UGE INTERNATIONAL LTD.

Unaudited Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2023 and 2022

Expressed in United States dollars

UGE INTERNATIONAL LTD.

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

	Note	March 31, 2023	As at December 31, 2022
ASSETS			
Cash and cash equivalents	3	**$ 4,218,077**	$ 2,090,576
Restricted cash	3	**84,038**	82,349
Trade and other receivables	4	**2,708,594**	1,346,401
Prepaid expenses and deposits	5	**528,598**	355,239
CURRENT ASSETS		**7,539,307**	3,874,565
Property, plant and equipment	7	**17,263,840**	10,772,662
Right-of-use assets	10	**23,346,538**	21,121,968
Prepaid non-current project costs	8	**5,416,144**	1,437,568
Intangible assets	6	**859,925**	-
Other non-current assets	9	**728,756**	576,857
NON-CURRENT ASSETS		**47,615,203**	33,909,055
TOTAL ASSETS		**$ 55,154,510**	$ 37,783,620
LIABILITIES			
Accounts payable and accrued liabilities		**$ 5,297,977**	$ 2,820,466
Current portion operating debt	11	**1,967,405**	1,515,485
Current portion project debt	11	**2,469,163**	733,497
Current portion lease liabilities	10	**629,881**	439,239
Deferred revenue		**157,783**	237,608
CURRENT LIABILITIES		**10,522,209**	5,746,295
Non-current portion operating debt	11	**1,027,136**	1,035,631
Non-current portion project debt	11	**28,555,755**	15,771,877
Non-current portion lease liabilities	10	**23,271,533**	21,114,382
Other non-current liabilities	12	**2,168,938**	1,884,319
NON-CURRENT LIABILITIES		**55,023,362**	39,806,209
TOTAL LIABILITIES		**65,545,571**	45,552,504
EQUITY (DEFICIT)			
Share capital	15	**27,852,943**	27,825,620
Contributed surplus		**6,319,566**	7,925,570
Accumulated other comprehensive income (loss)		**145,372**	130,002
Accumulated deficit		**(44,708,942)**	(43,650,076)
TOTAL EQUITY (DEFICIT)		**(10,391,061)**	(7,768,884)
TOTAL LIABILITIES AND EQUITY (DEFICIT)		**$ 55,154,510**	$ 37,783,620

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

Going Concern (Note 2b), Contingencies (Note 17), Subsequent Events (Note 20)

Approved on behalf of the Board

"Nicolas Blitterswyk"
Director, President and Chief Executive Officer

"Jian Yang"
Audit Committee Chair

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in United States dollars) Unaudited

	Note	Three months ended March 31, 2023		Three months ended March 31, 2022	
REVENUE	16	**$**	**521,733**	$	363,936
COST OF GOODS	16		**307,781**		209,149
GROSS PROFIT			**213,952**		154,787
OPERATING COSTS AND EXPENSES					
General and administrative	19		**2,713,449**		1,630,762
Impairment and expected credit losses	4, 18		**33,022**		2,441
Depreciation and amortization	7, 10		**84,275**		19,661
TOTAL OPERATING COSTS AND EXPENSES			**2,830,746**		1,652,864
OPERATING LOSS			**(2,616,794)**		(1,498,077)
OTHER EXPENSE (INCOME)					
Financing expense, net	11, 14		**588,309**		102,548
Other expense (income)	13		**(378,593)**		(39,988)
TOTAL OTHER EXPENSE (INCOME), NET			**209,716**		62,560
LOSS BEFORE TAX			**(2,826,510)**		(1,560,637)
Income tax expense (recovery)			**-**		22
NET LOSS			**(2,826,510)**		(1,560,659)
Other comprehensive income (loss) items to be subsequently reclassified to net earnings when certain conditions are met					
Foreign currency translation			**15,370**		(50,582)
COMPREHENSIVE LOSS		**$**	**(2,811,140)**	$	(1,611,241)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS					
BASIC AND DILUTED	15	**$**	**(0.09)**	$	(0.05)
WEIGHTED AVERAGE NUMBER OF SHARES	15		**32,904,992**		32,241,492

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

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)
(Expressed in United States dollars) Unaudited

