UGE INTERNATIONAL LTD.

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended
December 31, 2022

CEO Message to Shareholders

Dear Shareholders,

As we begin a new year, UGE has begun to realize its vision as a renewable IPP (independent power producer) with a focus around mid-scale solar and energy storage facilities. We are building a portfolio of strong investment returns and cash flow generation, which we expect to produce clean energy and recurring revenue for decades to come. At the same time, the need for the world to complete its transition to renewable energy has never been clearer.

The Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report, released in March 2023, provides our latest update on the degree to which the planet is already warming. The picture it paints is stark, with the ability to hold global warming below two degrees Celsius becoming less possible every year. And yet, the same report identifies solar as the most potent tool in our fight against climate change. Yes, it will take a combined effort, but the world needs more solar and it needs it now. Developers like UGE are at the forefront of this fight, and are motivated by the challenge.

In order to realize our growth plans, in 2022, we strengthened our team, expanded our backlog, and positioned ourselves for rapid operating portfolio growth starting in 2023. While we expect our development work to continue to scale, we are now at a point where our backlog is maturing which we expect to lead to rapid scaling of our operating portfolio.

In 2023 we expect to see project deployments ramp significantly as our backlog matures. Already within 2023 we have announced commercial operation on a 1.4MW project in Texas, as well as NTP on 10.1MW of projects across Maine, New York and Maryland. When compared to the 2.3MW operating portfolio we finished 2022 with, one begins to realize just how rapid our growth is expected to be this year.

I am proud of the work our team is doing, as we originate, develop, finance, and operate our portfolio of mid-scale solar and energy storage projects. We have a talented team that is at the forefront of the clean energy transition. Regulatory and industry support has never been stronger, with the Inflation Reduction Act (IRA) providing a significant tailwind for the next decade or more. In addition, supply chain constraints continue to ease, just as we prepare for domestic supply chains to expand dramatically on the back of the IRA. We continue to watch the financing landscape, in the current climate of higher interest rates, but are comfortable with the options available to finance our growing portfolio.

Looking towards the future

We have a talented team that is at the forefront of the clean energy transition. In the near term, we are focused on continuing to both secure new projects and develop the projects in our backlog towards commercial operation. Our 260MW year-end backlog exceeded our goal, and the team is focused on enhancing our processes for scalable long-term growth. In 2023 we are targeting the addition of another 100MW of backlog, while we work towards a point where we will reach commercial operation ("COD") on 100MW per year, as well.

At UGE we believe that this decade will see renewable energy overtake fossil fuels as the dominant source of energy. UGE is a platform that consistently moves profitable projects forward from origination through to operational status, playing a leadership role in midscale solar and energy storage.

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 supporting our growth.

Kind regards,

Nick Blitterswyk
April 5, 2023

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, 2022 and is prepared as of April 5, 2023. 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, 2022 and 2021, 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 2021. 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 32,921,770 common shares issued and outstanding. In addition, there are 754,557share purchase warrants which may be exercised for one common share each at a fixed exercise price, stock options that have been granted to purchase an additional 2,837,521 common shares, and 294,333 Performance Share Units and 340,000 Deferred Share Units, each convertible to one common share upon vesting. Please see *Note 18 Share Capital* in the *2022 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 in 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 energy storage project developer, focused on developing commercial and community solar energy solutions that deliver cheaper, cleaner, and more reliable electricity. We develop, build, finance, own and operate solar and energy storage projects in our target markets (currently several states across the US). We also provide engineering and consulting services worldwide. UGE has greater than 500 MW of solar project experience since its founding in 2010.

UGE has a long history in the mid-scale renewable energy sector. Many of UGE's earlier projects were for notable clients like Whole Foods, the Philadelphia Eagles, and the Eiffel Tower. Through the acquisitions of Endura Energy Project Corp Ltd. in 2016 and Carmanah Solar Power Corp in 2017, UGE became significantly more experienced at engineering and providing engineering, procurement, and construction ("EPC") services, which fit the Company's roadmap to become a full lifecycle provider of commercial and community solar solutions.

In 2020, UGE focused its business on developing, building, financing, and operating solar facilities and pivoted away from providing EPC services to other developers. The Company energized its first self-financed systems within the last months of 2020, and had seven self-financed systems energized in the United States as of December 31, 2022. UGE is focused on continued growth of its project portfolio, including through realization of its project development backlog, which stood at 260MW as of December 31, 2022.

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

Self-financed Pipeline and Backlog Highlights*

			Q4 2022		Q4 2021		Q3 2022	
			#	KW	#	KW	#	kW
Pipeline		**Pre-commitment Stages 1-2**						
		Identified leads qualified/initial negotiations						
		Total	**333**	**2,275,644**	**229**	**665,140**	**296**	**1,346,555**
Development and Deployment		**Early Secured Stage 3.0**						
		Real estate secured/material feasibility items O/S	**19**	**105,290**	33	178,903	33	167,267
	Backlog	**Secured Stage 3.1**						
		Real estate secured/material feasibility items determined	**51**	**235,107**	30	139,614	52	216,409
		Secured Stage 3.2						
		Interconnection study completed	**9**	**14,488**	6	6,750	2	4,011
		Secured Stage 3.3						
		Agreements finalized	**6**	**9,411**	-	-	5	7,572
		Ready to Build Stage 4						
		Fully contracted and scheduled/financing secured	**1**	**1,040**	–	–	1	1,040
		Construction Stage 5						
		Under construction	**–**	**–**	3	1,463	-	-
		Total Backlog	**67**	**260,046**	39	147,827	60	229,032
		Total Development and Deployment	**86**	**365,336**	**72**	**326,730**	**93**	**396,299**
Operational		**Operating Stage 6**						
		Generating power						
		Total	**7**	**2,326**	4	896	7	2,363

