Universal PropTech Inc.

Management's Discussion and Analysis

For the Three and Nine Months ended May 31, 2023 and 2022

The following is the Management’s Discussion and Analysis (“MD&A”) of the results of operations and financial condition of Universal PropTech Inc. (“UPI”, “we” or the “Company”) as at and for the period ended May 31, 2023. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A is supplemental to and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended May 31, 2023 and 2022 (the “Q3 2023 Financials”), and its audited consolidated financial statements for the year ended August 31, 2022 (the “2022 Financials”). The Company’s financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise.

This MD&A also covers the subsequent period up to July 10, 2023.

Description of Business

UPI was incorporated under the *Canada Business Corporation Act* on August 22, 2008. The address of the Company’s corporate office is 77 King Street West, Suite 2905, Toronto, Ontario, Canada, M5K 1H1. 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 currently focused on evaluating acquisition opportunities in order to enhance shareholder value. On January 31, 2023, the Company closed the sale of all of the issued and outstanding shares of VCI Controls Inc. (“VCI”) (the “Transaction”), 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.

Corporate Developments

Investment in ISBRG

In February 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.

As at May 31, 2023, 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. Management continues to monitor and assess its investment in ISBRG and may determine, in the future, if there are indicators that require an impairment of the investment.

Agency Terms

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.

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.

Sale of VCI

On December 2, 2022, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with Dexterra Group Inc. ("Dexterra" or the "Purchaser") that provides for the Transaction, which closed on January 31, 2023 (see "Discontinued Operations" for more details). The Board of Directors (the "Board") of UPI has unanimously determined that the Transaction is in the best interests of the Company and is fair to its shareholders, who voted in favor of the Transaction.

The Transaction is a significant and positive recognition of the history and value of the Company and most importantly its employees. Dexterra is a large and dynamic organization that can make a meaningful investment to grow VCI, service its customers and present opportunities to staff for many years to come. Moreover, current market conditions for small cap service companies, and the ability to raise capital in the current environment to further develop and expand the Company's proptech business had been uncertain. Accordingly, management and the Board determined that it was a good opportunity to realize a return on its proptech business.

Acquisition Strategy

The Company intends to use the cash from the VCI sale for acquisition of or investment in exciting businesses with rapid growth potential. In this regard, the Company will assess opportunities for acquisition or investment based on one or more of the following criteria:

- Rapid growth potential;
- Sector agnostic, but will favor businesses with leverageable growth prospects;
- Preference to EBITA producing and cash flow positive businesses;
- Early revenue businesses will be considered but only where product offerings are de-risked and beyond proof of concept;
- Businesses with strong management teams;
- Management buy-outs will be considered favorably; and/or
- Acquisition of companies in distress due to overleveraging and the recent higher interest rate environment.

The Company will not limit the scope of its consideration to the property technology sector, but instead, will undertake an opportunistic review of potential acquisitions in a variety of industries. The Company may make multiple investments and also expects to deploy its common shares to secure acquisition opportunities.

Annual General Meeting

On May 31, 2023, the Company hosted its Annual General & Special Meeting of Shareholders (the "AGM") and announced the results of matters voted on at the AGM. Chris Hazelton, Al Quong and Brian Presement were (re)elected to the Board.

Financial Information

Selected annual information

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

	2022	2021	2020
	$	$	$
Total revenue	7,942,950	8,817,673	9,939,576
Net loss from continuing operations	(585,087)	(1,090,377)	(1,215,200)
Net loss and comprehensive loss	(585,087)	(1,090,377)	(1,175,970)
Net loss per share	(0.01)	(0.03)	(0.08)
Total assets	5,501,058	6,127,137	3,921,691
Long-term liabilities	180,245	307,786	1,120,935

Selected quarterly financial information [1]

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

	Q3 2023	Q2 2023	Q1 2022	Q4 2022
	$	$	$	$
Income (loss) from continuing operations	(147,775)	1,891,751	(332,043)	(334,427)
Revenue from discontinued operations	-	1,446,325	1,749,619	2,092,497
Income from discontinued operations	-	233,900	72,894	19,116
Net income (loss) and comprehensive income (loss)	(147,775)	2,125,651	(259,149)	(353,543)
Basic net income (loss) per share – continuing operations	(0.00)	0.04	(0.01)	(0.01)
Basic net income per share – discontinued operations	0.00	0.00	0.00	0.00

