



Universal PropTech Inc.

Management's Discussion and Analysis

For the Year ended August 31, 2023

Universal PropTech Inc.

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

This MD&A also covers the subsequent period up to December 19, 2023.

Description of Business

UPI was incorporated under the *Canada Business Corporation Act* on August 22, 2008. The address of the Company's corporate office is Suite 2905, 77 King Street West, Toronto, Ontario, Canada, M5K 1H1. The Company's common shares are listed on the TSX Venture Exchange under the ticker symbol "UPI". The Company's common shares are also listed in the United States on the OTCQB Venture Market under the ticker symbol "UPIPF", and in Germany on the Frankfurt Stock Exchange under the ticker symbol "8LH".

UPI is currently focused on evaluating acquisition opportunities in order to enhance shareholder value. On January 31, 2023, the Company closed the sale of all of the issued and outstanding shares of VCI Controls Inc. ("VCI") (the "Transaction"), a supplier of building technologies and services that improve comfort, safety, energy efficiency, and occupant productivity, including the integration of all building systems utilizing the latest in communications technologies and standards.

Corporate Developments

Investment in ISBRG

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

ISBRG is a data analytics company which has developed the SpotLight© technology platform designed to generate comprehensive health care data non-invasively within seconds at a nominal incremental cost per test. ISBRG's SpotLight-19© is designed to detect the presence of infection caused by SARS-CoV-2 virus. SpotLight-19© uses light to quickly scan a fingertip. The speed and cost of the test, combined with its non-invasive nature, has been designed to screen large numbers of people in largely populated venues without the prohibitive delays, cost and environmental damage associated with current chemical reagent, sample-based tests. The outcome of ISBRG's clinical trial data has been rejected by Health Canada during the year ended August 31, 2023.

As at August 31, 2023, the Company assessed the investment for indicators of impairment, from the date of acquisition up to the end of the reporting period based on a qualitative assessment of all information available to management and determined that a fair value adjustment of the investment is justified.

Agency Terms

UPI will act as the exclusive sales agent for the SpotLight-19© technology and other future platform offerings for the government and education sectors in Canada. UPI will have the exclusive rights to sell SpotLight-19© to any and all governmental facilities in Canada (subject to the exclusion of certain segments), including federal, provincial, territorial and municipal facilities, as well as Canadian primary, secondary and post-secondary education facilities (both private and public). ISBRG will pay UPI a defined commission on the annual sub license fee paid by each customer, and a commission on each test fee. The SpotLight-19@ technology is subject to approval of Health Canada.

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Sale of VCI

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

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

Acquisition Strategy

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

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

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

Annual General Meeting

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

Management Change

On July 14, 2023, Chris Hazelton resigned as President, Chief Executive Officer and director of UPI. The Company announced that Mr. Jeffrey Berman's appointment as President, Chief Executive Officer and director.

On August 15, 2023, the Company announced the resignation of Brian Presement and the appointment of Brian Illion as new director. In addition, the Company also announced the appointment of Amy Stephenson as Chief Financial Officer to fill the vacancy left by the resignation of Keith Li.

Proposed Transaction

On September 15, 2023, the Company entered into a binding letter of intent ("LOI") with Xemoto Media Ltd ("Xemoto"), a private Ontario company, to acquire all of the issued and outstanding securities of Xemoto whereby securityholders of Xemoto will receive UPI securities in exchange for their Xemoto securities at a ratio of one Xemoto shares for 0.225 of UPI shares. Xemoto is an influencer marketing platform focused on helping publicly traded companies better connect with customers. Its proprietary digital technology is designed to engage investors, B2B and B2C audiences. Concurrent with the announcement of the LOI, the Company halted the trading of the common shares of the Company pursuant to stock exchange requirements.

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Loan Agreement

On October 20, 2023, pursuant to the LOI, UPI and Xemoto entered into a loan agreement whereby UPI advanced \$250,000 to Xemoto by way of a subordinated secured convertible debenture ("Debenture") and a General Security Agreement. 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.

