Universal PropTech Inc.

(formerly SustainCo Inc.)

Management's Discussion and Analysis

For the Year ended August 31, 2021

Introduction

The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Universal PropTech Inc. (formerly SustainCo Inc.) ("UPI", "we" or the "Company") as at and for the year ended August 31, 2021. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A is supplemental to and should be read in conjunction with the Company's consolidated financial statements and related notes for the years ended August 31, 2021 and 2020 (the "2021 Financials"). The 2021 Financials and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise.

This MD&A also covers the subsequent period up to December 10, 2021.

Description of Business

UPI was incorporated under the *Canada Business Corporation Act* on August 22, 2008. The address of the Company's corporate office is 1 Royal Gate Blvd., Suite D, Vaughan, Ontario, Canada, L4L 8Z7. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the ticker symbol "UPI". The Company's common shares are also listed in the United States (the "U.S.") on the OTCQB Venture Market ("OTC") under the ticker symbol "UPIPF", and in Germany on the Frankfurt Stock Exchange ("FSE") under the ticker symbol "8LH".

UPI is a building innovation company, selecting, integrating, deploying, and maintaining proptech technologies ("PropTech") aiming to deliver customer-centric healthy building solutions and services. The Company conducts its operations through its wholly-owned subsidiary, VCI Controls Inc. ("VCI"). VCI is a supplier of building technologies and services that improve comfort, safety, energy efficiency, and occupant productivity, including the integration of all building systems utilizing the latest in communications technologies and standards. VCI's service offering is focused on delivering solutions in digital controls, mechanical services, performance monitoring, and energy efficiency solutions. Founded in 1981, VCI has an installed customer base of over 1,400 clients, including the National Art Gallery of Canada, and the Billy Bishop Airport in Toronto.

Headquartered in Toronto, UPI has offices across Canada, including Halifax, Montreal and Ottawa.

Corporate Developments

On November 10, 2020, the Company held its annual general & special meeting ("AGM") of shareholders. Christopher Hazelton, the Company's Chief Executive Officer ("CEO"), Al Quong and Daniel Cohen were elected to the board of directors (the "Board"). Shareholders also approved the name change to "Universal PropTech Inc.", which was effective on November 27, 2020.

On November 16, 2020, the Board approved the formation of an advisory board (the "Advisory Board"), which will focus on identifying and assessing the development and integration of PropTech solutions, as well as acquisition targets. Adam Szweras, a former director of UPI, was appointed to the Advisory Board. Mr. Szweras has extensive experience structuring and executing on cross border acquisitions and has a focus on working with emerging companies.

On November 23, 2020, the Company announced that it has entered into a collaboration and commercialization agreement with Delta-X Global Corp. ("Delta-X") to test and bring Delta-X's proprietary face and temperature recognition software technology to market, as part of an integrated approach to stopping the spread of the coronavirus ("COVID-19"). Delta-X products are being integrated into building control systems of the Company's customers, providing a more holistic healthy building environment.

On December 1, 2020, the Company's common shares commenced trading on the TSX-V under its new ticker symbol "UPI".

On December 1, 2020, Frank Carnevale was appointed as Chief Growth Officer ("CGO") of the Company. A former Chief Operating Officer of UPI, Mr. Carnevale is focusing on acquisitions, investments, organic growth strategies and execution to improve the overall value of the Company.

On December 9, 2020, the Company announced its new strategic direction, as first described in its press release dated October 5, 2020, has been more fully articulated in its updated investor presentation, "Capitalizing on Our Strengths" (see "Outlook and Strategy" for more details).

On December 18, 2020, Robert Daniels was appointed to the Advisory Board. Mr. Daniels has over 30 years of experience in substantial ventures in real estate and land development, commercial property investment and renewable power, and will support UPI's efforts in investments and acquisitions of PropTech companies.

On January 25, 2021, the Company announced the signing of a Canadian distribution agreement with Fresh-Aire UV to carry its air purification systems to help combat SARS-CoV-2 in schools, colleges, universities, government facilities and long-term care facilities.

On January 27, 2021, the Company announced the signing of an international reseller agreement with Clean Air Group d/b/a AtmosAir Solutions, for bi-polar ionization technology to help mitigate against the strain of COVID-19, and other viruses and bacteria, in schools, colleges, universities, government facilities and long-term care facilities.

On February 1, 2021, the Company entered into a distributor agreement with Air Alpine Innovation Research Inc. ("Air Sniper") to promote and market Air Sniper products (see "Outlook and Strategy" for more details).

On February 3, 2021, the Company entered into a channel partnership agreement with SensorSuite Inc. ("SensorSuite") to deliver SensorSuite's Artificial Intelligence ("AI") Energy Cloud Ecosystem ("ECE") platform (see "Outlook and Strategy" for more details).

On February 5, 2021, the Company entered into an agreement with LuminUltra Technologies Ltd. ("LuminUltra") to deploy their GeneCount Rapid SARS-CoV-2 surface testing solution for UPI's customers (see "Outlook and Strategy" for more details).

On February 18, 2021, the Company acquired a minority interest in ISBRG Corp. ("ISBRG") for $1,000,000 (see "Outlook and Strategy" for more details).

On March 1, 2021, UPI's common shares began trading on the FSE, under the ticker symbol "8LH".

On March 16, 2020, David Berry was appointed to the Advisory Board. Mr. Berry is a renowned capital markets professional in Canada who previously presided to record-setting institutional equity trading at a reputable financial institution. His expertise will support UPI's efforts in investments and acquisitions of PropTech and related services.

On April 21, 2021, UPI's common shares also began trading on the OTC, under the ticker symbol "UPIPF".

On May 18, 2021, the Company, through VCI, has executed a services agreement with a Canadian HVAC asset company ("HVAC Company") to provide HVAC installation and services for commercial and residential customers in Southern Ontario. The HVAC Company serves millions of customers with rental HVAC assets and services.