* 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			YTD	
	Q4 2022	**Q3 2022**	**Q4 2021**	**2022**	**2021**
Energy Production (KWh)	**330,127**	528,417	140,206	**1,378,486**	773,382
Installed energy generation capacity (KW)	**2,326**	2,363	896	**2,326**	896
GROSS PROFIT					
EPC Revenue	**$ 721,610**	$ 1,455,656	$ 979,461	**$ 2,748,925**	$ 2,264,368
Cost of goods - EPC	**576,472**	1,070,214	700,401	**1,988,879**	1,646,410
Gross profit - EPC	**145,138**	385,442	279,060	**760,046**	617,958
Gross profit % [1]	**20%**	26%	28%	**28%**	27%
Engineering services revenue	**285,522**	198,780	151,187	**731,975**	246,655
Cost of goods - engineering services	**164,966**	91,530	90,611	**421,566**	150,793
Gross profit - engineering services	**120,556**	107,250	60,576	**310,409**	95,862
Gross profit % [1]	**42%**	54%	40%	**42%**	39%
Energy generation revenue	**83,506**	142,140	40,209	**350,596**	189,045
Cost of goods - energy generation	**759**	837	1,766	**23,603**	31,595
Gross profit - energy generation	**82,747**	141,303	38,443	**326,993**	157,450
Gross profit % [1]	**99%**	99%	96%	**93%**	83%
TOTAL GROSS PROFIT	**348,441**	633,995	378,079	**1,397,448**	871,270
OPERATING COSTS AND EXPENSES					
General & administrative	**2,205,141**	1,789,444	1,600,058	**7,435,209**	5,471,285
Expected credit losses & impairment	**14,692**	22,183	(173,721)	**37,172**	(151,721)
Depreciation and amortization	**48,915**	36,183	25,398	**127,559**	65,125
TOTAL OPERATING COSTS AND EXPENSES	**2,268,748**	1,847,810	1,451,735	**7,599,940**	5,384,689
OPERATING INCOME (LOSS)	**(1,920,307)**	(1,213,815)	(1,073,656)	**(6,202,492)**	(4,513,419)
OTHER EXPENSES (INCOME)					
Financing expenses	**517,148**	265,620	64,441	**1,097,608**	308,498
Other (income) expense	**531,655**	3,565	(11,363)	**147,795**	(497,340)
TOTAL OTHER EXPENSES (INCOME), NET	**1,048,803**	269,185	53,078	**1,245,403**	(188,842)
INCOME (LOSS) BEFORE TAX	**(2,969,110)**	(1,483,000)	(1,126,734)	**(7,447,895)**	(4,324,577)
Income tax expense (recovery)	**(4,287)**	-	(174,515)	**-**	(162,774)
NET INCOME (LOSS) FOR THE PERIOD	**$ (2,964,823)**	$ (1,483,000)	$ (952,219)	**$ (7,447,895)**	$ (4,161,803)
ADJUSTED NET LOSS [1]	**$ (2,971,379)**	$ (1,490,059)	$ (1,231,433)	**$ (7,469,831)**	$ (4,860,523)
ADJUSTED EBITDA [1]	**$ (2,285,254)**	$ (1,137,468)	$ (1,040,424)	**$ (5,819,654)**	$ (3,998,041)
ADJUSTED EBITDA MARGIN [1]	**(656%)**	(179%)	(275%)	**(416%)**	(459%)

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

During 2022, UGE grew its develop/build/own/operate business model, by growing its pipeline and project development backlog, adding projects to its operational portfolio, and solidifying its schedule for construction on several more projects in 2023. UGE has now essentially shifted its business model away from its legacy engineering, procurement, and construction ("EPC") business and is focused on scaling its portfolio of owned operating projects.

This transformation has changed the nature and timing of UGE's revenue by shifting it to long-term recurring energy generation revenue from operating and managing solar facilities. This is in contrast to EPC revenue, which generates one-time 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 is expected to become the Company's dominant revenue source. The Company may continue to selectively secure a limited number of client-financed EPC agreements, and continue to earn engineering and consulting revenue.

The expected trend in energy generation revenue is demonstrated above. UGEs energy generation revenue increased 85%, to $351K, in 2022 compared with 2021. Energy generated in a given period will be impacted by installed capacity and is also affected by seasonality and other factors.

EPC revenue increased 21% to $2.7MM, as the Company secured a contract to deploy a community solar project in New Jersey and completed a previous contract in New York City. The engineering services business recorded revenue growth of almost 200% along with 42% gross margin. Management expects that this third-party revenue will level out as the Company focuses on its own projects.

As noted above, as we build towards our initial goal of 100MW of operating assets, 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; it generally takes six months to three years for development to be completed and construction to commence. It is only when construction commences that capital assets and related project debt are recorded. In 2022, the right-of-use assets and lease liabilities increased approximately 73% and 71%, respectively, as a result of signing 27 leases in the year. The other balance sheet trend expected to continue is related to development period expenditures. 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 Management's level of certainty of each project moving forward at that time.

Key financial results in 2022 included:

- Ended 2022 with 2.3 MW of operating assets that contributed $350.6K of operating income with a 93% gross margin representing an increase of 85% in recurring revenue over the prior year. As UGE continues to scale its operational portfolio, recurring revenue will continue to grow and become the Company's dominant source of revenue.

- Realized total revenue of $3.8MM, representing growth of 42% over 2021. Overall gross margins were 36% compared with 32% in 2021 as revenue sources shifted.

