Universal PropTech Inc.

Management's Discussion and Analysis

For the three and six months ended February 29, 2024 and February 28, 2023

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 three and six months ended February 29, 2024. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A is supplemental to and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended February 29, 2024 and February 28, 2023 (the "Q2 2024 Financials") and its 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 April 19, 2024.

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 NEX Exchange under the ticker symbol "UPI.H". 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 to enhance shareholder value, having closed the sale of all 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 on January 31, 2023.

Corporate Developments

Investment and Exclusive Sale Agency 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. At year ended 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.

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.

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. 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. The Company 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.

Proposed Transaction

On September 18, 2023, the Company signed a Letter of Intent ("LOI") for the acquisition ("Proposed Transaction") 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.

Loan Agreement

On October 20, 2023, pursuant to the LOI, the Company entered into a subordinate secured debenture ("Debenture") and a General Security Agreement ("GSA") whereby the Company loaned $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 ("Maturity Date").

On March 15, 2024, the Company signed a Subordination Agreement with KW Capital Partners Limited (the "Senior Lender" or "KW") whereby pursuant to a second convertible debenture ("Senior Debenture"), KW agreed to loan up to $300,000 to Xemoto and the Company agreed to modified its general security agreement with Xemoto pursuant to its loan agreement dated October 20, 2023 to postponed and subordinated all present and future security to the Senior Lender until the Senior Debenture is repaid in full or is converted into common shares of Xemoto.

The Debenture shall bear no interest until the Maturity Date if repaid in accordance with the terms of the LOI. In the case of a default, interest shall accrue, payable monthly, at a rate of 18% per annum. The final structure of the Proposed Transaction is subject to the receipt of tax, corporate and securities law advice for both UPI and the Company. Closing of the Proposed Transaction will be subject to a number conditions, including, without limitation: approval of the Proposed Transaction by the boards of directors of Xemoto and the Company; completion of satisfactory results from due diligence investigations for each of the parties; execution of a Definitive Agreement effecting the Proposed

Transaction; receipt of all regulatory approvals with respect to the Proposed Transaction and the listing of the common shares of the resulting issuer on the Canadian Securities Exchange ("CSE"); and approval of the Proposed Transaction by the shareholders of Xemoto. There can be no assurance that all the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

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:

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
			$	$
Income (loss) from continuing operations	(234,969)	(86,782)	(1,434,681)	(147,775)
Revenue from discontinued operations	-	-	-	-
Income from discontinued operations	-	-	-	-
Net income (loss) and comprehensive income (loss)	(234,969)	(86,782)	(1,507,575)	(147,775)
Basic net (loss) per share – continuing operations	(0.00)	(0.00)	(0.04)	(0.00)
Basic net income per share – discontinued operations	0.00	0.00	0.00	0.00

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$
Loss from continuing operations	(544,079)	(332,043)	(334,427)	(206,195)
Revenue from discontinued operations	1,446,325	1,753,212	2,092,497	1,736,756
Income from discontinued operations	2,305,769	72,894	19,116	89,152
Net income (loss) and comprehensive income (loss)	1,834,584	(259,149)	(353,543)	(117,043)
Basic net (loss) per share – continuing operations	(0.01)	(0.00)	(0.01)	(0.00)
Basic net income per share – discontinued operations	0.05	(0.00)	0.00	0.00

Results of Operations for the Three Months ended February 29, 2024

Continuing Operations

During the three months ended February 29, 2024 ("Q2 2024"), the Company reported a net loss from continuing operations of $234,969 (2023 – $544,079). The net loss is primarily comprised of general and administrative ("G&A") expenses of $217,170 (2023 – $554,739) and share-based payments of $38,600 (2023 - $Nil), which are offset by interest income of $20,801 (2023 – $10,952). Included in G&A expenses for the current quarter are the following items:

- Professional and consulting fees of $190,816 (2023 - $92,034), an increase of $98,782, as the Company replaced full time employees with consultants and contractors;
- Salaries and wages of $11,156 (2023 – $426,852) include director's fees of $1,500 and residual payroll remittance. A decrease of $415,696 from the same period last year as the Company no longer has employees after the sale of VCI;
- Office expenses of $14,711 (2023 – $27,312), a decrease of $12,601 due to lower activities;
- Travel expenses of $Nil (2023 – $8,541), and
- Marketing and sales expenses of $487 (2023 – $Nil).

