Universal PropTech Inc.

Consolidated Financial Statements

For the Years ended August 31, 2022 and 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Universal PropTech Inc.:

Opinion

We have audited the consolidated financial statements of Universal PropTech Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and August 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholder's equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2022 and August 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended August 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario | Chartered Professional Accountants

December 15, 2022 | Licensed Public Accountants

Universal PropTech Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at August 31, 2022	As at August 31, 2021
	$	$
Assets		
Current Assets		
Cash	**1,031,662**	991,626
Accounts receivable (Note 14)	**2,456,077**	2,907,323
Unbilled receivables (Note 21)	**388,782**	380,859
Inventories (Note 4)	**148,758**	177,635
Prepaid expenses	**112,091**	106,410
Total Current Assets	**4,137,370**	4,563,853
Investment (Note 5)	**1,000,000**	1,000,000
Property and equipment and right-of-use assets (Note 6)	**366,236**	563,284
Total Assets	**5,503,606**	6,127,137
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**1,482,083**	1,540,715
Income tax payable (Note 22)	**14,218**	200,733
Deferred revenue (Note 21)	**515,488**	279,878
Finance lease obligations – current (Note 7)	**161,258**	226,722
Total Current Liabilities	**2,173,047**	2,248,048
Finance lease obligations (Note 7)	**152,835**	280,376
Deferred tax liabilities (Note 22)	**9,805**	27,410
Total Liabilities	**2,335,687**	2,555,834
Shareholders' Equity		
Share capital (Note 9)	**23,400,548**	23,173,026
Shares to be issued (Note 9)	**-**	30,000
Share-based payments reserve (Note 10)	**2,571,100**	2,719,399
Warrants reserve (Note 11)	**365,334**	451,263
Accumulated deficit	**(23,169,063)**	(22,802,385)
Total Shareholders' Equity	**3,167,919**	3,571,303
Total Liabilities and Shareholders' Equity	**5,503,606**	6,127,137

Nature of operations and going concern (Note 1)
Contingent liabilities and commitments (Note 19)
Subsequent event (Note 23)

Approved on behalf of the Board of Directors:

"Christopher Hazelton" (signed)
Director

"Al Quong" (signed)
Director

The accompanying notes are an integral part of these consolidated financial statements

Universal PropTech Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
Revenues (Note 16)	**7,942,950**	8,817,673
Cost of sales (Note 4)	**(5,575,702)**	(6,007,035)
Gross Profit	**2,367,248**	2,810,638
Expenses		
General and administrative (Note 17)	**2,667,971**	3,402,040
Depreciation (Note 6)	**248,361**	250,003
Stock-based compensation (Notes 10 and 15)	**104,175**	804,814
Inventory provision (Note 4)	**62,709**	49,642
Finance expense (Notes 7 and 8)	**50,734**	123,410
Gain on disposal of equipment	**(51,869)**	(82,580)
Gain on derecognition of right-of-use assets	**-**	(1,443)
Government assistance (Note 18)	**(43,807)**	(859,893)
Loss on conversion of debt	**-**	3,350
Total Expenses	**(3,038,274)**	(3,689,343)
Net Loss Income before Taxes	**(671,026)**	(878,705)
Current tax recovery (expense) (Note 22)	**34,269**	(184,262)
Deferred tax recovery (expense) (Note 22)	**17,605**	(27,410)
Net Loss and Comprehensive Loss	**(619,152)**	(1,090,377)
Net Loss per Share		
Basic and diluted (Note 12)	**(0.01)**	(0.03)
Weighted average shares outstanding – Basic and diluted (Note 12)	**49,057,631**	34,434,122

Universal PropTech Inc.
Consolidated Statements of Cash Flows
For the Years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
Operating Activities		
Net loss for the year	**(619,152)**	(1,090,377)
Adjustments for non-cash items:		
Interest and accretion (Notes 7 and 8)	**38,574**	109,544
Loss of conversion of debt	**-**	3,350
Depreciation (Note 6)	**248,361**	250,003
Inventory provision (Note 4)	**62,709**	49,642
Stock-based compensation (Note 10)	**104,175**	804,814
Options granted as compensation for services performed (Note 10)	**-**	186,297
Shares issued for services performed (Note 9)	**20,850**	33,900
Shares to be issued for services performed (Note 9)	**-**	30,000
Gain on disposal of equipment	**(51,869)**	(82,580)
Gain on derecognition of right-of-use assets	**-**	(1,443)
Current tax (recovery) expense (Note 22)	**(34,269)**	184,262
Deferred tax (recovery) expense (Note 22)	**(17,605)**	27,410
	(248,226)	504,822
Changes in non-cash working capital:		
Accounts receivable (Note 14)	**451,246**	(975,031)
Unbilled receivables (Note 21)	**(7,923)**	(99,288)
Inventories	**(33,832)**	(29,282)
Prepaid expenses	**(5,681)**	(7,288)
Accounts payable and accrued liabilities	**(58,632)**	398,561
Deferred revenue (Note 21)	**235,610**	115,802
Income tax payable	**(152,246)**	16,471
Net Cash Provided by (Used in) Operating Activities	**180,316**	(75,233)
Financing Activities		
Proceeds from private placement (Note 9)	**-**	845,834
Issuance costs paid on private placement (Note 9)	**-**	(89,076)
Interest payment on debentures (Note 8)	**-**	(69,800)
Payment on redemption of debentures (Note 8)	**-**	(77,267)
Proceeds from exercise of stock options (Note 9)	**-**	65,515
Proceeds from exercise of warrants (Note 9)	**90,743**	807,456
Payment of finance lease obligations (Note 7)	**(271,286)**	(263,797)
Net Cash Provided by (Used in) Financing Activities	**(180,543)**	1,218,865
Investing Activities		
Acquisition of minority interest in investments (Note 5)	**-**	(1,000,000)
Additions of property and equipment (Note 6)	**(24,386)**	(39,495)
Proceeds from disposals of property and equipment	**64,649**	82,695
Net Cash Provided by (Used in) Investing Activities	**40,263**	(956,800)
Increase in cash	**40,036**	186,832
Cash, beginning of year	**991,626**	804,794
Cash, end of year	**1,031,662**	991,626

