

Nerds on Site Inc.

Condensed interim consolidated financial statements

For the three and six months ended November 30, 2024 and 2023

(Unaudited - expressed in Canadian Dollars)

NERDS ON SITE INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(Unaudited - Amounts expressed in Canadian Dollars)

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NOTICE TO READER

The accompanying condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Nerds on Site Inc.

Condensed Interim Consolidated Statements of Financial Position as at November 30, 2024 and May 31, 2024

(Unaudited – expressed in Canadian dollars)

	November 30, 2024 (unaudited)	May 31, 2024 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 104,590	\$ 267,336
Short term investments (Note 18)	177,437	170,037
Accounts receivable (net of expected credit losses) (Note 4)	227,758	208,730
Inventory (Note 15)	76,217	69,293
Prepaid expenses and other current assets	92,014	46,363
Due from related party (Note 9)	290,792	394,731
	<u>968,808</u>	<u>1,156,490</u>
NON-CURRENT		
Right-of-use assets, net (Note 12)	102,494	112,302
Property and equipment (Note 5)	39,132	43,228
	<u>141,626</u>	<u>155,530</u>
TOTAL ASSETS	\$ 1,110,434	\$ 1,312,020
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	\$ 1,194,213	\$ 1,152,576
Contract liabilities	209,832	189,689
Bank debt (Note 6)	180,993	163,805
Preferred shares (Note 8)	100	100
Dividend payable (Note 8)	69,479	69,479
Current portion of due to related party (Note 9)	75,699	86,423
Current portion of lease liabilities (Note 13)	15,840	18,435
Current portion of loans payable (Note 7)	4,347	6,843
	<u>1,750,503</u>	<u>1,687,350</u>
NON-CURRENT		
Non-current portion of due to related parties (Note 9)	1,096,398	945,885
Non-current portion of lease liabilities (Note 13)	111,223	116,662
	<u>1,207,621</u>	<u>1,062,547</u>
TOTAL LIABILITIES	2,958,124	2,749,897
SHAREHOLDERS' DEFICIENCY		
Common stock (Note 8)	6,293,608	6,293,608
Reserve for options	422,008	422,008
Contributed surplus	2,575,889	2,575,889
Accumulated other comprehensive loss	(77,201)	(61,848)
Accumulated deficit	(11,028,589)	(10,667,534)
TOTAL SHAREHOLDERS' DEFICIENCY	(1,814,285)	(1,437,877)
Non-controlling interest	(33,405)	-
TOTAL DEFICIENCY	(1,847,690)	(1,437,877)
TOTAL LIABILITIES AND TOTAL DEFICIENCY	\$ 1,110,434	\$ 1,312,020

Basis of presentation and going concern (Note 2)

Approved on behalf of the Board

<Charles Regan>
Signed: Director

<David Redekop>
Signed: Director

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and six months ended November 30, 2024 and 2023
(Unaudited – expressed in Canadian dollars)

	For the three months ended November 30, 2024 \$	For the three months ended November 30, 2023 \$	For the six months ended November 30, 2024 \$	For the six months ended November 30, 2023 \$
Revenue (Note 14)	2,847,555	2,794,252	5,513,834	5,250,418
Cost of revenue	(2,052,894)	(1,995,450)	(4,049,868)	(3,800,447)
Gross profit	794,661	798,802	1,463,966	1,449,971
Expenses:				
Selling, general and administrative (Note 10)	(904,420)	(800,897)	(1,812,276)	(1,641,324)
Depreciation of property and equipment (Note 5)	(1,680)	(3,049)	(4,096)	(22,304)
Amortization of right-of-use asset (Note 12)	(4,904)	(4,904)	(9,808)	(9,808)
Gain on sale of capital assets (Note 5)	43,144	-	43,144	-
Total operating expenses	(867,860)	(808,850)	(1,783,036)	(1,673,436)
Operating loss	(73,199)	(10,048)	(319,070)	(223,465)
Interest expense	(59,475)	(19,433)	(79,632)	(37,956)
Interest income	7,160	16,235	13,011	35,443
Accretion on lease liabilities (Note 13)	(4,207)	(3,684)	(7,572)	(7,470)
Loss before income taxes	(129,721)	(16,930)	(393,263)	(233,448)
Provision for income taxes	-	-	-	-
Net loss	(129,721)	(16,930)	(393,263)	(233,448)
Net loss attributable to non-controlling interests	(32,208)	-	(32,208)	-
Net loss attributable to common shareholders	(97,513)	(16,930)	(361,055)	(233,448)
Loss per share - basic and diluted				
Net loss per share attributable to common shareholders	(0.0011)	(0.0002)	(0.0040)	(0.0026)
Weighted average number of common shares outstanding-Basic and Diluted	89,411,115	89,411,115	89,411,115	89,411,115
Net loss	(129,721)	(16,930)	(393,263)	(233,448)
Foreign currency translation adjustment	(49,229)	(4,244)	(16,550)	(7,516)
Total comprehensive loss	(178,950)	(21,174)	(409,813)	(240,964)
Comprehensive loss attributable to non-controlling interests	(33,405)	-	(33,405)	-
Comprehensive loss attributable to common shareholders	(145,545)	(21,174)	(376,408)	(240,964)

