

Urban Infrastructure Group Inc.
(formerly Deal Pro Capital Corporation)
Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the years ended September 30, 2025 and 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Urban Infrastructure Group Inc.

Opinion

We have audited the accompanying consolidated financial statements of Urban Infrastructure Group Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2025 and 2024 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,531,400 during the year ended September 30, 2025 and, as of that date, the Company's total deficit was \$2,928,222. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Valuation of Contract Assets

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's contract assets was \$96,257 as of September 30, 2025. As more fully described in Note 2(e)(i) to the consolidated financial statements, management assesses the percentage of completion within each performance obligation applied to the contractual value of each component work stream reduced by the profit margin of each component to arrive at the value of the costs to date.



The principal considerations for our determination that the valuation of contract assets is a key audit matter are that there was judgment made by management when assessing the percentage of completion within each performance obligation applied to the contractual value of each component performance obligation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the carrying amount of contract assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtained an understanding of the accounting policy and assessed the inputs used in the calculation.
- Assessed the inputs and estimates used in the valuation.
- Performed substantive testing over a sample of transactions by inspecting source documentation such as contracts and daily site reports to assess the total expected costs by performance obligation with respect to the contracts.
- Evaluated the Company's estimates used for the percentage of completion of total costs reduced by profit margin to arrive at the value of contract assets.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

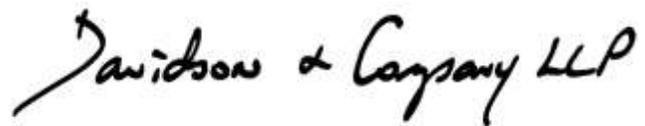
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Junaid Hassam.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 27, 2026

(Successor to Buckley Dodds CPA)

Urban Infrastructure Group Inc. (formerly Deal Pro Capital Corporation)
Consolidated Statement of Financial Position
(All amounts are in CAD, unless otherwise stated)

		As at September 30, 2025	As at September 30, 2024
	Note	\$	\$
Assets			
Current assets			
Cash		669,186	671,980
Trade and other receivables	5	1,279,992	1,262,304
Holdback receivables	6	321,217	373,125
Prepaid expenses and other current assets		5,000	5,000
Contract assets	7	96,527	69,461
Total current assets		2,371,922	2,381,870
Non-current assets			
Property, plant and equipment	8	182,904	241,224
Deferred tax assets	13	98,000	227,000
Right-of-use assets	9	40,918	69,801
Total non-current assets		321,822	538,025
Total assets		2,693,744	2,919,895
Equity and Liabilities			
Current liabilities			
Trade and other payables	10	1,030,159	538,117
Borrowings	11	103,600	97,636
Lease liabilities	9	19,520	17,936
Other liabilities	12	40,335	59,735
Current tax liabilities		-	181,052
Loans from related parties	20	539,607	-
Total current liabilities		1,733,221	894,476
Non-current liabilities			
Borrowings	11	208,310	173,634
Lease liabilities	9	8,080	27,600
Total non-current liabilities		216,390	201,234
Total liabilities		1,949,611	1,095,710
Equity			
Share capital	14	2,941,418	2,878,811
Reserve - Warrants	15	130,823	130,823
Reserve - Options	16	600,114	211,373
Accumulated earnings (deficit)		(2,928,222)	(1,396,822)
Total equity		744,133	1,824,185
Total equity and liabilities		2,693,744	2,919,895

DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS (Note 1)

APPROVED ON BEHALF OF
THE BOARD OF DIRECTORS

"Gary Alves"
(signed)
Director

"Magaly Bianchini"
(signed)
Director

The accompanying notes form an integral part of these consolidated financial statements.

Urban Infrastructure Group Inc. (formerly Deal Pro Capital Corporation)
Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
(All amounts are in CAD, unless otherwise stated)

	Note	Year ended September 30, 2025 \$	Year ended September 30, 2024 \$
Revenue	17	5,064,460	5,381,874
Cost of services	18	(4,170,098)	(4,344,689)
Gross margin		894,362	1,037,185
Operating expenses			
Consulting and management fees	20	220,692	195,863
Depreciation	8, 9	91,188	112,941
Equipment and other		105,182	180,822
General and administrative	19	357,246	214,547
Insurance		132,863	111,249
Investor relations		47,400	47,400
Licenses, due and subscription		2,587	375
Marketing and promotion		25,239	36,467
Professional fees		239,190	283,532
Remuneration and benefits	20	611,145	674,205
Repairs and maintenance		-	1,650
Share-based payments		410,348	140,420
		2,243,080	1,999,471
Operating profit (loss)		(1,348,718)	(962,286)
Other income (expenses)			
Finance expenses		(68,384)	(41,060)
Listing expenses	4	-	(1,958,062)
Other income/expense		14,702	6,762
Net income (loss) before tax		(1,402,400)	(2,954,646)
Income tax (expense) / benefit			
Current tax	13	-	5,324
Deferred tax	13	(129,000)	426,000
Net income (loss) and comprehensive income (loss)		(1,531,400)	(2,523,322)
Earnings (loss) per share			
Basic		\$(0.015)	\$(0.05)
Diluted		\$(0.015)	\$(0.05)
Weighted average number of common share outstanding			
Basic		104,535,383	55,968,758
Diluted		104,535,383	55,968,758

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

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Consolidated Statement of Changes in Equity***(All amounts are in CAD, unless otherwise stated)*

	Share Capital \$	Reserve - Warrants \$	Reserve - Options \$	Accumulated earnings/ (deficit) \$	Total Equity (Deficiency) \$
As at October 1, 2023	10	-	-	1,625,500	1,626,510
Shares issued – financing (Note 14(i))	1,342,200	-	-	-	1,342,200
Cost of issuance (Note 14 (i))	(50,340)	-	-	-	(50,340)
Warrants issued from financing (Note 14 (i))	(118,909)	118,909	-	-	-
Share exchange – Reversed takeover (Note 4)	1,121,988	-	-	-	1,121,988
Shares issued – Finder shares (Note 4)	595,776	-	-	-	595,776
Warrants issued – Finder warrants (Note 4)	(11,914)	11,914	-	-	-
Options granted – reversed takeover (Note 4)	-	-	70,953	-	70,953
Share-based payments	-	-	140,420	-	140,420
Loss for the year	-	-	-	(2,523,322)	(2,523,322)
Dividends paid	-	-	-	(500,000)	(500,000)
As at September 30, 2024	2,878,811	130,823	211,373	(1,396,822)	1,824,185
As at October 1, 2024	2,878,811	130,823	211,373	(1,396,822)	1,824,185
Share-based payments	-	-	410,348	-	410,348
Exercise of options (14 (ii))	62,607	-	(21,607)	-	41,000
Loss for the year	-	-	-	(1,531,400)	(1,531,400)
As at September 30, 2025	2,941,418	130,823	600,114	(2,928,222)	744,133