The accompanying notes are an integral part of these consolidated financial statements

Universal PropTech Inc.

Consolidated Statements of Changes in Shareholder's Equity
For the Years ended August 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Share Capital		Shares to be Issued	Equity Component of Convertible Debentures	Share-Based Payment Reserve	Warrants Reserve	Accumulated Deficit	Total
	#	$	$	$	$	$	$	$
Balance, August 31, 2020	**15,776,223**	**21,011,132**	**-**	**16,105**	**1,777,174**	**657,616**	**(22,187,008)**	**1,275,019**
Issuance of shares for services (Note 9)	91,354	33,900	-	-	-	-	-	33,900
Shares to be issued for services (Note 9)	-	-	30,000	-	-	-	-	30,000
Issuance of shares from private placements (Notes 9 and 11)	4,027,779	590,816	-	-	-	255,018	-	845,834
Issuance of compensation options from private placements (Note 11)	-	-	-	-	-	191,515	-	191,515
Share issue costs (Notes 9 and 11)	-	(195,992)	-	-	-	(84,598)	-	(280,590)
Issuance of shares on debenture conversion (Notes 8 and 9)	19,653,504	718,025	-	(16,105)	-	-	-	701,920
Issuance of shares on exercises of options (Notes 9 and 10)	415,100	114,401	-	-	(48,886)	-	-	65,515
Issuance of shares on exercises of warrants (Notes 9 and 11)	8,074,555	900,744	-	-	-	(93,288)	-	807,456
Stock-based compensation (Note 10)	-	-	-	-	804,814	-	-	804,814
Grant of options for consulting services (Note 10)	-	-	-	-	186,297	-	-	186,297
Expiry of warrants (Note 11)	-	-	-	-	-	(475,000)	475,000	-
Net loss for the year	-	-	-	-	-	-	(1,090,377)	(1,090,377)
Balance, August 31, 2021	**48,038,515**	**23,173,026**	**30,000**	**-**	**2,719,399**	**451,263**	**(22,802,385)**	**3,571,303**
Balance, August 31, 2021	**48,038,515**	**23,173,026**	**30,000**	**-**	**2,719,399**	**451,263**	**(22,802,385)**	**3,571,303**
Issuance of shares for services (Note 9)	271,462	50,850	(30,000)	-	-	-	-	20,850
Issuance of shares on exercises of warrants (Notes 9 and 11)	907,431	176,672	-	-	-	(85,929)	-	90,743
Stock-based compensation (Note 10)	-	-	-	-	104,175	-	-	104,175
Expiry and cancellation of options (Note 10)	-	-	-	-	(252,474)	-	252,474	-
Net loss for the year	-	-	-	-	-	-	(619,152)	(619,152)
Balance, August 31, 2022	**49,217,408**	**23,400,548**	**-**	**-**	**2,571,100**	**365,334**	**(23,169,063)**	**3,167,919**

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Operations and Going Concern

Universal PropTech Inc. ("UPI" or the "Company") 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. UPI's common shares are listed on the TSX Venture Exchange under the ticker symbol "UPI". Its common shares are also listed in the United States on the OTCQB Venture Market under the ticker symbol "UPIPF", and in Germany on the Frankfurt Stock Exchange under the ticker symbol "8LH".

UPI is a building innovation company, selecting, integrating, deploying, and maintaining proptech technologies aiming to deliver customer-centric 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.

These consolidated financial statements are prepared on the assumption that the Company is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. During the year ended August 31, 2022, the Company reported a net loss of $619,152 (2021 – $1,090,377). As at August 31, 2022, the Company had a working capital of $1,964,323 (August 31, 2021 – $2,315,805) and an accumulated deficit of $23,169,063 (August 31, 2021 – $22,802,385). The Company's ability to continue as a going concern is dependent upon its ability to increase revenues, to decrease costs and to obtain additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will continue to be successful in the future. Failure to obtain new financing could result in delay or indefinite postponement of the Company's strategic goals, and the continued evolution of the novel coronavirus ("COVID-19") pandemic represent material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, and do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses, and classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

The Company's consolidated financial statements have been 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"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on December 15, 2022.

(b) Basis of Measurement and Functional Currency

These consolidated financial statements are prepared on the historical cost basis, except as noted for certain financial instruments carried at fair value (as disclosed in Note 3). The consolidated financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

2. Basis of Presentation (continued)

(c) Basis of Consolidation

The Company consolidates its interest in entities which it controls. Control comprises the power to govern an entity's financial and operating policies and obtain benefits from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

3. Summary of Significant Accounting Policies

(a) 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.

3. Summary of Significant Accounting Policies (continued)

(b) 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.