Financial Information

Selected annual information

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

	2023	2022	2021
	\$	\$	\$
Total revenue	-	7,942,950	8,817,673
Net loss from continuing operations	(2,458,578)	(1,125,200)	(1,090,377)
Net loss and comprehensive loss	(79,915)	(619,152)	(1,090,377)
Net loss per share	(0.05)	(0.02)	(0.03)
Total assets	3,343,270	5,503,606	6,127,137
Long-term liabilities	-	162,640	307,786

Selected quarterly financial information

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	\$	\$	\$	\$
Income (loss) from continuing operations	(1,560,459)	(147,775)	(544,079)	(206,265)
Revenue from discontinued operations	-	-	1,446,325	1,749,619
Income from discontinued operations	-	-	2,431,547	(52,884)
Net income (loss) and comprehensive income (loss)	(1,798,642)	(147,775)	2,125,651	(259,149)
Basic net income (loss) per share				
– continuing operations	(0.04)	(0.00)	(0.01)	(0.00)
Basic net income per share – discontinued operations	0.00	0.00	0.05	(0.00)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	\$	\$	\$	\$
Loss from continuing operations	(334,427)	(206,195)	(314,423)	(270,155)
Revenue from discontinued operations	2,092,497	1,736,756	1,701,378	2,412,319
Income from discontinued operations	19,116	89,152	139,152	296,860
Net income (loss) and comprehensive income (loss)	(353,543)	(117,043)	(175,271)	26,705
Basic net (loss) per share – continuing operations	(0.01)	(0.00)	(0.01)	(0.00)
Basic net income per share – discontinued operations	0.00	0.00	0.00	0.00

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

Continuing Operations

During the three months ended August 31, 2023 ("Q4 2023"), the Company reported a net loss from continuing operations of \$1,560,459 (2022 – net loss of \$334,427). The net loss is primarily comprised of a fair value adjustment of the investment in ISBRG Corp. of \$1,000,000 as well as the general and administrative ("G&A") expenses of \$592,196 (2022 – \$266,809), which are offset by interest income of \$32,162 (2022 – \$nil). Included in G&A expenses for the current quarter are the following items:

- Professional and consulting fees of \$170,507 (2022 – \$134,349);
- Salaries and wages of \$386,068 (2022 – \$88,805) an increase of \$297,263 from the same period last year due to bonus payment made to the Chief Executive Officer of \$317,082 in Q4 2023;
- Office expenses of \$20,146 (2022 – \$25,294);
- Travel expenses of \$15,475 (2022 – \$8,362), and
- Marketing and sales expenses of \$nil (2022 – \$9,999).

During Q4 2023, the Company has the following one-time transactions:

- Fair value adjustment of the investment in ISBRG of \$1,000,000
- Received of holdback from sale of VCI of \$500,000
- Post-closing working capital adjustment reducing the gain on sale of subsidiary by \$27,000.

During Q4 2023, the Company did not participate in any financing activities from its continuing operation and had no cash flow from discontinued operations in Q4 2023.

Results of Operations for the Twelve Months ended August 31, 2023

Continuing Operations

During the twelve months ended August 31, 2023, the Company reported a net loss from continuing operations of \$2,458,578 (2022 – net loss of \$1,125,200). Income from discontinued operations was \$2,378,663 (2022 - \$506,048) primarily due to a one-time gain on the sale of VCI of \$2,089,555 and interest income of \$76,881 (2022 – \$nil), which are offset by G&A expenses of \$1,534,405 (2022 – \$1,020,381). Included in G&A expenses are the following items:

- Salaries and wages of \$960,753 (2022 – \$375,786);
- Professional and consulting fees of \$404,628 (2022 – \$460,760);
- Office expenses of \$123,805 (2022 – \$125,829);
- Travel expenses of \$38,553 (2022 – \$22,174), and
- Marketing and sales expenses of \$6,666 (2022 – \$35,832).

Discontinued Operations

During the twelve months ended August 31, 2023, the Company generated total revenue of \$3,199,537 through VCI up to the sale of the former subsidiary, as compared to total revenue of \$7,942,950 for the year ended 2022. Cost of sales related to direct materials and expenditures for products and services sold also decreased in proportion with revenue, down \$3,349,860 to \$2,252,842 (2022 – \$5,575,702). Gross margin for the discontinued operations was approximately 30.4% for the period up to the sale of VCI (2022 – 29.8%).