On June 4, 2021, the Company announced that it is expanding the distribution of Air Sniper products across Canada and exploring sales into the U.S. UPI and Air Sniper have agreed under a revised distribution agreement, which will expand the Company's geographic reach, to international markets for indoor air quality ("IAQ") products and enable the Company to have additional options in IAQ equipment.

On June 10, 2021, Elizabeth McDonald and Dwayne Matthews were appointed to the Advisory Board. Ms. McDonald, the former President of the Canadian Energy Efficiency Alliance and the Canadian Solar Industries Association, will advise on the Building Performance and Energy Resources divisions, among other corporate initiatives. Mr. Matthews, a Chief Innovation Evangelist and Future of Education Strategist for school boards, educators and parents, will be advising on innovation and sustainability within the education sector across North America.

On June 15, 2021, the Company announced that VCI received purchase orders for approximately $1.2 million from a Southern Ontario school board, for a range of mechanical installations, expected to be completed by Q1 Fiscal 2022.

On June 21, 2021, the Company entered into a distribution agreement with a new partner, Sustainable Tech Inc., to distribute Air Sniper's IAQ products to its 2,400-dealer network across Canada.

On June 21, 2021, the Company held its 2021 AGM. Messrs. Hazelton, Quong and Cohen were all re-elected as directors.

On June 24, 2021, VCI received additional purchase orders for approximately $750,000 for mechanical work for certain customers in Ontario, which included services for large municipalities in the province.

On July 2, 2021, the Company entered into an agreement with a new partner, Alps Controls Inc. ("Alps Controls"), to distribute Air Sniper's IAQ products on its online marketplace, alpscontrols.com, for HVAC and building automation controls to its over 3,000 HVAC contractors, control system integrators and higher education customers across the U.S.

On July 6, 2021, the Company entered into a distribution agreement with Piera Systems Inc. to market, sell and distribute its Canāree™ family of IAQ monitoring products in Canada and U.S.

On July 15, 2021, the Company entered into a systems integrator agreement with Strato Automation Inc. ("Strato") to be an official systems integrator of Strato building automation products, systems and cloud solutions in Ontario.

On July 19, 2021, the Company presented its vision update "Unleashing The Value From Energy" and announced that it had entered into a consortium agreement to develop energy resources.

On July 20, 2021, the Company entered into a partnership agreement with En-Powered Inc. to provide AI-driven energy savings to customers.

On July 21, 2021, the Company signed a letter of intent to acquire assets of Energex Group, a microgrid energy services company.

On July 22, 2021, the Company entered into a partnership agreement with Laken and Associates Inc. o/a Termobuild to non-exclusively market low-carbon energy solution.

On August 4, 2021, the Company announced that it has secured the eligibility for clearing and settlement of its common shares through the Depository Trust Company ("DTC"), which manages the electronic clearing and settlement of publicly traded companies in the U.S. Through an electronic method of clearing securities, DTC eligibility simplifies the process of trading and transferring UPI's common shares between brokerages in the U.S.

On October 14, 2021, the Company announced that VCI was awarded service contracts and project work in Building Automation Systems for approximately $1 million in September.

On November 10, 2021, the Company announced advancements with IAQ monitoring, and an update regarding ISBRG. Back in July 2021, the Company announced an agreement to integrate IAQ monitoring devices into UPI's Building Automation Systems ("BAS"). Initial integration with UPI's BAS will be complete before end of 2021. The IAQ monitoring devices use Intelligent Particle Sensors along with algorithms and artificial intelligence to identify a range of particulate matter from Indoor Sources from 10 microns down to 0.1 microns.

Financing Activities

On January 11, 2021, the Company completed an over-subscribed non-brokered private placement (the "Offering") of 4,027,779 units of the Company ("Units") at a price of $0.21 per Unit, for gross proceeds of $845,834. Each Unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share at a price of $0.30 for a period of two years from the date of issuance. The Company intends to use the net proceeds of the Offering to establish new business lines and for general working capital purposes.

During the year ended August 31, 2021, a principal amount of $982,675 of the outstanding senior convertible debentures ("Convertible Debentures") issued on July 14, 2020 were converted into 19,653,504 common shares of the Company at a conversion price of $0.05 per share. On April 20, 2021, the Company redeemed a remaining principal amount of $77,267 for cash. As of the date hereof, there is no balance outstanding on the Convertible Debentures.

During the year ended August 31, 2021, the Company issued 415,100 common shares as a result of the exercise of stock options for cash proceeds of $65,515.

During the year ended August 31, 2021, the Company also issued 8,074,555 common shares as a result of the exercise of warrants for cash proceeds of $807,456.

Outlook and Strategy

As a recap, on June 30, 2021, the Company provided its second half guidance for 2021:

Guidance for Second Half of 2021 and beyond

For the second half of the calendar year, the Company expects to:

- Round out additional capabilities to deliver healthy buildings, such as building automation, building performance, indoor air quality and energy resources;
- Continue to expand distribution capabilities across Canada;
- Begin expansion efforts into the U.S.;
- Expand our share of "the wallet" from existing and new clients by offering additional products and solutions.
- Developing alternate asset class offering with financing and/or owning energy assets; and
- Identifying and nurturing acquisition opportunities across Canada and the U.S.

The Company is pleased to report that it has been successfully executing the below-noted list:

- The Company has made a number of media releases, listed above, with respect to new technologies it has partnered/licensed;
- The Company has been incorporating technologies, previously reported, into solutions and service offerings;
- The Company has deployed "audit" kits of indoor air quality sensors, and has already reported the identification of "unhealthy levels" of indoor air quality in several locations;
- The Company is in discussions to complete options analysis studies and/or develop unregulated energy systems for prospects;
- The Company has grown its distribution capabilities across Canada and into the U.S., and it has already resulted in approximately $15 million in proposals from distributors; and
- The Company has presented additional upsell opportunities to existing customers, and is in process of piloting and selling additional solutions and services, and has already reported a number of contract renewals.