	Note	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
Balance at January 1, 2022		$ 27,565,675	$ 7,714,913	$ (106,679)	$ (36,512,768)	$ (1,338,859)
Net loss for the period		-	-	-	(1,560,659)	(1,560,659)
Common shares issued for stock option exercises	15	3,271	(1,570)	-	-	1,701
Share-based compensation	15	-	115,002	-	-	115,002
Foreign exchange translation differences		-	-	(50,582)	-	(50,582)
Balance at March 31, 2022		**$ 27,568,946**	**$ 7,828,345**	**$ (157,261)**	**$ (38,073,427)**	**$ (2,833,397)**
Balance at January 1, 2023		**$ 27,825,620**	**$ 7,925,570**	**$ 130,002**	**$ (43,650,076)**	**$ (7,768,884)**
Net loss for the period		**-**	**-**	**-**	**(2,826,510)**	**(2,826,510)**
Common shares issued for stock option exercises	15	**27,323**	**(13,863)**	**-**	**-**	**13,460**
Warrants issued with Green Bonds	11	**-**	**27,294**	**-**	**-**	**27,294**
Share-based compensation	15	**-**	**148,210**	**-**	**-**	**148,210**
Reallocate expired unexercised warrants	15	**-**	**(1,767,644)**	**-**	**1,767,644**	**-**
Foreign exchange translation differences		**-**	**-**	**15,370**	**-**	**15,370**
Balance at March 31, 2023		**$ 27,852,943**	**$ 6,319,566**	**$ 145,372**	**$ (44,708,942)**	**$ (10,391,061)**

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

UGE INTERNATIONAL LTD.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in United States dollars) Unaudited

	Note	Three months ended March 31, 2023	2022
OPERATING ACTIVITES			
Net loss		$ (2,826,510)	$ (1,560,659)
Items not affecting cash:			
Depreciation and amortization	7, 10	84,275	19,661
Impairment and expected credit losses	4	33,022	2,441
Share-based compensation	15	148,201	115,002
Income tax expense (recovery)		-	22
Other non-cash (gains) losses		(135,230)	(1,230)
Finance costs, net	11, 14	588,309	102,548
Government-sponsored non-cash COVID relief		(6,557)	(5,747)
Tax attributes allocated to tax equity investors	13	(192,908)	(32,862)
Finance costs paid, net		(151,175)	(59,144)
Income taxes paid		-	(22)
Change in trade and other receivables	4	(141,058)	16,724
Change in prepaid expenses and deposits	5	(173,359)	7,847
Change in deferred financing and customer acquisition costs	9	(4,662)	(32,803)
Change in trade and other payables		2,452,607	453,543
Change in deferred revenue		(79,825)	265,221
Cash used in operating activities		$ (404,870)	$ (709,458)
FINANCING ACTIVITIES			
Proceeds from issuance of warrants, net of transaction costs	11, 15	27,294	-
Proceeds from exercise of stock options	15	13,456	1,701
Proceeds from investments by tax-equity investors		774,168	-
Proceeds from government-sponsored COVID loans	11	-	417,900
Proceeds from debt, net of deferred finance charges	11	11,145,999	486,224
Repayment of debt	11	(102,516)	(34,463)
Lease payments	10	(62,919)	(40,925)
Cash provided by financing activities		$ 11,795,482	$ 830,437
INVESTING ACTIVITIES			
(Increase)/decrease in restricted cash	3	1,689	139,910
Additions to property, plant and equipment	7	(3,029,913)	(933,959)
Proceeds from disposition of property, plant and equipment		226,772	-
Additions to non-current prepaid project costs	8	(4,805,604)	-
Additions to right-of-use assets	10	(58,612)	(8,125)
Additions to project development costs	7	(1,588,342)	(234,437)
Cash used in investing activities		$ (9,254,010)	$ (1,036,611)
Increase (decrease) in cash for the period		2,136,602	(915,632)
Effect of exchange rate fluctuations on cash		(9,101)	(8,135)
Cash and cash equivalents at beginning of period		2,090,576	1,251,562
Cash and cash equivalents at end of period		$ 4,218,077	$ 327,795

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

1. Reporting entity

UGE International Ltd. ("UGE International" and together with its subsidiaries the "Company" or "UGE") is incorporated under the laws of the Province of Ontario and its common shares are listed on the TSX Venture Exchange under the symbol "UGE". The Company's registered office is located at 56 Temperance St., 7th Floor, Toronto, Ontario, Canada.

UGE's principal business activity is to develop, build, finance, own, and operate commercial and community solar facilities, primarily in the United States ("US"). The Company's business was previously focused on engineering, procurement, and construction ("EPC") of solar facilities for third parties, and while it continues to selectively participate in this market, its primary focus is on the develop/build/ finance/own/operate model, which is intended to grow UGE's portfolio of operating assets. UGE also provides engineering and consulting services to third parties.

2. Basis of preparation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the audited consolidated financial statements of the Company for the year ended December 31, 2022 (the "Annual Consolidated Financial Statements"), unless otherwise indicated, and they should be read in conjunction with those financial statements.

These unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 24, 2023.

b) Going concern

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. For the three months ended March 31, 2023, the Company had a consolidated net loss of $2,826,510, and negative cash flow from operations of $404,870. At March 31, 2023, the Company's accumulated deficit was $44,708,942. The Company had a working capital deficit of $2,982,902 at March 31, 2023.