During the twelve months ended August 31, 2023, VCI incurred total G&A expenses of \$713,703 up to its sale, as compared to total G&A expenses of \$1,913,074 in the comparative period. VCI's G&A expenses were primarily related to the following items:

- Salaries and wages of \$453,370 (2022 – \$1,150,228).
- Office expenses of \$115,869 (2022 – \$402,033); and
- Professional fees of \$3,100 (2022 – \$90,682).

During the twelve months ended August 31, 2023, amortization and depreciation of \$99,171 (2022 – \$248,361) was

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recorded on VCI's property and equipment, and right-of-use assets, on leased buildings and vehicles. Total amortization and depreciation decreased in the current period as it was only recorded up to the sale of VCI.

Overall, VCI reported a net income of \$2,378,663 (2022 – net income of \$506,048) which is included in income from discontinued operations on the Company's consolidated statements of income (loss) and comprehensive income (loss) for the twelve months ended August 31, 2023.

Cash flows

During the twelve months ended August 31, 2023, net operating cash used in continuing operations was \$1,447,113 (2022 – \$976,606), for an increase in spending of \$470,507. While management has been managing its use of cash based on the current economic climate, it had also paid off certain obligations prior to the sale of VCI, which it had continued to do so post-Transaction. On the other hand, VCI's operations continued to generate revenue as business had recovered since the end of 2021, the Company was able to secure new contracts. During the current period, operating cash inflow provided by VCI was \$33,631 up to the sale of the former subsidiary, as compared to cash inflow of \$1,156,922 in the comparative period.

During the twelve months ended August 31, 2023, the Company did not participate in any financing activities from its continuing operations, while it generated proceeds of \$90,743 received from exercises of warrants in the comparative period. Through VCI, it incurred \$110,381 from financing activities from discontinued operations primarily from finance lease payments (2022 – \$271,286).

During the twelve months ended August 31, 2023, the Company received cash inflow of \$3,229,034 (2022 – \$40,263), comprised of proceeds of \$4,331,670 from the sale of VCI. It also purchased and subsequently redeemed a principal of \$3,150,000 from certain short-term GICs, which had since been deposited into new short-term deposits classified under cash and cash equivalents. The cash inflow was also offset by cash of \$589,041 from VCI relinquished on closing and incurred transaction costs totaling \$513,595.

Liquidity and Capital Resources

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at August 31, 2023, the Company had a working capital of \$2,708,004 (August 31, 2022 – \$1,964,323). Working capital provides funds for the Company to meet its operational and capital requirements. With the closing of the Transaction, the Company received a large sum of cash injection from the sales proceeds.

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

Discontinued Operations

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

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

- (a) \$4,000,000;
- (b) plus the amount of cash held by VCI on closing of the Transaction (up to a maximum of \$750,000);
- (c) less the amount of indebtedness of VCI;
- (d) less the amount of any transaction costs invoiced to VCI that remain payable as of the Closing Date;

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- (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.

On closing, the Purchase Price, net of all estimated adjustments of \$3,819,929, was paid to the Company. On August 31, 2023, \$27,000 was recorded in accounts payable to the Purchaser for amounts owing for Net Working Capital.

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.

	\$
Consideration Received	
Gross purchase price	4,000,000
Cash held by VCI on closing	589,041
Net Working Capital Adjustment	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

As at August 31, 2023, pursuant to the Share Purchase Agreement on post-closing working capital adjustments was determined by Dexterra to be \$27,000 due to Dexterra. The Company incurred total transaction costs of \$487,085 in relation to the Transaction during the year.

Financial results relating to the discontinued operations for the twelve months 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

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The net cash flows from discontinued operations incurred by VCI presented on the consolidated statements of cash flows for the twelve months 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

Capital Management

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

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

The Company's capital management objectives, policies and processes have remained unchanged since its most recent financial reporting period.

Financial Instruments and Risk Management

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

Liquidity risk

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

As at 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

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Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held with a reputable chartered Canadian financial institution, and in trust with the Company's legal counsel. Management reviews the strength of these institutions on a regular basis and believes that the credit risk concentration with respect to cash is minimal. The Company's accounts receivable balance is subject to minimal credit risk.