- Revenue included $2.7 MM in one-time revenue from client-financed EPC agreements, compared to $2.3 MM in the prior year. Although we have pivoted away from EPC services to develop/build/own/operate, the Company may continue to opportunistically secure client-financed EPC contracts. The gross margin from EPC revenue was 28%, compared with 27% in 2021.

- The Company realized $732.0K in engineering services and consulting revenue in 2022, an increase of 197% over the prior year. The gross margin was 42%, compared with 39% in 2021, as a result of the mix of the work performed.

- The net loss for the year was $7.4 MM, compared with $4.2 MM for the prior year, as the Company invests in developing its project portfolio. The change was primarily driven by increased headcount as the Company continues to build out its team to accommodate growth, along with as-expected increases in financing expenses. adjusted net loss was $7.5 MM in 2022 vs $4.9 MM in 2021.

- Cash used in operations was $6.5M and the cash and cash equivalents balance at December 31, 2022 was $2.1MM

Key business highlights in 2022 included:

- UGE reached commercial operation on three solar facilities totaling 1,430kW in rated capacity for a total of 2,326KW at December 31, 2022, more than doubling our operating capacity from 896kW at the end of the prior year.

- Grew the US project backlog to 260 MW compared with 148 MW on December 31, 2021.

- Grew the Company's Green Bond fundraising initiative, including the issuance of $13.4MM CAD ($9.9MM US) of bonds in 2022, which are secured against portfolios of projects pledged by the Company. The initiative has led to what management believes is a competitive source of capital versus other solar project developers that supports the Company's long term growth plans.

- Developed our project backlog which will lead to a significant increase in projects reaching Notice to Proceed (Stage 4.1) in 2023, the point at which they are cleared for construction..

- Streamlined the Company's strategy by marketing projects developed in the Philippines for sale, and focusing the Company's project development and ownership efforts on the robust U.S. market.

- Completed the Company's first acquisition of a project developed by another company, a 3.5MW community solar project in Oregon which will be built in 2023. UGE believes that by leveraging its full-lifecycle platform and financing capabilities, it can complement its project development efforts through selective acquisitions of projects developed by third-parties, thereby generating strong returns and gaining access to new or strategic markets.

- Added senior leadership strength by way of Andrew Hines, the Company's Chief Commercial Officer. Mr. Hines was previously co-founder and Chief Commercial Officer of CleanMAX. Subsequent to year-end, the Company also added Trevor Weed as its Chief Operating Officer as our incumbent, Robert van Duynhoven, retires. Mr. Weed was previously Chief Operating Officer of Blue Raven Solar.

As UGE continues to scale, recurring revenues from operating solar facilities are expected to become the dominant revenue source for the Company. UGE expects to experience negative EBITDA and net losses while it is in this period of investing in the development and construction of its portfolio of solar facilities and accordingly has prepared going concern disclosures; see *Note 2(b) Going Concern* in the *2022 Audited Consolidated Financial Statements* for more information.

During 2023, UGE will continue to execute against its strategic objectives, including its initial goal of reaching 100MW of operational assets. Simultaneously, UGE will continue to focus on project development, with the goal of net growth in backlog of at least 100MW in 2023, as the Company works towards achieving the scale of being able to develop and deploy 100MW of projects to commercial operation per year within three years.

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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 pipeline that is prior to "site control", whereas from Stage 3.0-onward the Company has secured site control and is actively developing the projects. 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 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 –** achieved site control, but with specific material feasibility assessments outstanding (projects in Stage 3.0 are not included in project development backlog).
>
> **Stage 3.1** - achieved site control with initial material feasibility items determined.
>
> **Stage 3.2** – completion of the interconnection study with the local utility with findings suitable for the successful development of the solar facility.
>
> **Stage 3.3** - all material agreements between UGE and the site host, as well as all necessary permits, are in place. Finalizing project financing is the only remaining material item required to reach Notice to Proceed.
>
> **Stage 4 – Contracted** – fully contracted, where all binding contract(s) are in place.
>
> **Stage 4.0 –** Project financing agreements are completed.
>
> **Stage 4.1** – Notice to Proceed ("NTP") declared, meaning project is cleared to commence construction.

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.

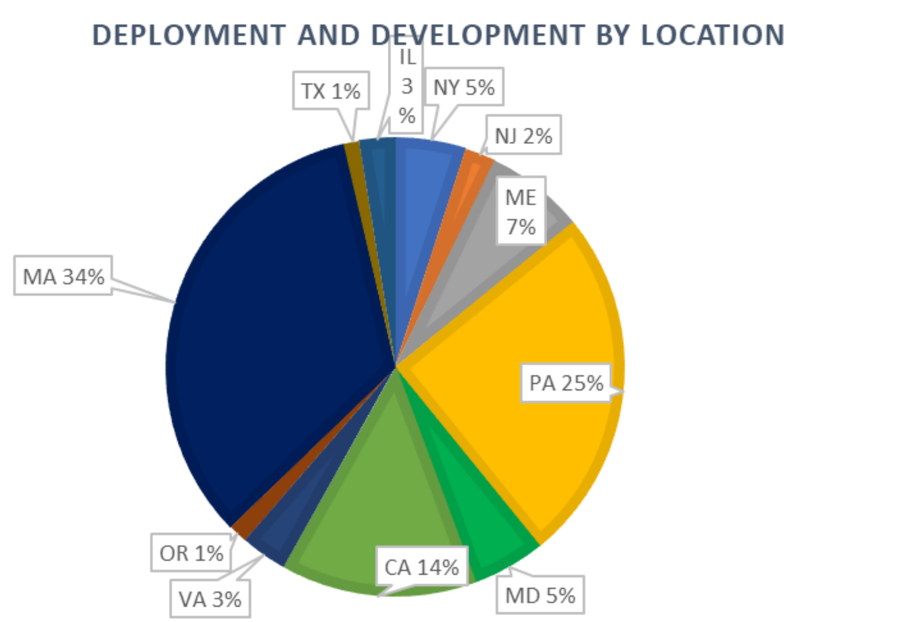
The following table provides information on the Company's project backlog at December 31, 2022:

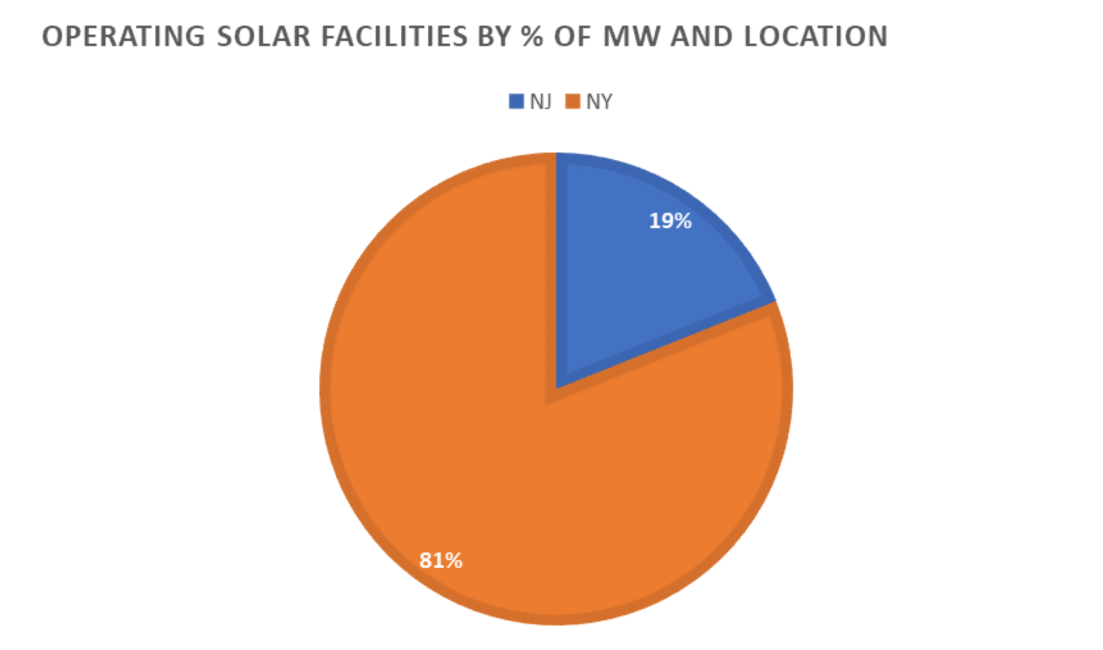
	# of Projects			Capacity kW			Average Annual Revenue		
	Q4 2022	Q4 2021	Q3 2022	**Q4 2022**	Q4 2021	Q3 2022	**Q4 2022**	Q4 2021	Q3 2022
Secured Stage 3.1	**51**	30	52	**235,107**	139,614	216,409	**48,418,079**	22,742,721	38,280,381
Secured Stage 3.2	**9**	6	2	**14,488**	6,750	4,011	**2,848,371**	1,242,527	706,391
Secured Stage 3.3	**6**	-	5	**9,411**	-	7,572	**2,159,565**	-	1,512,863
Ready to Build Stage 4	**1**	-	1	**1,040**	-	1,040	**224,449**	-	158,161
Construction Stage 5	-	3	-	-	1,463	-	-	373,679	-
Total Backlog	**67**	39	**60**	**260,046**	147,827	229,032	**53,650,464**	24,358,927	**40,657,796**
Operating Stage 6	**7**	4	**7**	**2,326**	896	2,363	**687,568**	218,166	**666,904**
Total Backlog + Operating	**74**	43	**67**	**262,372**	148,723	231,395	**54,338,032**	24,577,093	**41,324,700**

Average annual revenue in this table is a Non-GAAP measure that does not have standard definitions under IFRS, is 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, 2022, the Company has increased its self-financed (develop/build/own/operate) backlog capacity to 260 MW, with expected average annual revenue of $53.65 MM. Backlog capacity has increased 76% from 147.8 MW at the end of 2021. During 2022, the Company reached commercial operation for three solar facilities.

The Company is seeing its portfolio diversification strategy begin to take hold. At the end of 2021, UGE was most active in Maine, New York, and Pennsylvania, while at the end of 2022, it was active in several additional markets including California, Oregon, Texas, Illinois, Virginia, Maryland, and Massachusetts. New York City is predominantly a roof-top market, with projects typically less than 1MW per-facility, whereas most projects in other states are ground-mounted with rated capacity of 1-5MW. Projects in Massachusetts frequently involve battery storage, whether in conjunction with a solar system or on a standalone basis.





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, and 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 fail to secure final contracting for various reasons and therefore may not move into deployment.

As demonstrated by the charts above, the Company is showing progress on its backlog as an increasing number of projects are progressing from Stage 3.1 through to Stage 5. 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 2023.