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

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Consolidated Statement of Cash Flows***(All amounts are in CAD, unless otherwise stated)*

	Year ended September 30, 2025	Year ended September 30, 2024
	\$	\$
Loss for the year	(1,531,400)	(2,523,322)
<i>Adjustments for:</i>		
Depreciation and amortization	91,188	112,941
Share-based payments	410,348	140,420
Non-cash listing costs	-	1,788,718
Deferred tax	129,000	(426,000)
Bad debts	24,526	10,579
Finance expenses	23,155	-
Gain from disposition of assets	-	(9,457)
CEBA Loan	-	(10,000)
Cash flows - operating activities before working capital changes	(853,183)	(916,121)
Changes in:		
Trade and other receivables	(29,988)	522,064
Holdback receivables	39,682	85,297
Contract assets	(27,066)	116,365
Trade and other payables	492,042	(391,726)
Other liabilities	(19,400)	(46,194)
Tax liabilities	(181,052)	(276,309)
	274,218	9,498
Net cash from / (used in) operating activities	(578,965)	(906,624)
Cash flows from / (used in) investing activities		
Acquisition of property, plant, and equipment	(3,985)	-
Down payment on acquisition of right of use assets	-	(20,831)
Net cash from / (used in) investing activities	(3,985)	(20,831)
Cash flows from / (used in) financing activities		
Proceeds from borrowings	40,640	-
Proceeds from exercise of options	41,000	-
Proceeds from related party loans	516,452	-
Issuance of shares, net of share issue costs	-	1,291,860
Repayment of borrowings	-	(125,513)
Payment of lease liabilities	(17,936)	(18,109)
Dividends paid	-	(500,000)
Net cash from / (used in) financing activities	580,156	648,238
Net increase / (decrease) in cash and cash equivalents	(2,794)	(279,217)
Cash, beginning of year	671,980	951,197
Cash, end of year	669,186	671,980

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

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

1 Description of business, nature of operations and going concern

The accompanying consolidated Urban Infrastructure Group Inc. ("Urban", the "Company" or "UIG" and formerly Deal Pro Capital Corporation) was incorporated under the Business Corporations Act (Ontario) on June 11, 2021 ("Date of Incorporation"). The Company was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). On March 18, 2024, the Company completed a reverse takeover transaction with Urban Utilities Contractors Inc. which became a wholly owned subsidiary of the Company (Note 4). Urban Utilities Contractors Inc. was incorporated on September 30, 2015 and its registered office is 106 East Drive, 2nd floor, Brampton, Ontario, L6T 1C1.

The Company's consolidated financial statements are prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future. As at September 30, 2025, the Company did not achieve profitable operations and has an accumulated deficit of \$2,928,222 (2024 - \$1,396,822). There is a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to successfully generate profitable operations. These consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2 Basis of preparation

a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Company's Board of Directors on January 27, 2026.

These consolidated financial statements incorporate the financial statements of the Company and its controlled, wholly-owned subsidiary. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

b) Statement of compliance

The Company's consolidated financial statements include the accounts of the Company and its subsidiary, Urban Utilities Contractors Inc. Subsidiaries are entities controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained and are deconsolidated from the date that control ceases.

c) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, maintains its accounts on an accrual basis, except for cash flow information, and the concept of historical cost is followed except for the following:

1. Financial instruments at fair value through profit or loss are measured at fair value.
2. Financial assets at fair value through other comprehensive income are measured at fair value.
3. In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a Right of Use Asset and present value of lease liability.

The valuation method used to measure financial instruments are further discussed in Note 21.

d) Functional and presentation currency

The functional currency and presentation currency of the Company is Canadian dollars. The Company does not have any transactions in currencies other than the functional currency.

e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, and income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

(i) Significant estimates

Allowance for credit losses

The Company must make an assessment of whether trade receivables and holdback receivables are collectible from customers. Accordingly, management establishes an allowance for estimated credit losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

Useful lives or property, plant and equipment

The Company estimates the useful lives of property, plant and equipment by analyzing the internal life of the asset which takes into account actual and expected future usage, physical wear and tear, replacement history and assumptions about the evolution of technology. Changes in these factors may cause the estimated useful lives of these assets to change. When factors indicate that the assets' useful lives are different from the prior assessment, the Company depreciates the remaining carrying value prospectively over the adjusted estimated useful lives. The Company reviews estimates of the useful lives of property, plant and equipment on an annual basis.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

2 Basis of preparation (continued)

d) Use of estimates and judgments (continued)

(i) Significant estimates (continued)

Leases

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability and operations. Extension option (or options after termination options) are only included in the lease term if the lease is reasonably certain to be included (or not terminated). The assessment of the lease term is reviewed if a significant event or significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used, if the interest rate implicit in the lease is not readily determinable, to measure its lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

Valuation of contract assets

Contract assets consist of an estimate of the percentage of completion within each performance obligation applied to the contractual value of each component work stream reduced by the profit margin of each component to arrive at the value of the costs to date. On site evaluation as well as daily site reports containing details of raw material, labour, and other costs are used in the estimation process.

Current and deferred taxes

Estimations of current and deferred tax provisions and assets or obligations require assessments to be made based on the potential tax treatment of certain items that will only be resolved once finally agreed with the relevant tax authorities. Assumptions underlying the composition of deferred tax assets and liabilities include estimates of future financial performance and the timing of reversal of temporary differences as well as the tax rates and laws at the time of the expected reversal.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors, and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The expected volatility assumptions for the Company's option and warrant grants are based on comparable public companies.

Reverse Takeover

Judgement is required when assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover (Note 4).