Classification

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
Investment	FVTPL
Accounts receivables, excluding HST	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Finance lease obligations	Amortized cost

Measurement

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.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Measurement (continued)

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.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Determination of fair value (continued)

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).

Level 1 inputs are unadjusted quoted prices, in active markets for identical assets or liabilities that the entity can access at the measurement date. For a price to qualify as Level 1, the Company should be able to obtain the price from multiple sources as a single market maker would almost by definition suggest an inactive market. Level 1 inputs related to items traded on an exchange or an active index/market location.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, which include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active, for example, dealer markets where the dealer is standing ready and able to transact at that price such as an OTC market;
- Broker quotes corroborated with observable market information;
- Inputs other than quoted prices are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads, etc.

Examples of Level 3 values include:

- Inputs obtained from broker quotes or a pricing service that are indicative (that is, not being transacted upon) and not corroborated with observable market data; and
- Models that incorporate management assumptions that cannot be corroborated with observable market data.

As at August 31, 2022, the Company had determined that the investment that it held in ISBRG Corp. (defined hereafter) did not have an active market and any observable inputs directly or indirectly from quoted prices of a similar asset in markets which are not active. As such, the Company had classified this investment as Level 3 inputs under the fair value hierarchy (August 31, 2021 – classified as Level 2 for investment in a private-owned entity based on observable price).

(c) 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 (i) raw materials, (ii) equipment, and (iii) 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.

(d) 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.

3. Summary of Significant Accounting Policies (continued)

(d) Property and Equipment (continued)

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.

(e) 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 right-of-use ("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.

3. Summary of Significant Accounting Policies (continued)

(f) 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.

(g) 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, 2022 and 2021, the Company had no material provisions.

(h) 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.

3. Summary of Significant Accounting Policies (continued)

(h) Income Taxes (continued)

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.

Estimates

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.

(i) 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 by the application of the Black-Scholes valuation model ("Black-Scholes").

(j) 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.

(k) 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.

(l) 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.

3. Summary of Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) 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.

(p) Significant Accounting Judgments and Estimates

The preparation of these 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:

Going concern

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.

3. Summary of Significant Accounting Policies (continued)

(p) Significant Accounting Judgments and Estimates (continued)

Fair value of financial assets and financial liabilities

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.

Determination of fair value hierarchy

The categorisation of the fair value measurement into one of the three different levels shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Judgment is required in assessing the significance of a particular input to the fair value measurement in its entirety, taking into account factors specific to the asset or liability.

The use of a valuation model precludes the use of Level 1. However, the fair value hierarchy prioritises the inputs to valuation techniques, not the valuation techniques that the respective models used to measure fair value. The level within the hierarchy is determined based on the valuation inputs, not on the methodology or complexity of the model. The use of a model does not automatically result in a Level 3 fair value measurement.

Allowances for expected credit losses

An ECL impairment model applies which requires a loss allowance to be recognized. 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.

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.

3. Summary of Significant Accounting Policies (continued)

(p) Significant Accounting Judgments and Estimates (continued)

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. 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.

(q) Adoption of New Accounting Policies

The Company adopted the following amendments, effective September 1, 2021. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 1 – Presentation of Financial Statements ("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.

The Company early-adopted these amendments as permitted and had assessed that the adoption of these amendments did not have any material impact on the consolidated financial statements.

(r) Recent Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after September 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company had assessed that the adoption of the following amendments will not have any material impact on its consolidated financial statements:

3. Summary of Significant Accounting Policies (continued)

(r) Recent Accounting Pronouncements (continued)

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.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

4. Inventories

The Company maintains inventories, which consist of raw materials, equipment, and spare parts for sale or for use. During the year ended August 31, 2022, the total raw materials, equipment, and spare parts charged to cost of sales was $1,293,730 (2021 – $1,575,609).

Inventories are stated at the lower of cost or market. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. During the year ended August 31, 2022, a write-down of $62,709 was recorded on the inventories (2021 – write-down of $49,642).

5. Investment

On February 18, 2021, the Company acquired an approximate 2% interest in ISBRG Corp. ("ISBRG") by subscribing for Class A Common Shares of ISBRG for $1,000,000. The investment was recorded at fair value at initial recognition.

ISBRG is a data analytics company which has developed the SpotLight© technology platform designed to generate comprehensive health care data non-invasively within seconds at a nominal incremental cost per test. ISBRG's SpotLight-19© is designed to detect the presence of infection caused by SARS-CoV-2 virus. SpotLight-19© uses light to quickly scan a fingertip. The speed and cost of the test, combined with its non-invasive nature, has been designed to screen large numbers of people in largely populated venues without the prohibitive delays, cost and environmental damage associated with current chemical reagent, sample-based tests. The outcome of ISBRG's clinical trial data is currently under evaluation by Health Canada.

In addition to its minority investment, UPI will act as the exclusive sales agent for the SpotLight-19© technology and other future platform offerings for the government and education sectors in Canada.

Agency Terms

UPI will have the exclusive rights to sell SpotLight-19© to any and all governmental facilities in Canada (subject to the exclusion of certain segments), including federal, provincial, territorial and municipal facilities, as well as Canadian primary, secondary and post-secondary education facilities (both private and public). ISBRG will pay UPI a defined commission on the annual sub license fee paid by each customer, and a commission on each test fee.

As at August 31, 2022, the Company assessed the investment for indicators of impairment, and had determined that there was no change in fair value from the date of acquisition up to the end of the reporting period based on a qualitative assessment of all information available to management.