2022 Earnings Review

	Year ended December 31,	
	2022	2021
REVENUE	$ 3,831,496	$ 2,700,068
COST OF GOODS	2,434,048	1,828,798
GROSS PROFIT	1,397,448	871,270
OPERATING COSTS AND EXPENSES		
General and administrative	7,435,209	5,471,285
Expected credit losses and bad debt e	37,172	(151,721)
Depreciation and amortization	127,559	65,125
TOTAL OPERATING COSTS AND EXPENSES	7,599,940	5,384,689
OPERATING LOSS	(6,202,492)	(4,513,419)
OTHER EXPENSE (INCOME)		
Financing expense, net	1,097,608	308,498
Other expense (income)	147,795	(497,340)
TOTAL OTHER EXPENSE (INCOME), NET	1,245,403	(188,842)
LOSS BEFORE TAX	(7,447,895)	(4,324,577)
Income tax expense (recovery)	-	(162,774)
NET LOSS	(7,447,895)	(4,161,803)
Other comprehensive income (loss) items to be subsequently reclassified to net earnings		
Foreign currency translation	236,681	(15,531)
COMPREHENSIVE LOSS	$ (7,211,214)	$ (4,177,334)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS		
BASIC AND DILUTED	$ (0.23)	$ (0.13)
WEIGHTED AVERAGE NUMBER OF SHARES	32,536,132	31,015,003

Revenue and Gross Profit

Revenue and Gross Profit comprise the following:

		Year ended December 31,		
		2022		**2021**
GROSS PROFIT				
EPC revenue	**$**	**2,748,925**	$	2,264,368
Cost of goods - EPC		**1,988,879**		1,646,410
Gross profit - EPC		**760,046**		617,958
Gross profit %		**28%**		27%
Engineering services revenue		**731,975**	$	246,655
Cost of goods - engineering services		**421,566**		150,793
Gross profit - engineering services		**310,409**		95,862
Gross profit %		**42%**		39%
Energy generation revenue		**350,596**		189,045
Cost of goods - energy generation		**23,603**		31,595
Gross profit - energy generation		**326,993**		157,450
Gross profit %		**93%**		83%
REVENUE	**$**	**3,831,496**	$	2,700,068
COST OF GOODS		**2,434,048**		1,828,798
GROSS PROFIT		**1,397,448**		871,270
Gross profit %		**36%**		32%

2022 saw the substantial completion of opportunistically contracted EPC projects in both the USA and Philippines. Gross margins averaged 36% in 2022, including 28% from EPC revenue, 42% from engineering services, and 93% from energy generation.

Currently, the Company has focused its project development efforts on the U.S. market and is not actively developing new projects in the Philippines.

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 2022, the Company had 2.3MW of generation capacity online earning revenue in this manner, across seven projects. 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, 2022		2021
Salaries and benefits	$	**4,363,163**	$	3,014,535
Share-based compensation		**425,010**		651,633
Development costs		**423,983**		128,815
Corporate and office		**1,780,092**		1,379,755
Insurance		**209,636**		172,299
Travel and marketing		**233,325**		124,248
	$	**7,435,209**	$	5,471,285

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 $4.36MM in 2022 compared to $3.01MM in 2021, representing a 45% increase arising from the Company moving from 51 to 70 employees between December 31, 2021 and December 31, 2022. This scaling was also evident in corporate expenses and travel and marketing, which saw increases of 29% and 88% respectively, offset by a 35% decrease in share-based compensation expense, which was largely associated with market valuations. Insurance increased 22% as the portfolio of assets increased and development costs increased $295K or 229% as development activity increased. 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 2023 as well, but at decreasing percentages as compared to the growth in 2022.

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 and are largely attributable to the EPC and engineering lines of business. 2022 results were as expected whereas the 2021 reversal of reserves was indicative of the EPC line of business diminishing.

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 solar facilities under construction, with the expense recognition delayed until the solar facility becomes operational. The increase year over year is the result of three additional facilities becoming operational in 2022, which doubled the Company's installed capacity.

Financing Costs

	Year ended December 31, 2022	2021
Interest on operating and project debt	$ **562,271**	$ 222,069
Interest on tax equity financing	**63,781**	20,946
Interest on lease liabilities	**53,739**	13,564
Accretion expenses	**224,389**	85,065
Finance income	**(48,525)**	(42,048)
Other	**241,953**	8,902
	$ **1,097,608**	$ 308,498

Financing costs include costs associated with operating and project debt including tax equity financing. Year over year, financing costs have increased as project debt levels have increased. As the Company's asset base grows, project and tax equity financing costs will increase in line with the size of its 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, 2022	2021
Government grants and loan forgiveness - COVID 19 related	$ **(21,936)**	$ (437,218)
Tax equity investor allocations and preferred returns	**245,858**	302,560
Net gain on debt settlement	**-**	(208,866)
Net gain on proposal under the BIA	**-**	(27,595)
Net gain on other trade payables settlements	**-**	(25,043)
Warranty expiration	**-**	(39,784)
Other	**(76,127)**	(61,394)
	$ **147,795**	$ (497,340)

Net other income in 2022 is comprised of the following items:

- $22K of income from COVID-19 relief programs.
- Offset by recognition of net allocations to tax equity investors of $246K

This compares to the following items recognized in 2021:

- $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, most of which was recorded in Q4.

Income Taxes

The Company recognized $nil versus a recovery of $163K of current income taxes in 2022 and 2021 respectively. At December 31, 2022, the Company had $14.9 MM in non-capital loss carry-forwards that may be used to offset future years' taxable income and $14.1 MM in capital loss carry-forwards that may be used to offset future capital gains. Please see *Note 22 Income taxes* in the *2022 Consolidated Financial Statements* for more information.

