UGE INTERNATIONAL LTD.

Management's Discussion and Analysis

For the Three Months ended March 31, 2023

CEO Message to Shareholders

Dear Shareholders,

As we work our way through 2023, UGE has begun to realize our vision as a renewable IPP (independent power producer) with a focus on distribution-level ("mid-scale") solar and energy storage facilities. We are building a valuable portfolio of projects providing strong investment returns and cash flow generation, which we expect will produce clean energy and recurring revenue for decades to come.

We trace our pivot to the IPP model to 2020. In 2023, as our project development portfolio matures, we are seeing 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 ("Notice to Proceed") on 12.8MW of projects across Maine, New York, and Maryland. When compared to our 2.3MW operating portfolio at the end of 2022, it highlights just how rapidly our growth is accelerating this year.

In our industry, a developer earns virtually the entire return between project origination and project NTP. We are therefore particularly excited about our significant increase in NTPs this year, and the value creation that represents, even before our income statement starts to show the impact of earning energy generation revenue after commercial operations begin.

I am proud of the work our team is doing, as we originate, develop, finance, own, 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 2022's Inflation Reduction Act (IRA) providing a 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 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

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 project backlog continues to grow steadily, and our team is focused on enhancing our processes for scalable long-term growth. In 2023 we are targeting the addition of another 100MW of project backlog and are well on our way with 89.6MW added to today's date in 2023, while we also work towards a point in the near future where we will also reach commercial operation ("COD") on 100MW per year.

As our portfolio matures, our cash profile is also expected to change significantly, as we earn developer fees from completing our projects. We hope and expect that 2023 will allow us to demonstrate the portfolio value we believe we are building.

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 distribution-level 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
May 24, 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 months ended March 31, 2023 and is prepared as of May 24, 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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 (the "Interim Financial Statements") and the audited consolidated financial statements for the year ended December 31, 2022 (the "Audited Consolidated Financial Statements"), 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 2022. 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 771,537 share 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 3,230,688 common shares, and 735,333 Performance Share Units and 340,000 Deferred Share Units, each convertible to one common share upon vesting. The Company also has outstanding convertible debentures with a face value of CAD $2.0 MM, which are convertible into 1,111,111 common shares. Please see *Note 15 Share Capital* in the Interim 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 distribution-level energy facilities 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, owning, and operating solar facilities as it 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 eight operational facilities in the United States as of March 31, 2023. UGE is focused on continued growth of its project portfolio, including through realization of its project development backlog, which stood at 313MW as of March 31, 2023.

Today, UGE primarily develops, builds, finances, owns, 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 Project Backlog Highlights*

				Q1 2023		Q1 2022		Q4 2022	
				#	KW	#	KW	#	KW
Pipeline		**Pre-commitment Stages 1-2**							
		Identified leads qualified/initial negotiations							
			Total	**351**	**2,629,332**	280	1,048,021	352	2,380,934
Development and Deployment		**Early Secured Stage 3.0**							
		Real estate secured/material feasibility O/S		**30**	**475,596**	30	176,132	19	105,290
	Backlog	**Secured Stage 3.1**							
		Real estate secured/material feasibility items determined	**US**	**63**	**287,728**	33	129,452	51	235,107
		Secured Stage 3.2							
		Interconnection study completed	**US**	**8**	**10,270**	4	5,484	9	14,488
		Secured Stage 3.3							
		Agreements finalized/ permits obtained	**US**	**1**	**3,552**	–	–	6	9,411
		Ready to Build Stage 4							
		Fully contracted and scheduled/financing secured	**US**	**–**	**–**	–	–	1	1,040
		NTP Declared Stage 4.1							
			US	**6**	**10,051**	–	–	–	–
		Construction Stage 5							
		Under construction	**US**	**1**	**1,040**	3	1,463	–	–
		Total Backlog		**79**	**312,641**	40	136,399	67	260,046
		Total Development and Deployment		**109**	**788,237**	70	312,531	86	365,336
Operational		**Operating Stage 6**							
		Generating power							
			Total	**8**	**3,758**	**4**	**896**	**7**	**2,326**