From an outlook perspective, the Company expects organic and acquisition growth this fiscal year. Specifically, the Company is actively:

- Developing "On-Demand" Ventilation solution through the integration of indoor air quality sensors and artificial intelligence in building automation systems;
- Nurturing acquisitions for geographic expansion;
- Expanding and growing equipment with distributors;
- Expanding its sales efforts beyond installed base; and
- Growing its network of partnerships across Canada, securing access to selling equipment, installation and servicing.

On November 12, 2021, the Canadian Chief Public Health Officer made a statement, declaring *"Most importantly, we have learned how the virus can linger in fine aerosols and remain suspended in the air we breathe, much as expelled smoke lingers in poorly ventilated spaces. Similar to second-hand smoke, those in close proximity to the infected person inhale more aerosols."* The Company believes that this critical statement is validation of the Company's focus to leverage its indoor air quality sensors and capabilities to drive growth in this post-pandemic environment.

In addition, the Company expects to report back in the coming months on results from Clinical Trials of SpotLight-19 and SpotLight-THC from ISBRG.

Financial Information

The Company's selected annual financial information as at and for the three most recently completed financial years ended August 31 are summarized as follows:

	2021	**2020**[1]	**2019**[1]
	$	**$**	**$**
Total revenue	8,817,673	9,939,576	12,732,867
Net loss from continuing operations	(1,090,377)	(1,215,200)	(755,544)
Income from discontinued operations	-	39,230	760,458
Net (loss) income and comprehensive (loss) income	(1,090,377)	(1,175,970)	4,914
Net loss per share from continuing operations	(0.03)	(0.08)	(0.05)
Total assets	6,127,137	3,921,691	5,785,261
Long-term liabilities	307,786	1,120,935	35,775

The Company's selected financial results for the eight most recently completed quarters are as follows:

	Q4 2021	**Q3 2021**	**Q2 2021**	**Q1 2021**
	$	**$**	**$**	**$**
Revenue	2,838,326	1,985,184	1,611,501	2,382,662
Net (loss) income from continuing operations	(630,876)	(507,242)	(266,686)	314,427
Net (loss) income	(630,876)	(507,242)	(266,686)	314,427
Basic net (loss) income per share from continuing operations	(0.03)	(0.01)	(0.01)	0.02
Basic net (loss) income per share	(0.03)	(0.01)	(0.01)	0.02

	Q4 2020	**Q3 2020**	**Q2 2020**	**Q1 2020**
	$	**$**	**$**	**$**
Revenue	1,647,395	1,763,679	2,139,824	4,388,675
Net income (loss) from continuing operations	(818,827)	200,006	(394,583)	(201,796)
Net income (loss)	(818,827)	238,297	(393,848)	(201,592)
Basic and diluted net income (loss) per share from continuing operations	(0.03)	0.01	(0.00)	(0.01)
Basic net income (loss) per share	(0.03)	0.01	(0.02)	(0.01)

[1] As a result of the sale of Clean Energy Developments Corp. ("CleanEnergy" or "CED") in April 2020, the financial results of CED had been reclassified as discontinued operations for the years ended August 31, 2020 and 2019.

Results of operations for the three months ended August 31, 2021

Sales and direct costs

During the three months ended August 31, 2021 ("Q4 2021"), the Company generated total revenue of $2,838,326 from its Controls and Mechanical Contracting services, as compared to total revenue of $1,647,395 in the three months ended August 31, 2020 ("Q4 2020"), which represents a year-to-year increase of approximately 72.3%. Revenues are earned from engineering services, building automation controls, mechanical and electrical installation, performance monitoring, and operations and maintenance services for multi-residential and ICI facilities. Cost of sales relate to direct materials and expenditures for products and services sold. Gross margin for the operations were approximately 26.4% in Q4 2021 (Q4 2020 – 24.9%).

General and administrative costs

During Q4 2021, the Company incurred total general and administrative ("G&A") costs of $1,267,582, as compared to total G&A costs of $790,038 in the comparative period, for an increase of $447,544. The year-to-year increase in G&A costs is primarily related to the following items:

- Increases in marketing and sales expense of $414,049 in Q4 2021 (Q4 2020 – $nil);
- Increase in professional and consulting fees of $174,998, to $236,370 in Q4 2021 (Q4 2020 – $61,372);
- Increase in office expenses of $62,686, to $216,241 (Q4 2020 – $153,555); which were partially offset by
- Decrease in salaries and wages of $156,669, to $395,109 (Q4 2020 – $551,778).

G&A costs in the Corporate Division were $856,915 in the current period (Q4 2020 – recovery of $76,105). The year-to-year increase of $933,020 in corporate G&A costs was mainly due to increases in marketing and sales expenses, as a number of investors relations and marketing agreements were entered into by the Company. For the Controls and Mechanical Contracting Division, total G&A costs were $410,667 (Q3 2020 – $866,143), where the relative decrease was primarily related to cost-cutting measures implemented from a few quarters ago.

Amortization and depreciation

During Q4 2021, amortization and depreciation of $69,663 was fairly consistent as compared to amortization and depreciation of $66,655 from Q4 2020. The amortization and depreciation for the current period primarily relate to amortization of right-of-use ("ROU") assets which are recorded over the term of the leases.

Finance expense

During Q4 2021, finance expense decreased by $33,106, to $16,199 (Q4 2020 – $49,305), as interest and accretion had been recorded from the finance lease obligations and on the Convertible Debentures. As the Convertible Debentures had been fully converted and redeemed since April 2021, total interest and accretion had decreased in relation to the prior quarter. In the comparative period, finance expense was primarily related to interest and bank charges on the Company's bank indebtedness and promissory notes.