2022 Financial Position Review

		As at		
		31-Dec-22		31-Dec-21
ASSETS				
Cash	$	**2,090,576**	$	1,251,562
Restricted cash		**82,349**		173,073
Trade and other receivables		**1,346,401**		1,130,558
Construction in progress		**1,886,117**		1,458,336
Solar facilities in use		**3,893,142**		1,162,426
Right-of-use assets		**21,121,968**		12,181,538
Project development costs		**4,921,502**		1,292,414
Other assets		**2,441,565**		689,300
Total assets	$	**37,783,620**	$	19,339,207
LIABILITIES AND EQUITY (DEFICIT)				
Trade payables and accrued liabilities	$	**2,820,466**	$	2,195,898
Deferred revenue		**237,608**		111,477
Operating debt		**2,551,116**		2,150,193
Project debt		**14,692,032**		2,811,404
Tax equity liabilities		**1,813,342**		432,602
Lease liabilities		**21,553,621**		12,613,512
Other non-current liabilities		**1,884,319**		362,980
Total liabilities		**45,552,504**		20,678,066
Equity (deficit)		**(7,768,884)**		(1,338,859)
Total liabilities and equity (deficit)	$	**37,783,620**	$	19,339,207
Working capital (deficit)	$	**(1,871,730)**	$	(369,046)

Cash and cash equivalents and restricted cash

The cash and cash equivalents position of the Company increased year over year due to the timing of project and development capital financings.

Trade and other receivables

Trade receivables and other receivables fluctuate with business activity. In 2022, unbilled revenue decreased from $493K to $364K as a result of timing of completed billing milestones compared to the percentage of completion of EPC projects. Trade receivables increased by $252K due to timing of billing and payment.

The Company has provided $23K (2021 - $90K) 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, 2022				
Balance- beginning of year	$	1,162,426	$	1,458,336
Additions		-		3,250,739
Transfer to solar facilities in use		2,822,958		(2,822,958)
Depreciation		(92,242)		-
Foreign exchange differences		-		-
Balance - end of year	**$**	**3,893,142**	**$**	**1,886,117**
As at December 31, 2022				
Cost	$	4,043,125	$	1,886,117
Accumulated depreciation		(149,983)		-
Net carrying amount	**$**	**3,893,142**	**$**	**1,886,117**

During 2022, the Company completed three projects in the US totaling 1.4MW, which were transferred from solar facilities under construction to solar facilities in use. There was one solar facility totaling 1.0MW ready for construction at the end of the year.

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 13* in the *2022 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 increase from 2021 is largely due to timing of payments and increased level of project development activity.

Operating debt

OPERATING DEBT	Maturity	Contractual Rate	As at December 31, 2022	As at December 31, 2021
UGE International				
Convertible debenture	Oct-23	6.5%	$ **1,393,114**	$ 1,379,536
UGE Canada RE				
Canada Emergency Business Account	Dec-23	0.0%	**39,002**	38,717
UGE Consulting				
Canada Emergency Business Account	Dec-23	0.0%	**39,002**	38,717
UGE USA				
Paycheck protection program	Apr-22	1.0%	**-**	15,600
Economic injury disaster loan (EIDL)	Jun-50	3.75%	**956,075**	514,792
UGE Philippines				
Bank loan	Dec-27	9.75%	**123,923**	162,831
Total			$ **2,551,116**	$ 2,150,193
Current portion			$ **1,515,485**	$ 145,630
Non-current portion			$ **1,035,631**	$ 2,004,563

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. There were no similar transactions during 2022.

In both 2022 and 2021, the Company utilized COVID-19 programs.

Project debt and tax equity financing

PROJECT DEBT	Maturity	Contractual Rate		As at December 31, 2022		As at December 31, 2021
UGE International						
Green Bonds	Mar-26	8%	$	**1,977,628**	$	-
Green Bonds	Jun-26	8%		**1,335,952**		-
Green Bonds	Sep-26	8%		**237,046**		-
Green Bonds	Dec-26	9%		**4,988,683**		-
UGE USA and its subsidiaries						
Construction financing		9.25%-13.50%		**2,421,487**		1,290,272
Operating project debt	2029	5.5%-7.39%		**3,300,330**		1,076,889
Tax equity financing				**1,813,342**		432,602
UGE Project Holdco.						
Green Bonds	Oct-23	7.0%		**359,970**		372,033
Green Bonds	Jan-25	7.0%		**70,936**		72,210
Total			$	**16,505,374**	$	3,244,006
Current portion			$	**733,497**	$	104,509
Non-current portion			$	**15,771,877**	$	3,139,497

Project debt includes both construction financing for solar facilities under construction and long-term debt associated with operating solar facilities. Until 2022, Green Bonds were used to fund solar facilities in the Philippines; commencing in 2022, the Company levered this source of financing for its US projects. 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. 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,			
	2022		2021	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning of period	**32,239,408**	**$ 27,565,675**	28,164,252	$ 22,854,278
Private placement of shares, net of costs	-	-	2,645,000	3,411,884
Stock option exercises	**655,667**	**259,945**	316,217	175,848
Warrant exercises	-	-	47,801	76,230
Debt to equity conversions	-	-	1,066,138	1,047,435
Balance at end of period	**32,895,075**	**$ 27,825,620**	32,239,408	$ 27,565,675

The Company's accumulated deficit was $7.8MM at December 31, 2022, versus a deficit of $1.3MM at December 31, 2021. This increase is reflective of the net loss for the year offset by the increase in contributed surplus of $211K related to the net impact of stock option exercises, warrant exercises, expiration of share-based compensation grants, and expiration of expired unexercised warrants. Please see *Note 18 Share Capital* in the *2022 Consolidated Financial Statements* for more information.