* 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	
	Q1 2023	**Q1 2022**
Energy Production (KWh)	**730,325**	173,318
Installed energy generation capacity (KW)	**3,758**	896
GROSS PROFIT		
EPC Revenue	**$ 107,786**	$ 178,339
Cost of goods - EPC	**71,592**	105,623
Gross profit - EPC	**36,194**	72,716
Gross profit % [1]	**34%**	41%
Engineering services revenue	**306,694**	141,551
Cost of goods - engineering services	**221,790**	96,875
Gross profit - engineering services	**84,904**	44,676
Gross profit % [1]	**28%**	32%
Energy generation revenue	**107,253**	44,046
Cost of goods - energy generation	**14,399**	6,651
Gross profit - energy generation	**92,854**	37,395
Gross profit % [1]	**87%**	85%
TOTAL GROSS PROFIT	**213,952**	154,787
OPERATING COSTS AND EXPENSES		
General & administrative	**2,713,449**	1,630,762
Expected credit losses & bad debt expense	**33,022**	2,441
Depreciation and amortization	**84,275**	19,661
TOTAL OPERATING COSTS AND EXPENSES	**2,830,746**	1,652,864
OPERATING LOSS	**(2,616,794)**	(1,498,077)
OTHER EXPENSES (INCOME)		
Financing expenses	**588,309**	102,548
Other (income) expense	**(378,593)**	(39,988)
TOTAL OTHER EXPENSES (INCOME), NET	**209,716**	62,560
LOSS BEFORE TAX	**(2,826,510)**	(1,560,637)
Income tax expense (recovery)	**-**	22
NET LOSS FOR THE PERIOD	**$ (2,826,510)**	$ (1,560,659)
ADJUSTED NET LOSS [1]	**$ (2,833,067)**	$ (1,566,406)
ADJUSTED EBITDA [1]	**$ (2,159,468)**	$ (1,329,173)

[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 the first quarter of 2023, UGE grew its develop/build/finance/own/operate business by growing its pipeline and project development backlog, adding projects to its operational portfolio, and solidifying its schedule for construction. The Company also continued to move towards final completion of the remaining projects associated with its legacy EPC business.

As previously noted, this shift in the Company's business model 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 will continue to 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 growth of energy generation revenue is demonstrated above. UGE's energy generation revenue increased 143%, to $107K, in the three months ended March 31, 2023 as compared to the same period of 2022, as the installed capacity increased from 896kw DC to 3,758 kw DC by the end of the current quarter. As UGE grows towards its goal of 100MW of installed capacity, energy generated in a given period will be predominantly impacted by installed capacity with seasonality and other factors also having an effect.

EPC revenue decreased 40% to $108K, as the Company closes out its remaining contracts. The engineering services business recorded revenue growth of 117% with a 28% gross margin compared to a 32% margin in Q1 2022. Management expects that this third-party revenue will level out as the Company focuses the efforts of its Engineering Services team on its owned 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 Q1 2023, the right-of-use assets and lease liabilities increased approximately 10.5% and 10.9% respectively, as a result of adding net seven leases in the quarter. 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.

To summarize, key financial results in Q1 2023 included:

- Ended Q1 2023 with 3.8 MW of operating assets that contributed $107.3K of energy generation revenue with an 87% gross margin, representing an increase of 143% in recurring revenue over the prior year. UGE is in the early stages of scaling its operational portfolio, which will see recurring revenue become the Company's dominant source of revenue over time.

- Realized total revenue of $521.7K, representing growth of 43% over the same period of 2022. Total gross margins were 41% compared with 43% in 2022, remaining relatively consistent across the three business lines.

- The net loss and adjusted net loss for the quarter was $2.8 MM, compared with $1.6 MM for the same quarter of 2022, as a result of continued investment in developing UGE's project portfolio. UGE is currently developing a significant volume of projects; losses will continue until a greater share of the Company's portfolio has reached commercial operations. The change was primarily driven by increased headcount, development and financing expenses as the Company develops its growing portfolio.

- Cash used in operations was $0.4 MM and the cash balance at March 31, 2023 was $4.2 MM.

Key business highlights in Q1 2023 included:

- UGE reached commercial operation on one project with 1,432kW in rated capacity bringing its total to 3,758KW at March 31, 2023. Installed capacity is now four times the installed capacity as at the same time in 2022.