(Expressed in Canadian Dollars)

6. Property and Equipment and Right-of-Use Assets

	Computer equipment	Equipment	Vehicles	Furniture & fixtures	Building & Leasehold improvements	Right-of-use assets	Total
	$	$	$	$	$	$	$
Cost							
Balance, August 31, 2020	**183,474**	**133,140**	**11,399**	**236,572**	**11,260**	**762,398**	**1,338,243**
Additions for the year	5,931	29,769	3,795	-	-	-	39,495
Additions for ROU assets	-	-	-	-	-	211,824	211,824
Disposals	-	-	(15,194)	-	-	-	(15,194)
Termination of lease	-	-	-	-	-	(107,581)	(107,581)
Balance, August 31, 2021	**189,405**	**162,909**	**-**	**236,572**	**11,260**	**866,641**	**1,466,787**
Additions for the period	12,166	12,220	-	-	-	-	24,386
Additions for ROU assets	-	-	-	-	-	39,707	39,707
Disposals	(119,278)	(134,722)	-	(7,829)	(9,341)	-	(271,170)
Termination of lease	-	-	-	-	-	(48,939)	(48,939)
Balance, August 31, 2022	**82,293**	**40,407**	**-**	**228,743**	**1,919**	**857,409**	**1,210,771**
Accumulated depreciation							
Balance, August 31, 2020	**154,737**	**108,760**	**8,938**	**212,827**	**9,952**	**237,110**	**732,324**
Depreciation for the year	10,145	12,945	6,180	688	1,309	-	31,267
Depreciation of ROU assets	-	-	-	-	-	218,736	218,736
Disposals	-	-	(15,118)	-	-	-	(15,118)
Termination of lease	-	-	-	-	-	(63,705)	(63,705)
Balance, August 31, 2021	**164,882**	**121,705**	**-**	**213,515**	**11,261**	**392,141**	**903,504**
Depreciation for the year	10,050	14,490	-	660	-	-	25,200
Depreciation of ROU assets	-	-	-	-	-	223,161	223,161
Disposals	(118,825)	(124,957)	-	(5,267)	(9,342)	-	(258,391)
Termination of lease	-	-	-	-	-	(48,939)	(48,939)
Balance, August 31, 2022	**56,107**	**11,238**	**-**	**208,908**	**1,919**	**566,363**	**844,535**
Net book value							
Balance, August 31, 2021	24,523	41,204	-	23,057	-	474,500	563,284
Balance, August 31, 2022	**26,186**	**29,169**	**-**	**19,835**	**-**	**291,046**	**366,236**

7. Finance Lease Obligations

The carrying amounts of the Company’s lease obligations and movements during the years ended August 31, 2022 and 2021 were as follows:

	$
Balance, September 1, 2020	**556,390**
Additions of leases	211,824
Termination of leases	(45,277)
Interest on lease obligations	47,958
Lease payments	(263,797)
Balance, August 31, 2021	**507,098**
Additions of leases	39,707
Interest on lease obligations	38,574
Lease payments	(271,286)
Balance, August 31, 2022	**314,093**

	$
Current portion	161,258
Long-term portion	152,835
	314,093

8. Convertible Debentures

On July 14, 2020, the Company closed a non-brokered private placement (the "Private Placement") of a Series A secured convertible debentures (each, a "Convertible Debenture"), for proceeds in the principal amount of $1,059,942.

The principal amount of the Convertible Debentures was to be repayable in cash, by the Company on the third anniversary of issuance (the "Maturity Date") and will carry an interest rate of 12% per year compounded monthly and payable at the Maturity Date. The Convertible Debentures were convertible into common shares of the Company at $0.05 per share for the first year the Convertible Debentures are outstanding, and at $0.10 per share thereafter. In addition, each $1,000 of principal amount of the Convertible Debentures was issued 10,000 common share purchase warrants (each, a "Warrant"), for an aggregate of 10,599,422 Warrants issued. Each Warrant is exercisable into one common share at an exercise price of $0.10 per common share for a period of three years from the date of issuance.

The Convertible Debentures were secured by way of a general security agreement made in favour of a collateral agent acting as agent for all of the holders of the Convertible Debentures, granting a security interest in substantially all of the Company's assets. The Company will have the right to prepay any or part of the Convertible Debentures at any time prior to the Maturity Date by paying the principal amount of the Convertible Debentures.

In connection with the Private Placement, the Company paid total cash-based transaction costs of $100,559, including a cash finders' fee of $84,795, and issued 1,695,907 finders' warrants valued at $171,746 for total transaction costs of $272,305.

During the year ended August 31, 2021, the Company recorded accretion of $66,110 on the Convertible Debentures, and paid interest of $69,800. A principal amount of $982,675 of the Convertible Debentures 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 the last remaining principal amount of $77,267 for cash.

9. Share Capital

Authorized and issued share capital

The Company is authorized to issue an unlimited number of common shares.

Issued shares

As of August 31, 2022, there were 49,217,408 common shares issued and outstanding (August 31, 2021 – 48,038,515), for total share capital of $23,400,548 (August 31, 2021 – $23,173,026).

Share capital transactions for the year ended August 31, 2021

On December 10, 2020, the Company issued 60,536 common shares to an online advertising and marketing agency (the "Advertising Agency") pursuant to the terms of a service agreement. The common shares were valued at $16,950 based on the fair value of the services received.