The Company's aging of accounts receivable as at August 31, 2023 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 cash equivalents and accounts receivable. As at August 31, 2023, no allowance of expected credit losses ("ECL") was included in accounts receivable (August 31, 2022 – allowance for ECL of \$8,576 was netted against accounts receivable).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's convertible debentures have fixed interest rates. As at August 31, 2023, the Company had no hedging agreements in place with respect to floating interest rates.

Foreign exchange risk

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

Categories and fair value of financial instruments

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

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

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

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The Company had determined that the investment it held in ISBRG Corp. 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. 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 fair value of the investment should be adjusted based on the following reasons : (i) Health Canada has not approved of the 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.

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.

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Subsequent Event

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.

On October 27, 2023, 270,000 options exercisable at \$0.30 per share expired unexercised.

On November 28, 2023, the Company signed a consulting agreement with Jeffrey Berman, the CEO of the Company for a monthly consulting fee of \$4,000 commencing September 1, 2023 for a period of six months.

Outstanding Share Data

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

Common Shares	Number Outstanding
Issued and Outstanding	49,217,408
Issuable under Options	2,318,000
Issuable under Warrants	-

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

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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.

(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.

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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 ECL. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

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

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

Impairment

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

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

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

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

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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.

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 determined that the investment that it held in ISBRG (defined hereafter) did not have an active market and any observable inputs directly or indirectly from quoted prices of a similar asset in markets which are not active. As such, the Company had classified this investment as Level 3 inputs under the fair value hierarchy.

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(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.

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 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

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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.

(f) Impairment of Non-Financial Assets

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

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

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

(g) Provisions

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

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

As at August 31, 2022 and 2021, the Company had no material provisions.

(h) Income Taxes

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

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

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

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

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

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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.

(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 CMC 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.

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Fair value of financial assets and financial liabilities

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

Determination of fair value hierarchy

The categorization 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 prioritizes 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.

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

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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.

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, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company had assessed that the adoption of the following amendments will not have any material impact on its consolidated financial statements:

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

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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.

IAS 12 – Income Taxes

In May 2023, the IASB issued amendments to IAS 12 Income Taxes. The amendments introduce a temporary exemption from accounting for deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development's ("OECD") Pillar Two model rules and provide disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

Contingencies

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

During the year ended August 31, 2022, a lawsuit was filed against the Company by a former employee for a claim of approximately \$145,000. The Company believes the employment was terminated for cause. As at August 31, 2022, the Company determined that it was not possible to determine the outcome of this matter. Subsequent to year-end, the Company settled an amount of \$40,000 on the lawsuit. As a result, the Company recorded a provision of \$40,000 on the consolidated statements of financial position as at August 31, 2022 (August 31, 2021 – \$nil).

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

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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	3,220,270	-	3,220,270
Statement of Operations			
General and administrative	(1,534,405)	-	(1,534,405)
Finance expense	(1,054)	-	(1,054)
Interest income	76,881	-	76,881
Write off investment	(1,000,000)	-	(1,000,000)
Discontinued operations	-	2,378,663	2,378,663
Segmented Income	(2,458,578)	2,378,663	(79,915)
<i>Year ended August 31, 2022</i>	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	506,047
Segmented Income	(1,125,200)	506,047	(619,153)

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Risk Factors

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

Going concern risk

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

During the year ended August 31, 2023, the Company reported a net loss of \$79,915 (2022 – \$619,152). As at August 31, 2023, the Company had a working capital of \$2,708,004 (August 31, 2021 – \$1,964,323) and an accumulated deficit of \$22,490,613 (August 31, 2021 – \$23,169,063). The Company's ability to continue as a going concern is dependent upon the Company finding an acquisition target and achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will continue to be successful in the future. Failure to obtain new financing could result in delay or indefinite postponement of the Company's strategic goals and represent material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

Additional financing

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

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

Volatile global financial and economic conditions

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

Reliance on management and key personnel

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

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Environmental liability

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

Private or illiquid securities

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

Limited market for securities

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

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

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

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

Internal controls

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

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quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's common shares.

Liability for activity of employees, contractors and consultants

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

Disruption of business

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

Public health crises

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

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

Disclosure of Internal Controls over Financial Reporting

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

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assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Caution Regarding Forward-Looking Information

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

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

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

Management's Responsibility for Financial Information

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

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

Additional Information

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

December 19, 2023

Jeff Berman

Chief Executive Officer