	Q3 2022	Q2 2022	Q3 2021	Q4 2021
	$	$	$	$
Loss from continuing operations	(206,195)	(314,423)	(270,155)	(1,148,839)
Revenue from discontinued operations	1,736,756	1,701,378	2,412,319	2,838,326
Income from discontinued operations	89,152	139,152	296,860	517,963
Net income (loss) and comprehensive income (loss)	(117,043)	(175,271)	26,705	(630,876)
Basic net (loss) per share – continuing operations	(0.00)	(0.01)	(0.00)	(0.02)
Basic net income per share – discontinued operations	0.00	0.00	0.00	0.01

Results of Operations for the Three Months ended May 31, 2023

Continuing Operations

During the three months ended May 31, 2023 ("Q3 2023"), the Company reported a net loss from continuing operations of $147,775 (2022 – net loss of $206,195). The net loss is primarily comprised of general and administrative ("G&A") expenses of $181,352 (2022 – $206,036), which are offset by interest income of $33,767 (2022 – $nil). Included in G&A expenses for the current quarter are the following items:

- Professional and consulting fees of $63,472 (2022 – $82,285);
- Salaries and wages of $59,896 (2022 – $92,872);
- Office expenses of $51,886 (2022 – $22,834);
- Travel expenses of $6,098 (2022 – $4,712), and
- Marketing and sales expenses of $nil (2022 – $3,333).

Cash flows

During Q3 2023, net operating cash used in continuing operations was $277,793 (2022 – cash used of $246,107), for an increase in spending of $31,686. While management has been prudent with its use of cash based on the current economic climate, it has also been paying off certain obligations with the proceeds received on the close of the Transaction. In the comparative period, VCI's operations contributed to a cash inflow of $185,496, for an overall net spending of $60,611.

During Q3 2023, the Company did not participate in any financing activities from its continuing operations (2022 – $nil). Through VCI, it made total finance lease payments of $67,002 made in the comparative period.

During Q3 2023, the Company redeemed a principal of $3,150,000 from certain short-term guaranteed investment certificates ("GICs"), which had since been deposited into new short-term deposits classified under cash and cash equivalents. In the comparative period, VCI sold equipment for proceeds of $49,170.

[1] For comparative purposes, the selected quarterly financial information had been adjusted to reflect VCI's results of operations as discontinued operations. See "Discontinued Operations" for more information.

Results of Operations for the Nine Months ended May 31, 2023

Continuing Operations

During the nine months ended May 31, 2023, the Company reported a net income from continuing operations of $1,411,933 (2022 – net loss of $790,773). The net income for the current period year-to-date is comprised primarily of a one-time gain on the sale of VCI of $2,453,640 and interest income of $44,719 (2022 – $nil), which are offset by G&A expenses of $942,209 (2022 – $753,572) and sale transaction cost of $143,588 related to the Transaction. Included in G&A expenses for the current period are the following items:

- Salaries and wages of $574,685 (2022 – $286,981);
- Professional and consulting fees of $234,121 (2022 – $326,411);
- Office expenses of $103,659 (2022 – $100,535);
- Travel expenses of $23,078 (2022 – $13,812), and
- Marketing and sales expenses of $6,666 (2022 – $25,833).

Discontinued Operations

During the nine months ended May 31, 2023, the Company generated total revenue of $3,195,944 through VCI up to the sale of the former subsidiary, as compared to total revenue of $5,850,453 in the comparative period. Cost of sales related to direct materials and expenditures for products and services sold also decreased in proportion with revenue, down $1,829,352 to $2,225,842 (2022 – $4,052,884). Gross margin for the discontinued operations was approximately 30.5% for the period up to the sale of VCI (2022 – 30.7%).

During the nine months ended May 31, 2023, VCI incurred total G&A expenses of $581,187 up to its sale, as compared to total G&A expenses of $1,191,080 in the comparative period. VCI's G&A expenses were primarily related to the following items:

- Salaries and wages of $453,370 (2022 – $864,412).
- Office expenses of $115,869 (2022 – $281,833); and
- Professional fees of $3,100 (2022 – $42,307).