- Achieved NTP on 10.1MW of projects, a record for the Company as a greater volume of projects in the Company's backlog begin to reach construction.

- Grew the project backlog to 313 MW compared with 135 MW on March 31, 2022.

- Continued the Company's Green Bond fundraising initiative, closing face value $1.4MM CAD ($1.1MM US) of bonds in Q1 2023 and a further face value $0.29 MM CAD ($0.21 MM US) on April 27, 2023.

- Progressed the sale of our Philippines projects as we focus project development and ownership efforts on the robust U.S. market.

As UGE continues to scale, recurring revenues from operating solar facilities are expected to become the dominant revenue source for the Company, as noted above. At the same time, 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. Accordingly, UGE has prepared going concern disclosures; see *Note 2(b) Going Concern* in the Audited Consolidated Financial Statements and *Note 2 (b) Going Concern* in the Interim 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 project backlog of at least 100MW in 2023, as the Company works towards achieving sufficient scale as to annually develop and deploy 100MW of projects to commercial operation.

Project Backlog

The Company believes it is important to analyze UGE's pipeline of solar facilities as a measure of its 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, 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" ("project backlog"). The project 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 project 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 Project 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.

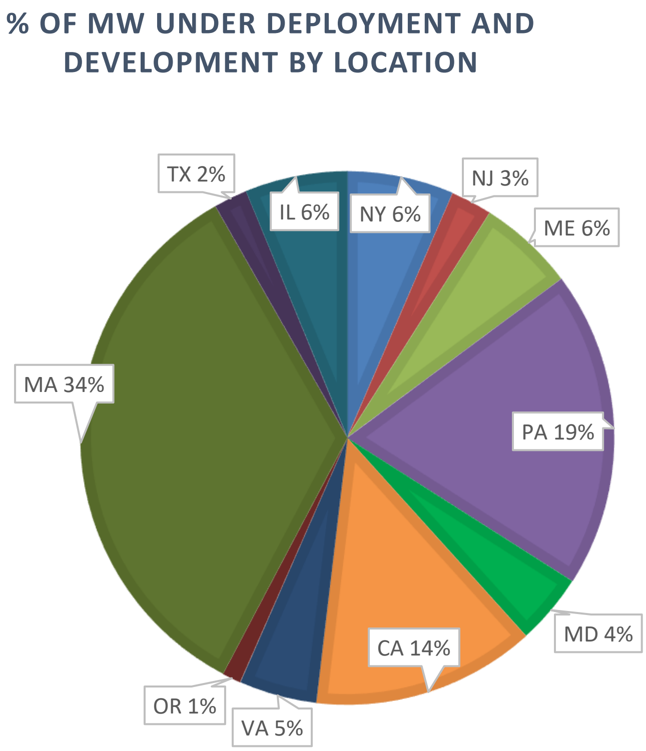
The following table provides information on the Company's project backlog at March 31, 2023:

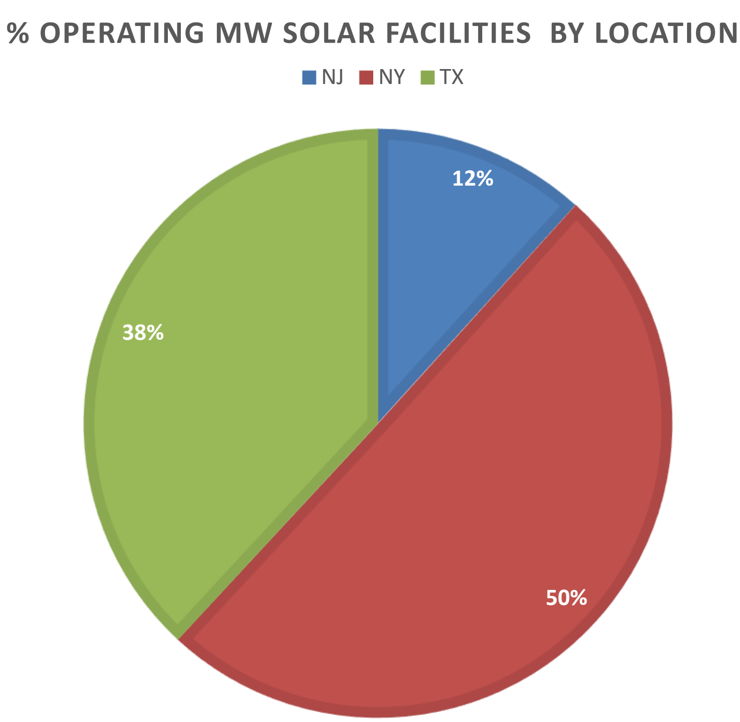
	Number of Projects			Capacity kW			Average Annual Revenue		
	Q1 2023	Q1 2022	Q4 2022	**Q1 2023**	Q1 2022	Q4 2022	**Q1 2023**	Q1 2022	Q4 2022
Secured Stage 3.1	**63**	33	51	**287,728**	129,452	235,107	**58,612,160**	20,558,211	48,418,079
Secured Stage 3.2	**8**	4	9	**10,270**	5,484	14,488	**2,261,778**	947,032	2,848,371
Secured Stage 3.3	**1**	-	6	**3,552**	-	9,411	**592,600**	-	2,159,565
Project financing completed Stage 4	**–**	-	1	**-**	-	1,040	**-**	-	224,449
NTP declared Stage 4.1	**6**	-	-	**10,051**	-	-	**2,798,296**	-	-
Construction Stage 5	**1**	3	-	**1,040**	-	-	**287,200**	430,572	-
Total Backlog	**79**	40	67	**312,641**	134,936	260,046	**64,552,034**	21,935,815	**53,650,464**
Operating Stage 6	**8**	4	7	**3,758**	896	**2,326**	**856,370**	218,166	**687,568**
Total Backlog + Operating	87	44	74	**316,399**	135,832	262,372	**65,408,404**	22,153,981	**54,338,032**

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 March 31, 2023, the Company has increased its project backlog capacity to 312.6 MW, with expected average annual revenue of $64.55 MM. Project backlog capacity has increased 132% from 134.9 MW at the end of Q1 2022.

The Company is seeing its portfolio diversification strategy begin to take hold. At the end of Q1 2022, UGE was most active in Maine, New York, and Pennsylvania, while at the end of Q1 2023, 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 project 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 development and 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 project 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 project backlog will enter construction (Stage 5) in 2023.

The value of the project backlog and when it is expected to begin and complete construction are shown below:

	Size (kW DC)	NTP Date Range	COD Date Range	Facility Life (Years)	Program Life (Years)	Average Annual Facility Life Revenue *	Average Annual Program Life Revenue *	Project Value *
Total U.S. Backlog (Stages 3.1-5):	312,641	Dec 22 to Jan 28	May 23 to Nov 28	20-35 years	20-30 years	$53,650,464	$64,529,918	$669,474,636

**** Both measures of average annual revenue in this table as well as Project Value are Non-GAAP measures that do not have standard definitions under IFRS, are not reconcilable to IFRS measures, and may not be comparable to other companies. Please see the Non-GAAP Measures section for more details***

2023 Q1 Earnings Review

	Three months ended March 31, 2023	2022
REVENUE	**$ 521,733**	$ 363,936
COST OF GOODS	**307,781**	209,149
GROSS PROFIT	**213,952**	154,787
OPERATING COSTS AND EXPENSES		
General and administrative	**2,713,449**	1,630,762
Expected credit losses & bad debt expense	**33,022**	2,441
Depreciation and amortization	**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	**588,309**	102,548
Other expense (income)	**(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	**$ (0.09)**	$ (0.05)
WEIGHTED AVERAGE NUMBER OF SHARES	**32,904,992**	32,241,492

Revenue and Gross Profit

Revenue and Gross Profit comprise the following:

	Three months ended March 31,	
	2023	**2022**
GROSS PROFIT		
EPC revenue	**$ 107,786**	$ 178,339
Cost of goods - EPC	**71,592**	105,623
Gross profit - EPC	**36,194**	72,716
Gross profit %	**34%**	41%
Engineering services revenue	**$ 306,694**	$ 141,551
Cost of goods - engineering services	**221,790**	96,875
Gross profit - engineering services	**84,904**	44,676
Gross profit %	**28%**	32%
Energy generation revenue	**$ 107,253**	$ 44,046
Cost of goods - energy generation	**14,399**	6,651
Gross profit - energy generation	**92,854**	37,395
Gross profit %	**87%**	85%
REVENUE	**521,733**	363,936
COST OF GOODS	**307,781**	209,149
GROSS PROFIT	**$ 213,952**	$ 154,787
Gross profit %	**41%**	43%

The first quarter of 2023 saw the Company progress to closing out its previously contracted EPC projects. Overall gross margins averaged 41% in the first three months of 2023 including 34% from EPC revenue, 28% from engineering services, and 87% from energy generation.

Energy generation revenue is earned from both the sale of electricity generated and the sale of renewable energy credits. At the end of March 2023, the Company had 3.8MW of generation capacity online earning revenue in this manner, across eight 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

	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

General and administrative costs include salaries and benefits, non-capitalizable development expenses, corporate expenses, insurance, travel, marketing, and non-cash share-based compensation expenses. Quarter over quarter, the main driver of the increase in general and administrative costs is related to salaries and benefits which were $1.6 MM in Q1 2023 compared to $1.0 MM in Q1 2022, representing a 63% increase arising from the Company moving from 47 to 74 employees and contractors between March 31, 2022 and March 31, 2023. This scaling was also evident in corporate expenses and travel and marketing, which saw increases of 128% and 90% respectively. Share based compensation increased by 29% and is related to market valuations at the time of the grant together with the period of the amortization. The increase partially relates to Q1 2023 inclusion of expenses associated with grants that were made at the end of 2022. 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 receivable, 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 attributable to the EPC and engineering lines of business. Q1 2023 and 2022 results were as expected.

Depreciation and amortization includes the amortization of operating solar facilities and right-of-use assets associated with lease liabilities. During development and construction, depreciation of the right-of-use assets corresponding to leased land or rooftops is capitalized to deferred project development costs and solar facilities under construction, with the expense recognition delayed until the solar facility becomes operational. The increase quarter over quarter is the result of four additional facilities becoming operational between March 31, 2022 and March 31, 2023.

Financing Costs

	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

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 and the Company's Green Bonds 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 assets referenced above.

Other 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	**(31,935)**	(1,379)
	$ (378,593)	$ (39,988)

In Q1 2023, the Company entered an interest rate swap in connection with the financing of a portfolio of projects. The fair value of the swap at inception was recorded on the statement of financial position with its offset to other income. As expected, with the growing portfolio of operational assets, the tax equity allocations and preferred returns have increased quarter over quarter from $32.8K to $192.9K.

Q1 2023 Financial Position Review

	As at			
	31-Mar-23		31-Dec-22	
ASSETS				
Cash	$	**4,218,077**	$	2,090,576
Restricted cash		**84,038**		82,349
Trade and other receivables		**2,708,594**		1,346,401
Construction in progress		**5,324,967**		1,886,117
Solar facilities in use		**5,417,815**		3,893,142
Right-of-use assets		**23,346,538**		21,121,968
Project development costs		**6,027,030**		4,921,502
Prepaid non-current project costs		**5,416,144**		1,437,568
Other assets		**2,611,307**		1,003,997
Total assets	$	**55,154,510**	$	37,783,620
LIABILITIES AND EQUITY (DEFICIT)				
Trade payables and accrued liabilities	$	**5,297,977**	$	2,820,466
Deferred revenue		**157,783**		237,608
Operating debt		**2,994,541**		2,551,116
Project debt		**28,595,049**		14,692,032
Tax equity liabilities		**2,429,869**		1,813,342
Lease liabilities		**23,901,414**		21,553,621
Other non-current liabilities		**2,168,938**		1,884,319
Total liabilities		**65,545,571**		45,552,504
Equity (deficit)		**(10,391,061)**		(7,768,884)
Total liabilities and equity (deficit)	$	**55,154,510**	$	37,783,620
Working capital (deficit)	$	**(2,982,902)**	$	(1,871,730)

Cash and restricted cash

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

Trade and other receivables

Trade receivables and other receivables fluctuate with business activity. Unbilled revenue decreased from $364K at the end of 2022 to $227K March 31, 2023 as a result of timing of completed billing milestones compared to the percentage of completion of EPC projects. Trade receivables increased by $1.48 MM due to project funding for specific payables, which was approved in March and received in early April.