Share-based payments

During Q4 2021, the Company recognized stock-based compensation of $288,041 (Q4 2020 – $23,018) related to the vesting of options granted to certain directors, officers and consultants during the year. Stock-based compensation represent a non-cash cost.

Government assistance

On April 11, 2020, the Government of Canada enacted the Canada Emergency Wage Subsidy ("CEWS"), which provides a wage subsidy to eligible Canadian employers to enable them to continue to pay their Canadian employees through their payroll. To qualify for the CEWS, companies must satisfy certain eligibility criteria, including among others, a significant decline in revenue as compared to earlier periods. Eligible employers will have to sustain losses of "qualifying revenues" that meet pre-determined thresholds during the eligible periods.

During 2021, the Company also applied for the Canada Emergency Rent Subsidy ("CERS"), which provides eligible Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue due to the COVID-19 pandemic for a subsidy to cover part of their commercial rent or property expenses, starting on September 27, 2020 until June of 2021. The CERS provides payments directly to qualifying renters and property owners, without requiring the participation of landlords.

During Q4 2021, the Company received CEWS funding of $231,393 (Q4 2020 – $421,108) and CERS funding of $26,232 (Q4 2020 – $nil), respectively, which has been recorded as government assistance on the Company's consolidated statements of loss and comprehensive loss.

Net loss

Overall, the Company reported a total net loss of $630,876 for the three months ended August 31, 2021 (Q4 2020 – net loss of $854,602). The Controls and Mechanical Contracting Division recorded a net income of $517,963 (Q4 2020 – net loss of $848,412), while the Corporate Division reported a net loss of $1,148,839 (Q4 2020 – net income of $72,224).

Results of operations for the year ended August 31, 2021

Sales and direct costs

During the year ended August 31, 2021 ("Fiscal 2021"), the Company generated total revenue of $8,817,673 from its Controls and Mechanical Contracting services, as compared to total revenue of $9,939,576 during the year ended August 31, 2020 ("Fiscal 2020"), which represents a year-to-year decrease of approximately 11.3%. Revenues are earned from engineering services, building automation controls, mechanical and electrical installation, performance monitoring, and operations and maintenance services for multi-residential and ICI facilities. Cost of sales relate to direct materials and expenditures for products and services sold. Gross margin was approximately 31.9% for Fiscal 2021 (2020 – 20.9%).

General and administrative costs

During Fiscal 2021, the Company incurred total G&A costs of $3,402,040 (2020 – $2,893,940), for an increase of $478,100. The year-to-year increase in G&A costs is primarily related to the following items:

- Increase in marketing and sales of $670,487 (2020 – $nil);
- Increase in professional and consulting fees of $331,252, to $640,746 (2020 – $309,494);
- Increase in office expenses of $86,444, to $632,122 (2020 – $545,678); which were partially offset by
- Decrease in salaries and wages of $464,869, to $1,511,501 (2020 – $1,976,370).

G&A costs in the in the Corporate Division increased from $551,854 during Fiscal 2020, to $1,819,088 during Fiscal 2021. The year-to-year increase of $1,297,234 in corporate G&A costs was mainly due to increases in marketing and sales expenses, as a number of investors relations and marketing agreements were entered into by the Company. For the Controls and Mechanical Contracting Division, total G&A costs decreased in Fiscal 2021 to $1,582,952 (2020 – $2,372,086) due to the implementation of cost-cutting measures.

Amortization and depreciation

During Fiscal 2021, amortization and depreciation of $250,003 was fairly consistent as compared to amortization and depreciation of $266,944 is Fiscal 2020. The amortization and depreciation for the current period primarily relate to amortization of ROU assets which are recorded over the term of the leases.

Finance expense

During Fiscal 2021, finance expense increased slightly by $17,874, to $123,410 (2020 – $105,536), as interest and accretion had been recorded from the finance lease obligations and on the Convertible Debentures. In the comparative period, finance expense was primarily related to interest and bank charges on the Company's bank indebtedness and promissory notes.

Share-based payments

During Fiscal 2021, the Company recognized stock-based compensation of $804,814 (2020 – $23,018) related to the vesting of options granted to certain directors, officers and consultants during the year. Stock-based compensation represent a non-cash cost.

Government assistance

During Fiscal 2021, the Company received CEWS funding of $781,249 (2020 – $647,622) and CERS funding of $78,644 (2020 – $nil), respectively, which has been recorded as government assistance on its consolidated statements of loss and comprehensive loss.

Net loss

Overall, the Company reported a total net loss of $1,090,377 for the year ended August 31, 2021 (2020 – net loss of $1,175,970). The Controls and Mechanical Contracting Division recorded a net income of $1,603,693 (2020 – net loss of $646,595), while the Corporate Division reported a net loss of $2,694,070 (2020 – net loss of $525,966). Income of $39,230 from CleanEnergy had been reported as income from discontinued operations for Fiscal 2020.

Cash flows

Net cash provided by operating activities during Fiscal 2021 was $75,233, as compared to net cash provided by operating activities of $332,107 in the comparative period, for an increase in operating spending of $407,340. At the onset of COVID-19, management had implemented cost cutting measures which specifically focused on reducing its ongoing operating expenses. At the same time, VCI's operations continued to generate revenue even though the business was somewhat slowed down by impacts on lockdowns imposed by governments.