During the nine months ended May 31, 2023, amortization and depreciation of $99,171 (2022 – $187,340) was recorded on VCI's property and equipment, and right-of-use assets, on leased buildings and vehicles. Total amortization and depreciation decreased in the current period as it was only recorded up to the sale of VCI.

Overall, VCI reported a net income of $306,794 (2022 – net income of $525,164) which is classified as income from discontinued operations on the Company's consolidated statements of income (loss) and comprehensive income (loss) for the nine months ended May 31, 2023.

Cash flows

During the nine months ended May 31, 2023, net operating cash used in continuing operations was $1,132,777 (2022 – cash outflow of $815,128), for an increase in spending of $317,649. While management has been managing its use of cash based on the current economic climate, it had also paid off certain obligations prior to the sale of VCI, which it had continued to do so post-Transaction. On the other hand, VCI's operations continued to generate revenue as business had recovered since the end of 2021, the Company was able to secure new contracts. During the current period, operating cash inflow provided by VCI was $96,749 up to the sale of the former subsidiary, as compared to cash inflow of $842,916 in the comparative period.

During the nine months ended May 31, 2023, the Company did not participate in any financing activities from its continuing operations, while it generated proceeds of $90,743 received from exercises of warrants in the comparative period. Through VCI, it incurred $110,381 from financing activities from discontinued operations primarily from finance lease payments (2022 – $204,283).

During the nine months ended May 31, 2023, the Company received cash inflow of $3,230,888 (2022 – $nil), comprised of proceeds of $3,819,929 from the sale of VCI. It also purchased and subsequently redeemed a principal of $3,150,000 from certain short-term GICs, which had since been deposited into new short-term deposits classified under cash and cash equivalents. The cash inflow was also offset by cash of $589,041 from VCI relinquished on closing. VCI received proceeds of $26,012 on disposals of certain vehicles (2022 – $30,791).

Liquidity and Capital Resources

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at May 31, 2023, the Company had a working capital of $3,895,960 (August 31, 2021 – $1,964,323). Working capital provides funds for the Company to meet its operational and capital requirements. With the closing of the Transaction, the Company received a large sum of cash injection from the sales proceeds.

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

Discontinued Operations

On December 2, 2022, the Company and Dexterra entered into the Share Purchase Agreement in respect of the sale of all of the issued and outstanding shares (the "Purchased Shares") of VCI.

On January 31, 2023 (the "Closing Date"), the Company completed the Transaction. Pursuant to the terms of the Share Purchase Agreement, the Company agreed to sell, transfer and assign the Purchased Shares to the Purchaser for the aggregate purchase price (the "Purchase Price") payable in cash, subject to certain holdbacks (the "Holdback Amount") and adjustments as set out in the Share Purchase Agreement, calculated as follows:

(a) $4,000,000;
(b) plus the amount of cash held by VCI on closing of the Transaction (up to a maximum of $750,000);
(c) less the amount of indebtedness of VCI;
(d) less the amount of any transaction costs invoiced to VCI that remain payable as of the Closing Date;
(e) plus the amount (if any) of net working capital (as calculated in accordance with the Share Purchase Agreement) at the Closing Date ("Net Working Capital") that is greater than $1,250,000 (the "Net Working Capital Target"), and
(f) less the amount (if any) by which the Net Working Capital is less than the Net Working Capital Target.

Pursuant to the terms of the Share Purchase Agreement along with an indemnity agreement dated December 2, 2022 (the "Indemnity Agreement"), a portion of the Holdback Amount shall be held by the Purchaser for a period of 12 months following closing, subject to any pending claims at the end of such period, in which case, such amounts will be held until full and final settlement, final non-appealable judgement or final termination of such pending claims. A separate portion of the Holdback Amount shall be held by the Purchaser until the full and final settlement, final non-appealable judgement or final termination of certain identified legal proceedings involving VCI, and are subject to release in accordance with the provisions of the Indemnity Agreement.

On closing, the Purchase Price, net of all estimated adjustments of $3,819,929, was paid to the Company. As at May 31, 2023, the Company had classified the Holdback Amount as other receivables on its consolidated statements of financial position.