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 both project 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 thereto, 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 unaudited condensed consolidated interim 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.

c) Basis of presentation, functional and presentation currency

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

Entity	Functional Currency
UGE USA Inc. ("UGE USA")	USD
UGE EPC LLC ("UGE EPC")	USD
UGE Dev LLC ("UGE Dev")	USD
UGE Capital LLC ("UGE Capital")	USD
UGE Canada RE Ltd. ("UGE Canada RE")	CAD
UGE Consulting Services Co. Ltd. ("UGE Consulting")	CAD
UGE Project Holdco Ltd. ("UGE Project Holdco")	CAD
UGE Philippines Inc. ("UGE Philippines")	Philippine pesos ("PhP")

UGE USA and UGE Capital include the accounts of controlled and/or wholly owned special purpose vehicles ("SPVs"). These SPVs are the entities through which UGE develops, builds, finances, owns, and operates solar facilities. All of the SPVs are located in the United States and their functional currency is USD.

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

d) Basis of measurement

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

e) Accounting assumptions, estimates and judgments

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

During the reporting periods management has made a number of estimates and assumptions in applying the Company's accounting policies, including the assessment of the Company's ability to continue as a going concern, as discussed above in 2 b). Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

A. Assumptions and estimation uncertainties

The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements are described in Note 2A of the Company's Annual Consolidated Financial Statements.

B. Judgments

The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements are described in Note 2B of the Company's Annual Consolidated Financial Statements.

3. Cash and Cash Equivalents and Restricted cash

At March 31, 2023, the Company has cash and cash equivalents of $4,218,077 (December 31, 2022 - $2,090,576) held in demand bank accounts. At March 31, 2023, the Company has $84,038 (December 31, 2022 - $82,349) in restricted cash, $30,666 (December 31, 2022 - $29,833) of which represents security against a loan. The remaining $53,372 (December 31, 2022 - $52,516) consists of cash the Company is reserving for the future decommissioning costs of its operating solar facilities.

4. Trade and other receivables

				As at
		March 31, 2023		December 31, 2022
Trade receivables	$	**2,412,162**	$	931,700
Unbilled revenue		**227,542**		364,069
Current portion of notes receivable		**14,754**		13,455
Allowance for expected credit losses		**(23,330)**		(23,153)
Withholding and sales tax receivable		**77,466**		60,330
	$	**2,708,594**	$	1,346,401

The notes receivable are associated with solar facility acquisition loans to customers in the Philippines.

The Company's allowance for expected credit losses is primarily associated with specific accounts receivable in the US and the Philippines where management has determined that there is a risk that the amounts will not be collected in full.

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

5. Prepaid expenses and deposits

	March 31, 2023	As at December 31, 2022
Prepaid expenses	**$ 367,982**	$ 325,458
Deposits	**160,616**	29,781
	$ 528,598	$ 355,239

Prepaid expenses are primarily associated with general corporate items such as insurance premiums and software subscription fees.

Deposits are primarily associated with the Company's EPC contracts and solar facilities under construction.

6. Asset acquisition

On January 27, 2023, the Company acquired 100% interests in select entities in Smithville, TX ("Smithville"). The acquisition included all of the assets and liabilities of Smithville Solar One that existed at the acquisition date. Management concluded that the acquisition of Smithville is an asset acquisition and did not constitute a business combination under *IFRS 3 – Business Combinations*.

The purchase price of the asset acquisition was allocated as shown below. The purchase price is payable entirely in cash. At March 31, 2023, there remained an outstanding balance payable of $1,741,800, which is expected to be paid before June 30, 2023. This balance is included as part of current project debt (see Note 11).

		As at January 27, 2023
Consideration paid		
Cash paid and payable	$	2,441,800
Transaction Costs		2,371
Total purchase consideration		**2,444,171**
Cash consideration paid to date	**$**	**(702,371)**
Balance of cash consideration payable	**$**	**1,741,800**
Allocation of Purchase Price		
Solar facilities under construction	$	1,584,246
Intangible asset - Power Purchase Agreement	$	859,925
Right-of-Use Asset		211,793
Lease liability		(211,793)
Total Purchase Price	**$**	**2,444,171**

On January 27, 2023, in conjunction with the acquisition, the Company purchased, for $637,200, the parcel of land on which Smithville is situated. On February 2, 2023, the Company sold, for $228,900, an easement for the portion of the parcel on which Smithville Solar One is situated, and assigned the lease associated with Smithville Solar One to the same entity.