Net cash provided by financing activities during Fiscal 2021 was $1,218,865. In January 2021, the Company closed the Offering for gross proceeds of $845,834, as issuance cost, including cash commissions of $89,076, were paid on closing. During the year, the Company also received proceeds of $65,515 and $807,456 (2020 – $nil and $nil), through various exercises of stock options and Warrants, respectively. The cash inflows were offset by interest payments of $69,800 and a redemption for cash of $77,267 on the Convertible Debentures, and payments on finance lease obligations of $263,797. In Fiscal 2020, the Company raised gross proceeds of $1,059,942 from the offering of Convertible Debentures, offset by a repayment on promissory notes of $545,000 and payment of $271,207 on lease obligations, for net cash provided by financing activities of $143,176.

Net cash used in investing activities during Fiscal 2021 was $956,800, as compared to $52,908 in Fiscal 2020. The substantial increase is primarily due to the investment of $1 million for the minority interest in ISBRG. The Company also purchased new property and equipment for $39,495 (2020 – $27,654). The use of funds was offset by proceeds on sale of equipment for $82,695 (2020 – $30,674).

Liquidity and Capital Resources

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at August 31, 2021, the Company had a working capital of $2,315,805 (August 31, 2020 – $1,790,035). Working capital provides funds for the Company to meet its operational and capital requirements.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, the 12-month period ending August 31, 2022. Management is aware in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company has taken and continues to take steps to reduce these losses and ultimately become profitable.

Related Party Transactions

Key management personnel compensation

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration for members of key management personnel and directors during the years ended August 31, 2021 and 2020 were as follows:

	2021	2020
	$	$
Management remuneration	**357,428**	365,410
Professional fees	**62,000**	17,180
Stock-based compensation	**316,206**	7,673
	640,206	390,263

Management remuneration

Remuneration of key management personnel of the Company for the year ended August 31, 2021, included short-term compensation of $222,500 and $134,928 for Mr. Hazelton, the Company's CEO and Mr. Carnevale, the CGO, respectively (2020 – $234,151 and $nil). As at August 31, 2021, no balance was owed to any key management personnel (August 31, 2020 – $nil).

Management service agreement

On June 8, 2020, the Company and Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company is employed, entered into a management services agreement, providing for CFO services to the Company, as well as other accounting and administrative services, which are included in professional fees. In consideration for the services provided, the Company agreed to pay an annual fee of $55,000. Effective February 1, 2021, the annual fee was amended to $67,000. During the year ended August 31, 2021, the Company was charged $62,000 (2020 – $17,180) for services provided by Branson. As at August 31, 2021, $6,462 (August 31, 2020 – $6,388) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Stock-based compensation

On August 26, 2020, the Company granted 600,000 options, of which 200,000 options were granted to a director and an officer. During the year ended August 31, 2021, stock-based compensation of $14,702 (2020 – $7,673) attributable to these options was recorded in connection with the vesting of options.

On October 27, 2020, the Company granted 270,000 options, of which 135,000 options were granted to the CEO of the Company. During the year ended August 31, 2021, stock-based compensation of $32,058 attributable to these options was recorded in connection with the vesting of options.

On December 15, 2020, the Company granted 535,000 options, of which 85,000 options were granted to the CGO of the Company. During the year ended August 31, 2021, stock-based compensation of $21,021 attributable to these options was recorded in connection with the vesting of options.

On February 2, 2021, the Company granted 880,000 options, of which 680,000 options were granted to certain officers and directors. During the year ended August 31, 2021, stock-based compensation of $138,123 attributable to these options was recorded in connection with the vesting of options.

On July 30, 2021, the Company granted 600,000 options to various officers and directors. During the year ended August 31, 2021, stock-based compensation of $110,302 attributable to these options was recorded in connection with the vesting of options.

Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. The Company's capital consists of debt and equity. Its principal sources of cash are from operations, and the issuance of common shares and debt. Management intends to maintain a flexible capital structure consistent with the objectives mentioned above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, raise secured debt or refinance existing debt with different characteristics.

The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended August 31, 2021 and 2020.

Financial Instruments and Risk Management

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company monitors and manages its cash flows to assess the liquidity necessary to fund operations.
As at August 31, 2021, the contractual maturities of the Company's financial liabilities are as follows:

	Less than 1	**1 to 3 years**	**3 to 5 years**	**Total**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	1,540,715	-	-	**1,540,715**
Lease commitments	334,627	272,691	61,794	**669,112**
Total	**1,875,342**	**272,691**	**61,794**	**2,209,827**

Credit risk

The Company's cash is held with reputable chartered Canadian financial institutions, and in trust with the Company's legal counsel. Management reviews the strength of these institutions on a regular basis.

Accounts receivable are subject the Company to credit risk. The Company believes the recorded amounts will be collected. Holdbacks are received upon substantial completion of the projects.

The Company's aging of accounts receivable as at August 31, 2021 and 2020 is as follows:

Accounts Receivable Aging	**August 31, 2021**	August 31, 2020
	$	$
Within 30 days	**1,593,659**	817,919
31 to 60 days	**706,644**	435,137
61 to 90 days	**390,512**	321,820
Over 90 days	**118,239**	283,367
Holdbacks	**104,466**	90,564
Expected credit loss	**(6,197)**	(16,515)
Total Accounts Receivable	**2,907,323**	1,932,292

The maximum exposure is limited to the carrying amount of financial assets on the consolidated statements of financial position that includes cash and accounts receivable. As at August 31, 2021, an allowance for ECL of $6,197 (August 31, 2020 – $16,515) has been netted against accounts receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's convertible debentures have fixed interest rates. As at August 31, 2021, the Company had no hedging agreements in place with respect to floating interest rates.

Concentration risk

The concentration of revenue generated from major customers is not significant, with the three largest customers combined accounting for approximately 24% of gross revenue for the year ended August 31, 2021 (2020 – 28.4% of gross revenue).

As at August 31, 2021, one particular customer account comprises of approximately 14% of total outstanding accounts receivable, all of which is within 90 days aging.