(ii) Significant judgments

Current and deferred taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position and what tax rate is expected to be applied in the year when the related temporary differences reverse, particularly in regard to the utilization of tax losses carry forward. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company considers the terms of the contracts, the nature of the transaction, estimated time required on the project, and the specific circumstances of each arrangement. The Company recognizes revenue as it fulfills its performance obligations by transferring control of the promised services to the customer. Judgement involves determining when revenue recognition criteria have been met including when all performance obligation have been fulfilled.

Pensions

The company has a pension plan for employees, and Liuna 183 Union manages the annual required contribution. Liuna is responsible for investing the funded contribution to generate returns that adequately cover employees' retirement benefits. The Company is solely responsible for the pension contributions to be made and has assessed the pension plan as a defined contribution pension plan.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Business Combinations

The acquisition method of accounting is used to account for business combinations. The consideration transferred for the combination of a business comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the combined companies. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

b) Financial instruments

(i) Financial Assets

Financial assets comprise of trade and other receivables and holdback receivables.

Initial recognition:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement:

Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Income.

Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognized in other comprehensive income.

Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income. All fair value changes are recognized in the Statement of Income.

Derecognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred, and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the Statement of Income.

Impairment of financial assets:

Trade receivables and other and holdback receivables are tested for impairment based on the expected credit losses for the respective financial asset. The carrying amount of these assets in the Statement of Financial Position is stated net of any allowance.

(ii) Financial liabilities

Initial recognition:

Financial liabilities are initially recognized at fair value and any transaction cost that are attributable to the acquisition of the financial liabilities, except financial liabilities recognized at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into the following categories:

- at amortized cost
- at fair value through profit or loss

Amortized cost:

Amortized cost for financial liabilities represents amount at which 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.

Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of income and comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statements of comprehensive income in the period in which they arise. When management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in the Statement of Comprehensive Income.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information (continued)

b) Financial instruments (continued)

Derecognition of financial liabilities:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(i) Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(ii) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

(iii) Fair value

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect the assumptions that market participants would use, and are based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

Cash under the fair value hierarchy was recorded based on level 1 inputs.

The Company's financial assets and liabilities are recorded and measured as follows:

<u>Asset or Liability</u>	<u>Category</u>
Cash and bank overdraft	FVTPL
Trade and other receivables	Amortized cost
Holdback receivables	Amortized cost
Trade and other payables	Amortized cost
Other liabilities	Amortized cost
Loans from related parties	Amortized cost
Borrowings	Amortized cost
Lease liabilities	Amortized cost

c) Cash and cash equivalents and bank indebtedness

Cash and cash equivalents and bank overdraft comprise of cash at banks and short-term money market instruments which are readily convertible into a known amount of cash.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information (continued)

d) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

e) Fair value of warrants

The Company measures the fair value of warrants granted from financings using the residual value method. When warrants are granted, the fair value is recorded in the warrant reserve, with the corresponding entry to share capital. When warrants are exercised, their fair value is removed from the warrant reserve account and recorded as share capital.

f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates and includes expenditure directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Amounts paid as advances towards the acquisition of property, plant and equipment are disclosed separately under other non-current assets as 'capital advances' and the cost of assets not put to use as on the balance sheet date are disclosed under 'Capital work-in-progress'.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income (expenses) in the Statement of Income and Comprehensive Income.

(i) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in Statement of Income during the period in which it is incurred.

(ii) Depreciation

Depreciation is recognized in the Statement of Income and Comprehensive Income on a declining basis over the estimated useful lives of each part of an item of property, plant and equipment considering residual value to be zero. Depreciation on contract-specific assets is charged co-terminus over the contract period. Management's estimated useful lives of its assets are as follows:

Asset

Computers	50% declining balance basis
Furniture and Fixtures	20% declining balance basis
Equipment	20% declining balance basis
Vehicles	30% declining balance basis

The depreciation method, useful lives and residual value are reviewed annually.

g) Contract assets and contract liabilities

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned by something other than the passage of time and not billed at the reporting date. Contract assets are transferred to trade receivables when the rights to the amount become unconditional. This usually occurs when the Company issues an invoice to the customer.

Contract liabilities represent the Company's obligation to transfer goods or services to a customer for which the Company has received consideration in excess of revenue recognized under the contract.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information (continued)

h) Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Statement of Financial Position and lease payments have been classified as financing cash flows.

i) Revenue Recognition

The Company enters into contracts with customers to provide concrete and drain work construction services. The Company accounts for a contract when enforceable rights and obligations between the Company and its customer are present, the contract has commercial substance, the rights of the parties and payment terms are identified, collectability of consideration is probably, and both parties have approved the contract.

The Company contracts with customers include promises or arrangements to transfer multiple services to a customer. The Company assesses whether such arrangements in the contract have distinct services (performance obligation). A performance obligation is a promise in the contract to transfer distinct services to the customer. The Company's contracts generally have multiple performance obligations, as the promise to transfer the services are separately identifiable from each other. An amendment made to an existing contract is accounted for in combination with the existing contract unless it adds services differing from services promised in the existing contract at stand alone selling prices.

The Company measures revenue, for the consideration to which the Company is expected to be entitled in exchange for transferring promised services. The Company identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. The Company recognizes revenue as it fulfills its performance obligations by transferring control of the promised services to the customer. Incurred inefficiency cost such as the unexpected cost of materials, labor hours expended or other resources consumed do not generate revenue as they do not contribute to the Company's progress in satisfying the performance obligations.

Contract costs include direct costs such as materials, labour, and subcontract costs as well as indirect overhead costs that relate directly to satisfying the performance obligations under the contract. Costs related to the revenues recognized are expensed as incurred.

j) Share capital

Common shares are classified as equity. Issuance costs directly attributable to the issue of the shares or share options are recognized as a deduction from equity, net of any tax effects.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information (continued)

k) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in income or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

Reversal of impairment loss

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

l) Employee benefits

(i) Short-term employee benefits

Employee benefits such as salaries, wages and union dues falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

(ii) Union Dues:

The Company pays a portion of salary as union dues (Union of employees is formed to protect the rights and interests of employees). Obligations for contributions to union dues are recognized as an employee benefit expense in income or loss in the periods during which the related services are rendered by employees.