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

7. Property, plant, and equipment

	Solar facilities in use	Solar facilities under construction	Project development costs	Land	Other	Total
Three months ended March 31, 2023						
Balance - beginning of period	$ 3,893,142	$ 1,886,117	$ 4,921,502	$ -	$ 71,901	$ 10,772,662
Additions	1,586,717	2,657,658	1,964,052	628,790	-	6,837,217
Disposals	-	-	-	(228,900)	-	(228,900)
Transfers to solar facilities under construction	-	781,192	(781,192)	-	-	-
Transfers to solar facilities in use	-	-	-	-	-	-
Transfers to land	-	-	(31,860)	31,860	-	-
Impairment	-	-	(45,472)	-	-	(45,472)
Depreciation	(62,044)	-	-	-	(9,357)	(71,401)
Foreign exchange differences	-	-	-	-	(266)	(266)
Balance - end of period	$ 5,417,815	$ 5,324,967	$ 6,027,030	$ 431,750	$ 62,278	$ 17,263,840
As at March 31, 2023						
Cost	$ 5,629,842	$ 5,324,967	$ 6,027,030	$ 431,750	$ 112,335	$ 17,525,924
Accumulated depreciation	(212,027)	-	-	-	(50,057)	(262,084)
Net carrying amount	$ 5,417,815	$ 5,324,967	$ 6,027,030	$ 431,750	$ 62,278	$ 17,263,840

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

Over half of the Company's property, plant and equipment consists of solar facilities that are either in use or under construction. The majority of the remainder consists of the Company's project development costs, which are costs incurred to bring projects to the point at which they are ready for construction. Project development costs include right-of-use asset amortization and lease liability accretion. When a project reaches construction, the project development costs associated with that project are transferred to solar facilities under construction.

The cost of solar facilities includes expenditures that are directly attributable to constructing the asset and readying it for use. These include borrowing costs for construction financing. During the three months ended March 31, 2023 the Company capitalized $83,374 of borrowing costs to solar facilities under construction, and $40,763 to project development costs (three months ended March 31, 2022 - $31,400 capitalized to solar facilities under construction and $nil to project development costs).

8. Prepaid non-current project costs

	March 31, 2023	As at December 31, 2022
Solar panels	**$ 4,144,168**	$ 1,295,139
Other construction materials	**558,586**	130,854
Other	**713,390**	11,575
	$ 5,416,144	$ 1,437,568

Prepaid non-current project costs consist primarily of materials that have been acquired but not yet deployed in the construction of solar facilities.

9. Other non-current assets

On March 23, 2023, the Company entered into an interest rate swap related to the financing of a portfolio of assets, which as a financial instrument is carried as FVTPL. This swap was valued at $147,194 and recorded in other non-current assets.

The Company's non-current assets also include the non-current portion of the notes receivable in the Philippines (see Note 5), deferred loan fees associated with project debt, and deferred customer acquisition costs.

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

10. Right-of-use assets and lease liabilities

Right-of-use assets		Three months ended March 31, 2023
Balance - beginning of period	$	21,121,968
Additions		2,658,242
Amortization		(200,180)
Termination adjustment		(233,492)
Balance - end of period	**$**	**23,346,538**

Lease liabilities		Three months ended March 31, 2023
Balance - beginning of period	$	21,553,621
New obligations		2,098,920
Payments		(62,919)
Interest accretion		569,624
Termination adjustment		(257,831)
Balance - end of period	**$**	**23,901,414**
Current	$	629,881
Long term		23,271,533
Total	**$**	**23,901,414**

During the three months ended March 31, 2023, the Company capitalized net $165,750 of amortization and $468,261 of lease interest as part of project development costs (three months ended March 31, 2022 capitalized net $90,399 of amortization and net $234,997 of lease interest) (Note 7).

During the three months ended March 31, 2023, the Company capitalized net $15,088 of amortization and $42,882 of lease interest to solar facilities under construction (three months ended March 31, 2022 capitalized net $7,764 of amortization and net $20,495 of lease interest) (Note 7).

Commissions related to obtaining a lease agreement are considered part of the cost of the associated right-of-use asset. During the three months ended March 31, 2023, the Company capitalized net $166,520 of commissions as part of its right-of-use assets (three months ended March 31, 2022 capitalized net $180,000).

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

11. Debt

OPERATING DEBT	Note	Maturity	Contractual Rate		As at March 31, 2023		As at December 31, 2022		Financing costs for working capital [1] Three months ended March 31, 2023		March 31, 2022
UGE International											
Convertible debenture		Oct-23	6.5%	$	**1,417,228**	$	1,393,114	$	**48,698**	$	51,994
UGE Canada RE											
Canada Emergency Business Account		Dec-23	0.0%		**40,035**		39,002		**2,283**		1,829
UGE Consulting											
Canada Emergency Business Account		Dec-23	0.0%		**40,035**		39,002		**2,283**		1,829
UGE USA											
Economic injury disaster loan (EIDL)		Jun-50	3.75%		**951,179**		956,075		**12,816**		9,615
Working capital facilities	(i)	July-23 - Feb-24	21% - 26%		**425,049**		-		**-**		-
UGE Philippines											
Bank loan		Dec-27	9.75%		**121,015**		123,923		**2,969**		3,123
Total				$	**2,994,541**	$	2,551,116	$	**69,049**	$	68,390
Current portion				$	**1,967,405**	$	1,515,485				
Non-current portion				$	**1,027,136**	$	1,035,631				

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

(i) *Working capital facilities* – During the three months ended March 31, 2023, the Company obtained short-term working capital financing of $350,000 to support its operations as development capital facilities were being negotiated. The interest rates on these facilities range from 21% to 26% with maturities ranging from July 2023 to February 2024.