The following tables summarizes the Transaction:

	$
Consideration Received	
Cash	**4,000,000**
Cash held by VCI on closing	**589,041**
Net Working Capital	**1,349,630**
Net Working Capital Target	**(1,250,000)**
Total Consideration	**4,688,671**
Carrying amount of investment in VCI	**(1,381,250)**
Derecognition of VCI's net assets on closing	**(853,781)**
Gain on Sale on Subsidiary	**2,453,640**

As at May 31, 2023, the final consideration remains subject to change, pending on post-closing adjustments to be prepared and delivered by the Buyer, no later than 90 days after the Closing Date, pursuant to the terms of the Share Purchase Agreement.

Financial results relating to the discontinued operations for the three and nine months ended May 31, 2023 and 2022 are summarized as follows:

	Three months ended May 31,		**Nine months ended May 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Revenue	**-**	1,736,756	**3,195,944**	5,850,453
Cost of sales	**-**	(1,282,237)	**(2,225,842)**	(4,052,884)
Gross profit	**-**	454,519	**970,102**	1,797,569
Total expenses	**-**	(365,367)	**(663,308)**	(1,272,405)
Income from Discontinued Operations	**-**	89,152	**306,794**	525,164

The net cash flows from discontinued operations incurred by VCI presented on the consolidated statements of cash flows for the three and nine months ended May 31, 2023 and 2022 are summarized as follows:

	Three months ended May 31,		**Nine months ended May 31,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net cash flows				
Provided by operating activities	-	185,496	**96,749**	842,916
(Used in) financing activities	-	(67,002)	**(110,381)**	(204,283)
Provided by investing activities	**-**	49,170	**26,012**	30,791
Net Increase in Cash from Discontinued Operations	**-**	167,664	**12,380**	669,424

During the nine months ended May 31, 2023, the Company incurred total transaction costs of $143,588 in relation to the Transaction.

Capital Management

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

The Board of the Company 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 since its most recent financial reporting period.

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, or sale of assets.

As at May 31, 2023, 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	146,335	-	-	**146,335**
Total	146,335	**-**	**-**	**146,335**

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held with a reputable chartered Canadian financial institution, 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 minimal credit risk.

The Company's aging of accounts receivable as at May 31, 2023 is as follows:

Accounts Receivable Aging	**May 31, 2023**	August 31, 2022
	$	$
Within 30 days	-	1,225,678
31 to 60 days	-	570,291
61 to 90 days	-	267,401
Over 90 days	-	281,151
Holdbacks	-	120,132
Allowance for expected credit loss	-	(8,576)
Total Accounts Receivable	-	2,456,077

The maximum exposure is limited to the carrying amount of financial assets on the consolidated statements of financial position that includes cash and cash equivalents and accounts receivable. As at May 31, 2023, no allowance of expected credit losses ("ECL") was included in accounts receivable (August 31, 2022 – allowance for ECL of $8,576 was 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 May 31, 2023, the Company had no hedging agreements in place with respect to floating interest rates.

Foreign exchange risk

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

Categories and fair value of financial instruments

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. As at May 31, 2023, the Company's financial instruments consisted of cash and cash equivalents, accounts receivable (excluding HST), other receivables, investment, and accounts payables and accrued liabilities. The fair values of these financial instruments are approximately equal to their carrying value due to their short-term nature.

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 May 31, 2023, the Company's financial instruments carried at fair value consisted of its investment, which have been classified as Level 3 (August 31, 2022 – classified as Level 3 for investment in a private-owned entity based on observable price).

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 for members of key management personnel and directors during the three and nine months ended May 31, 2023 and 2022 were as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Management remuneration	**56,750**	85,250	**512,544**	253,955
Professional fees	**16,750**	16,750	**50,250**	50,900
Directors' fees	**1,500**	1,500	**4,500**	4,500
Stock-based compensation	**-**	-	**-**	22,019
	75,000	103,500	**567,294**	331,374

Management remuneration

Remuneration of key management personnel of the Company for the three and nine months ended May 31, 2023 included short-term compensation of $56,750 and $512,514, respectively, for the Company's Chief Executive Officer ("CEO") (2022 – $168,750 and $85,205 for the CEO, and for UPI's former Chief Growth Officer, respectively). As at May 31, 2023, no balance was owed to any key management personnel (August 31, 2022 – $nil).

