Universal PropTech Inc.

Consolidated Financial Statements

For the Years ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

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, 2023 and August 31, 2022, 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, 2023 and August 31, 2022, 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, 2023 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Revenue Recognized from Construction Contracts

Key Audit Matter Description

The Company enters into construction contracts which may span several years with varying terms and recognizes revenue progressively 'over time' based on the percentage-of-completion method. This method is measured by reference to costs incurred to date as a percentage of the total estimated costs to complete. The Company's policy for revenue recognition together with the related significant accounting estimates and assumptions is described in note 3 of the consolidated financial statements.

The Company recognized $1.9 million of revenues for the year ended August 31, 2023 related to these contracts that is included as part of the income from discontinued operations. We considered this to be a key audit matter due to the significant judgements made by management in estimating the costs to complete which drives the timing of revenue recognition. The determination of the estimated costs to complete projects that are open at period end is a significant judgement that can have a material impact on the amount of revenue recognized in the year.

These significant judgements include those related to estimated future labour and materials. Given the variation in the types of projects, these judgments related to the estimation of future costs are subjective in nature and dependent on the complexity and status of the related contract as at period end date.

Audit Response

We responded to this matter by performing procedures in relation to revenue recognized from construction projects. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained an understanding of the budgeting process for projects and the key controls. We also evaluated the design related to the budgeting process, including how new projects are accepted, how budgets are created, the approval of budgets, and management's process on monitoring estimated costs to complete the projects.
- For a sample of contracts we selected, we assessed the total contracted revenue, billings, change orders, and the estimated costs to complete in order to assess the reasonability of the Company's percentage of completion calculations. We also verified the contracts had been approved by checking the contracts were signed by both parties, payment terms, and ensured the contract has commercial substance.
- We obtained breakdowns of all budgeted costs and obtained corroborative evidence from the operations team members to ensure indirect costs are included.
- We tested a sample of actual material and labour costs incurred by agreeing to supporting documentation to ensure costs had been incurred on each project that is recognizing revenue.
- We compared prior period cost estimates to actual contract costs incurred in the current year to assess management's ability to estimate the costs to complete a contract.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 19, 2023 — Licensed Public Accountants

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

	As at August 31, 2023	As at August 31, 2022
	$	$
Assets		
Current Assets		
Cash and cash equivalent (Note 4)	**2,813,612**	1,031,662
Accounts receivable (Note 14)	**34,035**	2,456,077
Other receivables (Note 8)	**100,000**	-
Unbilled receivables (Note 20)	**-**	388,782
Inventories	**-**	148,758
Prepaid expenses	**15,623**	112,091
Total Current Assets	**2,963,270**	4,137,370
Other receivables (Note 8)	**380,000**	-
Investment (Note 5)	**-**	1,000,000
Property and equipment and right-of-use assets (Note 6)	**-**	366,236
Total Assets	**3,343,270**	5,503,606
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**255,266**	1,482,083
Income tax payable (Note 21)	**-**	14,218
Deferred revenue (Note 20)	**-**	515,488
Finance lease obligations – current (Note 7)	**-**	161,258
Total Current Liabilities	**255,266**	2,173,047
Finance lease obligations (Note 7)	**-**	152,835
Deferred tax liabilities (Note 21)	**-**	9,805
Total Liabilities	**255,266**	2,335,687
Shareholders' Equity		
Share capital (Note 9)	**23,400,548**	23,400,548
Share-based payments reserve (Note 10)	**2,178,069**	2,571,100
Warrants reserve (Note 11)	**-**	365,334
Accumulated deficit	**(22,490,613)**	(23,169,063)
Total Shareholders' Equity	**3,088,004**	3,167,919
Total Liabilities and Shareholders' Equity	**3,343,270**	5,503,606

Nature of operations and going concern (Note 1)
Contingent liabilities and commitments (Note 18)
Subsequent events (Note 22)

Approved on behalf of the Board of Directors:

"Jeff Berman" (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, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
		$
Expenses		
General and administrative (Note 17)	**1,534,405**	1,020,381
Stock-based compensation (Notes 10 and 15)	**-**	104,175
Finance expense	**1,054**	644
Total Expenses	**(1,535,459)**	(1,125,200)
Other Income (loss)		
Interest income (Note 4)	**76,881**	-
Fair value adjustment (Note 5)	**(1,000,000)**	-
Total Other Loss	**(923,119)**	-
Net Loss from Continuing Operations	**(2,458,578)**	(1,125,200)
Discontinued Operations		
Income from discontinued operations (Note 8)	**2,378,663**	506,048
Net Income from Discontinuing Operations	**2,378,663**	506,048
Net Loss and Comprehensive Loss	**(79,915)**	(619,152)
Net Income (Loss) per Share attributable to equity holders for continuing operations		
Basic	(0.05)	(0.02)
Diluted	(0.05)	(0.02)
Net Income (Loss) per Share attributable to equity holders for discontinued operations		
Basic	0.05	0.01
Diluted	0.05	0.01

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

Universal PropTech Inc.

