substantially all the assets of Carmanah Solar Power Corp. ("CSPC"). On January 17, 2020, after amalgamating UGE Canada and UGE RE into UGE Canada RE Ltd. ("UGE Canada RE"), we filed a Part III Division 1 of BIA Proposal (the "Proposal") to creditors of UGE Canada RE Ltd. ("UGE Canada RE"), to effectively exit the engineering, procurement and construction ("EPC") services business provided by UGE Canada RE. The Proposal was approved in November 2020, with all payments to creditors being made in the first quarter of 2021, completing the wind down.

Beginning in 2020, UGE focused its business model around developing, building, financing, and operating solar facilities. The Company energized its first self-financed systems within the last months of 2020, and had four self-financed systems energized as of December 31, 2021 in the United States with a further four in the Philippines. UGE is focused on continued growth of its project portfolio, including through realization of its project development backlog, which stood at 158MW as of December 31, 2021.

Today, UGE primarily develops, builds, finances, and operates solar projects within the Northeast US and the Philippines and provides engineering and consulting services to third parties worldwide. Our focus is on leveraging the low cost of distributed solar energy to provide energy users with more affordable power.

Self-financed Pipeline and Backlog Highlights*

		Q4 2020		Q3 2021		Q4 2021	
		#	KW	#	KW	#	KW
Pre-commitment Stages 1-2							
Identified leads qualified	**US**	25	23,934	188	550,671	**229**	**665,140**
Initial negotiations	**Philippines**	141	88,885	286	199,708	**233**	**151,005**
Early Secured Stage 3.0							
Real estate secured (lease or LOI signed)	**US**	-	-	6	22,072	**33**	**178,903**
Material feasibility items outstanding	**Philippines**	-	-	6	17,440	**6**	**17,724**
Total	**US**	25	23,934	194	572,743	**262**	**844,043**
	Philippines	141	88,885	292	217,148	**239**	**168,729**
	Total	**166**	**112,819**	486	789,891	**501**	**1,012,772**
Secured Stage 3.1							
Real estate secured (lease or LOI signed)	**US**	14	43,778	24	97,275	**30**	**139,614**
Material feasibility items determined	**Philippines**	12	2,217	24	10,863	**22**	**9,133**
Secured Stage 3.2							
Interconnection study completed	**US**	5	11,551	4	5,575	**6**	**6,750**
	Philippines	-	-	0	-	**0**	**-**
Secured Stage 3.3							
Agreements finalized	**US**	-	-	0	-	**0**	**-**
Permits obtained	**Philippines**	3	1,843	1	729	**0**	**-**
Ready to Build Stage 4							
Fully contracted and scheduled	**US**	-	-	1	740	**0**	**-**
Financing secured	**Philippines**	-	-	1	219	**2**	**1,078**
Construction Stage 5							
Under construction	**US**	1	259	1	723	**3**	**1,463**
	Philippines	2	150	1	100	**1**	**100**
Total	**US**	20	55,588	30	104,313	**39**	**147,827**
	Philippines	17	4,210	27	11,911	**25**	**10,311**
	Total	**37**	**59,798**	57	116,224	**64**	**158,138**
Operating Stage 6							
Generating power	**US**	3	637	4	995	**4**	**896**
	Philippines	1	165	3	524	**3**	**524**
	Total	**4**	**802**	7	1,519	**7**	**1,420**

* The Company publishes detailed project by project supplemental information that can be found together with its financial filings here; *https://ugei.com/financial-filings/*.

Business Update and Financial Highlights

	Quarterly		Annual	
	Q4 2021	Q4 2020	2021	2020
Energy Production (KWh)	**140,206**	61,079	**773,382**	119,878
Installed energy generation capacity (KW)	**1,420**	802	**1,420**	802
GROSS PROFIT				
EPC Revenue	**$ 979,461**	$ 352,808	**$ 2,264,368**	$ 1,202,885
Cost of goods - EPC	**700,401**	143,558	**1,646,410**	796,938
Gross profit - EPC	**279,060**	209,250	**617,958**	405,947
Gross profit % [1]	**28%**	59%	**27%**	34%
Engineering services revenue	**151,187**	45,616	**246,655**	204,553
Cost of goods - engineering services	**90,611**	44,427	**150,793**	105,772
Gross profit - engineering services	**60,576**	1,189	**95,862**	98,781
Gross profit % [1]	**40%**	3%	**39%**	48%
Energy generation revenue	**40,209**	16,242	**189,045**	32,243
Cost of goods - energy generation	**1,766**	4,622	**31,595**	17,386
Gross profit - energy generation	**38,443**	11,620	**157,450**	14,857
Gross profit % [1]	**96%**	72%	**83%**	46%
TOTAL GROSS PROFIT	**378,079**	222,059	**871,270**	519,585
OPERATING COSTS AND EXPENSES				
General & administrative	**1,600,058**	1,109,593	**5,471,285**	3,603,080
Expected credit losses & impairment	**(173,721)**	11,419	**(151,721)**	97,246
Depreciation and amortization	**25,398**	18,055	**65,125**	54,934
TOTAL OPERATING COSTS AND EXPENSES	**1,451,736**	1,139,067	**5,384,689**	3,755,260
OPERATING INCOME (LOSS)	**(1,073,656)**	(917,008)	**(4,513,419)**	(3,235,675)
OTHER EXPENSES (INCOME)				
Financing expenses	**64,441**	141,638	**308,498**	420,552
Other (income) expense	**(11,363)**	(1,346,528)	**(497,340)**	(2,754,816)
TOTAL OTHER EXPENSES (INCOME), NET	**53,078**	(1,204,890)	**(188,842)**	(2,334,264)
INCOME (LOSS) BEFORE TAX	**(1,126,734)**	287,882	**(4,324,577)**	(901,411)
Income tax expense (recovery)	**(174,515)**	156,110	**(162,774)**	90,496
NET INCOME (LOSS) FOR THE PERIOD	**$ (952,219)**	$ 131,772	**$ (4,161,803)**	$ (991,907)
ADJUSTED NET LOSS [1]	**$ (1,231,433)**	$ (907,495)	**$ (4,860,523)**	$ (3,405,684)
ADJUSTED EBITDA [1]	**$ (1,040,424)**	$ (403,087)	**$ (3,998,041)**	$ (2,377,607)
ADJUSTED EBITDA MARGIN [1]	**(275%)**	(182%)	**(459%)**	(458%)

[1] These items in this table are Non-GAAP measures that do not have standard definitions under IFRS, are not reconcilable to IFRS measures, and may not be comparable to other companies. Please see the Non-GAAP Measures section for more details.

During 2021, UGE continued its strategic transformation to a develop/build/own/operate business model, by growing its pipeline and projects in development, adding three projects to its operational portfolio, and starting construction on three additional projects which will become operational in the first half of 2022. UGE has now essentially shifted its business model away from its legacy engineering, procurement and construction ("EPC") business model.

This transformation has changed the nature and timing of UGE's revenue by shifting it to long-term recurring revenue from operating and managing solar facilities (energy generation revenue). This is in contrast to EPC revenue, which generates non-recurring revenue from construction of individual solar facilities for third parties. As UGE adds more operating solar facilities, those assets and their related liabilities, such as lease liabilities and debt, will grow, together with their associated recurring revenue, which over the long term is expected to become the Company's dominant revenue source. The Company will selectively secure client-financed EPC agreements each year, as well as continuing to earn engineering and consulting revenue.

The potential growth in energy generation revenue is demonstrated above. In 2020, UGE's total energy generation revenue was $32.2K from four operating solar facilities that became operational during that year. During 2021, energy generation revenue increased almost 600%, to $189K, as five facilities were in operation for essentially a full year and two facilities were in operation for approximately six months.

The COVID-19 pandemic, which was present throughout much of 2020 and 2021, brought unprecedented disruption to the global economy. Early on, these disruptions slowed UGE's construction and development activities, limiting progression on development activities and sales, and decreasing both EPC and engineering services revenue. Construction activity was able to resume between July 2020 and December 2021, which contributed to the $1.1 MM increase in EPC revenue shown above. However, client pressures in the Philippines slowed schedules, resulting in one of our self-financed solar facilities coming on-line later than expected in 2021, with others deferred to 2022, thereby delaying progress on some of our sales activities and revenue realization.

As we build towards our goals of 100MW and 250MW of operating assets by the end of 2024 and 2025 respectively, our balance sheet will continue to grow. In particular, the right-of-use assets and their corresponding lease liabilities, which are associated with site securement, will accelerate. Site securement is the commencement of the development process and generally takes place six months to three years before construction commences. It is only when construction commences that capital assets and related project debt are recorded. In 2021, the right-of-use assets and lease liabilities both increased approximately 8 times, as a result of signing 23 leases in 2021. The other balance sheet trend that is expected to continue is related to development period expenditure. These cash outlays occur during the six months to three years prior to construction, with some being capitalized to project development costs while others are expensed, depending on the level of certainty of each project moving forward at that time. The funding of these expenditures is from general working capital.

Key financial results in 2021 included:

- Ended 2021 with 1.4 MW of operating assets that contributed $189.0K operating income with an 83% gross margin representing an increase of 586% in revenue over prior year. As UGE continues on its path to own and operate assets, operating income will continue to grow. Although there will be some variation between markets, and rooftop vs ground mount installations, management believes that its annualized $/W realized in 2021 is within its expected range of $0.15 and $0.18 for future operating assets.