(iii) Defined contribution pension plan

The Company maintains pension plans for its employees whereby the Company pays contributions based on a percentage of the employees' monthly salaries. Obligations for contributions to pension plans are recognized as an employee benefit expense in the Statement of Income and Comprehensive Income as the services are provided. As the Company is not committed beyond these contributions, no additional provision related to these plans has been recorded. The Company participates in these mandatory general pension plans which are accounted for as defined contribution plans.

m) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Where common shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of a common share to the extent that they were entitled to participate in dividends during the period relative to a fully paid common share. Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which includes share options granted to employees. To the extent that partly paid shares are not entitled to participate in dividends during the period they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

3 Material Accounting Policy Information (continued)

n) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in income or loss except to the extent that it relates to items recognized directly in equity or in 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 reporting date. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- a. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss.
- b. differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- c. arising due to taxable temporary differences on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded only when it is expected to be distributed in foreseeable future based on the management's intention.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when: (i) the Company has a present obligation (legal or constructive) as a result of a past event; and (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- b. a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each reporting date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognized and measured as a provision.

p) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- a. estimated amount of contracts remaining to be executed on capital account and not provided for;
- b. other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

q) Accounting standards, amendments and interpretations not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. Management believes that IFRS 18 will likely have a material impact on the Company's present or future financial position, results of operations or cash flows. The Company has not early adopted these amendments.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

4 Reverse Takeover Transaction

On March 18, 2024, Urban and Deal Pro Capital Corporation ("Deal Pro") completed their reversed takeover transaction (the "RTO"), pursuant to which Urban acquired all of the issued and outstanding common shares of Deal Pro in exchange for common shares of Urban. The transaction was completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario) with the common shares of Urban listed on the Toronto Stock Ventures Exchange (TSXV) following the amalgamation of Deal Pro and Urban.

On closing of the RTO and pursuant to the amalgamation agreement dated March 18, 2024, the following steps were taken to take effect to the RTO:

(i) All issued and outstanding classes of common shares and stock options of Deal Pro were exchanged for post-consolidated common shares of Urban on a one-to-one basis. As a result of the exchange, the exercise price of the stock options remained unchanged and there was no incremental fair value identified in relation to the exchange. The exchange resulted in the issue of 8,207,001 common shares, 570,000 stock options with a \$0.05 exercise price, of which 154,054 expire June 25, 2031 and the remaining 415,946 expire March 18, 2025, and 250,700 stock options with a \$0.10 exercise price, of which 67,757 expire October 22, 2031 and the remaining 182,943 expire March 18, 2025.

(ii) An additional 4,357,920 post-consolidated common shares (the "Finder Shares") were issued to Finders in connection with the RTO at no additional cost to the finders. Further, the Finders received 269,866 Finder Warrants, which can be exercised at a price of \$0.15, at any time until March 18, 2026, into one common share and one-half of a common share purchase warrant. Each full purchase warrant could be exercised for a common share in the Company at a price of \$0.25 for a period of two years until March 18, 2026.

Upon closing of the RTO, the shareholders of Urban held a total of 100,000,000 common shares (as 83,000,000 Class A common shares and 17,000,000 Class B common shares) of the Company, representing 82.3% of the common shares of the Company before taking effect to the subscription receipt financing. Accordingly, the acquisition of Deal Pro was considered a reverse acquisition of Deal Pro.

However, as the Corporation did not meet the definition of a business as defined by IFRS 3 Business Combinations ("IFRS 3"), it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

a) The consolidated financial statements of the combined entity are issued under the legal parent, Deal Pro, but are considered a continuation of the consolidated financial statements of the legal subsidiary, Urban.

b) As Urban is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

c) Since the shares allocated to the former shareholders of the Corporation on closing of the RTO are considered within the scope of IFRS 2, and the Corporation cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Deal Pro acquired on closing was expensed in the Statement of Income and Comprehensive Income as a listing expense.

The fair value of the 8,207,001 common shares issued and outstanding with shareholders of the Company and the 4,357,920 Finder Shares issued on closing of the RTO was determined by reference to the fair value of the common shares issued pursuant to the subscription receipt financing completed by the Company, determined to be \$0.137 on the date of close.

At the date of acquisition on March 18, 2024, the RTO was recorded as follows:

Purchase Price Consideration		March 18, 2024
Fair value of common shares issued	\$	1,121,988
Finder Shares		595,776
Option grant		70,953
Total Consideration Issued		1,788,717
Net Identifiable Assets (Liabilities) Acquired		
Cash		35,360
Loan Receivable		65,000
Prepaid Expense		31,755
Accounts payable and accrued liabilities		(164,174)
Total net identifiable assets		(32,059)
Professional Fees		137,286
Listing expenses	\$	1,958,062

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***5 Trade and other receivables**

	September 30, 2025	September 30, 2024
	\$	\$
Other trade receivables, net	1,292,291	1,271,083
Less: Allowance for doubtful receivables	(12,299)	(8,779)
Total	1,279,992	1,262,304

The Company maintains an allowance for doubtful receivables based on expected credit loss model. Trade receivables were subsequently realized and hence the credit loss allowance is \$12,299 for the years ended September 30, 2025 and (2024 - \$8,779). The Company's exposure to credit risk related to trade and other receivables, excluding contract assets is disclosed in Note 21. During the year ended September 30, 2025, the Company recorded bad debt expense of \$24,526 (2024 - \$10,579) in the Statement of Income and comprehensive income.

As of September 30, 2025, the Company has recorded accounts receivable in the amount of \$1,292,292, of which \$1,179,970 (inclusive of H.S.T.) is classified as overdue and there is also a holdback receivable of \$321,217. The overdue balance primarily relates to amounts invoiced to a specific customer (referred to as "Customer ABC"). The Company has been actively engaging with Customer ABC to resolve the outstanding balance; however, a dispute has arisen regarding the nature and validity of certain charges.

The dispute with Customer ABC has led to the commencement of litigation in Ontario Court (the "Court"), with the Company filing a statement of claim against Customer ABC on July 27, 2023. The legal proceedings are still in process and management is diligently pursuing a resolution. As part of the litigation, the Company has successfully registered liens against developer Customer ABC and Customer ABC has fully paid all amounts owed to the Company into the Court. The ultimate outcome of the litigation is uncertain, and the Company is unable to reasonably estimate the potential financial impact on the accounts receivable balance at this time. The Company continues to recognize the full amount of the overdue accounts receivable on the Statement of Financial Position, as it believes the collection of the outstanding balance is probable and can be reliably measured. Management is actively monitoring the situation, and any necessary adjustments will be made as more information becomes available.