Consolidated Statements of Cash Flows
For the Years ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Operating Activities		
Net loss from continuing operations for the year	**(2,458,578)**	(1,125,200)
Adjustments for non-cash items:		
Stock-based compensation	**-**	104,175
Shares issued for services performed	**-**	20,850
Fair value adjustment	**1,000,000**	-
	(1,458,578)	(1,000,175)
Changes in non-cash working capital:		
Accounts receivable	**(34,035)**	10,578
Prepaid expenses	**10,882**	(8,514)
Accounts payable and accrued liabilities	**34,618**	21,505
Net Cash Provided by (Used in) Continuing Operating Activities	**(1,447,113)**	(976,606)
Net Cash Provided by (Used in) Discontinued Operating Activities	**110,410**	1,156,922
Net Cash Provided by (Used in) Operating Activities	**(1,336,703)**	180,316
Financing Activities		
Proceeds from exercise of warrants	**-**	90,743
Lease payments	**(110,381)**	(271,286)
Net Cash Provided by (Used in) Financing Activities	**(110,381)**	(180,543)
Investing Activities		
Short-term investments	**(3,150,000)**	-
Redemption of short-term investments	**3,150,000**	-
Proceeds from sale of subsidiary	**4,331,670**	-
Cash relinquished on sale of subsidiary	**(589,041)**	-
Disposal costs	**(513,595)**	-
Proceeds of disposal of property and equipment	**-**	64,649
Property and equipment additions	**-**	(24,386)
Net Cash Provided by (Used in) Investing Activities	**3,229,034**	40,263
Increase in cash	**1,781,950**	40,036
Cash, beginning of year	**1,031,662**	991,626
Cash, end of year	**2,813,612**	1,031,662

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, 2023 and 2022
(Expressed in Canadian Dollars)

	Share Capital		Shares to be Issued	Share-Based Payment Reserve	Warrants Reserve	Accumulated Deficit	Total
	#	$	$	$	$	$	$
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	271,462	50,850	(30,000)	-	-	-	20,850
Issuance of shares on exercises of warrants	907,431	176,672	-	-	(85,929)	-	90,743
Stock-based compensation	-	-	-	104,175	-	-	104,175
Cancellation of options	-	-	-	(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**
Balance, August 31, 2022	**49,217,408**	**23,400,548**	**-**	**2,571,100**	**365,334**	**(23,169,063)**	**3,167,919**
Expiry and cancellation of options	-	-	-	(393,031)	-	393,031	-
Expiry of warrants	-	-	-	-	(365,334)	365,334	-
Net loss for the year	-	-	-	-	-	(79,915)	(79,915)
Balance, August 31, 2023	**49,217,408**	**23,400,548**	**-**	**2,178,069**	**-**	**(22,490,613)**	**3,088,004**

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 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"), 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 (see Note 8 for more details).

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, 2023, the Company reported a net loss from continuing operations of $2,458,578 (2022 – $1,125,200). As at August 31, 2023, the Company had a working capital of $2,708,004 (2022 – $1,964,323) and an accumulated deficit of $22,490,613 (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.

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 19, 2023.

(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, VCI, after eliminating inter-entity balances and transactions up to the date when control of VCI ceased.

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.

On January 31, 2023, the Company sold VCI, which was its sole revenue generation unit.

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.

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 classified this investment as Level 3 input under the fair value hierarchy.

(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, 2023 and 2022, 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. See note 5.

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, 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.

(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, 2023. 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 IFRS 16 – Leases

In September 2022, the IASB issued amendments to IFRS 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale.

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The IASB has not prescribed a particular method for measuring the lease liability. A seller-lessee must apply the amendments retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

IAS 1 – Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1 requiring an entity to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period. As part of the amendments, a provision was added to clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability's classification as current or non-current, even if compliance with the covenant is only assessed after the entity's reporting date. Covenants which an entity must comply with after the reporting date would not affect classification of a liability as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. An entity that applies these amendments early is also required to apply the January 2020 amendments at the same time, and vice versa.