Please see Note 18 (d) *Liquidity risk* for a maturity profile for the above loans.

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

PROJECT DEBT	Note	Maturity	Contractual Rate		As at March 31, 2023		As at December 31, 2022		Financing costs [1] Three months ended March 31, 2023		March 31, 2022
UGE International											
Green Bonds		Mar-26	8%	$	**1,987,420**	$	1,977,628	$	**52,918**	$	-
Green Bonds		Jun-26	8%		**1,356,848**		1,335,952		**54,194**		-
Green Bonds		Sep-26	8%		**239,034**		237,046		**7,390**		-
Green Bonds		Dec-26	9%		**5,142,003**		4,988,683		**191,223**		-
Green Bonds	(i)	Jun-27	9%		**843,810**		-		**-**		-
UGE USA and its subsidiaries											
Construction and development financing	(ii)		9.25%-20.00%		**13,658,847**		2,421,487		**124,137**		31,400
Operating project debt	(iii)	2029	5.5%-10.0%		**5,004,479**		3,300,330		**85,009**		20,071
Tax equity financing	(iv)				**2,429,869**		1,813,342		**35,267**		8,422
UGE Project Holdco.											
Green Bonds	(v)	Oct-23	7.0%		**362,608**		359,970		**17,117**		9,932
Green Bonds	(v)	Jan-25	7.0%		**-**		70,936		**-**		2,298
Total				$	**31,024,918**	$	16,505,374	$	**567,255**	$	**72,123**
Current portion				$	**2,469,163**	$	733,497				
Non-current portion				$	**28,555,755**	$	15,771,877				

[1] Financing costs include all finance charges including capitalized interest and accretion. Construction loan finance costs are capitalized.

(i) *Green Bonds* – The Green Bonds are secured by collateral pledged by UGE USA Inc., UGE Capital LLC, and UGE Dev LLC, related to certain subsidiaries of the Company. On March 30, 2023, the Company closed on a Green Bond with the following terms and conditions:

Closing Date	Principal CAD ($MM)	Principal US ($MM)	Debenture Unit Face Value (CAD)	Rate	Due	Note
March 30, 2023	$1.44	$1.06	$1,000.00	9%	June 30, 2027	a)

a) This issue was a brokered private placement. The Company has the option to call the Green Bonds at any time following the three-year anniversary of the issue date in return for payment of one additional month's interest. In connection with the private placement, the Company paid cash finders fees equal to 7% of the gross proceeds and issued 24,514 share purchase warrants to the agents. Each agents warrant has a strike price of $1.5031 and expires 24 months after the issue date. During the three months ended March 31, 2023, the Company recorded $nil accretion expense related to the Green Bonds. Interest is payable semi-annually on June 15 and December 15, with the principal due at maturity. The Green Bonds were issued with a face value of $977.50 per $1,000, with the first interest payment not due until December 31, 2023.

(ii) *Construction and development financing* – The Company enters into development and construction financing arrangements to fund the development and construction of solar facilities. Funds for development financing are drawn in accordance with agreed budgets, and funds for construction financing are drawn based on project milestones. The financing is secured against the project. Development financing is typically repaid with construction financing, which is in turn converted to long term project debt when commercial operations commence. At March 31, 2023, the Company had outstanding advances for six development projects and four construction projects vs one development project and one construction project at December 31, 2022. The Company defers origination fees and capitalizes borrowing costs (see Notes 7 and 11) during the construction period. Origination fees are subsequently amortized over the project debt term, and borrowing costs are included in the carrying cost of the underlying project.

(iii) *Operating project debt* – At March 31, 2023, the Company had project loans for seven solar facilities, compared to six loans at December 31, 2022. One loan relates to cash consideration payable noted in Note 6 with an interest rate of 10% and expected to be paid prior to June 30, 2023. The other loans have 7-year terms with 20-year amortization schedules, and interest rates range between 5.50% and 7.39%. Interest and principal are payable monthly. The operating project debt is secured by the underlying solar facilities.