Foreign exchange risk

The Company purchases a portion of its inventories in United States dollars ("USD") and does not currently engage in hedging activities. Accordingly, the Company is exposed to foreign exchange risk on a portion of its accounts payable and accrued liabilities and its USD bank account balances. However, the foreign exchange exposure to the Company at this time is not significant.

Categories and fair value of financial instruments

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, accounts receivable (excluding HST), investments, accounts payables and accrued liabilities, convertible debentures and lease payable.

The fair value of cash, accounts receivables (excluding HST) and accounts payables and accrued liabilities are approximately equal to their carrying value due to their short-term nature. The fair value of the convertible debenture was determined on its initial recognition using a discount rate of 14%. The Company does not believe this rate would have changed since initial recognition. The carrying value of the convertible debenture differs from its fair value because of the allocation of issuance costs.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at August 31, 2021, the Company's financial instruments carried at fair value consisted of its investments, which have been classified as Level 2 (for investments in a private-owned entity based on observable price).

Subsequent Events

Subsequent to August 31, 2021, the Company issued a total of 907,431 common shares as a result of the exercise of warrants for total cash proceeds of $90,743.

Subsequent to August 31, 2021, the Company also issued 129,120 common shares to an advertising agency pursuant to the agreement in place with the advertising agency.

Subsequent to August 31, 2021, a lawsuit was filed against the Company by a former employee for a claim of approximately $145,000. The Company believes the employment was terminated for cause. Since it presently is not possible to determine the outcome of this matter, no provision has been made by the Company on its consolidated financial statements.

Outstanding Share Data

As at the date of this MD&A, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of UPI are as follows:

Common Shares	Number Outstanding
Issued and Outstanding	49,075,066
Issuable under Options	4,619,900
Issuable under Warrants	5,649,457

Summary of Significant Accounting Policies

Revenue Recognition

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of control of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, revenue is recognized as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company derives revenue from construction contracts which require performance over a time span which may extend beyond one or more accounting periods. The Company recognizes revenue on construction contracts using the percentage-of-completion method. Contract revenue is based on the initial amount agreed in the contract plus any variations in contract if they can be estimated reliably. The percentage-of-completion of a contract is determined by reference to actual costs of work performed and estimates of remaining work to be completed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the consolidated statements of loss and comprehensive loss.

On an ongoing basis, the estimated total costs for construction contracts are revised based on the information available at the end of the reporting period. Changes in estimated total costs are reflected in the percentage-of-completion calculation of applicable projects in the same period as the change in estimate occurs. Unbilled revenue represents revenue earned in excess of amounts billed on uncompleted contracts. Deferred revenue represents the excess of amounts billed to customers over revenue earned on uncompleted contracts.

Change orders and claims, referred to as contract modifications, are accounted for under IFRS 15, based, among other factors, on the fact that the contract modification is approved, and it is highly probable that a significant reversal in the amount of cumulative revenue recognized on such contract modifications will not occur when the uncertainty is subsequently resolved.

Service revenue is recognized when services have been performed and collection of the receivable is reasonably assured.

Product revenue and repairs revenue are recognized when control is transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits will be received, and the costs incurred or to be incurred can be measured reliably.

Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

<u>Classification</u>

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through profit or loss ("FVTPL")
3. Measured at fair value through other comprehensive income ("FVTOCI")

The classification under IFRS 9 – Financial Instruments ("IFRS 9") is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cash flows and for which those cash flows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met: (i) held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's classification of financial assets and financial liabilities under IFRS 9 are summarized below:

Cash	Amortized cost
Investments	FVTPL
Accounts receivables, excluding HST	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Finance lease obligations	Amortized cost
Convertible debentures	Amortized cost

<u>Measurement</u>

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition. Transaction costs related to FVTPL assets and liabilities are expensed as incurred.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses ("ECL"). The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

FVTPL – Changes in fair value after initial recognition, whether realized or not, are recognized through profit or loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

FVTOCI – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an ECL model. The ECL model requires the Company to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach to recognize lifetime ECL for its accounts receivable. In general, the Company anticipates that the application of the ECL model of IFRS 9 results in earlier recognition of credit losses for the respective items.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Inventories

Inventories are valued at the lower of cost and net realizable value.

The costs incurred to bring each product to its present location and condition are accounted for as follows:

- Raw materials, equipment, and spare parts – purchased cost on a first in, first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of loss and comprehensive loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a declining balance basis over the expected useful life of the asset at the following rates:

Office furniture and equipment	– 10 to 20%
Computer equipment	– 30 to 40%
Job equipment	– 20 to 30%
Vehicles	– 20 to 30%
Leasehold improvements	– straight-line over the expected lease term

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively if appropriate.

Leased Assets

The Company primarily leases office facilities, equipment and vehicles. The Company assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if the Company has the right to control the use of the identified asset.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company then recognizes a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The Company elected to recognize expenses for leases with a term of 12 months or less on a straight-line basis over the lease term and lease of assets of low value, and not to recognize these short-term leases on the consolidated statements of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, the amount of the remeasurement is recognized as a corresponding adjustment to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Intangible Assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense on the intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of loss and comprehensive loss when the asset is derecognized.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is an indication that an asset or cash-generating unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, or when annual impairment testing for an asset or CGU is required, the Company estimates the recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use ("VIU"). Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered to be impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU, using an appropriate valuation model. These calculations are corroborated by calculation multiples or other available fair value indicators.

Impairment losses are recognized in the consolidated statements of loss and comprehensive loss in those expense categories consistent with the function of the impaired asset.

For non-financial assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses no longer exist or may be decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of loss and comprehensive loss.