Liquidity and Capital

	Years ended	
	31-Dec-22	31-Dec-21
OPERATING ACTIVITIES		
Cash and cash equivalents used in operating activities	**$ (6,542,396)**	$ (5,439,280)
FINANCING ACTIVITIES		
Cash and cash equivalents provided by financing activities	**$ 13,199,343**	$ 7,730,324
INVESTING ACTIVITIES		
Cash and cash equivalents used in investing activities	**$ (5,693,606)**	$ (2,074,272)
Effects of changes in foreign exchange rates on cash and cash equivalents	**$ (124,327)**	$ 34,721
Net increase (decrease) in cash and cash equivalents	**839,014**	251,493
Cash and cash equivalents, beginning of year	**$ 1,251,562**	$ 1,000,069
Cash and cash equivalents, end of year	**$ 2,090,576**	$ 1,251,562

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 2022 through its Green Bond issuances and project financings.

Cash flow from operations

In 2022, the Company generated negative cash flow from operating activities of $6.54 MM which is almost entirely associated with its net loss of $7.45 MM after adjusting for non-cash expenditures and changes in working capital.

As of December 31, 2022 the Company has essentially migrated to the develop/build/own/operate model with a focus on the U.S. market. 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 2022 include cash inflows of $12.9 MM from project (including Green Bond) financings, $0.79 MM from tax equity investments, $0.36 MM related to warrant and option exercises, and a final COVID-19 advance of $0.42 MM in Q1. The company made $0.22 MM in lease payments and made $1.07 MM of repayments on certain debt arrangements primarily related to operating facilities.

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. Currently, 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 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
In $000s except per share information								
Operations								
Energy production (KWh)	**103,341**	**234,680**	**295,155**	**140,206**	**173,318**	**346,624**	**528,417**	**330,127**
Installed energy generation capacity at end of quarter (KW)								
US	**637**	**900**	**995**	**896**	**896**	**1,623**	**2,363**	**2,326**
Revenue								
EPC	$ 370	$ 487	$ 427	$ 979	$ 178	$ 393	$ 1,456	**$ 722**
Engineering services	$ 26	$ 36	$ 34	$ 151	$ 142	$ 106	$ 199	**$ 286**
Energy generation	$ 28	$ 52	$ 69	$ 40	$ 44	$ 81	$ 142	**$ 84**
Total revenue	**$ 424**	**$ 575**	**$ 530**	**$ 1,171**	**$ 364**	**$ 580**	**$ 1,797**	**$ 1,091**
Income (loss) from operations	$ (1,079)	$ (1,006)	$ (1,354)	$ (1,074)	$ (1,498)	$ (1,570)	$ (1,214)	**$ (1,920)**
Net income (loss)	**$ (1,073)**	**$ (802)**	**$ (1,335)**	**$ (952)**	**$ (1,561)**	**$ (1,439)**	**$ (1,483)**	**$ (2,965)**
Net income (loss) per share								
basic and diluted	**($0.04)**	**($0.03)**	**($0.04)**	**($0.03)**	**($0.05)**	**($0.04)**	**($0.05)**	**($0.09)**

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 energy 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 an 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, 2022 and 2021, the Company had the following related party transactions:

- one officer is an investor in the convertible debenture that was issued by the Company in 2021. The officer's investment is CAD $46K (US $34K). The same officer also has a US $5K investment in the Green Bonds that were issued in September 2022. The terms and conditions of both investments are identical to the terms and conditions of the investments that were made by third parties.
- one director and one officer are invested in tax equity partnerships controlled by the Company. The total investment by the director is $245K and the total investment by the officer is $100K. At December 31, 2022, the total carrying amounts of the respective tax equity liabilities were $196K and $66K and the Company had recorded no accrued distributions payable.
- the Company has a land lease agreement with one officer on which land the Company intends to construct a solar facility. At December 31, 2022 the lease liability associated with this lease is $176K with expected future cash flows over 30 years of $493K. The lease agreement has market terms and conditions;

Commitments and Contingencies

Contractual commitments

As of December 31, 2022, 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	$ 4,640,488	$ 4,640,488	$ 2,820,466	$ 634,044	$ 1,185,978	$ -
Project loans payable	14,692,032	23,263,133	1,638,038	2,728,598	13,671,327	5,225,170
Operating loans payable	2,551,115	3,300,688	215,469	1,605,015	237,614	1,242,590
Lease liabilities	21,553,621	73,087,124	439,239	1,491,673	6,769,637	64,386,575
	$ 43,437,256	**$ 104,291,433**	**$ 5,113,212**	**$ 6,459,330**	**$ 21,864,556**	**$ 70,854,335**

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 14* in the *2022 Audited Consolidated Financial Statements* for more information regarding the terms and conditions of these loans.

Contingencies

During 2022, the Company's wholly owned subsidiary, UGE USA, Inc. ("UGE USA"), entered into an engineering, procurement, and construction contract ("EPC Contract") to build a single rooftop solar system at a site located in New Jersey. On December 23, 2022 the contracting party (the "Owner"), who is also the site's owner, sent UGE USA notice of an alleged liquidated damages claim in the amount of $262,000. UGE USA rejected the claim and continues to dispute all of Owner's claims pursuant to the terms of the EPC Contract.

UGE Canada RE was 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 $376,369 (CAD $500,425), which consisted of costs and accumulated interest. The Company took a project-related loss of $213,000 in 2018. In 2022, a settlement was reached for CAD $100,000 (US $78,330), with was received in August 2022 and recorded as other income.

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 cash equivalents and restricted cash it holds, accounts payable, accounts receivable excluding HST and VAT, operating and project debt including tax equity financing. The Company does not currently hedge its financial risks with derivative instruments or hold an investment portfolio. Please see *Note 21 the 2022 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 cash equivalents and restricted cash by placing these financial instruments with large financial institutions. Credit risks relating to trade receivables and overdue accounts receivable from vendors are managed on a case-by-case basis.