On January 8, 2021, the Company completed a non-brokered private placement offering (the "Offering") of 4,027,779 units ("Units") at a price of $0.21 per Unit, for gross proceeds of $845,834. Each Unit is comprised of one common share of the Company and one-half (1/2) of a Warrant exercisable at $0.30 for a period of two years from closing. In connection with the Offering, the Company paid cash commissions of $67,667, representing fees of 8% of the gross proceeds of the Offering introduced by the finders. In addition, the Company issued 322,222 compensation options ("Compensation Options") (see Note 11 for details).

On February 26, 2021, the Company issued another 30,818 common shares to the Advertising Agency, which were also valued at $16,950 based on the fair value of the services received.

During the year ended August 31, 2021, a principal amount of $982,675 of the Convertible Debenture were converted into 19,653,504 common shares of the Company at a conversion price of $0.05 per share (see Note 8).

(Expressed in Canadian Dollars)

9. Share Capital (continued)

Share capital transactions for the year ended August 31, 2021 (continued)

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.

Share capital transactions for the year ended August 31, 2022

On November 19, 2021, the Company issued 129,120 common shares to the Advertising Agency pursuant to the terms of the Service Agreement, for common shares which should have been issued in May and August 2021. These common shares which were classified as shares to be issued as at August 31, 2021, were valued at $30,000 based on the fair value of the services received.

On January 5, 2022, the Company issued an additional 142,342 common shares to the Advertising Agency pursuant to the terms of the Service Agreement. These common shares were valued at $20,850 based on the fair value of the services received.

During the year ended August 31, 2022, the Company also issued 907,431 common shares as a result of the exercise of warrants for cash proceeds of $90,743.

10. Share-Based Payments Reserve

The Company adopted a stock option plan (the "Option Plan") under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options granted can be exercised for a maximum of five years and vest as determined at the discretion of the Board of the Company. Under the Option Plan, the exercise price of each option may not be less than the discounted fair market value of the common shares on the date of grant.

The following summarizes the stock option activity for the years ended August 31, 2022 and 2021:

	August 31, 2022		August 31, 2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**4,619,900**	**0.32**	1,300,000	0.17
Granted	**1,000,000**	**0.10**	2,285,000	0.30
Granted	**-**	**-**	1,450,000	0.45
Exercised	**-**	**-**	(350,100)	0.15
Exercised	**-**	**-**	(65,000)	0.20
Cancelled	**(50,000)**	**0.20**	-	-
Cancelled	**(400,000)**	**0.30**	-	-
Cancelled	**(450,000)**	**0.45**	-	-
Expired	**(349,900)**	**0.15**	-	-
Outstanding, end of year	**4,370,000**	**0.28**	4,619,900	0.32
Exercisable, end of year	**4,370,000**	**0.28**	4,191,400	0.32

10. Share-Based Payments Reserve (continued)

Option grants for the year ended August 31, 2021

On October 27, 2020, the Company granted 270,000 options to an officer and an advisory board member at an exercise price of $0.30, expiring on October 27, 2023. The options vested at the following schedule: 30% immediately, 35% on the 6-month anniversary of grant, and 35% on the 1-year anniversary of grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 181%, expected dividend yield of 0%, risk-free interest rate of 0.25% and an expected life of three years. The grant date fair value attributable to these options was $67,823, of which $3,707 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2022 (2021 – $64,116).

On December 15, 2020, the Company granted 535,000 options to an officer and a consultant at an exercise price of $0.30, expiring on December 15, 2023. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 168%, expected dividend yield of 0%, risk-free interest rate of 0.30% and an expected life of three years. The grant date fair value attributable to these options of $132,309 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2021.

On February 2, 2021, the Company granted 880,000 options to various officers, directors and consultants at an exercise price of $0.30, expiring on February 2, 2024. The options vested at the following schedule: 40% immediately, 30% on the 6-month anniversary of grant, and 30% on the 1-year anniversary of grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 167%, expected dividend yield of 0%, risk-free interest rate of 0.20% and an expected life of three years. The grant date fair value attributable to these options was $204,844, of which $26,097 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2022 (2021 – $178,747).

On March 8, 2021, the Company granted 500,000 options to a consultant at an exercise price of $0.45, expiring on March 8, 2024. The options were granted as compensation pursuant to a service agreement for marketing services rendered to the Company. The options vested immediately on grant and were valued using Black-Scholes with the following assumptions: expected volatility of 165%, expected dividend yield of 0%, risk-free interest rate of 0.51% and an expected life of three years. The grant date fair value attributable to these options was $186,297 was recorded into general and administrative ("G&A") expenses – within marketing and sales – on the consolidated statements of loss and comprehensive loss during the year ended August 31, 2021.

On March 16, 2021, the Company granted 400,000 options to an advisory board member at an exercise price of $0.45, expiring on March 16, 2024. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 165%, expected dividend yield of 0%, risk-free interest rate of 0.55% and an expected life of three years. The grant date fair value attributable to these options of $127,045 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2021.

On April 16, 2021, the Company granted 100,000 options to an employee at an exercise price of $0.45, expiring on April 16, 2024. The options vested at the following schedule: 30% immediately, 30% on the 6-month anniversary of grant, and 40% on the 1-year anniversary of grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 160%, expected dividend yield of 0%, risk-free interest rate of 0.49% and an expected life of three years. The grant date fair value attributable to these options was $30,716, of which $6,894 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2022 (2021 – $20,725).

On June 10, 2021, the Company granted 450,000 options to certain employees and consultants at an exercise price of $0.45, expiring on June 10, 2024. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 161%, expected dividend yield of 0%, risk-free interest rate of 0.48% and an expected life of three years. The grant date fair value attributable to these options of $122,717 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2021.