During the three months ended February 29, 2024, income from discontinuing operations was $Nil (2023 - $2,378,663). The income from discontinuing operations in the prior period was largely due to a one-time gain from the sale of VCI, resulting in total net loss for Q2 2024 of $234,969 (2023 – net income of $1,834,584).

During the three months ended February 29, 2024, no warrants and options were exercised and the Company granted 2,000,000 options (2023 – Nil) to directors and officers which is fair valued at $38,600 (2023 - $Nil). The Company received $Nil income from discontinued operations (2023 – $2,378,663 primarily due to a one-time gain of the sale of VCI effective January 31, 2023).

Cash flows

During the three months ended February 29, 2024, net operating cash used in continuing operations was $119,419 (2023 – $537,252), for a decrease in cash outflow of $417,833 compared to the same period in 2023 due to lower activities after the sale of VCI.

During the current period, operating cash used by VCI was $Nil (2023 - $232,711).

During the three months ended February 29, 2024, and February 28, 2023, the Company did not participate in any financing activities. Investing activities during Q2 2024 was $Nil (2023 – $80,888 consisting of proceeds from sale of subsidiary of $3,819,929 which is offset by purchase of short-term investment of $3,150,000 and relinquishment of $589,041 relating to the sale of VCI).

Results of Operations for the Six Months ended February 29, 2024

Continuing Operations

During the six months ended February 29, 2024 ("Q2 2024"), the Company reported a net loss from continuing operations of $321,751 (2023 – $750,344), a decrease of $428,593 reflecting a lower level of activities. The Company has income from discontinued operation of $Nil (2023 - $2,378,663) resulting in total net loss during the period of $321,751 (2023 – 1,628,319).

Net loss from continuing operations for the six months ended February 29, 2024 was $321,751 (2023 - $750,344), a decrease of $428,593 was due to a decrease in general and administrative ("G&A") expenses of $434,526 to $326,331 (2023 – $760,857), which were offset by interest income of $43,180 (2023 – $10,952). Included in G&A expenses for the six-month period are the following items:

- Professional and consulting fees of $285,006 (2023 - $170,649), an increase of $114,357, as the Company replaced full time employees with consultants and contractors;
- Salaries and wages of $13,606 (2023 – $514,789) include director's fees of $3,000 and residual payroll remittance. A decrease of $501,183 from the same period last year as the Company no longer has employees after the sale of VCI;
- Office expenses of $26,059 (2023 – $51,773), a decrease of $25,714 due to lower activities;
- Travel expenses of $Nil (2023 – $16,980), and
- Marketing and sales expenses of $1,660 (2023 – $6,666).

During the six months ended February 29, 2024, the Company did not participate in any financing activities. There were no warrants or stock options exercised and had no cash flow from discontinued operations. The Company granted 2,000,000 stock options at a fair value of $38,600.

Cash flows

During the six months ended February 29, 2024, net operating cash used in continuing operations was $843,320 (2023 – $711,396), for an increase in cash outflow of $131,924, due to an loan to Xemoto of $250,000, an increase in prepaid expenses for $135,737 primarily due to a prepaid consulting contract and a decrease in accounts payable of $175,090 as the Company continued to stay current with its trade creditors. Cash flow used in discontinued operation was $Nil (2023 - $131,208) reflecting the sale of VCI. During the six months ended February 29, 2024 and February 28, 2023, the Company did not participate in any financing activities. Cash provided by investing activities for the period was $Nil (2023 - $80,888). Accordingly, total net cash outflow for the six months ended February 29, 2024 was $843,320 (2023 - $761,716).

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 February 29, 2024, the Company had a working capital of $2,424,853 (August 31, 2023 – $2,708,004). Working capital provides funds for the Company to meet its operational and capital requirements. With the closing of the Transaction, the Company received a large sum of cash injection from the sales proceeds.

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

Discontinued Operations

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

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

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

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

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 February 29, 2024, 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	80,176	-	-	**80,176**
Total	80,176	**-**	**-**	**80,176**

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 February 29, 2024 is as follows:

Accounts Receivable Aging	February 29, 2024	August 31, 2023
	$	$
Within 30 days	**33,378**	34,035
31 to 60 days	**-**	-
61 to 90 days	**-**	-
Total Accounts Receivable	**33,378**	34,035

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.

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 February 29, 2024, 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 February 29, 2024, 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).