- Realized $2.26 MM in one-time revenue from client-financed EPC agreements, compared to $1.20 MM in the prior year. Although we have largely pivoted away from EPC services to develop/build/own/operate, the Company will continue to opportunistically secure client-financed EPC contracts each year. One historically contracted project reached several milestones in 2021 and will be completed in 2022. The gross margin from EPC revenue was 27%, compared with 34% in 2020, as a result of lower client financed project margins in the Philippines.

- The Company realized $246.7K in revenue from its solar engineering services business unit in 2021; an increase of 21% over the prior year. The gross margins was 39%, compared with 48% in 2020, as a result of the mix of the work performed.

- Net loss of $4.16 MM for the year, compared with $1.0 MM for the prior year, is primarily driven by other income in 2020 associated with the wind down of the Company's Canadian EPC business, settlement of debts at a discount, and assistance from COVID-19 programs. The loss also reflects an increased cost base year over year.

- Adjusted net loss of $4.86 MM in 2021 vs $3.41 MM in 2020 reflects performance excluding the effects of the settlement of outstanding debt at a discount and relief under COVID-19 programs, and better demonstrates the increase in the ongoing cost base as UGE scales the size of its business.

Key business highlights in 2021 included:

- Reached commercial operation for one UGE-owned solar facility in the U.S., with 259KW of capacity and expected average annual revenue of $62K. Additionally, commercial operation was achieved for two UGE-financed projects in the Philippines, representing 359KW of capacity with expected average annual revenue of $29K. (See Non-GAAP measures section for definition of average annual revenue.)

- Grew project backlog to 158 MW, with an estimated $275 MM in project value, at December 31, 2021, compared with 59.8MW on December 31, 2020. (See Non-GAAP measures section for definition of project value.)

- Improved the financial position of the Company in 2021 through:

    - $5.03 MM "bought deal" brokered private placement in February 2021.

    - Settlement of a total of $1.3 MM in debt, including $0.70 MM with cash and CAD $0.75 MM (US $0.59 MM) with equity, in Q1 2021.

    - Settlement of the remaining $0.49 MM owing under the creditor proposal related to the wind-down of the Canadian EPC business at a discount, realizing net gains of $27.6K.

    - Realized conversion of CAD $0.72 MM convertible note into 779,918 common shares.

    - Issued CAD $2.0 MM of debt convertible into shares at CAD $1.80 per share

The improvements in the balance sheet in 2021, combined with the issuance of Green Bonds for development capital starting in the first half of 2022, have positioned UGE to better invest in development activities and support operations as the Company continues to execute on its develop/build/own/operate business model.

As UGE continues to focus on scaling, particularly in the U.S., the recurring revenues from operating solar facilities are expected to become the dominant revenue source for the Company, as noted above. UGE expects to experience negative operating cash flows until reaching scale in its operating solar facilities.

During 2022, UGE will continue to execute against its strategic objectives, including its goal of owning and operating at least 100MW and 250MW of operational assets by 2024 and 2025 respectively. Simultaneously, UGE will continue to focus on project development, with the goal of developing 100MW of projects to NTP annually by 2025. After significantly exceeding its 2021 backlog goal, management believes UGE is on track to achieve its medium-term targets.

The Company will continue to build its pipeline of quality solar facilities in our target markets. This activity is being supported by strategic additions to our origination, development, project finance, and operations teams. We will also continue to focus on the value our platform provides to real estate owners, energy users, and UGE's shareholders, while producing cleaner energy. To support this effort, we plan to continue to improve the efficiency of our project development and deployment processes, while expanding our asset management and project finance capabilities.

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Project Backlog

The Company believes it is important to analyze UGE's pipeline of solar facilities as a measure of our potential to earn future revenue. Certain amounts presented in the table below are Non-GAAP measures; please see the *Non-GAAP Measures* section of this MD&A for more information.

As a project developer, the Company manages its project development pipeline closely as it focuses on developing solar facilities with strong long-term returns. UGE tracks its overall project development efforts by allocating them among six stages. Stages 1 and 2 represent early-stage pipeline, whereas from Stage 3.0-onward the Company has secured "site control". Site control is most commonly in the form of a binding letter of intent ("LOI"), an option to lease, a lease, or an award letter.

In order to provide more quantified information about UGE's overall project development efforts, the Company reports on its "project development backlog" ("backlog"). The project development backlog includes projects for which the Company has site control, and which have reached a certain level of maturity such that management believes the project is likely to move forward and ultimately become an operating solar facility. Projects are considered part of backlog once they have reached at least Stage 3.1 (project feasibility largely confirmed) and through Stage 5 (project is under construction). Stage 6 projects are fully operating solar facilities.

Please see the *Self-financed Pipeline and Backlog Highlights* section above.

Stages 3 to 6 are defined in more detail as follows:

Stage 3 – Committed - the Company has secured a binding commitment from a client, which can take the form of a site lease, letter of intent, or an award letter in response to a Request for Proposal ("RFP"). Within Stage 3, solar facilities are further broken down as follows:

> **Stage 3.0 –** signed a binding commitment or received a letter in response to an RFP with specific material feasibility assessments outstanding (not included in project development backlog).
>
> **Stage 3.1** - signed a binding commitment or received an award letter in response to an RFP with material feasibility items determined.
>
> **Stage 3.2** – completion of the interconnection study with the local utility, representing a key milestone.
>
> **Stage 3.3** - all material agreements between UGE and the client, and the necessary permits, are in place. Finalizing project financing is the only remaining material item required to reach Stage 4 (for self-financed solar facilities).

Stage 4 – Contracted – fully contracted, where the client has a binding contract(s) and the deployment (construction) schedule is identified.

Stage 5 – Deployment/Construction – activities to construct and place the solar facility in operation have commenced.

Stage 6 – Operation – solar facility has been constructed and is in operation.

The following table provides information on the Company's project backlog for UGE's self-financed solar facilities at December 31, 2021:

	# of projects		Capacity in KW		Current Project (Backlog) Value		Average Annual Revenue	
	Q4 2020	**Q4 2021**	Q4 2020	**Q4 2021**	Q4 2020	**Q4 2021**	Q4 2020	**Q4 2021**
Secured Stage 3.1								
US	14	**30**	43,778	**139,614**	88,645,604	**246,588,065**	6,851,228	**22,742,721**
Philippines	12	**22**	2,217	**9,133**	2,350,301	**10,088,042**	164,579	**552,269**
Secured Stage 3.2								
US	5	**6**	11,551	**6,750**	21,220,945	**12,929,508**	1,960,822	**1,242,527**
Philippines	-	**-**	-	**-**	-	**-**	-	**-**
Secured Stage 3.3								
US	-	**-**	-	**-**	-	**-**	-	**-**
Philippines	3	**-**	1,843	**-**	1,353,392	**-**	149,544	**-**
Ready to Build Stage 4								
US	-	**-**	-	**-**	-	**-**	-	**-**
Philippines	-	**2**	-	**1,078**	-	**970,185**		**67,221**
Construction Stage 5								
US	1	**3**	259	**1,463**	761,488	**3,902,038**	67,378	**373,679**
Philippines	2	**1**	150	**100**	89,767	**91,152**	10,158	**10,158**
Total Backlog								
US	20	**39**	55,588	**147,827**	110,628,037	**263,419,611**	8,879,428	**24,358,927**
Philippines	17	**25**	4,210	**10,311**	3,793,460	**11,149,380**	324,281	**629,648**
Total	**37**	**64**	**59,798**	**158,138**	**114,421,497**	**274,568,991**	**9,203,709**	**24,988,575**
Operating Stage 6								
US	3	**4**	637	**896**	1,138,872	**2,008,429**	141,451	**218,166**
Philippines	1	**3**	165	**524**	192,928	**435,390**	15,472	**44,742**
Total	**4**	**7**	**802**	**1,420**	**1,331,800**	**2,443,819**	**156,923**	**262,908**

Certain items (average annual revenue and current project backlog value) in this table are Non-GAAP measures that do not have standard definitions under IFRS, are not reconcilable to IFRS measures, and may not be comparable to other companies. Please see the Non-GAAP Measures section for more details.

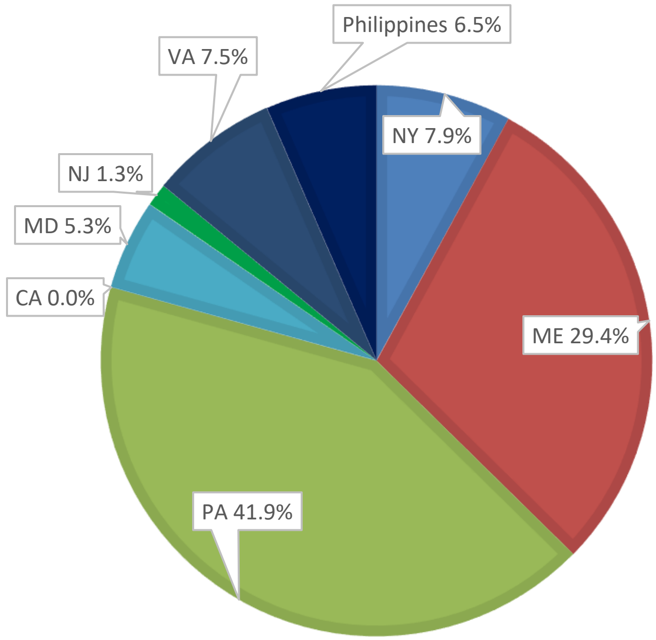
As seen in the table above, as of December 31, 2021, the Company has increased its self-financed (develop/build/own/operate) backlog capacity to 158.1MW with expected average annual revenue of $24.99 MM. The increase in backlog capacity has more than doubled from 59.8 MW at the end of 2020. During 2021, the Company reached commercial operation for one solar facility in the US and two solar facilities in the Philippines.