As of the date of these consolidated financial statements, no provision for a contingent liability has been recognized in the consolidated financial statements. No amount has been specified by Customer ABC in their defense materials that have been filed with the Court. Further developments in the litigation and additional information obtained during the resolution process will be assessed, and any required adjustments will be recorded in the period in which they become reasonably estimable.

6 Holdback receivables

	September 30, 2025	September 30, 2024
	\$	\$
Holdback receivables		
Retention funds from contracts	321,217	373,125
Total	321,217	373,125

Holdback receivables represent a 10% retention of funds on ongoing contract billings with customers. The holdback receivables are released upon completion of the project, accompanied by a certification of completion to verify full discharge of obligations. As at September 30, 2025, \$321,217 (2024 - \$241,550) relates to Customer ABC as per Note 5 above.

7 Contract assets

	September 30, 2025	September 30, 2024
	\$	\$
Unbilled receivables	96,527	69,461
Total	96,527	69,461

Contract assets represent any excess costs over progress billings. Upon the completion of delayed billings, contract assets will be replaced by accounts receivable in the Company's financial records. As at September 30, 2025, the Company recorded a credit loss allowance of \$Nil (2024 - \$Nil), related to contract assets.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

8 Property, plant and equipment

	Computers	Equipment	Vehicles	Furniture and Fixtures	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at October 1, 2023	14,694	128,583	314,593	89,563	547,433
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at September 30, 2024	14,694	128,583	314,593	89,563	547,433
Balance as at October 1, 2024	14,694	128,583	314,593	89,563	547,433
Additions	-	3,985	-	-	3,985
Disposals	-	-	-	-	-
Balance as at September 30, 2025	14,694	132,568	314,593	89,563	551,418
Accumulated depreciation					
Balance as at October 1, 2023	5,366	59,782	144,557	11,446	221,151
Depreciation	4,664	13,761	51,010	15,623	85,058
Disposals	-	-	-	-	-
	-	-	-	-	-
Balance as at September 30, 2024	10,030	73,543	195,567	27,069	306,209
Balance as at October 1, 2024	10,030	73,543	195,567	27,069	306,209
Depreciation	2,332	11,766	35,708	12,499	62,305
Disposals	-	-	-	-	-
Balance as at September 30, 2025	12,362	85,309	231,275	39,568	368,514
Carrying Amounts					
Balance as at September 30, 2024	4,664	55,040	119,026	62,494	241,224
Balance as at September 30, 2025	2,332	47,259	83,318	49,995	182,904

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***9 Leases**

The Company leases mainly cars, equipment and real estate assets (such as office space).

Short-term leases and leases of low-value assets refer mainly to equipment (equipment used in construction) and real estate assets (office space) which are expensed off in income and loss and hence vehicle (car) is capitalized as Right of use asset under IFRS 16.

The Company incurred finance costs (interest expenses) on lease liabilities of \$3,179 for year ended September 30, 2025, (2024 - \$3,757).

The discount rate used to determine the right-of-use asset and the lease liability for each leased asset is calculated based on the implicit rate on the lease, where the implicit rate is unavailable, the leased asset is calculated based on the incremental borrowing rate at inception of the lease. The Company calculated the rate applicable to each lease contract on the basis of the lease duration.

The maturity analysis of lease liabilities, based on contractual undiscounted cash flows is shown at the end of this note.

Right of Use Assets

Following are the changes in the carrying value of right of use assets:

	Vehicles \$	Total \$
Balance as at October 1, 2023	11,545	11,545
Additions	94,321	94,321
Disposition	(8,182)	(8,182)
Depreciation	(27,883)	(27,883)
Balance as at September 30, 2024	69,801	69,801
Balance as at October 1, 2024	69,801	69,801
Additions and deletions	-	-
Depreciation	(28,883)	(28,883)
Balance as at September 30, 2025	40,918	40,918

Lease Liabilities

Following is the movement in lease liabilities:

	September 30, 2025 \$	September 30, 2024 \$
Balance, beginning of year	45,536	9,540
Additions	-	59,786
Finance cost	3,179	3,757
Deletions	-	(5,681)
Payment of lease liabilities	(21,115)	(21,866)
Balance, end of year	27,600	45,536
	September 30, 2025 \$	September 30, 2024 \$
Current lease liabilities	19,520	17,936
Non-current lease liabilities	8,080	27,600
Total	27,600	45,536

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	September 30, 2025 \$	September 30, 2024 \$
Less than one year	21,115	21,115
One to five years	8,798	28,153
More than five years	-	-
Total	29,913	49,268

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***10 Trade and Other Payable**

	September 30, 2025	September 30, 2024
	\$	\$
Trade Payables	730,748	380,156
Remuneration and benefits payable	54,098	45,384
Provincial sales tax payable (refund)	41,648	21,217
Accrued expenses	198,310	91,360
Other liabilities	5,355	-
Total	1,030,159	538,117

11 Borrowings

	September 30, 2025	September 30, 2024
	\$	\$
a) Current		
Borrowings from banks		
-Term loan	53,896	50,160
-Vehicle loan	49,704	47,476
Total	103,600	97,636
b) Non-Current		
Borrowings from banks		
-Term loan	147,320	62,940
-Vehicle loan	60,990	110,694
Total	208,310	173,634

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***11 Borrowings (continued)**