The Company has provided $23K (December 2022 - $23K) 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 and project development costs

	Solar facilities in use		Solar facilities under construction		Project development costs
Three months ended March 31, 2023					
Balance - beginning of period	$	3,893,142	$	1,886,117	$ 4,921,502
Additions		1,586,717		2,657,658	1,964,052
Disposals		-		-	-
Transfers to solar facilities under construction		-		781,192	(781,192)
Transfers to solar facilities in use		-		-	-
Transfers to land		-		-	(31,860)
Impairment		-		-	(45,472)
Depreciation		(62,044)		-	-
Foreign exchange differences		-		-	-
Balance - end of period	**$**	**5,417,815**	**$**	**5,324,967**	**$ 6,027,030**
As at March 31, 2023					
Cost	$	5,629,842	$	5,324,967	$ 6,027,030
Accumulated depreciation		(212,027)		-	-
Net carrying amount	**$**	**5,417,815**	**$**	**5,324,967**	**$ 6,027,030**

During Q1 2023, the Company completed a purchase of one solar facility in Smithville TX; $1.59MM of the purchase price was allocated to solar facilities with the remainder being attributed to its power purchase agreement (“PPA”) and allocated to intangible assets. There were 10.1MW of development projects that had their NTP declared in Q1 2023 resulting in the move of $0.8 MM of project development costs to solar facilities under construction. The remaining project development costs are primarily associated with the 13.8MW of project backlog that have progressed to stages 3.2 and 3.3; as origination and development activities accelerate, the capitalized amounts are also expected to increase. 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.

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 10* of the Interim Financial Statements and *Note 13* in the Audited Consolidated Financial Statements for more information.

Trade payables and accrued liabilities

Trade payables and accrued liabilities generally fluctuate with business activities. The increase from December 31, 2022 is largely due to timing of payments and increased level of project development activity in addition to the $1.7MM sellers note associated with the purchase of the project in Smithville TX.

Operating debt

Short and long term operating debt increased $443K between December 31, 2022 and March 31, 2023 predominantly as a result of $425K of short term financing secured for working capital purposes with the remainder essentially associated with accretion of existing loans.

Project debt and tax equity financing

PROJECT DEBT	Maturity	Contractual Rate		As at March 31, 2023		As at December 31, 2022
UGE International						
Green Bonds	Mar-26	8%	$	**1,987,420**	$	1,977,628
Green Bonds	Jun-26	8%		**1,356,848**		1,335,952
Green Bonds	Sep-26	8%		**239,034**		237,046
Green Bonds	Dec-26	9%		**5,142,003**		4,988,683
Green Bonds	Jun-27	9%		**843,810**		-
UGE USA and its subsidiaries						
Construction and development financing		9.25%-20.00%		**13,658,847**		2,421,487
Operating project debt	2029	5.5%-10.0%		**5,004,479**		3,300,330
Tax equity financing				**2,429,869**		1,813,342
UGE Project Holdco.						
Green Bonds	Oct-23	7.0%		**362,608**		359,970
Green Bonds	Jan-25	7.0%		**-**		70,936
Total			$	**31,024,918**	$	16,505,374
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.**

Project debt includes development capital directly associated with projects together with construction financing for solar facilities under construction and long-term debt associated with operating solar facilities. These balances will generally increase in line with the growth in the Company's solar facilities and has increased $14.5 MM in Q1 commensurate with the acquisition of the project in Smithville TX together with the progression to construction for 10.1MW of projects.

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. During the three months ended March 31, 2023, additional investments by TEI resulted in this component of project debt increasing by net $0.6 MM.

Deficit

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

The Company's accumulated deficit was $10.4MM at March 31, 2023 versus a deficit of $7.8MM at December 31, 2022. This increase is reflective of the net loss for the quarter year offset by an increase of $189K related to the net impact of stock option exercises and share-based compensation. Please see *Note 15 Share Capital* in the Interim Financial Statements for more information.