Professional fees

During the three and nine months ended May 31, 2023, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of UPI is employed, charged fees of $16,750 and $50,250, respectively (2022 – $16,750 and $50,900), for providing CFO services to the Company, as well as other accounting and administrative services. As at May 31, 2023, $6,309 (August 31, 2022 – $6,309) 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 three and nine months ended May 31, 2023, directors of the Company were paid compensation benefits of $1,500 and $4,500, respectively (2022 – $1,500 and $4,500), for services rendered which was charged to salaries and wages with general and administrative ("G&A") expenses. As at May 31, 2023, $1,000 (August 31, 2022 – $nil) owing to the directors were included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Stock-based compensation

During the three and nine months ended May 31, 2022, officers and directors of the Company received stock-based compensation of $nil and $22,019, respectively, on vesting of options granted.

Subsequent Event

On June 9, 2023, 500,000 stock options granted on March 8, 2021 to a consultant of the Company at an exercise price of $0.45, were cancelled.

Outstanding Share Data

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

Common Shares	Number Outstanding
Issued and Outstanding	49,217,408
Issuable under Options	2,785,000
Issuable under Warrants	3,313,343

Significant Accounting Judgments and Estimates

The preparation of the Company's unaudited condensed interim 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. These are described in greater detail in Note 2(d) to the 2022 Financials.

Summary of Significant Accounting Policies

The significant accounting policies used by the Company are the same and described in greater detail in Note 3 to the 2022 Financials, unless otherwise noted below:

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and short-term deposits with an original maturity of three months or less held in Canadian chartered banks and reputable Canadian financial institutions. As at May 31, 2023, the Company held cash equivalents.

(b) Adoption of New Accounting Standards and Amendments

The Company adopted the following amendments, effective September 1, 2022. These changes were made in accordance with the applicable transitional provisions. There was no material impact upon adoption of these amendments on the Company's consolidated financial statements.

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.

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. The Company early-adopted these amendments as permitted.

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 Company's consolidated statements of financial position.

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. During the nine months ended May 31, 2023, the Company settled an amount of $40,000 on the lawsuit.

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

Segmented Information

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

Nine months ended May 31, 2023	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Total assets	5,042,295	-	5,042,295
Statement of Operations			
General and administrative	(942,209)	-	(942,209)
Sale transaction cost	(143,588)	-	(143,588)
Finance expense	(629)	-	(629)
Interest income	44,719	-	44,719
Gain on sale of subsidiary	2,453,640	-	2,453,640
Discontinued operations	-	306,794	306,794
Segmented Income	**1,411,933**	**306,794**	**1,718,727**

Nine months ended May 31, 2022	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Total assets	1,064,155	4,373,748	5,437,903
Statement of Operations			
General and administrative	(753,572)	-	(753,572)
Stock-based compensation	(36,698)	-	(36,698)
Finance expense	(503)	-	(503)
Discontinued operations	-	525,164	525,164
Segmented Income (Loss)	**(790,773)**	**525,164**	**(265,609)**

Risk Factors

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

Going concern risk

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

During the nine months ended May 31, 2023, the Company reported a net income of $1,718,727 (2022 – net loss of $265,609). As at May 31, 2023, the Company had a working capital of $3,895,960 (August 31, 2022 – $1,964,323) and an accumulated deficit of $20,906,078 (August 31, 2022 – $23,169,063). The Company's ability to continue as a going concern is dependent upon the Company finding an acquisition target and achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining 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 represent material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

Additional financing

The Company believes that it has sufficient capital to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. There is no assurance that additional financing, if needed, will be available on acceptable terms or at all.

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

Volatile global financial and economic conditions

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

Revenue risk

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

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

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

Reliance on management and key personnel

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

Private or illiquid securities

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

Limited market for securities

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

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

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

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

Internal controls

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

Liability for activity of employees, contractors and consultants

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

Disruption of business

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

Disclosure of Internal Controls over Financial Reporting

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

Caution Regarding Forward-Looking Information

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

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

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

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Q3 2023 Financials have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Q3 2023 Financials in all material aspects.

The Audit Committee has reviewed the Q3 2023 Financials and this MD&A with management of UPI. The Board of the Company has approved the Q3 2023 Financials and this MD&A on the recommendation of the Audit Committee.

Additional Information

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

July 10, 2023

Christopher Hazelton
Chief Executive Officer