(Expressed in Canadian Dollars)

10. Share-Based Payments Reserve (continued)

Option grants for the year ended August 31, 2021 (continued)

On July 30, 2021, the Company granted 600,000 options to various officers and directors at an exercise price of $0.30, expiring on July 30, 2024. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 162%, expected dividend yield of 0%, risk-free interest rate of 0.54% and an expected life of three years. The grant date fair value attributable to these options of $110,302 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2021.

Option grants for the year ended August 31, 2022

On August 22, 2022, the Company granted 1,000,000 options to various officers, directors and employees at an exercise price of $0.10, expiring on August 22, 2025. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 195%, expected dividend yield of 0%, risk-free interest rate of 3.39% and an expected life of three years. The grant date fair value attributable to these options of $67,477 was recorded as stock-based compensation in connection with the vesting of these options during the year ended August 31, 2022.

Options cancellation and expiry for the year ended August 31, 2022

On February 28, 2022, 50,000 options granted on August 26, 2020 to an employee of the Company at an exercise a price of $0.20, were cancelled.

On April 14, 2022, 100,000 options granted on April 16, 2021 to an employee at an exercise a price of $0.45, were cancelled.

On June 9, 2022, 400,000 options previously granted to the Company’s former Chief Growth Officer (the “Former CGO”) at an exercise a price of $0.30, were cancelled.

On August 3, 2022, 150,000 options granted on February 2, 2021 to an employee at an exercise a price of $0.30, and 200,000 options granted on June 10, 2021 to another employee at an exercise a price of $0.45, were also cancelled.

On August 22, 2022, 349,900 options granted on August 15, 2017 at an exercise a price of $0.15, expired unexercised.

The following table summarizes information of stock options outstanding and exercisable as at August 31, 2022:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
August 23, 2023	485,000	485,000	0.20	0.99
October 27, 2023	270,000	270,000	0.30	1.16
December 15, 2023	450,000	450,000	0.30	1.29
February 2, 2024	565,000	565,000	0.30	1.42
March 8, 2024	500,000	500,000	0.45	1.52
March 16, 2024	400,000	400,000	0.45	1.54
June 10, 2024	100,000	100,000	0.45	1.78
July 30, 2024	600,000	600,000	0.30	1.92
August 22, 2025	1,000,000	1,000,000	0.10	2.98
	4,370,000	**4,370,000**	**0.28**	**1.80**

(Expressed in Canadian Dollars)

11. Warrants Reserve

The following summarizes the warrant activity for the years ended August 31, 2022 and 2021:

	August 31, 2022		August 31, 2021	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**6,556,888**	**0.17**	13,547,079	0.15
Issued	**-**	**-**	2,013,892	0.30
Issued	**-**	**-**	322,222	0.21
Exercised	**(907,431)**	**0.10**	(8,074,555)	0.10
Expired	**-**	**-**	(1,251,750)	0.65
Outstanding, end of year	**5,649,457**	**0.18**	6,556,888	0.17

Warrant issuances for the year ended August 31, 2021

On January 8, 2021, the Company issued 2,013,892 Warrants in conjunction with the Offering, as disclosed in Note 9. Each Warrant is exercisable at $0.30 to purchase one common share of the Company for a period of two years after closing of the Offering. The grant date fair value of the Warrants was estimated to be $255,018 using Black-Scholes with the following assumptions: expected volatility of 190%, expected dividend yield of 0%, risk-free interest rate of 0.19% and an expected life of two years.

In connection with the Offering, 322,222 Compensation Options were issued to the finders, representing 8% of the number of Units sold to subscribers introduced by finders. Each Compensation Option entitles the holder thereof to purchase a Unit, each comprised of one common share and one-half of a Warrant, at a price of $0.21 for a period of two years from closing of the Offering. Each underlying warrant is exercisable for $0.30 to purchase one common share of the Company for a period of two years from closing of the Offering. The grant date fair value of the Compensation Options was estimated to be $191,515 using Black-Scholes with the following assumptions: expected volatility of 190%, expected dividend yield of 0%, risk-free interest rate of 0.19% and an expected life of two years.

Warrant issuances for the year ended August 31, 2022

There were no warrant issuances during the year ended August 31, 2022.

The following summarizes the information of warrants outstanding as at August 31, 2022:

Date of expiry	**Number of warrants outstanding**	**Exercise price**	**Weighted average remaining contractual life**
	#	**$**	**Years**
January 8, 2023	2,013,892	0.30	0.36
January 8, 2023 (i)	322,222	0.21	0.36
July 14, 2023	3,313,343	0.10	0.87
	5,649,457	**0.18**	**0.66**

(i) Exercisable into one common share and one-half of one common share purchase warrant exercisable at $0.30 until January 8, 2023.

(Expressed in Canadian Dollars)

12. Basic and Diluted Loss per Share

The calculations of basic and diluted loss per share for the year ended August 31, 2022 were based on the net loss of $619,152 (2021 – net loss of $1,090,377) and the weighted average number of basic and diluted common shares outstanding of 49,057,631 (2021 – 34,434,122).

The details of the computation of basic and diluted loss per share for the years ended August 31, 2022 and 2021 are as follows:

	2022	2021
	$	$
Net Loss for the year	**(619,152)**	(1,090,377)
	#	#
Weighted-average number of shares outstanding – basic and diluted	**49,057,631**	34,434,122
	$	$
Loss per share – basic and diluted	**(0.01)**	(0.03)

13. 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 its 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, 2022 and 2021.