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 three and six months ended February 29, 2024 and February 28, 2023 were as follows:

	Three months ended		**Six months ended**	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
	$	$	**$**	$
Management remuneration	**24,000**	400,544	**24,000**	457,294
Professional fees	**21,000**	16,750	**42,000**	33,500
Directors' fees	**1,500**	1,500	**3,000**	3,000
Share-based payments	**38,600**	-	**38,600**	-
	85,100	418,794	**107,600**	493,794

Management remuneration

Remuneration of key management personnel of the Company for the three and six months ended February 29, 2024 was $24,000 and $24,000 (2023 – $400,544 and $457,294 for the Company's former CEO) for the Company's Chief Executive Officer ("CEO"). As at February 29, 2024, $18,080 was owed to the CEO. During the three and six months ended February 29, 2024, $7,500 and $15,000 (2023 - $Nil) was paid to the Company's Chief Financial Officer ("CFO"). As at February 29, 2024, no balance was owed to the former CEO and CFO (August 31, 2023 – $Nil).

Professional fees

During the three and six months ended February 29, 2024, Branson Corporate Services Ltd. ("Branson"), where the former CFO of UPI is employed, charged fees of $13,500 and $27,000 (2023 – $16,750 and $33,500), for providing accounting and administrative services to the Company. As at February 29, 2024, $Nil (August 31, 2023 – $5,875) was owed to Branson.

Directors' fees

During the three and six months ended February 29, 2024, directors' compensation were $1,500 and $3,000, respectively (2023 - $1,500 and $3,000) which were charged to salaries and wages under general and administrative expenses. As at February 29, 2024, $3,000 (August 31, 2023 – $nil) directors' fees owed to directors were included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Stock-based compensation

During the three and six months ended February 29, 2024, officers and directors of the Company received stock-based compensation of $38,600 and $38,600 (2023 – $Nil and $Nil) on vesting of options granted.

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:

Securities	Number Outstanding
Shares issued and outstanding	49,217,408
Options outstanding and exercisable	2,950,000
Options issuable	1,971,741

Subsequent Events

On March 15, 2024, the Company signed a Subordination Agreement with KW Capital Partners Limited (the "Senior Lender" or "KW") whereby pursuant to a second convertible debenture ("Senior Debenture"), KW agreed to loan up to $300,000 to Xemoto and the Company agreed to modified its general security agreement with Xemoto pursuant to its loan agreement dated October 20, 2023 (Note 5) to postponed and subordinated all present and future security to the Senior Lender until the Senior Debenture is repaid in full or is converted into common shares of Xemoto.

Summary of Significant Accounting Policies

(a) Financial Instruments

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

Classification

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

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

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

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

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

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

Cash	Amortized cost
Investment	FVTPL
Accounts receivables, excluding HST	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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

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

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

Derecognition

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

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

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

Determination of fair value

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

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.

(b) 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.

(c) 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 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 February 29, 2024 and February 28, 2023, the Company had no material provisions.

(d) Income Taxes

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

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

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined

on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities when the deferred tax balances relate to the same taxation authority.

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

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.

(e) 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").

(f) 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.

(g) 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.

(h) Loss Per Share

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

(i) 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.

(n) 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.

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.

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.

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 1 Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2 Making Materiality Judgements

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board ("CPA Canada Handbook – AcSB") in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general-purpose financial statements make on the basis of those financial statements; and
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively.

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 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.

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") Piller 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.

On February 26, 2024, the Company signed an employment agreement with an employee. Under the employment agreement, the Company committed to granting 225,000 options to the employee. As of February 29, 2024, and the date of this financial statement, these options have not been issued.

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.

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 three and six months ended February 30, 2023, the Company reported a net loss and comprehensive loss of $234,969 and $321,751 (2023 – income of $1,834,584 and $1,628,319). As at February 29, 2024 and February 28, 2023, the Company had a working capital of $2,424,853 (2023 – $2,708,004) and an accumulated deficit of $22,529,901 (2023 – $22,490,613). 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.

Reliance on management and key personnel

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

Private or illiquid securities

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

Limited market for securities

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

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

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

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

Internal controls

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

Liability for activity of employees, contractors and consultants

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

Disclosure of Internal Controls over Financial Reporting

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

Caution Regarding Forward-Looking Information

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

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

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended,

anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Q2 2024 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 Q2 2024 Financials in all material aspects.

The Audit Committee has reviewed the Q2 2024 Financials and this MD&A with management of UPI. The Board of the Company has approved the Q2 2024 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.

April 19, 2024

Jeff Berman

Chief Executive Officer