4. Cash and Cash Equivalents

The Company's cash and cash equivalents consists of cash and investments in short-term guaranteed investment certificates ("GICs") which were measured at fair value. As at August 31, 2023, the short-term GICs were measured at a face value of $1,707,750 plus accrued interest of $7,750.

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's SpotLight-19© technology is designed to detect the presence of infection caused by SARS-CoV-2 virus.

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.

Commercialization of SpotLight-19© is conditional on approval of Health Canada, which continues to be uncertain. Furthermore, if approved by Health Canada, considerable additional obstacles remain in commercializing SpotLight-19©. The Company assessed the investment for indicators of impairment as at August 31, 2023, based on both qualitative and quantitative information provided to the Company and determined that the investment should be written off based on the following reasons: (i) Health Canada has not approved commercial use of SpotLight-19©; (ii) market changes relating to the end of COVID as a pandemic; (iii) assessment of near term revenue generation ability from ISBRG's other products in the absence of Health Canada approvals; (iv) lack of reliability of government funding; and (v) a review of other relevant information available to the Company. As at August 31, 2023, the investment is $Nil (2022 - $1,000,000).

(Expressed in Canadian Dollars)

5. Investment (continued)

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.

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

	Computer equipment	Equipment	Furniture & fixtures	Building & Leasehold improvements	Right-of-use assets	Total
Cost	$	$	$	$	$	$
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**
Derecognition on sale of subsidiary	(82,293)	(40,407)	(228,743)	(1,919)	(857,409)	(1,210,771)
Balaance, August 31, 2023	-	-	-	-	-	
Accumulated depreciation						
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**
Depreciation for the year	4,660	4,612	167	-	-	9,439
Depreciaiton of ROU assets	-	-	-	-	89,733	89,733
Derecognition on sale of subsidiary	(60,767)	(15,851)	(209,075)	(1,919)	(656,095)	(943,707)
Balance, August 31, 2023	-	-	-	-	-	-
Net book value						
Balance, August 31,2022	26,186	29,169	19,835	-	291,046	366,236
Balance, August 31, 2023	-	-	-	-	-	-

(Expressed in Canadian Dollars)

7. Finance Lease Obligations

The carrying amounts of the Company's lease obligations and movements during the years ended August 31, 2023 and 2022 were as follows:

	$
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**
Interest on lease obligations	8,959
Lease payments	(110,381)
Lease liabilities derecognized on sale of subsidiary	(212,671)
Balance, August 31, 2023	**-**

8. Discontinued Operations

On December 2, 2022, the Company and Dexterra Group Inc. (the "Purchaser") entered into a share purchase agreement (the "Share Purchase Agreement") in respect of the sale of all of the issued and outstanding shares (the "Purchased Shares") of VCI (the "Transaction").

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.

(Expressed in Canadian Dollars)

8. Discontinued Operations (continued)

The following tables summarizes the Transaction:

	$
Consideration Received	
Base purchase price	**4,000,000**
Cash held by VCI on closing	**589,041**
Net Working Capital and Other Adjustments	**222,630**
Total Consideration	**4,811,671**
Carrying amount of investment in VCI	**(1,381,250)**
Derecognition of VCI's net assets on closing	**(827,271)**
Costs of disposal	**(513,595)**
Gain on Sale on Subsidiary	**2,089,555**

Financial results relating to the discontinued operations for the years ended August 31, 2023 and 2022 are summarized as follows:

	Year ended August 31,	
	2023	2022
	$	$
Revenue (Note 16)	**3,199,537**	7,942,950
Cost of sales	**(2,252,842)**	(5,575,702)
Gross profit	**946,695**	2,367,248
Total expenses	**(713,703)**	(1,913,074)
Income from discontinued operations before tax	**232,992**	454,174
Income tax	**56,116**	51,874
Gain on sale of subsidiary	**2,089,555**	-
Income from Discontinued Operations, Net of Tax	**2,378,663**	506,048

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

	Year ended August 31,	
	2023	2022
	$	$
Net cash flows		
Provided by operating activities	33,631	1,156,922
(Used in) financing activities	(110,381)	(271,286)
Provided by investing activities	-	40,263
Net Increase in Cash Flows from Discontinued Operations	(76,750)	925,899

(Expressed in Canadian Dollars)

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, 2023, there were 49,217,408 common shares issued and outstanding (August 31, 2022 – 49,217,408), for total share capital of $23,400,548 (August 31, 2022 – $23,400,548).