14. Financial Instruments and Risk Management

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

As at August 31, 2022, the contractual maturities of the Company's financial liabilities are as follows:

	Less than 1 year	**1 to 3 years**	**3 to 5 years**	**Total**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	1,482,083	-	-	**1,482,083**
Lease commitments	214,293	123,755	35,813	**373,861**
Total	**1,696,376**	**123,755**	**35,813**	**1,855,944**

14. Financial Instruments and Risk Management (continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. 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 and believes that the credit risk concentration with respect to cash is minimal.

The Company's accounts receivable balance is subject 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, 2022 is as follows:

Accounts Receivable Aging	**August 31, 2022**	August 31, 2021
	$	$
Within 30 days	**1,225,678**	1,593,659
31 to 60 days	**570,291**	706,644
61 to 90 days	**267,401**	390,512
Over 90 days	**281,151**	118,239
Holdbacks	**120,132**	104,466
Allowance for expected credit loss	**(8,576)**	(6,197)
Total Accounts Receivable	**2,456,077**	2,907,323

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, 2022, an allowance for ECL of $8,576 was included in accounts receivable (August 31, 2021 – allowance for ECL of $6,197 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, 2022, 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 30% of gross revenue for the year ended August 31, 2022 (2021 – 24% of gross revenue).

As at August 31, 2022, one particular customer account comprises of approximately 29% of total outstanding accounts receivable, all of which is within 90 days aging (August 31, 2021 – approximately 14%).

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.

(Expressed in Canadian Dollars)

14. Financial Instruments and Risk Management (continued)

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. As at August 31, 2022, the Company's financial instruments consisted of cash, accounts receivable (excluding HST), investments, accounts payables and accrued liabilities, and finance lease obligations.

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 values of the finance lease obligations approximate their carrying amounts as they were measured taking into consideration comparable instruments with similar risks in determining the rates at which to discount their amount in applying their respective measurement models.

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, 2022, the Company's financial instruments carried at fair value consisted of its investments, which have been classified as Level 3 (August 31, 2021 – classified as Level 2 for investment in a private-owned entity based on observable price).

15. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration for members of key management personnel and directors during the years ended August 31, 2022 and 2021 were as follows:

	2022	2021
	$	$
Management remuneration	**359,288**	257,428
Professional fees	**67,000**	62,000
Directors' fees	**6,000**	-
Stock-based compensation (Note 10)	**76,001**	316,206
	508,289	735,634

Management remuneration

Remuneration of key management personnel of the Company for the year ended August 31, 2022 included short-term compensation of $258,750 and $100,538 for the Company's Chief Executive Officer ("CEO") and the Former CGO, respectively (2021 – $222,500 and $134,928, respectively). As at August 31, 2022, no balance was owed to any key management personnel (August 31, 2021 – $nil).

(Expressed in Canadian Dollars)

15. Related Party Transactions (continued)

Professional fees

During the year ended August 31, 2022, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of UPI is employed, charged fees of $67,000 (2021 – $62,000), for providing CFO services to the Company, as well as other accounting and administrative services. As at August 31, 2022, $6,309 (August 31, 2021 – $6,462) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Directors' fees

During the year ended August 31, 2022, directors of the Company were paid compensation benefits of $6,000 for services rendered (2021 – $nil), which was charged to salaries and wages with G&A expenses. As at August 31, 2022, no balance was owed to any directors in relation to the fees (August 31, 2021 – $nil).

Stock-based compensation

During the year ended August 31, 2022, officers and directors of the Company received stock-based compensation of $76,001 (2021 – $316,206) on vesting of options granted.

16. Revenues

The Company's revenues for the years ended August 31, 2022 and 2021 were comprised of the following:

	2022	2021
	$	$
Construction and other product revenue	**4,731,619**	5,281,298
Commissions	**242,491**	114,068
Repairs revenue	**1,427,739**	1,661,222
Service revenue	**1,541,101**	1,761,085
	7,942,950	8,817,673

17. General and Administrative Expenses

General and administrative expenses for the years ended August 31, 2022 and 2021 were comprised of the following:

	2022	2021
	$	$
Salaries and wages	**1,526,015**	1,511,501
Office expenses	**527,862**	632,122
Professional and consulting fees	**551,441**	640,746
Marketing and sales	**35,832**	670,487
Travel	**18,723**	(9,947)
Bad debt expense (recovery)	**8,098**	(42,869)
	2,667,971	3,402,040

18. 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. Each applicant’s eligibility for these programs is subject to validation and detailed verification by the federal government. The Company qualified for the CEWS and applied for the subsidy.

In 2021, the Company also applied for the Canada Emergency Rent Subsidy (“CERS”), which provided eligible Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue due to COVID-19, for a subsidy to cover part of their commercial rent or property expenses, between September 27, 2020 until October 23, 2021. The CERS provided payments directly to qualifying renters and property owners, without requiring the participation of landlords. As of October 24, 2021, subsidy programs such as CEWS and CERS had been replaced.

During the year ended August 31, 2022, the Company received CEWS funding of $36,553 (2021 – $781,249) and CERS funding of $7,254 (2021 – $78,644), respectively, which has been recorded as government assistance on the consolidated statements of loss and comprehensive loss.

19. Contingent Liabilities and Commitments

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 consolidated financial statements.