(iv) *Tax equity financing* – In the three months ended March 31, 2023, the Company entered into two tax equity financings covering four projects. The EIR is calculated separately for each project and ranges between 0% and 28.5%, the loan values recorded to date were $71,207 and $702,962, and the percentage of ownership for both arrangements was 99%, reflecting the allocation of taxable income or loss prior to the flip point. The flip point for both financings has been estimated at 7 years.

(v) *Subsidiary issued Green Bonds* –

On March 30, 2023, the holder of the January 24, 2020 Green Bond elected to take back the remaining value and re-invest it in the brokered private placement denoted above in (i) a).

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

12. Other non-current liabilities

		March 31, 2023		As at December 31, 2022
Decommissioning liabilities	**$**	**53,372**	$	52,517
Accrued commissions payable		**2,020,303**		1,736,532
Asset acquisition liabilities		**83,490**		83,490
Other		**11,773**		11,780
	$	**2,168,938**	$	1,884,319

Decommissioning liabilities are the present value of the Company's estimated cost to dismantle and remove a solar facility at the end of its useful life. They are established when the Company constructs a solar facility, and they form part of the facility's cost. Decommissioning liabilities are accreted to their full value over a facility's lifetime, with the accretion reported as a component of finance costs. At both March 31, 2023 and December 31 2022, the decommissioning liabilities relate to seven operating solar facilities in the US. The provisions were calculated using discount rates between 6.19% and 7.39% reflective of the risk-free rate. The decommissioning of the facilities is expected to occur between July 2045 and October 2047.

13. Other expense (income)

		Three months ended March 31, 2023		2022
Government grants and loan forgiveness - COVID 19 related	**$**	**(6,557)**	$	(5,747)
Tax equity investor allocations and preferred returns		**(192,908)**		(32,862)
Fair value adjustment - interest rate swap		**(147,194)**		-
Other		**(31,934)**		(1,379)
	$	**(378,593)**	$	(39,988)

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

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

14. Financing expense

	Three months ended March 31,			
	2023		2022	
Interest on operating and project debt	$	**346,929**	$	70,273
Interest on tax equity financing		**35,267**		8,422
Interest on lease liabilities		**26,361**		5,132
Accretion expenses		**130,827**		30,979
Finance income		**(11,022)**		(13,496)
Other		**59,947**		1,238
	$	**588,309**	$	102,548

15. Share capital

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

The issued and outstanding share capital is as shown below:

	Three months ended March 31,					
	2023			2022		
	Number of shares		Amount	Number of shares		Amount
Balance at beginning of period	**32,895,075**	$	**27,825,620**	32,239,408	$	27,565,675
Stock option exercises	**26,695**		**27,323**	4,167		3,271
Balance at end of period	**32,921,770**	$	**27,852,943**	32,243,575	$	27,568,946

Warrants

The Warrant activity during the three months ended March 31, 2023 is as shown below:

Date issued	Expiry	Exercise price (CAD)	Outstanding at Dec 31, 2022	Issued	Expired	Exercised	Outstanding at March 31, 2023
17-Feb-21	17-Feb-23	$3.30	1,465,610	-	(1,465,610)	-	**-**
17-Feb-21	17-Feb-23	$2.65	158,700	-	(158,700)	-	**-**
08-Apr-22	08-Oct-23	$2.00	201,180	-	-	-	**201,180**
08-Apr-22	08-Oct-23	$1.24	46,355	-	-	-	**46,355**
28-Jul-22	28-Jan-24	$1.50	155,750	-	-	-	**155,750**
28-Jul-22	28-Jul-24	$1.50	66,750	-	-	-	**66,750**
28-Nov-22	28-Nov-24	$1.50	270,455	-	-	-	**270,455**
30-Mar-23	30-Mar-25	$1.50	-	24,514	-	-	**24,514**
			2,364,800	**24,514**	**(1,624,310)**	**-**	**765,004**

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

Stock Options

The Company offers an incentive stock option plan that provides for granting options to purchase its common shares to directors, officers, employees, and consultants. The stock option activity for the three months ended March 31, 2023 is shown below:

	Three months ended March 31,					
	2023			2022		
	Number of options		Weighted average exercise price (CAD)	Number of options		Weighted average exercise price (CAD)
Balance at beginning of period	**2,996,841**	**$**	**0.89**	3,347,285	$	0.70
Granted	**-**		**N/A**	220,000		1.49
Exercised	**(26,695)**		**0.68**	(4,167)		0.52
Expired	**(60,125)**		**1.31**	(17,334)		1.46
Forfeited	**(62,500)**		**1.24**	(78,418)		0.88
Balance at end of period	**2,847,521**	**$**	**0.88**	3,467,366	$	0.75
Balance exercisable at end of period	**2,365,754**	**$**	**0.85**	2,141,058	$	0.62

Performance Share Units (PSUs) and Deferred Share Units (DSUs)

The Company implemented PSUs and DSUs as a component of its officer and director compensation in 2022, and at March 31, 2023 there were 294,333 PSUs and 340,000 DSUs outstanding. The Company made no PSU or DSU grants during the three months ended March 31, 2023.