Share capital transactions for the year ended August 31, 2023

There were no share capital transactions during the year ended August 31, 2023.

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, 2023 and 2022:

	August 31, 2023		August 31, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**4,370,000**	**0.28**	4,619,900	0.32
Granted	-	-	1,000,000	0.10
Cancelled	**(285,000)**	**0.20**	(50,000)	0.20
Cancelled	**(150,000)**	**0.30**	(400,000)	0.30
Cancelled	**(250,000)**	**0.45**	(450,000)	0.45
Cancelled	**(150,000)**	**0.30**	-	-
Cancelled	**(250,000)**	**0.10**	-	-
Cancelled	**(500,000)**	**0.45**	-	-
Expired	**(200,000)**	**0.20**	(349,900)	0.15
Outstanding, end of year	**2,585,000**	**0.27**	4,370,000	0.28
Exercisable, end of year	**2,585,000**	**0.27**	4,370,000	0.28

10. Share-Based Payments Reserve (continued)

Option grants for the year ended August 31, 2023

No options were granted during the year ended August 31, 2023.

Options cancelled for the year ended August 31, 2023

On October 24, 2022 and May 2, 2023, 50,000 and 235,000 options granted on August 26, 2020 to certain employees of the Company at an exercise price of $0.20, were cancelled respectively.

On May 2, 2023, 100,000 options granted on August 22, 2022 to certain employees of the Company at an exercise price of $0.10, were cancelled.

On May 2, 2023, 250,000 options granted on June 10, 2021 to certain consultants of the Company at an exercise price of $0.45, were cancelled.

On May 4, 2023, the following options previously granted to a former director of the Company were also cancelled:

- 150,000 options granted on February 2, 2021 an exercise price of $0.30
- 150,000 options granted on July 30, 2021 at an exercise price of $0.30; and
- 150,000 options granted on August 22, 2022 an exercise price of $0.10.

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

On August 26, 2023, 200,000 options granted on August 26, 2020 to a director and an officer at an exercise price of $0.20 expired unexercised.

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.

(Expressed in Canadian Dollars)

10. Share-Based Payments Reserve (continued)

The following table summarizes information of stock options outstanding and exercisable as at August 31, 2023:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
October 27, 2023	270,000	270,000	0.30	0.16
December 15, 2023	450,000	450,000	0.30	0.29
February 2, 2024	415,000	415,000	0.30	0.42
March 16, 2024	400,000	400,000	0.45	0.54
July 30, 2024	300,000	300,000	0.30	0.92
August 22, 2025	750,000	750,000	0.10	1.98
	2,585,000	**2,585,000**	**0.27**	**0.90**

11. Warrants Reserve

The following summarizes the warrant activity for the years ended August 31, 2023 and 2022:

	August 31, 2023		August 31, 2022	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	$	#	$
Outstanding, beginning of year	**5,649,457**	**0.18**	**6,556,888**	**0.17**
Exercised	**-**	**-**	**(907,431)**	**0.10**
Expired	**(5,649,457)**	**0.18**	**-**	**-**
Outstanding, end of year	**-**	**-**	**5,649,457**	**0.18**

Warrant activities for the year ended August 31, 2023

There were no warrant issuances during the year ended August 31, 2023. During the year ended August 31, 2023, the following warrants expired unexercised:

- 2,013,892 warrants exercisable at $0.30 per share expired on January 8, 2023
- 322,222 warrants exercisable at $0.21 per share expired on January 8, 2023; and
- 3,313,343 warrants exercisable at $0.10 per share expired on July 14, 2023.

As at year end August 31, 2023, the Company has no warrants outstanding.

Warrant activities 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 Company presents basic and diluted earnings per share data for its ordinary shares, being Common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to shareholders of ordinary shares by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

The calculations of basic and diluted loss per share for the year ended August 31, 2023 were based on the net loss from continuing operations $2,458,578 (2022 – net loss of $1,125,200) and the weighted average number of basic and diluted common shares outstanding of 49,217,408 (2022 – 49,057,631).