Within the US, the Company is currently most active in New York, Pennsylvania, and Maine, with increasing activity in other states throughout the U.S. Northeast. New York City is predominantly a roof-top market, with projects typically less than 1MW per-facility, whereas most projects in Maine and other states are ground-mounted with rated capacity of 1-5MW. Within the Philippines, the Company's current focus is almost exclusively on rooftop solar facilities.

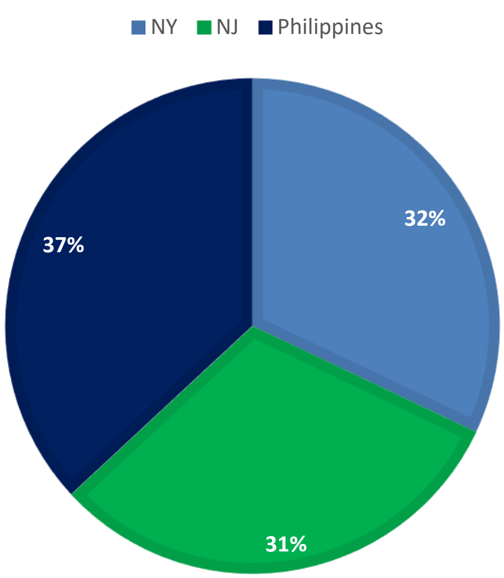
Subsequent to December 31, 2021, the Maine Public Utility Commission denied the Company's good cause exemption requests, which were filed with respect to Maine's retroactive adjustment of the maximum size allowable for community solar projects. This led to a decrease in size for six of UGE's planned projects in Maine, to fit within the updated cap of 2MW AC* per project.

* Note that all Company disclosures refer to project capacity in MW DC.

DEPLOYMENT AND DEVELOPMENT MW BY LOCATION



OPERATING SOLAR FACILITIES MW BY LOCATION



Conversion of the backlog from Stage 3.1 to Stage 6 varies on a project-by-project basis and can be affected by items such as utility interconnection approval timelines, local permitting timelines, as well as by client-driven factors, but generally UGE expects the deployment period to be approximately nine to 18 months for rooftop solar facilities and 12 to 36 months for ground mount solar facilities. In some cases, a committed solar facility (Stage 3) can potentially fail to secure final contracting for various reasons and therefore may not move into contracting and development.

Given the increase in project backlog and the time generally required to reach deployment, we expect a growing proportion of the current backlog will enter construction (Stage 5) in 2022. The solar facilities that are in Stage 5 at December 31, 2021 are expected to energize and begin operating (Stage 6) in 2022.

The following table provides information on the Company's project backlog for UGE client-financed EPC projects and engineering services:

	# of projects		Total project Value	
	Q4 2020	**Q4 2021**	Q4 2020	**Q4 2021**
Secured stages 3.1 - 4				
US	-	**1**	-	**6,013,280**
Philippines	-	**1**	-	**945,448**
Construction Stage 5				
US	3	**1**	2,872,519	**2,728,237**
Philippines	4	**2**	423,298	**451,647**
Engineering and Consulting				
Contracted and in Progress	5	**41**	239,925	**637,353**
Total	**12**	**46**	**3,535,742**	**10,775,965**

Certain items (Total Project Values) in this table are Non-GAAP measures that do not have standard definitions under IFRS, are not reconcilable to IFRS measures, and may not be comparable to other companies. Please see the Non-GAAP Measures section for more details.

The timing of the conversion of client-financed backlog to revenue can vary significantly on a project-by-project basis. A contracted solar facility will typically start to convert to revenue either in the quarter the contract was signed or in the quarter thereafter, with final completion of a rooftop project typically occurring within six to 18 months. A committed solar facility can often be delayed by one to six quarters, pending completion of contract negotiations and scheduling of work. A committed solar facility may fail to secure final contracting for various reasons and therefore may not convert to revenue in the future.

2021 Earnings Review

	Year ended December 31,	
	2021	**2020**
REVENUE	**2,700,068**	1,439,681
COST OF GOODS	**1,828,798**	920,096
GROSS PROFIT	**871,270**	519,585
OPERATING COSTS AND EXPENSES		
General and administrative	**5,471,285**	3,603,080
Expected credit losses	**(151,721)**	97,246
Depreciation and amortization	**65,125**	54,934
TOTAL OPERATING COSTS AND EXPENSES	**5,384,689**	3,755,260
OPERATING LOSS	**(4,513,419)**	(3,235,675)
OTHER EXPENSE (INCOME)		
Financing expense, net	**308,498**	420,552
Other expense (income)	**(497,340)**	(2,754,816)
TOTAL OTHER (INCOME) EXPENSE, NET	**(188,842)**	(2,334,264)
LOSS BEFORE TAX	**(4,324,577)**	(901,411)
Income tax expense (recovery)	**(162,774)**	90,496
NET LOSS	**(4,161,803)**	(991,907)
Other comprehensive loss items to be subsequently reclassified to net earnings when certain conditions are met		
Foreign currency translation	**(15,531)**	(64,896)
COMPREHENSIVE LOSS	**$ (4,177,334)**	$ (1,056,803)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS		
BASIC AND DILUTED	**$ (0.13)**	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES	**31,015,003**	24,609,201

Revenue and Gross Profit

Revenue and Gross Profit comprise the following:

	Year ended December 31,	
	2021	**2020**
GROSS PROFIT		
EPC revenue	**$ 2,264,368**	$ 1,202,885
Cost of goods - EPC	**1,646,410**	796,938
Gross profit - EPC	**617,958**	405,947
Gross profit %	**27%**	34%
Engineering services revenue	**246,655**	204,553
Cost of goods - engineering services	**150,793**	105,772
Gross profit - EPC and consulting	**95,862**	98,781
Gross profit %	**39%**	48%
Energy generation revenue	**189,045**	32,243
Cost of goods - energy generation	**31,595**	17,386
Gross profit - energy generation	**157,450**	14,857
Gross profit %	**83%**	46%
REVENUE	**2,700,068**	1,439,681
COST OF GOODS	**1,828,798**	920,096
GROSS PROFIT	**871,270**	519,585
Gross profit %	**32%**	36%

2021 saw significant progress on historically contracted EPC projects in both the USA and Philippines, which reached revenue milestones in 2021. As noted above, slow progress on these projects in 2020 was related to COVID-19 and these projects will be completed in 2022. Gross margins averaged 32% in 2021, including 27% from EPC revenue, 39% from engineering services, and 83% from energy generation.

After the Company added leadership and experience to its engineering services business unit, the last quarter of 2021 saw traction in its contracted and in-progress work. 2021 revenues increased 21% compared to 2020. As of the date of this MD&A, the business unit has engagements with an estimated $637K in revenue in the queue for delivery in 2022, showing significant growth over prior results. Gross profit margin declined compared to 2020, to 39%, due to the nature of the mix of services provided. The increase in engagements for 2022 delivery is indicative of the Company's increased focus on monetizing this valuable internal resource.

In the Philippines, the current legal structure for self-financed (build/own/operate) solar facilities is different from the US in order to meet local requirements. Under the Company's most often used legal structure, the ownership of the solar facility transfers to the customer once completed. The Company finances the construction of the solar facility on behalf of the customer, and then receives interest income as the customer repays the construction costs. The Company also receives energy generation income over the life of the solar facility. This follows IFRS and results in a different revenue recognition model from the U.S., such that EPC and development revenue is earned over the period of construction and included in the consolidated EPC revenue line, while services revenue is earned over the life of the solar facility and included in energy generation revenue.

In the U.S., energy generation revenue is earned from both the sale of electricity generated and the sale of renewable energy credits. At the end of 2021, the Company had 0.9MW of generation capacity online earning revenue in this manner, representing four projects in the US. Two of these were operational beginning in Q3 2020, one was energized at the end of 2020 and did not generate revenue until 2021, and the fourth commenced energy generation in early Q3 2021. The Company also had 1.5MW across three projects under construction on December 31, 2021. There is seasonality to the energy generated and the earned revenue, consistent with the weather patterns in the states where the solar facilities are located. The operating solar facilities are currently operating within our expectations.

Operating Costs and Expenses

	Year ended December 31,	
	2021	2020
Salaries and benefits	**$ 3,014,535**	$ 1,669,034
Share-based compensation	**651,633**	462,094
Development costs	**128,815**	135,540
Corporate and office	**1,379,755**	1,011,208
Insurance	**172,299**	212,691
Travel and marketing	**124,248**	112,513
	$ 5,471,285	$ 3,603,080

General and administrative costs include salaries and benefits, non-capitalizable development expenses, corporate expenses, insurance, travel, marketing, and non-cash share-based compensation expenses. Year over year, the main driver of the increase in general and administrative costs is related to salaries and benefits which were $3.01MM in 2021 compared to $1.67MM in 2020, representing an 81% increase arising from the Company moving from 36 to 51 employees between December 31, 2020 and December 31, 2021. This scaling was also evident in share-based compensation, corporate expenses, and travel and marketing, which saw increases of 41%, 36% and 10% respectively, offset by a 19% decrease in insurance expense due to efficiencies gained through consolidating the insurance portfolio. The Company will continue to invest in resources and people to support project development as it grows towards its goals, which we expect will put some upward pressure on the expense base in 2022, but not to the same degree as during 2021.