During the year ended August 31, 2022, 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. As at August 31, 2022, the Company determined that it was not possible to determine the outcome of this matter. Subsequent to year-end, the Company settled an amount of $40,000 on the lawsuit. As a result, the Company recorded a provision of $40,000 on the consolidated statements of financial position as at August 31, 2022 (August 31, 2021 – $nil).

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.

(Expressed in Canadian Dollars)

20. Segmented Information

The Company's segments have been organized based on its principal business operations (Corporate, and Controls and Mechanical Contracting), all within Canada.

Year ended August 31, 2022	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Capital expenditures	-	24,386	24,386
Total assets	1,327,122	4,176,484	5,503,606
Statement of Operations			
Revenue	-	7,942,950	7,942,950
Cost of sales	-	(5,575,702)	(5,575,702)
General and administrative	(1,020,381)	(1,647,590)	(2,667,971)
Depreciation	-	(248,361)	(248,361)
Finance expense	(644)	(50,090)	(50,734)
Inventory provision	-	(62,709)	(62,709)
Stock-based compensation	(104,175)	-	(104,175)
Gain on disposal of equipment	-	51,869	51,869
Government assistance	-	43,807	43,807
Current tax recovery	-	34,269	34,269
Deferred tax recovery	-	17,605	17,605
Segmented Income (Loss)	**(1,125,200)**	**506,048**	**(619,152)**

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)
Gain on disposal of equipment	-	82,580	82,580
Government assistance	-	859,893	859,893
Gain on derecognition of ROU asset	-	1,443	1,443
Loss on conversion of debt	(3,350)	-	(3,350)
Current tax expense	-	(184,262)	(184,262)
Deferred tax expense	-	(27,410)	(27,410)
Segmented Income (Loss)	**(2,694,070)**	**1,603,693**	**(1,090,377)**

(Expressed in Canadian Dollars)

21. Unbilled Receivables and Deferred Revenue

Unbilled receivables

	$
Balance, August 31, 2020	**281,571**
Excess of revenue earned over billings	99,288
Balance, August 31, 2021	**380,859**
Excess of revenue earned over billings	7,923
Balance, August 31, 2022	**388,782**

Deferred revenue

	$
Balance, August 31, 2020	**164,077**
Excess of billings over revenue earned	115,801
Balance, August 31, 2021	**279,878**
Excess of billings over revenue earned	235,610
Balance, August 31, 2022	**515,488**

22. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) to the effective tax rate is as follows:

Provision for income tax

	2022	2021
	$	$
Net loss before recovery of income taxes provision	**(671,026)**	(878,705)
Expected income tax (recovery) expense	**(177,820)**	(232,860)
Share issuance cost booked directly to equity	**-**	(74,360)
Adjustments in respect of prior periods	**(41,050)**	-
Tax credits	**-**	(105,620)
Share-based compensation and non-deductible expenses	**29,420**	205,450
Conversion into common shares	**-**	(74,090)
Change in tax benefits not recognized	**137,585**	493,152
Income tax expense (recovery)	**(51,865)**	211,672

The Company's income tax expense (recovery) is allocated as follows:

	2022	2021
	$	$
Current tax expense (recovery)	**(34,265)**	184,262
Deferred tax expense (recovery)	**(17,600)**	27,410
Income tax expense (recovery)	**(51,865)**	211,672

(Expressed in Canadian Dollars)

22. Income Taxes (continued)

Deferred tax

The following table summarizes the components of deferred tax:

	2022	2021
	$	$
Deferred Tax Assets		
Capital lease obligation	**83,230**	134,290
Reserves	**2,270**	-
	85,500	134,290
Deferred Tax Liabilities		
Property and equipment	**(95,310)**	(138,930)
Input tax credits utilized	**-**	(22,770)
	(95,310)	(161,700)
Net deferred tax liability	**(9,810)**	(27,410)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movements in net deferred tax liabilities

	2022	2021
	$	$
Balance, beginning of year	**(27,410)**	-
Recognized in profit or loss	**17,600**	(27,410)
Balance, end of year	**(9,810)**	(27,410)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
	$	$
Share issuance costs	**277,320**	387,920
Non-capital losses carried forward	**8,517,870**	7,888,090
Net capital loss carried forward	**11,841,770**	11,841,770
	20,636,960	20,117,780

The Canadian non-capital loss carry-forwards expire as noted in the table below. The capital loss carry-forward may be carried forward indefinitely but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian Dollars)

22. Income Taxes (continued)

The Company's Canadian non-capital income tax losses expire as follows:

	$
2033	484,720
2034	1,926,620
2035	1,571,600
2036	1,089,840
2037	252,120
2038	209,480
2039	344,870
2040	590,940
2041	1,417,900
2042	629,770
	8,207,860

23. Subsequent Event

On December 2, 2022, the Company entered into a share purchase agreement with Dexterra Group Inc. (the "Purchaser") that provides for the sale (the "Transaction") of all of the issued and outstanding shares of VCI. In consideration, the Purchaser will pay the Company an aggregate cash purchase price of $4,000,000, plus the amount of cash held by VCI on closing of the Transaction (up to a maximum of $750,000), subject to normal closing adjustments. The estimated purchase price, less indemnity and employment holdback amounts totalling $980,000 (the "Holdback Amount") shall be paid and satisfied at closing by the Purchaser to the Company.

Completion of the Transaction is subject to certain conditions, which include applicable regulatory and stock exchange approvals and the approval of not less than 66 2/3% of the votes cast by shareholders represented in person or by proxy at the meeting of shareholders that will be held on or about January 27, 2023.