Liquidity and Capital

	Three months ended			
	31-Mar-23		31-Mar-22	
OPERATING ACTIVITIES				
Cash and cash equivalents used in operating activities	**$**	**(404,870)**	$	(709,458)
FINANCING ACTIVITIES				
Cash and cash equivalents provided by financing activities	**$**	**11,795,482**	$	830,437
INVESTING ACTIVITIES				
Cash and cash equivalents used in investing activities	**$**	**(9,254,010)**	$	(1,036,611)
Effects of changes in foreign exchange rates on cash and cash equivalents	**$**	**(9,101)**	$	(8,135)
Net increase (decrease) in cash and cash equivalents		**2,127,501**		(923,767)
Cash and cash equivalents, beginning of period	**$**	**2,090,576**	$	1,251,562
Cash and cash equivalents, end of period	**$**	**4,218,077**	$	327,795

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. While a going concern risk remains, the Company's cash position has improved during Q1 2023 through its Green Bond issuances and project financings.

Cash flow from operations

In Q1 2023, the Company generated negative cash flow from operating activities of $405K which is almost entirely associated with its net loss of $2.8 MM after adjusting for non-cash expenditures and, in particular, $2.1 MM changes in working capital.

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 Q1 2023 included cash inflows of $11.2 MM from project (including Green Bond) financings, $0.77 MM from tax equity investments and $0.04 MM related to warrants issued and options exercised. The Company made $0.06 MM in lease payments and made $103K of repayments on certain debt arrangements, primarily those related to operating facilities.

Investing activities

Investing activities reflect the Company's capital costs for solar facilities, including the upfront development costs. In Q1 2023, there was $0.23 MM recognized for the sale of an easement on land that the Company acquired in the quarter.

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 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

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
In $000s except per share information								
Operations								
Energy production (KWh)	**234,680**	**295,155**	**140,206**	**173,318**	**346,624**	**528,417**	**330,127**	**730,325**
Installed energy generation capacity at end of quarter (KW)								
United States	**900**	**995**	**896**	**896**	**1,623**	**2,363**	**2,326**	**3,758**
Revenue								
EPC	$ 487	$ 427	$ 979	$ 178	$ 393	$ 1,456	$ 722	**$ 108**
Engineering services	$ 36	$ 34	$ 151	$ 142	$ 106	$ 199	$ 286	**$ 307**
Energy generation	$ 52	$ 69	$ 40	$ 44	$ 81	$ 142	$ 84	**$ 107**
Total revenue	**$ 575**	**$ 530**	**$ 1,171**	**$ 364**	**$ 580**	**$ 1,797**	**$ 1,091**	**$ 522**
Loss from operations	$ (1,006)	$ (1,354)	$ (1,074)	$ (1,498)	$ (1,570)	$ (1,214)	$ (1,920)	**$ (2,617)**
Net loss	**$ (802)**	**$ (1,335)**	**$ (952)**	**$ (1,561)**	**$ (1,439)**	**$ (1,483)**	**$ (2,965)**	**$ (2,827)**
Net loss per share								
basic and diluted	**($0.03)**	**($0.04)**	**($0.03)**	**($0.05)**	**($0.04)**	**($0.05)**	**($0.09)**	**($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 requirements to develop and build operating assets, 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.

In Q1 2023, 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 March 31, 2023, the total carrying amounts of the respective tax equity financing liabilities were $182K and $52K 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 March 31, 2023 the lease liability associated with this lease is $180K 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 March 31, 2023, 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	$ 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**

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 together with short term working capital facilities. Please see *Note 14* in the Audited Consolidated Financial Statements and *Note 11* in the Interim 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 $262K and on March 16, 2023, the Owner provided a letter terminating the EPC contract. Since December 31, 2022, the Company has recognized no further amounts 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.