Expected credit losses are charges to the statement of operations for the increase (or decrease) to the Company's expected losses on trade receivables, unbilled revenue and notes receivables, including any amounts written off in the year. These charges can fluctuate based on the outstanding amount of trade receivables and specific customer circumstances. The Company's historical EPC contracts moved towards completion during 2021, as milestones were reached and related payments were made during the year, and therefore 2021 saw a net reversal of previously recorded reserves.

Depreciation and amortization includes the amortization of operating solar facilities and right-of use lease assets. During development and construction, depreciation of the right-of-use lease assets corresponding to leased land is capitalized to construction in progress, with the expense recognition delayed until the solar facility becomes operational. The increase year over year is the result of one additional facility becoming operational in 2021.

Financing Costs

		Year ended December 31, 2021		2020
Interest on operating and project debt	$	**222,069**	$	284,297
Interest on tax equity financing		**20,946**		14,291
Interest on lease liabilities		**13,564**		7,301
Accretion expenses		**85,065**		72,739
Finance Income		**(42,048)**		(1,124)
Other		**8,902**		43,048
	$	**308,498**	$	420,552

Financing costs include costs associated with operating and project debt, and with tax equity financing. Year over year, financing costs have declined as operating debt levels have decreased. As the Company's asset base grows, project and tax equity financing costs will increase in line with the size of the portfolio. Finance costs (borrowing costs) incurred during the construction phase of a project are capitalized to solar facilities under construction, including the non-cash interest expense associated with the lease liabilities that correspond to the right-of-use lease assets referenced above.

Other Income

		Year ended December 31, 2021		2020
Government grants and loan forgiveness - COVID 19 related	**$**	**(437,218)**	$	(380,906)
Net gain on debt settlement		**(208,866)**		(1,010,251)
Net gain on proposal under the BIA		**(27,595)**		(849,037)
Net gain on other trade payables settlements		**(25,043)**		(219,624)
Net (gain) loss on exchange of shares and warrants for debt		**-**		46,041
Warranty expiration		**(39,784)**		-
Gain on sale of solar facility		**-**		(194,623)
Tax equity investor allocations		**302,560**		(94,952)
Other		**(61,394)**		(51,464)
	$	**(497,340)**	$	(2,754,816)

Net other income in 2021 is comprised of the following non-recurring items:

- $437K of income from COVID-19 relief programs including the US Paycheck Protection Program, the US Economic Injury Disaster Loan program, the Canadian Employer Wage Subsidy program, and the Canada Emergency Business Account.
- The settlement of litigation that arose in 2018 resulting in a gain of $209K in Q4 2021.
- The remaining settlement of outstanding debt and payables from 2020 resulting in a gain of $53K in 2021.
- Recognition of the expiration of warranty reserves for income of $40K.

- Offsetting the above is recognition of net allocations to tax equity investors of $303K, the majority of which was recorded in Q4.

This compares to the following non-recurring items recognized in 2020:

- Settlement, through an agreement with a lender of UGE Canada RE, of $1.44 MM in outstanding operating debt for less than the amount owning, resulting in a gain on debt extinguishment of $1.01 MM.

- Settlement, through a creditor proposal related to the wind-down of the Canadian EPC business, of $1.44 MM in outstanding debts for $532K, resulting in a gain on debt extinguishment of $849K.

- Sale of a 304KW solar facility in New York that was developed and built by UGE, realizing a gain on sale of $195K.

- Income from COVID-19 relief programs, including the US and Canadian programs referenced above, of $381K.

- Conversion of CAD $329K in accounts payable balances to common shares and warrants resulting in realization of a non-cash loss of US $46K in conjunction with the settlement.

Income Taxes

The Company recognized a recovery of $163K of current income taxes in 2021 (2020 – expense of $90K). At December 31, 2021 the Company had $14.1 MM in non-capital loss carry-forwards that may be used to offset future years' taxable income and $14.7 MM in capital loss carryforward that may be used to offset future capital gains. Please see *Note 20 Income taxes* in the *Notes to the 2021 Consolidated Financial Statements* for more information.

2021 Financial Position Review

	As at			
		31-Dec-21		31-Dec-20
ASSETS				
Cash	**$**	**1,251,562**	$	1,000,069
Restricted Cash		**173,073**		34,632
Trade and other receivables		**1,130,558**		1,781,392
Construction in progress		**1,458,336**		181,160
Solar facilities in use		**1,162,426**		917,126
Right-of-use assets		**12,181,538**		1,504,712
Project development costs		**1,292,414**		208,649
Other assets		**689,300**		563,235
Total assets	**$**	**19,339,207**	$	6,190,975
LIABILITIES AND EQUITY (DEFICIT)				
Trade payables and accrued liabilities	**$**	**2,195,898**	$	3,849,195
Deferred revenue		**111,477**		947,875
Operating debt		**2,150,193**		2,215,691
Project debt		**2,811,404**		1,642,689
Tax equity liabilities		**432,602**		249,131
Lease liabilities		**12,613,512**		1,555,977
Other non-current liabilities		**362,980**		10,948
Total liabilities		**20,678,066**		10,471,506
Equity (deficit)		**(1,338,859)**		(4,280,531)
Total liabilities and equity (deficit)	**$**	**19,339,207**	$	6,190,975
Working capital (deficit)	**$**	**(369,046)**	$	(3,431,423)

Cash and restricted cash

The cash position of the Company increased year over year as a result of the solidification of the business model supported by capital raises in February and November 2021.

Trade and other receivables

Trade receivables and other receivables fluctuate with business activity. In 2021, unbilled revenue increased from $195K to $493K as a result of timing of completed billing milestones compared to the percentage of completion of EPC projects. Trade receivables decreased by $950K largely due to settlement of a $1.13 MM receivable related to the Q4 2021 resolution of a 2018 legal dispute.

The Company has provided $90K (2020 - $249K) for expected credit losses and the amount of trade and other receivables is shown net of this amount.

Solar facilities in use and under construction

		Solar facilities in use		Solar facilities under construction
Year ended December 31, 2021				
Balance - beginning of the year	**$**	**917,126**	**$**	**181,160**
Additions		**43,832**		**1,525,492**
Transfer to solar facilities in use		**248,316**		**(248,316)**
Depreciation		**(46,848)**		**-**
Balance - end of year	**$**	**1,162,426**	**$**	**1,458,336**
As at December 31, 2021				
Cost	**$**	**1,220,164**	**$**	**1,458,336**
Accumulated depreciation		**(57,738)**		**-**
Net carrying amount	**$**	**1,162,426**	**$**	**1,458,336**

During 2021, the Company completed one 259KW project in the US, consisting of five sites, which was transferred from under construction to solar facilities in use. There were two solar facilities totaling 1,463KW, consisting of three sites, under construction at the end of the year. The Company expects the solar facilities currently under construction to be energized in Q2 2022.

Right of use assets and lease liabilities

These assets and liabilities represent the Company's rights and obligations under long term leases associated with solar facilities, and the carrying values of both will increase as the Company adds new projects to the project backlog. There is usually one lease contract for each solar facility project and the right of use asset and lease liability are recorded at the time of the signing of the lease. Please see *Note 11* in the *2021 Audited Consolidated Financial Statements* for more information.

Project development costs

Project development costs are capitalized costs that are incurred pre-construction. They include costs such as lease option payments, interconnection studies, permits, commissions, and engineering reports. They also include depreciation of the associated right-of-use assets and interest on the associated lease liabilities. Once construction commences, capitalized costs are reclassified to solar facilities under construction. As origination and development activities accelerate, the capitalized amounts are also expected to increase.

Trade payables and accrued liabilities

Trade payables and accrued liabilities generally fluctuate with business activities. The decrease from 2020 is largely due to the Q4 2021 settlement of a 2018 legal dispute that resulted in the release of $975K of accrued expenses. A $532K accrual related to a creditor proposal was also settled in 2021.

Operating debt

OPERATING DEBT	Maturity	Contractual Rate	As at December 31, 2021	As at December 31, 2020
UGE International				
Convertible debenture	Oct-21	8.0%	$ -	$ 515,707
Convertible debenture	Oct-23	6.5%	**1,379,536**	$ -
Aquisition loan	Sep-21	8.0%	**-**	588,525
Short term loan	none	7.5%	**-**	79,940
UGE Canada RE				
Canada Emergency Business Account	Dec-22	0.0%	**38,717**	29,080
UGE Consulting				
Canada Emergency Business Account	Dec-22	0.0%	**38,717**	29,080
UGE USA				
Paycheck protection program (PPP 1)	Apr-22	1.0%	**15,600**	31,851
Economic injury disaster loan (EIDL)	Jun-50	3.75%	**514,792**	152,481
Debt to former subsidiary	Sep-23	8.0%	**-**	350,000
UGE Philippines				
Bank loan	Dec-27	8.00%	**162,831**	439,027
Total			**$ 2,150,193**	$ 2,215,691
Current portion			**$ 145,630**	$ 1,466,074
Non-current portion			**$ 2,004,563**	$ 749,617

In 2020 the Company settled $1.44 MM in outstanding operating debt for less than the amount owing resulting in a gain on debt extinguishment of $1.01 MM.