Loan	Principal Amount \$	September 30, 2025 \$	September 30, 2024 \$	Issuance date	Effective interest rate	Maturity date	Additional features
Term loan (BDC 1)	100,000	4,980	24,900	15-06-2020	4.55%	10-12-2025	Monthly payment - \$ 1,660
Term loan (BDC 2)	182,000	57,960	88,200	15-09-2021	3.00%	15-08-2027	Monthly payment - \$ 2,520
Term loan (BDC 3)	138,276	138,276	-	28-03-2025	8.05%	28-01-2031	Highest payment - \$ 3,521 Lowest payment - \$ 2,316
Vehicle loan 2174	63,620	31,567	40,423	01-05-2023	6.99%	01-05-2028	Monthly payment - \$ 1,116
Vehicle loan 2187	71,833	34,372	48,662	09-02-2023	1.49%	20-01-2028	Biweekly payment - \$ 532
Vehicle loan 2186	40,826	12,329	19,465	14-05-2021	5.69%	28-05-2027	Biweekly payment - \$ 310
Vehicle loan 2183	42,418	16,209	24,470	08-02-2021	5.99%	31-01-2028	Biweekly payment - \$ 286
Vehicle loan 2182	28,304	7,877	12,205	09-06-2020	5.63%	01-06-2027	Biweekly payment - \$ 188
Vehicle loan 2177	30,077	8,340	12,945	09-06-2020	5.64%	01-06-2027	Biweekly payment - \$ 200
	697,354	311,910	271,270				

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***12 Other liabilities**

	September 30, 2025	September 30, 2024
	\$	\$
Union dues	40,335	59,735
Pension dues	-	-
Total	40,335	59,735

13 Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	September 30, 2025	September 30, 2024
	\$	\$
Earnings for the period before income taxes	(1,402,400)	(2,954,646)
Combined income tax rates	26.5%	26.5%
(Decrease) increase attributable to:		
Expected income tax expense	(372,000)	(783,000)
Permanent difference	111,000	472,000
Change in statutory rates and other	3,000	(107,000)
Shares issue cost	-	(13,000)
	129,000	(431,000)
Deferred income tax expense	129,000	(426,000)
Current income tax (recovery) expense	-	(5,000)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	September 30, 2025	September 30, 2024
	\$	\$
Property, plant and equipment	(35,000)	(51,000)
Share issue costs and others	8,000	11,000
Contract asset	(26,000)	(18,000)
Holdback receivable	(85,000)	(99,000)
Right of use asset	(11,000)	(12,000)
Lease liability	7,000	7,000
Non-Capital losses	240,000	389,000
Net deferred tax liabilities	98,000	227,000

The significant components of the Company's temporary differences and unused tax losses are as follows:

	September 30, 2025	Expiry Date Range	September 30, 2024	Expiry Date Range
	\$		\$	
Property, plant and equipment	130,000	No expiry	192,000	No expiry
Contract asset	97,000	No expiry	69,000	No expiry
Holdback receivable	321,000	No expiry	373,000	No expiry
Right of use asset & lease liability	13,000	No expiry	18,000	No expiry
Share issue costs and others	30,000	2046-2048	40,000	2045-2048
Non-capital losses	906,000	2045	1,468,000	2041-2044

Tax attributes are subject to review and potential adjustment by tax authorities.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

14 Share Capital

Authorized

Unlimited - Class A Common Shares with no par value

Unlimited - Class B Common Shares with no par value

Common shares - Subscribed and Fully Paid

		Shares		Amount
		Class A	Class B	\$
Balance, September 30, 2023		200	-	10
Private placement financing	(i)	8,947,995	-	1,342,200
Valuation of warrants	(i)	-	-	(118,909)
Cost of issuance - cash	(i)	-	-	(50,340)
Finder warrants	(i)	-	-	(11,914)
Share exchange from Urban to UIG	(Note 4)	83,000,000	-	-
Replacement of Urban shares to UIG	(Note 4)	(200)	-	(6)
Replacement of Urban shares to UIG (iii)	(Note 4)	-	17,000,000	6
Share exchange from Deal Pro to UIG	(Note 4)	8,207,001	-	1,121,988
Finder shares	(Note 4)	4,357,920	-	595,776
Balance, September 30, 2024		104,512,916	17,000,000	2,878,811
Stock options exercised	(ii)	410,000	-	62,607
Balance, September 30, 2025		104,922,916	17,000,000	2,941,418

(i) On March 18, 2024, the Company completed its previously announced concurrent financing with respect to the RTO transaction, pursuant to which it sold an aggregate of 8,947,995 units ("Unit") at a price of \$0.15 per Unit for aggregate gross proceeds of \$1,342,200. Each Unit was comprised of one Class A common share in the capital of Urban and one-half of one warrant, each warrant is exercisable into one Urban common share, at a price of \$0.25 at any time until March 18, 2026. The warrants were valued at \$118,909 using the residual value method.

Pursuant to the concurrent financing, Urban paid three arm's length parties (collectively, the "Finders") an aggregate cash commission of \$50,340 and issued to the Finders an aggregate of 269,866 non-transferable Finders warrants, with each warrant exercisable into one unit ("Compensation Unit") at a price of \$0.15 per Compensation Unit, at any time until March 18, 2026. Each whole Compensation Unit warrant entitles the holder to purchase one common share at \$0.25 per common share until March 18, 2026. The Finders warrants were valued at \$11,914, using the Black-Scholes pricing model with the following assumptions: Underlying price of \$0.15, Exercise price of \$0.25, Risk free rate of 4.02%, Volatility of 59% and the expected life of two years.

(ii) On March 18, 2025, the Company issued 410,000 common shares on the exercise of 410,000 stock options. The exercise price of these options was \$0.10 per share for total proceeds of \$41,000. The options exercised had a fair value of \$21,607 which has been reclassified from Reserve – Options to Share Capital.

(iii) As at September 30, 2025, a total of 45,650,000 common shares and 9,350,000 of Class B Common shares previously held in escrow had been released and are freely tradable through the facilities of the TSX Venture. The remaining 37,350,000 common shares and 7,650,000 Class B Common shares remain subject to escrow restrictions and are scheduled to be released by March 2026, September 2026 and March 2027.