During the three months ended March 31, 2023, the Company recorded share-based compensation expense of $148,201 in the unaudited condensed consolidated interim statement of operations and comprehensive loss relating to stock options issued to employees, directors, and consultants, its PSUs issued to its officers, and its DSUs issued to its Directors. The compensation expense for options and DSUs was based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model. The compensation expense for PSUs was based on an option pricing model.

Loss per share

The Company's potential dilutive common share equivalents include its convertible debenture (see Note 12), its outstanding common share purchase warrants, its outstanding options to purchase common shares, and its outstanding PSUs and DSUs. The effect of including these dilutive common share equivalents is anti-dilutive and therefore they are not included in the calculation of diluted net loss per share. The effect of including these dilutive common share equivalents would increase the weighted average number of common shares outstanding at March 31, 2023 to 39,172,502.

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

16. Segmented information

Operations take the form of EPC, engineering services, and the energy generation from the Company's operating solar facilities. Revenue and cost of goods sold are the primary means by which management evaluates operations. During the three months ended March 31, 2023 and 2022, the Company had the following revenues and cost of goods sold from each of these business lines:

	Three months ended March 31,	
	2023	**2022**
EPC revenue - USA	**$ 107,786**	$ 143,760
EPC revenue - Philippines	**-**	34,579
Cost of goods - EPC	**71,592**	105,623
Gross profit - EPC	**36,194**	72,716
Engineering services revenue - USA	**287,019**	141,551
Engineering services revenue - Canada	**7,487**	-
Engineering services revenue - Philippines	**12,188**	-
Cost of goods - engineering services	**221,790**	96,875
Gross profit - engineering services	**84,904**	44,676
Energy generation revenue - USA	**104,495**	41,985
Energy generation revenue - Philippines	**2,758**	2,061
Cost of goods - energy generation	**14,399**	6,651
Gross profit - energy generation	**92,854**	37,395
REVENUE	**521,733**	363,936
COST OF GOODS	**307,781**	209,149
GROSS PROFIT	**$ 213,952**	$ 154,787

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

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

During the three months ended both March 31, 2023 and 2022, the Company had one customer in the EPC operating segment and one customer in the Engineering Services segment that each individually accounted for more than 10% of consolidated revenue, as listed below.

	Three months ended March 31,	
	2023	2022
Customer 1	**50%**	40%
Customer 2	**25%**	21%

17. Contingencies

During 2022, the Company's wholly owned subsidiary, UGE USA, entered into an 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 and on March 16, 2023, the Owner provided a letter terminating the EPC contract. Since December 31, 2022, the Company has recognized no further profit or loss related to this contract and no provision has been recorded for this matter.

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.

18. Financial Instruments

Fair value

The Company's financial instruments that are measured at fair value on a recurring basis on the condensed consolidated statements of financial position are currently the derivative asset associated with the convertible debentures and the interest rate swap associated with one construction financing facility.

The Company's exposure to financial instruments on a day-to-day basis is limited to the cash and cash equivalents and restricted cash it holds, trade and other receivables excluding HST and VAT, trade and other payables, and debt. The table below shows the carrying amounts and fair values of the Company's financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of the fair value, including the exclusion of floating rate debt where the carrying amount is a reasonable approximation of the fair value.

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

	Carrying cost			Fair Value			
	Financial assets at amortized cost	FVTPL	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Convertible debenture call option	$ -	$ 9,598	$ 9,598	$ -	$ -	$ 9,598	**$ 9,598**
Interest rate swap	-	147,194	147,194	-	147,194	-	**147,194**
	$ -	**$ 156,792**	**$ 156,792**				

	Carrying cost			Fair Value			
	Financial assets at amortized cost	FVTPL	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets and liabilities not measured at fair value							
Operating debt		-	2,569,493		2,067,415	-	**2,067,415**
Project debt		-	14,936,202		16,100,734	-	**16,100,734**
	$ -	**$ -**	**$ 17,505,695**				

(a) *Valuation techniques and significant unobservable inputs for Level 2 and Level 3 financial instruments*

Convertible debenture call option: the fair value is calculated using a Black-Scholes valuation of the put option, adjusted for the estimated probability that the market conditions governing the option's exercise will be met.

Interest rate swap: the fair value is calculated at the present value of the estimated future cash flows. Estimated cash flows are discounted using a yield curve from similar sources.

Operating and project debt: the valuation model is a discounted cash flow considering the present value of expected payments, discounted using a risk-adjusted discount rate.