In Q1 2021, the Company settled $681K in operating debt with cash and settled $590K with common shares. In Q4 2021 it also converted its CAD $720K face value convertible debenture plus accrued interest of CAD $29K into 779,918 common shares and issued face value CAD $2.0 MM of new convertible debentures.

In both 2020 and 2021, the Company levered COVID-19 programs resulting in CAD $120K face value loan support through the Canadian Emergency Business Account and $632K face value loan support through a combination of the US Paycheck Protection Program and the US Economic Injury Disaster Loan program by the end of 2021. In Q1 2022 the Company received an additional $418K through the Economic Injury Disaster Loan program.

Project debt and tax equity financing

PROJECT DEBT	Maturity	Contractual Rate	As at December 31, 2021		As at December 31, 2020
UGE USA					
Construction financing		8.5%	**1,290,272**	$	205,630
Operating project debt	2028	5.9%-7.4%	**1,076,889**		987,204
Tax equity financing			**432,602**		249,131
UGE Project Holdco.					
Green Bonds	Sep-23	7.0%	**372,033**		357,813
Green Bonds	Jan-25	7.0%	**72,210**		68,501
UGE Project Development Holdco.					
Secured debentures	2021	12.0%	**-**		23,541
Total			**$ 3,244,006**	$	1,891,820
Current portion			**$ 104,509**	$	190,761
Non-current portion			**$ 3,139,497**	$	1,701,059

Project debt includes both construction financing for solar facilities under construction and long-term debt associated with operating solar facilities. Green Bonds have generally been used to fund solar facilities in the Philippines. These balances will generally increase in line with the growth in the Company's solar facilities.

In addition to traditional project financing the Company also finances solar facilities through tax equity structures. These structures are designed to allocate the majority of renewable tax incentives, such as investment tax credits ("ITCs") and accelerated depreciation, to tax equity investors ("TEIs"). With its current portfolio of solar facilities, the Company cannot fully monetize such tax incentives and it therefore partners with third-party TEIs. 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, to the TEIs until they receive an agreed-upon after-tax investment return (the "flip point"). The flip points are generally dependent on the projects' respective returns but also may be contractually determined. At all times, both before and after the projects' flip points, the Company retains control over the projects financed with a tax equity structure in partnership with third party TEIs. Subsequent to the flip point the Company receives the majority of the projects' taxable income, cash flows and remaining tax incentives. During 2021, the Company entered two TEI financing arrangements for two solar facilities. TEIs are expected to remain an important financing source as long as the current non-refundable structure of the ITC program remains in place.

Deficit

The issued and outstanding share capital is as shown below:

	Year ended December 31,					
	2021			2020		
	Number of shares		Amount	Number of shares		Amount
Balance at beginning of year	**28,164,252**	**$**	**22,854,278**	20,250,439	$	20,050,151
Private placement of shares, net of costs	**2,645,000**		**3,411,884**	3,908,156		1,245,885
Stock option exercises	**316,217**		**175,848**	473,584		237,723
Warrant exercises	**47,801**		**76,230**	2,149,666		1,045,496
Debt to equity conversions	**1,066,138**		**1,047,435**	1,382,407		275,023
Balance at end of year	**32,239,408**	**$**	**27,565,675**	28,164,252	$	22,854,278

The Company's accumulated deficit was $1.34MM at December 31, 2021, an improvement from a deficit of $4.28MM at December 31, 2020. This reduction in the deficit reflects the net increase in share capital as shown in the above table, and the increase in contributed surplus of $2.53MM related to share issuances, convertible debt issuance, and stock-based compensation, offset by stock option and warrant exercises and net losses of $4.16MM in 2021. Please see *Note 16 Share Capital* in the *2021 Consolidated Financial Statements* for more information.

Liquidity and Capital

	Years ended			
	31-Dec-21		31-Dec-20	
OPERATING ACTIVITIES				
Cash used in operating activities	**$**	**(5,439,280)**	$	(1,848,693)
FINANCING ACTIVITIES				
Cash provided by financing activities	**$**	**7,730,324**	$	3,458,654
INVESTING ACTIVITIES				
Cash used in investing activities	**$**	**(2,074,272)**	$	(806,173)
Effects of changes in foreign exchange rates on cash	**$**	**34,721**	$	(10,152)
Net increase in cash		**251,493**		793,636
Cash, beginning of year	**$**	**1,000,069**	$	206,433
Cash, end of year	**$**	**1,251,562**	$	1,000,069

The cash flow sources for the Company include operations, occasional project sales, and debt and equity financings. The primary uses of cash are operating expenses, including the cost of sales, working capital, and project development costs. The Company's cash position has improved during 2021 through the Q1 net equity raise of $5.03 MM and net funds of $1.40 MM from the Q4 convertible debt issue, as discussed above. In addition to ongoing operating uses of cash, some of these funds were used in Q1 to pay down relatively costly operating debt and trade payables.

Cash flow from operations

In 2021, the Company generated negative cash flow from operating activities of $5.44 MM including its net loss of $4.16 MM. The most significant contributions to the use of cash for operating activities have been net $1.25 MM used to pay down trade payables and $0.37 MM used to pay financing costs, of which $0.22 MM was related to the operating debt paid out in Q1 2021.

As of December 31, 2021 the Company has largely migrated to the develop/build/own/operate model in the US. Revenue recognition under IFRS for this develop/build/own/operate model is based on long-term recurring earnings that require scale in operating solar facilities to create positive IFRS earnings. The Company can, however, generate positive cash flows during the construction to energization stages of solar facility development by retaining a "developer fee." UGE can use the funds generated from the developer fee for operations, investments in growth, and new development activities.

To the extent that the Company does not generate positive cash flows from operations and development activities in the future, or cannot access financing or capital on reasonable terms, the Company may need to reduce expenditures and it may not continue as a going concern. Certain conditions discussed above and in the Risks and Uncertainties section of this MD&A raise significant doubt about our ability to continue as a going concern.

Financing activities

Financing activities in 2021 include cash inflows of $5.03 MM from the equity raise in Q1, $1.40 MM from the convertible debt issue in Q4, $129 K from exercises of warrants and stock options, and repayment of $1.12 MM in debt. The majority of the debt repayment, $0.81 MM, occurred in Q1 2021 following the closing of the equity raise. The remaining debt repayment is composed of regular and one-time payments on the Company's project debt associated with owned and operating solar facilities.

In 2021 the Company also received $0.50 MM in COVID relief debt from both US and Canadian government agencies. Although COVID relief programs had largely wound down by the end of 2021, in Q1 2022 the Company received an additional $0.48 MM from the US Economic Injury Disaster Loan program. The Company does not anticipate additional COVID relief funds to be received in 2022.

Investing activities

Investing activities reflect the Company's capital costs for solar facilities, including the upfront development costs.

Capital management

The objective in managing capital is to safeguard our ability to continue as a going concern and to sustain our ability to develop high-quality solar facilities. The Company includes operating and project debt, tax equity liabilities and shareholder's equity, excluding accumulated other comprehensive income, in its capital management. To maintain its capital position the Company may adjust the capital structure, between debt and equity, which may include issuance of shares and/or warrants. At this time, the Board of Directors has not established short-term quantitative return on capital criteria at the Company level, but the management does have minimum internal rates of return when it assesses the feasibility and approves the development of new solar facilities. UGE is not subject to any externally imposed capital requirements.

Selected Quarterly Financial Highlights

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
In $000s except per share information								
Operations								
Energy production (KWh)	-	-	**58,799**	**61,079**	**103,341**	**234,680**	**295,155**	**140,206**
Revenue								
EPC	$ 551	$ 228	$ 72	$ 353	$ 370	$ 487	$ 427	**$ 979**
Engineering services	$ 89	$ 26	$ 44	$ 46	$ 26	$ 36	$ 34	**$ 151**
Energy Generation	$ -	$ -	$ 16	$ 16	$ 28	$ 52	$ 69	**$ 40**
Total revenue	**$ 640**	**$ 253**	**$ 132**	**$ 415**	**$ 424**	**$ 575**	**$ 530**	**$ 1,171**
Income (loss) from operations	$ (832)	$ (695)	$ (792)	$ (917)	$ (1,079)	$ (1,006)	$ (1,354)	**$ (1,074)**
Net income (loss)	**$ (887)**	**$ (585)**	**$ 349**	**$ 132**	**$ (1,073)**	**$ (802)**	**$ (1,335)**	**$ (952)**
Operating income (loss) per share								
basic and diluted	($0.04)	($0.03)	($0.04)	($0.03)	($0.04)	($0.03)	($0.04)	**($0.03)**
Net income (loss) per share								
basic and diluted	**($0.04)**	**($0.03)**	**$0.02**	**$0.00**	**($0.04)**	**($0.03)**	**($0.04)**	**($0.03)**

Quarter to quarter comparisons of the financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. The quarterly information is unaudited. Revenues and earnings may fluctuate from quarter to quarter. A number of factors could cause such fluctuations, including the timing of substantial orders, the percentage of completion of EPC projects, and the seasonality of generation revenue. Because operating expenses are incurred based on anticipated sales, and are incurred throughout each fiscal quarter, any of the factors listed above could cause significant variations in revenues and earnings in any given quarter.

Fluctuating Results of Operations

The Company's quarterly operating results, particularly for its residual EPC business and Engineering Services, are difficult to predict and are likely to fluctuate significantly in the future. Given that the Company is an early-stage company operating in a rapidly growing industry, fluctuations may be masked by recent growth rates and this may not be readily apparent from historical operating results. As such, past quarterly operating results of the Company should not be considered good indicators of future performance.