15 Warrants

The following table reflects the continuity of warrants for the year ended September 30, 2025 and 2024:

	Number of warrants	Grant date fair value \$
Balance, September 30, 2023		-
Issued - Financing Note 14(i)	4,473,998	118,909
Issued - Finders warrants Note 14(i)	269,866	11,914
Balance, September 30, 2024	4,743,864	130,823
Issued	5,750,000	-
Balance, September 30, 2025	10,493,864	

The following table reflects the warrants issued and outstanding as of September 30, 2025 and 2024:

Expiry date	Exercise Price (\$)	Warrants Outstanding	Valuation
March 18, 2026	\$ 0.25	4,743,864	\$ 130,823
March 4, 2026 (i) (Note 20)	0.12	750,000	\$ -
September 3, 2026 (i) (Note 20)	0.05	5,000,000	\$ -

(i) On August 18, 2025, the Company issued 5,750,000 common share purchase warrants as a loan bonus in connection with loans provided by the Company's directors and an officer. The warrants are exercisable at \$0.05 to \$0.12 per share and expire on March 4, 2026 and September 3, 2026. See note 20 for details. The warrants were assessed as a compound financial instrument and were measured using the residual value method, resulting in an estimated fair value of \$nil.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)

Notes to the consolidated financial statements

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

16 Options

The following table reflects the continuity of stock options for the year ended September 30, 2025 and 2024:

	Number of stock options	Weighted average Exercise price (\$)
Balance, October 1, 2023	-	
Granted (i)	820,700	0.01
Granted (ii)	8,778,767	0.17
Balance, September 30, 2024	9,599,467	0.17
Balance, October 1, 2024	9,599,467	0.17
Granted (iii)(iv)	3,220,000	0.10
Cancelled	-	-
Expired	(3,196,839)	(0.17)
Exercised	(410,000)	(0.10)
Balance, September 30, 2025	9,212,628	0.15

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2025:

Weighted averaged remaining contractual life	Options outstanding		Options exercisable		Expiry date
	Number of Options	Weighted average exercise price (\$)	Number of Options	Weighted average exercise price (\$)	
5.74	154,054	\$ 0.05	154,054	\$ 0.05	June 25, 2031
6.06	67,757	0.10	67,757	0.10	October 22, 2031
3.67	4,380,817	0.10	4,790,817	0.10	May 30, 2029
3.67	980,000	0.10	980,000	0.10	May 30, 2029
0.65	820,000	0.10	820,000	0.10	May 27, 2026
4.67	2,400,000	0.10	2,400,000	0.10	May 30, 2030
4.85	410,000	0.10	410,000	0.10	August 5, 2030
3.76	9,212,628	\$ 0.10	6,402,628	\$ 0.10	

(i) With the closing of the RTO (Note 4), the Company had 570,000 and 250,700 stock options outstanding. The holders of the 570,000 stock options will be entitled to the purchase of one common share at a price of \$0.05, of which 154,054 stock options expire on June 25, 2031 and 415,946 stock options expire within 12 months from closing of the RTO. The holders of 250,700 stock options will be entitled to the purchase of one common share at a price of \$0.10, of which 67,757 stock options expire on October 22, 2031 and 182,943 stock options expire within 12 months from closing of the RTO. The value of these options were determined using the following parameters as per below.

(ii) On May 30, 2024, the Company awarded 7,798,767 incentive options on the Company's common shares to directors, management, employee, and other individuals in accordance with the terms of the Company's incentive Stock Option Plan. The exercise price for the options is \$0.18 per share. These options will vest as to 1/2 at the date that is 18 months from the grant date and the remaining 1/2 will vest on the date that is 36 months from the grant date. The options are valid for a 5-year period from the date of grant. The Company also granted 980,000 stock options to Venture North (IR consultant), each exercisable at \$0.17 per share and vesting quarterly. These options are valid for a 5-year period from the date of grant. The value of these options were determined using the following parameters as per below. On May 27, 2025, the Company repriced the remaining options with exercise price of \$0.18 and \$0.17 to \$0.10 and accelerated the vesting terms on 820,000 options to vest immediately. This did not result in a modification of the fair value of the options.

(iii) On May 27, 2025, the Company granted 2,810,000 options on the Company's common shares to directors and/or officers of the Company. The exercise price for the options is \$0.10 per share. These options will vest as to 50% by Nov 27, 2026 and remaining 50% to be vested by May 27, 2028. The options are valid for a 5-year period from the date of grant. The value of these options were determined using the following parameters as per below.

(iv) On August 5, 2025, the Company granted 410,000 options on the Company's common shares to a director of the Company. The exercise price for the options is \$0.10 per share and the options vest upon grant. The options are valid for a 5-year period from the date of grant. The value of these options were determined using the following parameters as per below.

Option units	154,054	67,757	415,946	182,943	980,000	7,798,767	2,810,000	410,000
Estimated Life in year	7 years	7 years	1 year	1 years	1 year	5 years	5 year	5 years
Exercise Price	0.05	0.10	0.05	0.10	0.17	0.18	0.10	0.10
Volatility	65%	65%	60%	60%	57%	151%	97%	96%
Dividend Yield %	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free rate %	3.6%	3.6%	4.33%	4.33%	4.31%	3.81%	2.87%	2.94%

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***17 Revenues**

	Year ended September 30, 2025	Year end September 30, 2024
	\$	\$
Rendering of services	5,064,460	5,381,874
Total	5,064,460	5,381,874

a) Revenue concentration

For the year ended September 30, 2025, there were two customers that individually comprised of more than 96% (2024 – 84%) of total revenues.

b) Remaining performance obligations

The Company has applied the practical expedient provided in the standard and accordingly not disclosed the remaining performance obligations relating to contracts where the performance obligations are part of a contract that has an original expected duration of one year or less and has also not disclosed the remaining performance obligations related disclosures for contracts where the revenues recognized corresponds directly with the value to the customer of the entity's performance completed to date. The following table provides revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Year ended September 30, 2025	Year ended September 30, 2024
To be recognized	\$	\$
Within one year	6,444,107	7,791,218
One to three years	-	-
Three years or more	-	-

18 Cost of services

	Year ended September 30, 2025	Year ended September 30, 2024
	\$	\$
Changes in work in progress	(27,066)	116,366
Raw materials and consumables	2,124,132	1,708,658
Direct labor	1,471,835	1,805,305
Sub-contractors	112,943	98,330
Union Dues	486,428	609,012
Equipment rental	1,826	6,045
Other	-	973
Total	4,170,098	4,344,689

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***19 General and administrative expenses**

	Year ended September 30, 2025	Year ended September 30, 2024
	\$	\$
Bad debts	24,526	10,579
Meals and travel	42,952	63,541
Office, rent and miscellaneous	248,860	128,282
Filing fees	26,853	-
Telephone	14,055	12,145
Total	357,246	214,547

20 Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director whether executive or otherwise. Key management personnel include the board of directors and other senior management executives. Related party transactions are in the ordinary course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured unless specified.