The details of the computation of basic and diluted loss per share for the years ended August 31, 2023, and 2022 are as follows:

		2023		2022
Numerator:				
Net loss from continuing operations	**$**	**(2,458,578)**	$	(1,125,200)
Net income from discontinued operations		**2,378,663**		506,048
Net loss		**(79,915)**		(619,152)
Denominator:				
Weighted average number of basic shares outstanding		**49,217,408**		49,057,631
Weighted average number of diluted shares outstanding		**49,217,408**		49,057,631
Loss per share from continuing operations:				
Basic	**$**	**(0.05)**	$	(0.02)
Diluted	**$**	**(0.05)**	$	(0.02)
Income per share from discontinued operations:				
Basic	**$**	**0.05**	$	0.01
Diluted	**$**	**0.05**	$	0.01

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, 2023 and 2022.

(Expressed in Canadian Dollars)

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, 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	255,266	-	-	**255,266**
Total	**255,266**	**-**	**-**	**255,266**

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, 2023 and 2022 is as follows:

Accounts Receivable Aging	**August 31, 2023**	August 31, 2022
	$	$
Within 30 days	**34,035**	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	**34,035**	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 accounts receivable. As at August 31, 2023, an allowance for ECL of $Nil was included in accounts receivable (August 31, 2022 – allowance for ECL of $8,576 netted against accounts receivable).

14. Financial Instruments and Risk Management (continued)

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. As at August 31, 2023, the Company had no hedging agreements in place with respect to floating interest rates. The Company's investment in GIC is exposed to interest rates fluctuations.

Concentration risk

The Company sold its wholly-owned operating subsidiary, VCI, on January 31, 2023 and therefore has no concentration risk going forward. Prior to the sale during the year ended August 31, 2022, 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 of which one particular customer account comprises of approximately 29% of total outstanding accounts receivable, all of which is within 90 days aging.

Foreign exchange risk

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

Categories and fair value of financial instruments

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. As at August 31, 2023 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, 2023, the Company's financial instruments carried at fair value consisted of its investment in ISBRG, which has been classified as Level 3. As at August 31, 2023, the Company's adjust the fair value of its investment in ISBRG (Note 5).

(Expressed in Canadian Dollars)

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, 2023 and 2022 were as follows:

	2023	2022
	$	$
Management remuneration	**1,243,009**	359,288
Professional fees	**68,516**	67,000
Directors' fees	**6,500**	6,000
Stock-based compensation (Note 10)	**-**	76,001
	1,318,025	508,289

Management remuneration

Remuneration of key management personnel of the Company for the year ended August 31, 2023 included short-term compensation of $1,243,009 (2022 – 258,750) for the Company's Chief Executive Officer ("CEO") and $Nil (2022 - $100,538) for the Company's former Chief Growth Officer ("CGO"). As at August 31, 2023, no balance was owed to the CEO and the CGO (August 31, 2022 – $nil). On August 31, 2023, the Company also accrued $1,250 (2022 - $Nil) for its new Chief Financial Officer.

Professional fees

During the year ended August 31, 2023, Branson Corporate Services Ltd. ("Branson"), where the former Chief Financial Officer ("CFO") of UPI is employed, charged fees of $67,265 (2021 – $67,000), for providing CFO services to the Company, as well as other accounting and administrative services. As at August 31, 2023, $5,875 (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 year ended August 31, 2023, directors of the Company were paid compensation benefits of $6,500 for services rendered (2022 – $6,000), which was charged to salaries and wages with G&A expenses. As at August 31, 2023, no balance was owed to any directors in relation to the fees (August 31, 2022 – $nil).

Stock-based compensation

During the year ended August 31, 2023, officers and directors of the Company received stock-based compensation of $Nil (2022 – $76,001) on vesting of options granted.

(Expressed in Canadian Dollars)

16. Revenues

Revenues from discontinued operations for the years ended August 31, 2023 and 2022 comprise the following:

	2023	2022
	$	$
Construction and other product revenue	**1,958,903**	**4,731,619**
Finance income	**3,593**	**-**
Commissions	**2,679**	**242,491**
Repairs revenue	**578,421**	**1,427,739**
Service revenue	**655,941**	**1,541,101**
	3,199,537	**7,942,950**

17. General and Administrative Expenses

General and administrative expenses for the years ended August 31, 2023 and 2022 were comprised of the following:

	2023	2022
	$	$
Salaries and wages (note 15)	**960,753**	375,786
Office expenses	**123,805**	125,829
Professional and consulting fees (note 15)	**404,628**	460,760
Marketing and sales	**6,666**	35,832
Travel	**38,553**	22,174
	1,534,405	1,020,381

18. 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. During the year ended August 31, 2023, the Company settled an amount of $40,000 on the lawsuit which is included in the income from discontinued operations.