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

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

In addition, actual revenue, key operating metrics, and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have a severe adverse effect on the trading price of the Company's shares.

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 personnel with oversight responsibilities.

As at, and during the years ended December 31, 2021 and 2020, the Company had the following related party transactions:

- one officer is an investor in the convertible debenture that was issued by the Company in the fourth quarter of 2021. The officer's investment is CAD $46K (US $36K) and its terms and conditions are identical to the terms and conditions of the investments that were made by third parties.
- during 2020, two directors and one officer became tax equity investors in tax equity partnerships controlled by the Company for a total investment of $268K; at December 31, 2020, the carrying amount of the associated tax equity liabilities was $249K , including accrued distributions payable of $19K. During 2021 one director became a tax equity investor in a tax equity partnership controlled by the Company for a total investment of $200K. At December 31, 2021 the carrying amount of the tax equity liabilities was $429K and the Company had recorded accrued distributions payable of $281K.
- during 2020 the Company issued a $100K 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 was secured by the tax equity investment, with the proviso that cash distributions from the tax equity investment must first be directed to reduce the loan balance. The note was issued in August 2020, bore interest at 3%, was scheduled to mature in February 2022, and could be prepaid at any time, in full or in part, without penalty. The loan was repaid in full in June 2021, including $2.5K of accrued interest.
- during 2020 the Company entered into a land lease agreement with one officer, with the intention of constructing a solar facility. At December 31, 2021 the lease liability associated with this lease is $163K with expected future cash flows over 30 years of $493K. The lease agreement has market terms and conditions;
- at December 31, 2020, a director held CAD $30K secured debentures payable by the Company. The debentures, which had market terms and conditions, were repaid in full in March 2021;
- during 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 $27K during 2021.
- during 2020 the Company settled $92K in executive bonuses with two officers for 488,532 common shares, realizing a non-cash other loss of $10K. There were no similar transactions during 2021.

- during 2020 the Company settled $23K in director compensation with one then-current and two former directors for 187,500 common shares. There were no similar transactions during 2021.

Commitments and Contingencies

Contractual commitments

As of December 31, 2021, the Company had contractual commitments, including estimated interest payments, as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5+ years
Trade and other payables	$ 2,528,468	$ 2,528,468	$ 2,195,898	$ 281,470	$ 51,100	$ -
Commitments	-	112,061	112,061	-	-	-
Project loans payable	3,244,006	4,347,270	290,955	682,437	791,057	2,582,821
Operating loans payable	2,150,193	2,934,081	268,802	1,747,394	188,745	729,140
Lease liabilities	12,613,512	44,225,148	463,775	942,496	3,716,998	39,101,879
	$20,536,178	**$54,147,027**	**$ 3,331,491**	**$ 3,653,797**	**$ 4,747,900**	**$42,413,840**

Project loans payable include both construction loans and long-term project financing. Once a solar facility is operational, the construction loan is converted into a longer-term project loan through a standard construction-to-term structure and is repaid from the operating income of the solar facilities.

Lease liabilities are the obligations of the respective solar facilities and are paid from the operating revenue of the solar facility. In general, lease payments are nil or minimal during the development period, and material payments are not required until the solar facility begins operating.

Operating loans payable consist of the Company's CAD $2.0 MM face value convertible debenture, US and Canadian government-sponsored COVID-19 relief loans, and a bank loan held in the Philippines. Please see *Note 12* in the *2021 Audited Consolidated Financial Statements* for more information regarding the terms and conditions of these loans.

During Q4 2021, the Company settled a dispute related to the completion of a portfolio consisting of three projects with a US-based solar developer (the "Developer"). This settlement was the full and final settlement of a 2018 dispute between UGE USA and the Developer, where the Developer had named UGE USA in a legal action for alleged breach of contract. UGE USA disputed the claims and filed counterclaims including claims for non-payment. A settlement was reached for one of the projects in 2019 and the remaining related amounts of $1.07 MM were accrued in accounts payable and accrued liabilities up to the date of settlement. With the settlement, the accrual and a related receivable of $1.13 MM were relieved from the balance sheet. Together with the settlement award and other related adjustments, the Company recognized a net gain of $209K.

Contingencies

UGE Canada RE is a party to a collaboration agreement with a Canadian solar developer, which saw the two parties complete a portfolio of solar projects mostly throughout 2017, with the final two sites being completed in early 2018. In 2018, UGE Canada Ltd. and UGE International Ltd. jointly filed a Statement of Claim with the Ontario Superior Court of Justice for unpaid invoices and contractual damages totaling $376K (CAD $500K), which consists of costs and accumulated interest. Until the action has been determined, the Company determined that it would book no further amounts post the project loss of $213K that was recognized 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, is not expected to have a material impact on the Company's financial position or financial performance.

Off Balance Sheet Arrangements

The Company is not party to any off-balance sheet arrangements.

Financial Instruments

The Company's exposure to financial instruments includes the cash and restricted cash it holds, accounts payable, accounts receivable excluding HST and VAT, operating and project debt, and tax equity financing. The Company does not currently hedge its financial risks with derivative instruments or hold an investment portfolio. Please see *Note 19* in the *2021 Audited Consolidated Financial Statements* for more information about the Company's financial instruments. The Company's risk exposures and the impact on our financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss associated with a counterparty's inability or unwillingness to fulfill its contractual obligations. The Company manages credit risk by requiring payment from customers prior to delivery, where possible. However, the Company does have ongoing outstanding trade receivables, in connection with its EPC and engineering services operations.

The Company has credit risk associated with its construction loans. These loans involve multiple advances over the construction period, and if the lenders were unable to make the advances on a timely basis, or at all, the Company would suffer delays and other disruptions in constructing solar facilities. The Company limits its risk by obtaining loans from known construction-financing lenders with a track record of timely financing.

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.

At December 31, 2021, the Company has provided $90K (December 31, 2020 - $249K) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. At December 31, 2021, there were $285K outstanding accounts receivable aged more than 30 days. The majority of this amount was for a single vendor and was collected in January 2022. Of the remaining balance, $21K was deemed doubtful and was fully provided against at December 31, 2021.

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. Our objective in managing liquidity risk is to ensure sufficient liquidity to meet financial obligations when due by maintaining sufficient cash and cash equivalents to settle current liabilities and meet anticipated working capital requirements.

At December 31, 2021 the Company had cash of $1.25 MM, restricted cash of $173K, and a working capital deficiency of $329K. Discussion regarding our ability to manage our liabilities is outlined in the *Liquidity and Capital Resources* and *Commitments* sections. The Company plans to realize assets, increase revenues and gross profit margins, and raise further capital, as necessary, to maintain sufficient liquidity. If the Company is unable to achieve some or all of these plans within a reasonable timeframe, the Company may not be able to continue as a going concern.

Market risk

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

(a) Interest rate risk

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 operating 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 statement of financial position. There is interest rate risk on project refinancing as most project financing contractual terms are shorter than the project life. Projects in the Company's 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 Philippine 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, payables, and other 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.

Risks and Uncertainties

UGE is exposed to risks and uncertainties in the normal course of its business, as outlined below. Management and the Board of Directors review and evaluate material risks associated with its business activities and take mitigation actions as required. In addition, UGE maintains a level of liability, property and business interruption insurance that is believed to be adequate for UGE's size and activities, but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. There may also exist additional risks and uncertainties that are currently unknown to the Company, or that are now considered immaterial that may adversely affect the Company.

Going concern risk

The consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company had negative working capital of $369K at December 31, 2021 and for the year ended December 31, 2021, the Company had a consolidated net loss of $4.16 MM, negative cash flow from operations of $5.43MM, and it has an accumulated deficit of $36.51 MM.

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 in the markets in which the Company operates, and the Company's ability to raise sufficient equity and/or debt financing.

The Company’s strategy to mitigate these risks and uncertainties is to execute a business plan aimed at continued focus on development of solar facilities, 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 instruments or equity investments. While the Company has been successful in obtaining the necessary financing to date, there can be no assurance 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, these material risks and uncertainties may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities, which could be material, that might be necessary should the Company be unable to continue as a going concern.

COVID-19

Throughout 2021, to combat the spread of the COVID-19 pandemic, authorities in all regions where the Company operates maintained varying degrees of restrictive measures on businesses. While conditions had improved by December 31, 2021, the full potential impact of the pandemic on the Company's business is unknown. The issuance of permits and authorizations, negotiations, and finalizations of agreements for development and acquisition of projects, construction activities, and equipment procurement, have largely resumed but are backlogged. Existing 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.

Risks related to operations

Solar radiation

The amount of solar radiance for any project could vary from the estimate set out in the initial solar studies that were used to determine the feasibility of the solar facility. Lower than expected solar radiance at the Company’s solar facilities over an extended period may reduce the production from such facilities, and ultimately reduce revenues and profitability. Solar radiation and its predictability may also be affected by climate changes which may lead to unforeseen changes compared to historical trends.

The strength and consistency of solar radiance at solar facilities may vary from what the Company anticipated. Electricity production estimates are based on assumptions and factors that are inherently uncertain, which may result in actual electricity production being different from the estimates, including (i) the extent to which the limited time period of the site-specific solar data accurately reflects solar radiation; (ii) the extent to which historical data accurately reflects the strength of solar resources in the future; (iii) the strength of the correlation between the site specific solar data and the longer-term regional data; (iv) the potential impact of climatic factors and climate change; (v) the accuracy of assumptions on a variety of factors, including but not limited to weather, ice build-up on and snow accumulation and soiling on solar panels, and site access; (vi) the inherent uncertainty associated with the specific methodologies and related models, in particular future-orientated models, used to project the solar resource; and (vii) the potential for electricity losses to occur before delivery.