Off Balance Sheet Arrangements

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

Financial Instruments

The Company's exposure to financial instruments includes the cash and restricted cash it holds, accounts payable, accounts receivable excluding HST and VAT, and operating and project debt including tax equity financing. The Company has hedged its interest rate risk associated with one project portfolio financing but otherwise does not currently hedge its financial risks with derivative instruments or hold an investment portfolio. Please see *Note 21* of the Audited Consolidated Financial Statements and *Note 18* of the Interim 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 March 31, 2023, the Company has provided $23K (December 31, 2022 - $23K) for expected credit losses on its trade and accounts receivables, unbilled revenue and notes receivable. At March 31, 2023, there were approximately $319K in outstanding accounts receivable aged more than 30 days. Approximately $193K of this amount was for the Owner associated with the contingency noted in *Note 17* of the Interim Financial Statements.

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 March 31, 2023 the Company had cash and cash equivalents of $4.2 MM, restricted cash of $84K, and a working capital deficiency of $3.0 MM. 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 project 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. Please refer to the Company's *Management's Discussion and Analysis for the Fourth Quarter and Year Ended December 31, 2022* (the "2022 MD&A"), which is available on the Company's website and at www.sedar.com , for a complete discussion of the Company's risks and uncertainties.

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.

The Company's going concern risk, and any other risks that update the information in the 2022 M&DA, are discussed below:

Going concern risk

The Interim Financial Statements have been prepared assuming the Company will continue as a going concern. The Company had negative working capital of \$3.0MM at March 31, 2023 and for the three months ended March 31, 2023, the Company had a consolidated net loss of \$2.8 MM, negative cash flow from operations of \$0.40MM, and it has an accumulated deficit of \$44.7 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. The Company's Interim Financial Statements and Audited 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.

Sales risk

Under the Company's develop/build/own/operate model, there are generally two types of customers; 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, replacement of non-paying subscribers, and, in some cases, creditworthiness parameters. There is a risk that these contractors do not fulfill their obligations resulting in decreased revenue for the Company.

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 Audited Consolidated Financial Statements for more information on critical accounting assumptions, judgments and estimates.

Significant Accounting Policies

Please refer to *Note 3* of the 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 unaudited consolidated condensed interim financial statements for the three months ended March 31, 2023 (the "Interim Financial Statements") 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 three months ended March 31, 2023 and all material subsequent activity up to May 24, 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.

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

***Average Annual Revenue Program Life* –** is the undiscounted average annual revenue from the sale of electricity generated and renewable energy credits over the duration of community solar programs applicable to the project.

***Project Value* –** is the net present value of the project over its 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, users 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 users 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.

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income (loss)	$ (801,986)	$ (1,334,802)	$ (952,219)	$ (1,560,659)	$ (1,439,414)	$ (1,483,000)	$ (2,964,823)	**$ (2,826,510)**
Adjust for non-core items:								
Gains on debt settlements	(17,452)	5,925	(208,866)	-	-	-	-	**-**
COVID relief income	(234,852)	(99,096)	(70,348)	(5,747)	(2,574)	(7,059)	(6,556)	**(6,557)**
Adjusted net loss	(1,054,290)	(1,427,972)	(1,231,433)	(1,566,406)	(1,441,988)	(1,490,059)	(2,971,379)	**(2,833,067)**
Adjust for non-cash items:								
Net finance expense	73,870	77,294	64,441	102,548	212,292	265,620	517,148	**588,309**
Fair value adjustments on interest rate swaps	-	-	-	-	-	-	-	**(147,194)**
Income tax expense (recovery)	3,935	7,806	(174,515)	22	4,265	-	(4,287)	**-**
Depreciation and amortization	13,436	14,687	25,398	19,661	22,801	36,183	48,915	**84,275**
Share-based compensation	120,018	152,334	275,685	115,002	134,871	50,788	124,349	**148,210**
Adjusted EBITDA	$ (843,031)	$ (1,175,852)	$ (1,040,424)	$ (1,329,173)	$ (1,067,759)	$ (1,137,468)	$ (2,285,254)	**$ (2,159,467)**
Basic and diluted earnings (loss) per share	($0.03)	($0.04)	($0.03)	($0.05)	($0.04)	($0.05)	($0.09)	**($0.09)**
Basic and diluted adjusted earnings (loss) per share	($0.03)	($0.05)	($0.04)	($0.05)	($0.04)	($0.05)	($0.09)	**($0.09)**