Indefinite life intangibles are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for indefinite life intangibles by assessing the recoverable amount of each CGU to which goodwill relates. Where the recoverable amount of the CGU, including indefinite life intangibles, is less than its carrying value, an impairment loss is recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as a finance expense in the consolidated statements of loss and comprehensive loss.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at August 31, 2021 and 2020, the Company had no material provisions.

Compound Financial Instruments

Compound financial instruments issued by the Company comprised of convertible debentures that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at a fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized using the residual value method, at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component and is included within equity.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method.

The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

Income Taxes

Income tax comprises of current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

<u>Estimates</u>

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

Share Capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined the application of the Black-Scholes valuation model ("Black-Scholes").

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Share-Based Payments Transactions

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using Black–Scholes. The fair value of equity-settled share-based transactions are recognized as an expense with a corresponding increase in share-based payments reserve.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Amounts recorded for forfeited or expired unexercised options are transferred to accumulated deficit in the period of forfeiture or expiry. Expired warrants are also transferred to accumulated deficit.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Government Assistance

The benefits of tax incentives for government subsidy assistance are recognized in the year the qualifying claim is made providing there is reasonable assurance of recoverability. Grants and assistance are recorded based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities.

Government grants and assistance are recognized where there is a reasonable assurance that the grants and assistance will be received, and conditions will be complied with. Government grants and assistance are recognized in other income over the periods in which the Company recognizes expenses which the grants and assistance are intended to compensate.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management considers the corporate office and the Controls and Mechanical Contracting Division to be its operating segments, as both segments continue to engage in business activities. Their operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated and assess their performance, for which discrete financial information available to facilitate the review.

Discontinued Operations

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statements of loss and comprehensive loss.

Significant Accounting Judgments and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

<u>Going concern</u>

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing its performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows and the Company's cash position at year-end.

<u>Fair value of financial assets and financial liabilities</u>

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

<u>Allowances for expected credit losses</u>

An ECL impairment model applies which requires a loss allowance to be recognized based on ECL. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statements of loss and comprehensive loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial instrument at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of Black-Scholes. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate. Changes in these assumptions affects the fair value of the options and the amount of stock-based compensation to be recognized in profit or loss over the vesting period.

Income taxes

Management uses estimates when determining deferred income assets. These estimates are used to determine the recoverability of non-capital tax loss carry-forwards and other tax amounts. Significant judgment is required to determine the probable future cash flows in order to recognize the deferred tax asset. Changes in market conditions, changes in tax legislation, and other factors, could adversely affect the ongoing value of deferred tax assets. The carrying amount of deferred income tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilize all or part of the deferred income tax assets. Unrecognized deferred income tax assets are reassessed at each reporting period and are recognized to the extent that it is probable that there will be sufficient taxable income for the asset to be recovered.

Percentage of completion

The Company measures the percentage of completion using the cost input method in accounting for its contract revenues which requires the Company to determine the contract work performed to date as a proportion of the estimated total contract work to be performed and it is management's judgment that use of the costs to date in proportion to the total estimated costs provides the most appropriate measure of percentage of completion.

Litigation risk and claims risk

Disputes are common in the industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial, including the legal proceedings discussed in the "Contingencies" section. The Company must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine if a provision is required.

Estimating and recording the future outcome of litigation proceedings requires management to make significant judgments and assumptions, which are inherently subject to risks and uncertainties.

Management regularly analyzes current information about these matters, and external legal counsel are often used for these assessments. In making decisions regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

Adoption of New Accounting Policies

The Company adopted the following amendments, effective September 1, 2020. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The Company had assessed that the adoption of these amendments did not have any material impact on the consolidated financial statements.

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for financial reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This revision was effective on September 1, 2020. The Company had assessed that the adoption of the revised Conceptual Framework did not have any material impact on the consolidated financial statements.

Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee have issued the following amendments which are effective for annual periods beginning on or after September 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

Contingencies

During the year ended August 31, 2019, a lawsuit was filed against the Company by a former employee for a claim of approximately $815,000. The Company believes the employment was terminated for cause. Since it presently is not possible to determine the outcome of this matter, no provision has been made on the Company's unaudited condensed interim consolidated financial statements.

From time to time, the Company is subject to legal proceedings and claims arising in the ordinary course of business. Management is of the opinion, based on information currently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect to the Company's consolidated financial position, liquidity or results of operations.

Segmented Information

The Company's segments have been organized based on its principal business operations (Corporate, and Controls and Mechanical Contracting), all within Canada. In 2020, the Geoexchange Services operations had been discontinued with the sale of CleanEnergy.

Year ended August 31, 2021	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Capital expenditures	-	39,495	39,495
Total assets	1,219,277	4,907,860	6,127,137
Statement of Operations			
Revenue	-	8,817,673	8,817,673
Cost of sales	-	(6,007,035)	(6,007,035)
General and administrative	(1,819,088)	(1,582,952)	(3,402,040)
Depreciation	-	(250,003)	(250,003)
Finance expense	(66,818)	(56,592)	(123,410)
Inventory provision	-	(49,642)	(49,642)
Stock-based compensation	(804,814)	-	(804,814)
Government assistance	-	859,893	859,893
Gain on disposal of equipment	-	82,580	82,580
Gain on derecognition of ROU asset	-	1,443	1,443
Loss on conversion of debt	(3,350)	-	(3,350)
Current tax expense	-	(184,262)	(284,262)
Deferred tax expense	-	(27,410)	(27,410)
Segmented (Loss) Income	**(2,694,070)**	**1,603,693**	**(1,090,377)**