Global Climate Change

Global climate change, including the impacts of global warming, represents a risk that could adversely affect the Company’s business, results of operations and cash flows. Variability in solar radiation and predictability may be affected by unforeseen climate changes such as hurricanes, windstorms, hailstorms, rainstorms, ice storms, floods, severe winter weather and forest fires. To the extent that weather conditions are affected by climate change, customers' energy use and the Company's power generation could increase or decrease depending on the duration and magnitude of the changes.

Natural Disasters

The Company's solar facilities and projects under development are exposed to potential damage, and partial or full loss, resulting from environmental disasters (e.g., floods, high winds, fires, and earthquakes), equipment failures, or other unforeseen events. Although the Company carries what it believes to be sufficient insurance to cover such risks, UGE's solar facilities and projects could be exposed to effects of severe weather conditions, natural disasters, and potentially catastrophic events such as a major accident or incident. The occurrence of a significant event that disrupts or delays the ability of the Company's solar facilities to produce or sell power, or complete projects on time for an extended period, could have a negative effect on the revenue of the Company.

Delays and cost over-runs

Delays and cost over-runs may occur in completing the construction of solar projects. A number of factors could cause delays or cost overruns, including, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions, and the availability of financing. Such events could affect the profitability and value of solar projects.

Third-party supply and contractor performance

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

Over the Company's history, the declining cost of solar panels has been a driver in the adoption of solar energy. If solar panel prices materially increase over a prolonged period of time, the Company's growth could slow and the Company's financial results could suffer. Such events could harm the Company's financial results by requiring it to pay higher prices.

Pandemics or Other Public Health Emergencies

The Company's business, results of operations, financial condition, cash flows and stock price can be adversely affected by pandemics, epidemics, or other public health emergencies, such as the COVID-19 pandemic, which the World Health Organization officially recognized as such on March 11, 2020. The COVID-19 pandemic resulted in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, "shelter in place" and "stay at home" orders, travel restrictions, business curtailments, school closures, and other measures. In addition, governments, and central banks in several parts of the world enacted fiscal and monetary stimulus measures to counteract the economic impacts of COVID-19. Although many governments have eased their restrictions on individuals and businesses, there is material variation in the requirements to lift and reimpose restrictions, as well as in the pace at which those restrictions are being lifted and reimposed between jurisdictions. In some jurisdictions, increases in new cases of COVID-19 have led to reinstatement of restrictions on individuals and businesses. Business disruptions have impacted, and could continue to impact, our suppliers, clients, and site hosts, which in turn could impact the operating results of the Company. Ongoing impacts of the pandemic could affect procurement of equipment, and therefore construction, operation, and maintenance of the Company's facilities and projects may be halted or delayed and negatively impact the business, financial condition, and results of operations of the Company.

All of the Company's solar facilities and projects continue to operate as expected and preventative measures remain in place in accordance with the Company's response plan and applicable local government directives. Management continues to actively monitor the situation, and may take further actions as required or recommended by authorities. There is no assurance that the ripple effect of COVID-19 will not continue to affect the performance of the Company for a considerable period in the future.

Permits and studies

The Company does not currently hold all the approvals, licenses and permits required for the construction and operation of all the projects in its backlog. The failure to obtain, or delays in obtaining, all necessary licenses, approvals or permits, including renewals thereof or modifications thereto, could result in construction of the projects being delayed or not being completed or commenced. There can be no assurance that any one project in the backlog will result in any actual operating solar facility.

Community solar programs

The Company develops and operates solar facilities that participate in community solar programs wherein there may exist future price and subscriber risk. Although programs vary by state, typically the Company will be responsible for ensuring that energy credits produced by solar facilities are subscribed to by energy users, the price of which may vary, creating risk to the Company that energy credits are not fully subscribed or are subscribed at rates lower than forecast. The risk is mitigated by modelling each solar facility at pricing levels that the Company considers competitive in the marketplace, as well as by contracting third-party subscription management companies with terms that require full subscription at all times. As the community solar market grows, there may be additional risks that are unknown at this time.

Power purchase agreements

Some of the Company's solar facilities, whether in development or in operation, feature a contract between the solar facility and the energy off-taker in the form of a power purchase agreement, wherein the energy produced by the solar facility is purchased by the off-taker at a fixed price throughout the contract lifetime. Selling energy profitably at the fixed price is dependent on the Company's assumptions of the impact of inflation on maintenance costs and interest rates, as well as the credit risk of the energy off-taker. The Company mitigates these risks through underwriting of its energy off-takers.

Foreign exchange risk

The Company currently operates in Canada, USA, and the Philippines where the revenues and expenses at times are in different currencies making the margins on projects sensitive to exchange rate risk. Sudden increases in the value of one currency versus another could have a negative impact on the cash-flow of the Company and the economic feasibility of certain projects.

Warranty

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

Regulatory

The Company's business is to develop solar facilities that are compliant with applicable legislation, which is typically regional in nature, and inherently subject to change over time. Legislative changes that impact the Company's ability to develop solar facilities in a targeted region could negatively impact the Company's ability to generate future revenue.

Risks related to growth and strategy

Availability of capital and capital markets

Future development and construction of new solar facilities, and other capital expenditures, will be financed by the Company primarily from borrowing, monetization of tax credits and other incentives, and/or the issuance and sale of additional equity, with a limited contribution of cash from operations as the Company is still building scale. To the extent that external sources of capital, including issuance of additional securities of the Company, become limited or unavailable, the Company's ability to make necessary capital investments to construct or maintain existing or future solar facilities would be impaired. There is no certainty that sufficient capital will be available on acceptable terms to fund further development or expansion. There are numerous renewable energy projects to be constructed in the coming years that will result in competition for capital. Further, the Company's capital-raising efforts could involve the issuance and sale of additional common shares, or debt securities convertible into its common shares, which, depending on the price at which such shares or debt securities are issued or converted, could have a material dilutive effect on holders of the Company's common shares and adversely impact the trading price of the Company's common shares.

U.S. Investment Tax Credits, Changes in U.S. Corporate Tax Rates and Availability of Tax Equity Financing

The Company owns interests in projects that qualify for U.S. renewable investment tax credits ("ITCs"). There can be no assurance that the projects will continue to qualify for ITCs and there can be no assurance that the ITCs will continue to be available. Any new tax rule, regulation or other guidance promulgated (as the same may be amended, updated, or otherwise modified from time to time) in the U.S. may jeopardize or otherwise impede the qualification of projects for the full value of ITCs. Qualification of the projects for ITCs is critical to obtaining tax equity financing. The inability to qualify the projects for ITCs, in whole or in part, would adversely affect the financing options for solar projects and their economic returns. If the qualification of a project for ITCs is not successful, there may be a material impairment of the Company's investment in that project. Other government actions could be taken that could, directly or indirectly, inhibit the Company's ability to raise tax equity financing. For example, lower corporate tax rates in the U.S. may impact the availability of tax equity investment for specific projects or the market in general, impeding our ability to obtain enough tax equity investment on terms and at rates beneficial to the Company and its projects. However, President Biden has expressed explicit support for the continuation and improvement of the ITC, recently proposing a 10-year extension of the ITC. Absent the extension, the ITC is scheduled to decrease from 26% in 2021-2022 to 22% in 2023 and 10% thereafter.

Interest rate fluctuations

Interest rate fluctuations are of particular concern to a capital-intensive industry like the Company's. The Company faces interest rate and debt refinancing risk in respect of credit facilities used for the construction and long-term financings of solar facilities. The Company's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict. Interest rate fluctuation and refinancing risks could affect the Company's ability to raise additional capital and impact the profitability of its solar facilities. To mitigate this risk, the Company works with lenders to choose debt terms that factor in individual and portfolio-level project tenure, as well as the tenure of tax equity investment relationships, to minimize the risk that a solar facility could have negative cash flows after refinancing.

Sales risk

Particularly with respect to client-financed EPC projects, our sales efforts target medium and large organizations, and the Company spends significant time and resources educating prospective customers about the features and benefits of our solutions. Our sales cycle usually ranges from six to 12 months, and sales delays could cause our operating results to vary. The Company balances this risk by continuously assessing the condition of our backlog and pipeline and making the appropriate adjustments as far in advance as possible. Our strategy also includes a comprehensive program to build and improve relationships with our customers to better understand their needs and proactively manage incoming business levels effectively. Under our develop/build/own/operate model, there are generally two types of customer; ones that we directly contract with through a power purchase agreement ("PPA") and ones who participate in a community solar construct. Where PPA's are concerned, there is direct credit risk that is mitigated through credit worthiness checks on the counterparty at contracting and retention of all rights to the solar facility itself. Where community solar is concerned, customers are aggregated by third party contractors who commit to certain offtake volume and creditworthiness parameters. There is a risk that these contractors do not fulfill their obligations resulting in decreased revenue for the Company.

Significant Competition

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

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

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

Ability to secure appropriate land or roof-top sites

There is significant competition for appropriate sites for new solar facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions, and ownership rights naturally limit the areas available for site development. There can be no assurance that the Company will be successful in obtaining any particular site in the future.