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)

19. 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, 2023	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Total assets	3,343,270	-	3,343,270
Statement of Operations			
General and administrative (Note 17)	(1,534,405)	-	(1,534,405)
Finance expense	(1,054)	-	(1,054)
Interest income	76,881	-	76,881
Fair value adjustment (Note 5)	(1,000,000)	-	(1,000,000)
Discontinued operations, net of tax (Note 8)	-	2,378,663	2,378,663
Segmented (Loss) Income	**(2,458,578)**	**2,378,663**	**(79,915)**

Year ended August 31, 2022	**Corporate**	**Controls and Mechanical Contracting**	**Total**
	$	**$**	**$**
Total assets	1,327,122	4,176,482	5,503,604
Statement of Operations			
General and administrative (Note 17)	(1,020,381)	-	(1,020,381)
Share-based payments	(104,175)	-	(104,175)
Finance expense	(644)	-	(644)
Discontinued operations (Note 8)	-	506,047	506,048
Segmented (Loss) Income	**(1,125,200)**	**506,047**	**(619,152)**

(Expressed in Canadian Dollars)

20. Unbilled Receivables and Deferred Revenue

Unbilled receivables

	$
Balance, August 31, 2021	**380,859**
Excess of revenue earned over billings	7,923
Balance, August 31, 2022	**388,782**
Excess of revenue earned over billings	170,833
Derecognition on sale of subsidiary	(559,615)
Balance, August 31, 2023	**-**

Deferred revenue

	$
Balance, August 31, 2021	**279,878**
Excess of billings over revenue earned	235,610
Balance, August 31, 2022	**515,488**
Excess of revenue earned over billings	(155,047)
Derecognition on sale of subsidiary	(360,441)
Balance, August 31, 2023	**-**

21. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 – 26.5%) to the effective tax rate is as follows:

Provision for income tax

	2023	2022
	$	$
Net loss from continuing operations	**(2,458,578)**	(1,125,200)
Expected income tax (recovery) expense	**(651,523)**	(298,178)
Share-based compensation and non-deductible expenses	**132,820**	29,420
VCI Sale	**458,490**	-
Change in tax benefits not recognized	**60,213**	268,758
Income tax expense (recovery) from continuing operations	**-**	-

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

	2023	2022
	$	$
Current tax expense (recovery)	**-**	-
Deferred tax expense (recovery)	**-**	-
Income tax expense (recovery)	**-**	-

(Expressed in Canadian Dollars)

21. Income Taxes (continued)

Deferred tax

The following table summarizes the components of deferred tax:

	2023	2022
	$	$
Deferred Tax Assets		
Capital lease obligation	**-**	83,230
Reserves	**-**	2,270
	-	85,500
Deferred Tax Liabilities		
Property and equipment	**-**	(95,310)
		(95,310)
Net deferred tax liability	**-**	(9,810)

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

	2023	2022
	$	$
Balance, beginning of year	**(9,810)**	(27,410)
Recognized in profit or loss from continuing operations	**-**	-
Recognised in discontinued operations	**9,810**	17,600
Balance, end of year	**-**	(9,810)

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:

	2023	2022
	$	$
Share issuance costs	**166,720**	277,320
Non-capital losses carried forward	**9,195,660**	8,517,870
Net capital loss carried forward	**12,841,770**	11,841,770
	22,204,150	20,636,960

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)

21. Income Taxes (continued)

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

	$
2033	484,170
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
2043	678,350
	9,195,660

22. Subsequent Events

On September 18, 2023, the Company signed a Letter of Intent ("LOI") for the acquisition ("Acquisition") of all the issued and outstanding securities of Xemoto Media Ltd. ("Xemoto") by way of amalgamation whereby shareholders of Xemoto shall receive 0.225 of a common share of the Company at a deemed price of $0.05 per share of the Company. Any outstanding warrants, broker warrants, options and RSUs of Xemoto on closing will be exchanged for common share purchase warrants, broker warrants, options and RSUs equal to 0.225 warrants and options of the Company at the same terms and conditions including exercise price. Any outstanding debentures of Xemoto will be exchanged for debenture of the Company on terms and conditions, including conversion price.

On October 20, 2023, pursuant to the LOI, the Company entered into a subordinated secured debenture ("Debenture") and a General Security Agreement ("GSA") whereby the Company will loan $250,000 to Xemoto. The Debenture is subordinated only to the first position of Business Development Bank of Canada, carries an interest of 15% per annual and matures on the earlier of: (i) the closing of the Acquisition; (ii) the termination of the LOI; or (iii) on March 24, 2024.