Year ended August 31, 2020	**Corporate**	**Geoexchange Services**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**	**$**
Capital expenditures	-	-	27,654	27,654
Total assets	486,876	-	3,434,815	3,921,691
Statement of operations				
Revenue	-	-	9,939,576	9,939,576
Cost of sales	-	-	(7,860,138)	(7,860,138)
General and administrative	(521,854)	-	(2,372,086)	(2,893,940)
Impairment loss	-	-	(734,802)	(734,802)
Depreciation	-	-	(266,944)	(266,944)
Finance expense	(23,733)	-	(81,803)	(105,536)
Inventory provision	-	-	(27,076)	(27,076)
Share-based payments	(23,018)	-	-	(23,018)
Gain on disposal of equipment	-	-	24,140	24,140
Government assistance	-	-	647,622	647,622
Discontinued operations	42,639	(3,409)	-	39,230
Current tax recovery	-	-	49,141	49,141
Deferred tax recovery	-	-	35,775	35,775
Segmented Loss	**(525,966)**	**(3,409)**	**(646,595)**	**(1,175,970)**

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. Some of the key risks are highlighted as follows:

Going concern risk

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended August 31, 2021, the Company reported a net loss from continuing operations of $1,090,377 (2020 – net loss from continuing operations of $1,215,200). As at August 31, 2021, the Company had a working capital of $2,315,805 (August 31, 2020 – $1,790,035) and an accumulated deficit of $22,802,385 (August 31, 2020 – $22,187,008). Amid the continued evolution of COVID-19, there remains significant doubt surrounding the Company's ability to continue as a going concern. In terms of its current operations, in addition to increasing revenues and decreasing costs, the Company may require additional financing in the form of debt or equity. Failure to obtain such financing could result in delay or indefinite postponement of the Company's strategic goals. The 2021 Financials do not include any adjustments to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Additional financing

The Company believes that its raised capital is sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Volatile global financial and economic conditions

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

Revenue risk

The Company may experience delays in achieving revenues. Revenues may be delayed or negatively impacted by issues encountered by the Company or its customers including:

- unforeseen engineering and environmental problems;
- delays or inability to obtain required financing, licenses, permits and regulatory approvals;
- supply interruptions or labour disputes;
- foreign exchange fluctuations and collection risk; and
- competition from other suppliers or alternate less capital-intensive energy solutions.

There is no assurance that the business will perform as expected or that returns from the business will support the expenditures needed to develop it.

Sales cycle and fixed price contracts

The Company may enter into sales contracts with fixed pricing, which may be impacted by changes over the period of implementation. The success of sales execution will require collaboration between the Company and its customers.

There is no assurance that delays or problems in the implementation process used for all customers will not adversely affect the Company's activities, operating results or financial position.

Sensitivity to fixed costs

Fixed costs, including costs associated with operating losses, leases, labour costs and depreciation will account for a significant portion of the Company's costs and expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, weather or other factors could significantly affect financial results.

Reliance on management and key personnel

The Company's success and future operations are dependent upon the abilities, expertise, experience, judgment and efforts of senior management and key technical and field personnel of the Company. Any loss of the services of these personnel could have a materially adverse impact on the Company's business, technical capabilities, operating results or financial condition or could result in delays to or abandonment of the Company's projects.

Loss of contracts

The Company may lose contracts or customer arrangements through competitive bidding or early termination, which would cause its revenue and profitability to decline. In addition, some customers of the Company may terminate their contracts or arrangements before the end of the contract term. If the Company loses contracts or customer arrangements through competitive bidding, early termination or other competitive pressures, it may not be able to replace the lost revenue, which will result in a decrease in its revenue. Whether the Company will be the successful bidder for any particular contract is subject to significant uncertainty.

Competition

The Controls and Mechanical Contracting industry is competitive; however, it is anticipated that the Company will be one of a smaller number of public companies offering a turn-key solution. There are smaller privately-owned companies which are providing segments of the process but not a complete solution. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of a complete solution that competes with those of the Company or that new or existing competitors will not enter the various markets in which the Company will be active.

There can be no assurance that the Company's competitors will not develop new and unknown technologies, with which the Company may have difficulty competing. As well, without remaining cost competitive there is also a risk that the Company may lose business to its competitors.

Dependence on suppliers

The ability of the Company to compete and grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. Failure of suppliers to deliver such skilled labour, equipment, parts and components at a reasonable cost and in a timely manner would be detrimental to the Company's ability to compete and grow. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Environmental liability

The Company will be subject to various environmental laws and regulations enacted in the jurisdictions in which it operates which govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in the Company's operations. There can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. The Company may have the benefit of insurance maintained by it or the operator, however, the Company may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

Private or illiquid securities

The Company invests in securities of private issuers with a near term plan to complete a going public transaction. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for a private company investment or that the Company will otherwise be able to realize a return on such investments. The Company may also invest in illiquid securities of public issuers. A period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of common shares or Warrants to sell their securities at an advantageous price. Market price fluctuations in the common shares and Warrants may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares and warrants.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares and warrants may decline even if the Company's investment results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares and warrants may be materially adversely affected.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's common shares.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject to certain risks, including the risk that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. In contrast to non-venture issuers this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Caution Regarding Forward-Looking Information

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to our ability to generate revenue and cash flows from operations, market fluctuations, the strength of the Canadian, and other economies, political and economic conditions in the regions where the Company's main businesses are operated, and other risks included elsewhere in this MD&A under the headings "Risk Factors" and "Financial Instruments and Risk Management" and in the Company's other public disclosure documents filed with certain Canadian securities regulatory authorities and available under UPI's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The 2021 Financials have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the 2021 Financials in all material aspects.

The Audit Committee has reviewed the 2021 Financials and this MD&A with management of UPI. The Board of the Company has approved the 2021 Financials and this MD&A on the recommendation of the Audit Committee.

Additional Information

Additional information relating to UPI, including its annual management information circular for the Company's most recently completed financial year, is available under the Company's profile on SEDAR at www.sedar.com.

December 10, 2021

Christopher Hazelton
Chief Executive Officer