Financial risk management

The Company is exposed to a number of financial risks arising in the normal course of business, as well as through its financial instruments. The Company's overall business strategies, tolerance of risk and general risk management philosophy are determined by the directors in accordance with prevailing economic and operating conditions.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has cash and cash equivalents balances, and the majority of outstanding operating debt has fixed interest rates. The Company is not significantly exposed to fluctuating interest rates in the short to mid-term based on the statement of financial position. There is interest rate risk on the Company's floating project debt which is hedged with an interest rate swap. There is also 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. Other than the aforementioned floating rate term debt that is hedged with an interest rate swap, the Company does not currently hedge these risks. The Company's current policy is to invest excess cash in a savings account at our banking institution.

(b) *Foreign currency risk*

The Company primarily operates in the United States, Canada, and the Philippines, and therefore enters into transactions denominated in USD, CAD and Philippine Pesos. Each entity may be exposed to foreign currency risks from exchange rate fluctuations caused 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.

At March 31, 2023 and December 31, 2022 the following USD balances were held by entities with non-USD functional currencies:

	March 31, 2023	As at December 31, 2022
Cash	**13,656**	14,892
Receivables	**624,134**	193,338
Accounts payable	**376,744**	148,801
Loans payable	**814,652**	256,800
Exposure to foreign currency risk	**(553,606)**	(197,372)

A 5% increase in foreign exchange rates would increase the Company's exposure to foreign currency risk associated with its amounts receivable and payable to $591,134, whereas a 5% decrease would reduce it to $516,079. In management's judgment, the foreign currency risk associated with these amounts is not material to the Company's financial position or operations, given that the majority of the Company's consolidated operations and cashflows are in $US.

A 5% increase or decrease in foreign exchange rates would result in the Company's reported net loss and other comprehensive loss changing by approximately $66,619.

(c) *Credit risk*

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

The Company limits its exposure to credit risk on cash and restricted cash by placing these financial instruments with large financial institutions. Credit risk relating to trade receivable and overdue accounts receivable from customers are managed on a case-by-case basis.

At March 31, 2023, the Company has provided $23,330 (December 31, 2022 - $23,153) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. Please see Note 4 for discussion of the Company's provision for expected credit losses.

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

At March 31, 2023, there were approximately $319,000 outstanding invoiced accounts receivable aged more than 30 days. Approximately $193,000 of this amount was associated with the Owner involved in the contingency discussed above in Note 17.

(d) *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its financial obligations when due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansionary plans. At March 31, 2023, the contractual maturities of financial liabilities, including estimated interest payments, are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5+ years
Trade and other payables	$ 7,401,770	$ 7,401,770	$ 5,297,975	$ 1,618,793	$ 485,002	$ -
Project debt payable	28,595,049	48,549,576	2,859,446	2,546,436	17,981,105	25,162,589
Operating debt payable	2,994,541	3,286,101	1,740,297	79,205	237,614	1,228,985
Lease liabilities	23,901,414	82,673,078	629,881	2,157,302	8,151,349	71,734,546
	$ 62,892,775	**$ 141,910,525**	**$ 10,527,600**	**$ 6,401,736**	**$ 26,855,069**	**$ 98,126,120**

19. General and administrative expenses

	Three months ended March 31, 2023	2022
Salaries and benefits	**$ 1,637,371**	$ 1,002,502
Share-based compensation	**148,210**	115,002
Development costs	**127,229**	118,511
Corporate and office	**691,817**	303,619
Insurance	**37,819**	53,742
Travel and marketing	**71,003**	37,386
	$ 2,713,449	$ 1,630,762

20. Subsequent Events

On April 27, 2023, the Company closed a brokered private placement of 9% Green Bonds with an aggregate principal of $0.29 million CAD ($0.22 million USD), for gross proceeds of $0.28 million CAD ($0.21 million USD). The Green Bonds mature on June 30, 2027. Interest is payable semi-annually starting December 31, 2023 with the principal due at maturity. Commencing on July 1, 2026 and ending on the maturity date, the Company has the option to call the Green Bonds in return for payment of one additional month's interest. In connection with the private placement, the Company paid cash finders fees equal to 7% of the CAD tranche principal and issued 6,533 share purchase warrants to the agents. Each agents warrant has a strike price of CAD $1.5031 and expires 24 months after the issue date.

On April 19, 2023, the Company granted various employees a total of 409,000 options that vest equally November 15, 2023, 2024 and 2025, expire on June 30, 2026, and have a strike price of $1.24.

On April 19, 2023, the Company granted certain executives a total of 441,000 performance share units that vest equally over three years and are awarded based on the condition of certain performance metrics being met.

On May 17, 2023, the Company closed the financing of $6 million development capital facility that matures May 17, 2025 and bears interest at the Wall Street Journal prime rate + 3% adjusted quarterly.