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

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

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

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

Dependence on Management and Ability to Hire and Retain Key Personnel

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

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

Government Policies

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

Industry Regulations

Federal, state, provincial, and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of customer-owned and third party-owned electricity generation facilities. Governments and utilities continuously modify these regulations and policies. These regulations and policies could impact our ability to offer economically competitive solar solutions. In addition, changes to government or internal utility regulations and policies that favour electric utilities over distributed generation could reduce the Company's competitiveness and cause a reduction in demand for its products and services.

Sufficiency of Insurance Coverage

While the Company maintains insurance coverage it believes would be maintained by a prudent owner/operator of similar facilities or projects, there is no certainty that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable or insured, nor that the amounts of insurance will be sufficient to cover every loss or claim that may occur involving our activities or assets. Insurance coverage of project assets and facilities may be prescribed by project financing agreements or lease agreements. In addition, the Company may undertake construction or pursue acquisitions where obtaining insurance may be difficult, not economically feasible, or otherwise insufficient to cover every loss or claim that may occur involving the new assets or activities.

Management of Growth

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

Risk related to public shares

Controlling Shareholders

Major shareholders collectively own almost 34% of UGE and will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations, and the sale of all or substantially all of the Company's assets, election of directors, and other significant corporate actions. Major shareholders may also have the power to prevent or cause a change in control. In addition, without the consent of one or more of the major shareholders, the Company could be prevented from entering into transactions that may otherwise be beneficial to the Company.

At the date of this MD&A, the following entities and individuals own significant percentages (on-a non-diluted basis) of the Company's issued and outstanding common shares. All four of these shareholders previously agreed to a voluntary lock up arrangement. Subsequent to December 31, 2021 the arrangement was extended for a further 3 years to June 3, 2025.

- Junfei Liu - 4,988,066 shares, representing 15.5%,
- Yun Liu – 807,989 shares, representing 2.5%;
- Xiangrong Xie - 3,693,383 shares, representing 11.5%
- Nicolas Blitterswyk (Director and CEO) - 1,349,419 shares, representing 4.2%

Dilution

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

Resale of Shares

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

Dividends

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

Issuance of Debt

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

Price Volatility of Publicly Traded Securities

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

No Guarantee of Active Liquid Market

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

Other risks

Enforcing Judgments Internationally

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

Limited Business History

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

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

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

Negative Cash Flows and Profitability

During the year ended December 31, 2021, the Company had negative cash flow from operations and since its inception has not been profitable. There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Commercial and Industrial Customers

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

Company is unable to continue to attract such significant customers and projects in the future, the Company's financial results would be harmed.

Damage to Reputation

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

International Operations

The Company has a customer base internationally, with largest concentrations of activity in the US and Philippines. Risks inherent to international operations include the following:

- inability to work successfully with third parties with local expertise to co-develop or build international projects;

- multiple, conflicting, and changing laws and regulations, including export and import restrictions, tax laws and regulations, labour laws and other government requirements, approvals, permits, and licenses;

- changes in general economic and political conditions in the countries where the Company operates, including changes in government incentives relating to power generation;

- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade, and other business restrictions;

- difficulties and costs in recruiting and retaining individuals skilled in international business operations;

- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable; and

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

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

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

Conflicts of Interest

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

Issues Related to Acquisitions

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

Critical Accounting Judgements and Estimates

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 judgements, estimates and assumptions in applying the Company's accounting policies, the most significant being: assessment of the Company's ability to continue as a going concern; useful lives of property, plant and equipment, determination of whether a contract is a lease, impairment of non-financial assets, estimation of decommissioning liabilities, determining control or significant influence of special purpose entities, estimating allowances and provisions for expected credit losses, value of stock based compensation, revenue recognition, carrying value of tax equity liabilities, government loans and forgiveness, capitalization of project development costs and intangible assets, income tax provisions, and the determination of the functional currency of the principal operations of the Company. Please refer to *Note 2 (b),(c) and (e)* in the Notes to the *2021 Audited Consolidated Financial Statements* for more information on critical accounting assumptions, judgements and estimates.

Significant Accounting Policies

Please refer to *Note 3* of the *2021 Audited Consolidated Financial Statements.*

Internal Control over Financial Reporting and Disclosure Controls

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

The Company identified material errors in its filed financial statements for the periods ended June 30, 2020 and September 30, 2020 and on April 19, 2021 announced that the Company would be restating the financial statements and the MD&A for those periods. Specifically, the material accounting errors related to:

- the accounting for revenue and cost of goods sold for certain transactions contained computational errors, resulting in an overstatement of gross profit;
- the accounting for certain transactions and costs associated with the development and construction of solar facilities contained computational errors, resulting in a net overstatement of solar facilities and construction in progress;

- certain costs associated with the development of solar facilities that UGE intends to own and operate were incorrectly expensed rather than capitalized as required under IFRS resulting in an understatement of intangible assets;
- right-of-use assets and lease liabilities for certain lease contracts were not recognized as required by IFRS 16, resulting in a net understatement of both right-of-use assets and lease liabilities.
- other non-material corrections

These errors were due in part to weaknesses in internal controls over financial reporting. The Company continues to improve internal controls over financial reporting by adding senior experienced finance staff and improving review and approval processes and is implementing new tools and technology to improve processes and controls.

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

However, as permitted for TSX Venture issuers, the CEO and CFO individually have certified that after reviewing the consolidated financial statements for the year ended December 31, 2021 and this MD&A of the Company, there are no material misstatements or omissions, and the filing materially presents the consolidated financial position, the consolidated results of operations and comprehensive loss, and cash flows, for the year ended December 31, 2021 and all material subsequent activity up to April 28, 2022.

Non-GAAP Measures

This MD&A presents certain non-GAAP ("GAAP" refers to Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management believes that these non-GAAP measures may assist investors as they provide additional insight into our performance. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS.

Throughout this MD&A, the following terms are used, which include non-GAAP financial measures and non-GAAP ratios as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure.

Average Annual Revenue– is the undiscounted average annual revenue from the sale of electricity generated and renewable energy credits over the expected life of the project.

Current Project Backlog Value – is the net present value of the project using the Corporations standard project assumptions such as, but not limited to, discount rate, seasonal radiation variation for the location, coupon rate of associated debt, debt sizing etc.

Total Project Value – represents the total contract value to be recognized over the contract life; a portion of this contract value may have been recognized as percentage of completion revenue in prior periods.

Adjusted net income (loss) is Net Income (loss) under IFRS adjusted for non-recurring and non-core items, such as gain on debt settlement and grants or loan forgiveness received by the Company under COVID-19 programs. By removing non-recurring and non-core items from net income, uses are better able to assess continuing operations.

Adjusted EBITDA is adjusted net income (loss) adjusted for taxes, finance expenses, depreciation, amortization and non-cash share-based compensation. Removal of these items allows uses to better discern core operating activities.

Adjusted earnings per share is adjusted net income (loss) divided by the weighted average number of shares outstanding for the related period.

The tables below present a reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) and Adjusted EBITDA, on both an annual and quarterly basis.

	2020	2021
Net income (loss)	$ (991,906)	**$ (4,161,801)**
Adjust for non-core items:		
Gains on debt settlements	(2,078,912)	**(261,504)**
Gains (losses) on debt to equity conversions	46,041	**-**
COVID relief income	(380,905)	**(437,218)**
Adjusted net loss	(3,405,682)	**(4,860,523)**
Adjust for non-cash items:		
Net finance expense	420,553	**308,499**
Income tax expense (recovery)	90,496	**(162,774)**
Depreciation	54,934	**65,125**
Share-based compensation	462,094	**651,633**
Adjusted EBITDA	$ (2,377,605)	**$ (3,998,041)**
Basic and diluted earnings per share	($0.04)	**($0.13)**
Basic and diluted adjusted earnings per share	($0.14)	**($0.16)**

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net income (loss)	$ (887,457)	$ (584,739)	$ 348,517	$ 131,773	$ (1,072,795)	$ (801,986)	$ (1,334,802)	**$ (952,219)**
Adjust for non-core items:								
Gains on debt settlements	-	(97,691)	(1,046,946)	(934,275)	(41,111)	(17,452)	5,925	**(208,866)**
Gains (losses) on debt to equity conversions	-	41,380	4,661	-	-	-	-	**-**
COVID relief income	-	(85,118)	(190,794)	(104,993)	(32,922)	(234,852)	(99,096)	**(70,348)**
Adjusted net loss	(887,457)	(726,168)	(884,562)	(907,495)	(1,146,828)	(1,054,290)	(1,427,972)	**(1,231,433)**
Adjust for non-cash items:								
Net finance expense	122,708	64,985	91,221	141,639	92,893	73,870	77,294	**64,441**
Income tax expense (recovery)	(67,297)	(14,038)	15,721	156,110	-	3,935	7,806	**(174,515)**
Depreciation	11,742	11,522	13,615	18,055	11,604	13,436	14,687	**25,398**
Share-based compensation	34,606	137,622	101,262	188,604	103,596	120,018	152,334	**275,685**
Adjusted EBITDA	$ (785,698)	$ (526,077)	$ (662,743)	$ (403,087)	$ (938,735)	$ (843,031)	$ (1,175,852)	**$ (1,040,424)**
Basic and diluted earnings per share	($0.04)	($0.03)	$0.02	$0.00	($0.04)	($0.03)	($0.04)	**($0.03)**
Basic and diluted adjusted earnings per share	($0.04)	($0.03)	($0.04)	($0.03)	($0.04)	($0.03)	($0.05)	**($0.04)**