As at September 30, 2025 and 2024, the Company has the following due to and from related parties:

	September 30, 2025	September 30, 2024
	\$	\$
Loans from related parties <i>(i)</i>	641,336	-
Loans to related parties	81,361	-
Accounts payable and accrued liabilities	90,033	25,325

(i) The Company has related party loan that bears interest at a rate of 12% to 15% per annum. During the year ended September 30, 2025, total interest of \$18,514 (2024 – \$nil) was accrued or paid to the related parties in respect of this loan.

The related party loans consist of the following:

- A loan of \$500,000 bearing interest at 12% per annum, maturing on March 3rd, 2026. In connection with obtaining this loan, the Company incurred financing cost of \$25,000 and issued 5,000,000 common share purchase warrants to the creditor. Each warrant is exercisable at \$0.05 per share at any time within 12 months from the date of issuance.
- A loan of \$100,000 bearing interest at 15% per annum, which matured on August 5, 2025. The loan remained unpaid as at September 30, 2025. As part of the financing arrangement, the Company issued 500,000 common share purchase warrants to the creditor, exercisable any time at \$0.12 per share for 12 months from date of issuance.
- A loan of \$25,000 bearing interest at 15% per annum, which matured on September 4, 2025. In connection with this loan, the Company issued 250,000 common share purchase warrants to the creditor, exercisable any time at \$0.12 per shares for 12 months from date of issuance. The loan was repaid during the year.
- A loan of \$25,000 bearing interest at 15% per annum, which also matured on September 4, 2025. As part of the financing arrangement, the Company issued 250,000 common share purchase warrants to the creditor, exercisable any time at \$0.12 per share for 12 months from date of issuance. The loan remained unpaid as at September 30, 2025.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***20 Related party transactions (continued)**

During the years ended September 30, 2025 and 2024, the Company incurred the following key management compensation:

	Year ended September 30, 2025	Year ended September 30, 2024
	\$	\$
Salary	377,919	358,322
Share-based payment	312,042	118,482
Legal Fees	-	22,070
Dividend	-	500,000
Consulting fees	68,333	30,000
Management fees	143,359	161,788
Rent	110,000	30,000
Financing fee and Interest	18,514	-
	1,030,167	1,220,662

21 Financial instruments and risk management*Financial instruments by category*

The carrying amounts and fair value of the financial instruments by each category as at September 30, 2025 and 2024 were as follows:

	Carrying value		Fair value	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Financial assets				
Financial assets at amortized cost				
Trade receivables	1,279,992	1,262,304	1,279,992	1,262,304
Holdback receivable	321,217	373,125	321,217	373,125
Contract assets	96,527	69,461	96,527	69,461
Total	1,697,736	1,704,890	1,697,736	1,704,890

	Carrying value		Fair value	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Financial liabilities				
Financial liabilities at amortized cost				
Borrowings (Long term)	208,310	173,634	208,310	173,634
Non-Current Lease Liabilities	8,080	27,600	8,080	27,600
Borrowings (Short term)	103,600	97,636	103,600	97,636
Current Lease Liabilities	19,520	17,936	19,520	17,936
Trade and other payables	1,030,154	538,117	1,030,154	538,117
Due to related party	641,336	-	641,336	-
Other Liabilities	40,335	59,735	40,335	59,735
Total	2,051,335	914,658	2,051,335	914,658

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

*(All amounts are in CAD, unless otherwise stated)***21 Financial instruments and risk management (continued)****Credit risk:**

Credit risk is the risk of loss associated with a counterpart's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, trade and other receivables, and holdback receivables. Cash consist of deposits at Canadian financial institutions. Trade and other receivables and holdback receivables are in good standing as of September 30, 2025. Management believes that the credit risk concentration with respect to financial instruments is minimal.

Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. As at September 30, 2025, the Company had current assets of \$2,371,922 (September 30, 2024 - \$2,381,870) to settle current liabilities of \$1,733,221 (2024 - \$894,476)

As at September 30, 2025

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
	\$	\$	\$	\$	\$	\$
Borrowings	311,910	355,762	121,917	194,950	38,895	-
Lease liabilities	27,600	29,913	21,115	8,798	-	-
Trade and other payables	1,030,154	1,030,154	1,030,154	-	-	-
Due to related party	641,336	641,336	641,336	-	-	-
Other liabilities	40,335	40,335	40,335	-	-	-
Total	2,051,335	2,097,500	1,854,857	203,748	38,895	-

As at September 30, 2024

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
	\$	\$	\$	\$	\$	\$
Borrowings	271,270	319,737	117,349	174,022	28,366	-
Lease liabilities	45,536	49,268	21,115	28,153	-	-
Trade and other payables	538,117	538,117	538,117	-	-	-
Other liabilities	59,735	59,735	59,735	-	-	-
Total	914,658	966,857	736,316	202,175	28,366	-

Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that affect market risk sensitive instruments. The Company is exposed to market risk primarily related to interest rate risk. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating activities.

Interest Rate Risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash and interest-bearing borrowings. The Company currently does not have any policy to manage interest risk.

21 Capital management

The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company considers its capital to be equity, comprising share capital and components of equity, which at September 30, 2025, totaled \$744,133 (2024 - \$1,824,185). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on the Company's operating activities and investment activities.

Information is provided to the Board of Directors. The Company's capital management objectives, policies and processes have remained unchanged during the year ended September 30, 2025. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Urban Infrastructure Group Inc. (formerly Urban Utilities Contractors Inc.)**Notes to the consolidated financial statements**

For the years ended September 30, 2025 and 2024

(All amounts are in CAD, unless otherwise stated)

22 Segment information

The Company is in the business providing construction service. Accordingly, there are no separate reportable primary segments as per IFRS 8. Secondary segmental reporting is based on geographical location is also not applicable to the Company as its transactions are only within Canada.

23 Supplemental Cash Flow Information

	Year ended September 30, 2025	Year ended September 30, 2024
	\$	\$
Cash paid during the year for:		
Interest payment	70,872	41,060
Taxes	181,052	-
Non-cash investing and financing transactions:		
Initial recognition of right of use assets	-	59,786