At December 31, 2022, the Company has provided $23K (December 31, 2021 - $90K) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. At December 31, 2022, there were approximately $184K in outstanding accounts receivable aged more than 30 days. Approximately $137K of this amount was for a single customer and was collected in January 2023.

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, 2022 the Company had cash and cash equivalents of $2.1 MM, restricted cash of $82K, and a working capital deficiency of $1.9M. Discussion regarding our ability to manage our liabilities is outlined in the *Liquidity and Capital Resources* and *Commitments and Contingencies* 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 and the Company has also levered secure investment services post Green Bond raises.

(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 $1.9K at December 31, 2022 and for the year ended December 31, 2022, the Company had a consolidated net loss of $7.4 MM, negative cash flow from operations of $6.54MM, and it has an accumulated deficit of $43.6 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.

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. Ongoing impacts of a 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.

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. With the passage of the Inflation Reduction Act in August of 2022, the ITC has been extended for 10 years and increased to 30%, with extensions as to what qualifies for ITC and the ability for the rate to be increased if certain conditions are met.

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 therefore could 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

Under the Company's develop/build/own/operate model, there are generally two types of customer; ones that the Company directly contracts 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.

With respect to client-financed EPC projects, the Company's sales efforts target medium and large organizations, and while the Company used to spend significant time and resources educating prospective customers about the features and benefits of our solutions, this is no longer the focus of the business and the sales risk in this area has significantly diminished.

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 approximately 33% 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 have agreed to a voluntary lock up arrangement that extends to June 3, 2025.

- Junfei Liu – 4,988,066 shares, representing 15.2%,
- Yun Liu – 807,989 shares, representing 2.5%; Ms. Yu also holds 75,000 options to purchase common shares, all of which are vested, and 64,000 RSUs that vest in November 2023.
- Xiangrong Xie - 3,693,383 shares, representing 11.2%
- Nicolas Blitterswyk (Director and CEO) - 1,444,419 shares, representing 4.4%. Mr. Blitterswyk also holds 328,500 options to purchase common shares, 241,500 of which are vested at the date of this report, $46K CAD investment in the Company's convertible debenture issued November 12, 2021, which is convertible into 25,555 common shares, $5K USD investment in the Company's Green Bonds issued September 2022, and 85,333 PSUs that fully vest by December 31, 2024.

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. 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. See going concern risk above.

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, 2022, 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 the largest concentration of activity in the US. 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.

Accounting assumptions, estimates and judgments

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

During the reporting periods management has made a number of judgments, estimates and assumptions in applying the Company's accounting policies, including the assessment of the Company's ability to continue as a going concern; useful lives of property, plant and equipment, decommissioning liabilities, stock-based compensation and warrant valuation, percentage of completion calculations, tax equity liabilities, leases, determining control or significant influence of special purpose entities, government loans and forgiveness, green bond valuation and allocation to warrants and impairment of non-financial assets. Please refer to *Note 2 (e) A and B* in the Notes to the *2022 Audited Consolidated Financial Statements* for more information on critical accounting assumptions, judgments and estimates.

Significant Accounting Policies

Please refer to *Note 3* of the *2022 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.

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, 2022 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, 2022 and all material subsequent activity up to April 5, 2023.

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.

Adjusted net income (loss) is Net Income (loss) under IFRS adjusted for 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-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.

	2021	2022
Net income (loss)	$ (4,161,803)	**$ (7,447,895)**
Adjust for non-core items:		
Gains on debt settlements	(261,504)	**-**
COVID relief income	(437,218)	**(21,936)**
Adjusted net loss	(4,860,525)	**(7,469,831)**
Adjust for non-cash items:		
Net finance expense	308,498	**1,097,608**
Income tax expense (recovery)	(162,774)	**-**
Depreciation and amortization	65,125	**127,559**
Share-based compensation	651,633	**425,010**
Adjusted EBITDA	$ (3,998,043)	**$ (5,819,654)**
Basic and diluted earnings (loss) per share	($0.13)	**($0.23)**
Basic and diluted adjusted earnings (loss) per share	($0.16)	**($0.23)**

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net income (loss)	$ (1,072,795)	$ (801,986)	$ (1,334,802)	$ (952,219)	$ (1,560,659)	$ (1,439,414)	$ (1,483,000)	**$ (2,964,823)**
Adjust for non-core items:								
Gains on debt settlements	(41,111)	(17,452)	5,925	(208,866)	-	-	-	**-**
COVID relief income	(32,922)	(234,852)	(99,096)	(70,348)	(5,747)	(2,574)	(7,059)	**(6,556)**
Adjusted net loss	(1,146,828)	(1,054,290)	(1,427,972)	(1,231,433)	(1,566,406)	(1,441,988)	(1,490,059)	**(2,971,379)**
Adjust for non-cash items:								
Net finance expense	92,893	73,870	77,294	64,441	102,548	212,292	265,620	**517,148**
Income tax expense (recovery)	-	3,935	7,806	(174,515)	22	4,265	-	**(4,287)**
Depreciation and amortization	11,604	13,436	14,687	25,398	19,661	22,801	36,183	**48,915**
Share-based compensation	103,596	120,018	152,334	275,685	115,002	134,871	50,788	**124,349**
Adjusted EBITDA	$ (938,735)	$ (843,031)	$ (1,175,852)	$ (1,040,424)	$ (1,329,173)	$ (1,067,759)	$ (1,137,468)	**$ (2,285,254)**
Basic and diluted earnings (loss) per share	($0.04)	($0.03)	($0.04)	($0.03)	($0.05)	($0.04)	($0.05)	**($0.09)**
Basic and diluted adjusted earnings (loss) per share	($0.04)	($0.03)	($0.05)	($0.04)	($0.05)	($0.04)	($0.05)	**($0.09)**