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of changes in shareholders' deficiency

For the six months ended November 30, 2024 and 2023

(in Canadian dollars)

	Shares #	Amount \$	Option reserve \$	Contributed surplus \$	Non- controlling Interest \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total \$
Balance as at May 31, 2023	89,411,115	6,293,608	422,008	2,575,889	-	(54,526)	(10,223,811)	(986,832)
Currency translation adjustment	-	-	-	-	-	(7,516)	-	(7,516)
Net loss	-	-	-	-	-	-	(233,448)	(233,448)
Balance as at November 30, 2023	89,411,115	6,293,608	422,008	2,575,889	-	(62,042)	(10,457,259)	(1,227,796)
Balance as at May 31, 2024	89,411,115	6,293,608	422,008	2,575,889	-	(61,848)	(10,667,534)	(1,437,877)
Currency translation adjustment	-	-	-	-	(1,197)	(15,353)	-	(16,550)
Net loss	-	-	-	-	(32,208)	-	(361,055)	(393,263)
Balance as at November 30, 2024	89,411,115	6,293,608	422,008	2,575,889	(33,405)	(77,201)	(11,028,589)	(1,847,690)

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the six months ended November 30, 2024 and 2023
(Unaudited – expressed in Canadian dollars)

	For the six months ended November 30,	
	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	\$ (393,263)	\$ (233,448)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation of property and equipment (Note 5)	4,096	22,304
Amortization on right-of-use asset (Note 12)	9,808	9,808
Accrued interest	-	370
Accretion on lease liabilities (Note 13)	7,572	7,470
Gain on sale of property and equipment	(43,144)	(6,278)
Changes in working capital:		
Accounts receivable	(19,028)	(24,468)
Inventory	(6,924)	25,070
Prepaid expenses and other current assets	(45,651)	(47,420)
Accounts payable and accrued liabilities	41,637	53,551
Contract liabilities	20,143	(16,371)
Net cash used in operating activities	<u>(424,754)</u>	<u>(209,412)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	43,144	6,278
Short term investments	(7,400)	-
Payments for acquisition of property and equipment	-	(3,498)
Net cash from investing activities	<u>35,744</u>	<u>2,780</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repayments made on loans	(2,496)	(11,624)
Advances from bank debt	17,188	53,134
Repayment of lease liabilities (Note 13)	(15,606)	(15,606)
Due to related party (Note 9)	139,789	84,538
Payments from related parties (Note 9)	103,939	113,338
Net cash from financing activities	<u>242,814</u>	<u>223,780</u>
Effects of foreign currency exchange rate changes	(16,550)	(7,516)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(162,746)	9,632
Cash and cash equivalents, beginning of period	<u>267,336</u>	<u>206,789</u>
Cash and cash equivalents, end of period	<u>\$ 104,590</u>	<u>\$ 216,421</u>

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

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended November 30, 2024, and 2023

(in Canadian Dollars)

1. Nature of operations

Nerds on Site Inc. (the “Company”) was incorporated on June 26, 1996 pursuant to the Ontario Business Corporations Act and is engaged in the business of providing information technology services, hardware, software and related support agreements. The Company’s head office is located at 4026 Meadowbrook Drive Unit 120-121, London, ON, N6L 1C7. On December 7, 2018, the Company incorporated a subsidiary in the United States of America as Nerds on Site USA Inc. In addition, the Company has a 50.1% ownership in NOS Technical Services, Inc (“NOS Tech”), a US company incorporated in July 2024.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended May 31, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last audited financial statements for the year ended May 31, 2024.

The Company’s condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the accounting policies. The Company has prepared the financial statements using the same accounting policies and methods as the financial statements for the year ended May 31, 2024.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2025.

New accounting standards adopted

There was no new accounting standards adopted during the period that would have a significant effect on the Company’s unaudited condensed consolidated interim financial statements.

Functional and presentation currencies

The Company’s functional currency is Canadian dollars and the Company’s presentation currency is also Canadian dollars. The subsidiary’s functional currency is in U.S. Dollars.

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended November 30, 2024, and 2023

(in Canadian Dollars)

2. Basis of presentation (Cont'd)

Basis of consolidation

The consolidated statements incorporate the financial statements of Nerds on Site Inc., and its wholly owned subsidiary, Nerds on Site USA Inc. and a 50.1% interest in NOS Technical Services, Inc., , in which the Company's CEO and director holds an indirect ownership interest of 29.335%. The Company has consolidated NOS Tech and recorded a non-controlling interest in its Consolidated Financial Statements.

Assets and liabilities of its subsidiary having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in shareholders' equity (deficiency). Foreign currency transactions are translated into functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statement of loss and comprehensive loss.

Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Total comprehensive income (loss) of subsidiaries is attributed to the shareholders of the Company and the NCI even if this results in the NCI having a deficit balance.

3. Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred a net loss of \$361,055 attributable to common shareholders during the six months ended November 30, 2024, with a cumulative deficit of \$11,028,589 as at November 30, 2024 (May 31, 2024 - \$10,440,329). The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute its business strategy or be successful in future financing activities. As at November 30, 2024, the Company had current assets of \$968,808 (May 31, 2024 - \$1,156,490) to cover current liabilities of \$1,750,503 (May 31, 2024 - \$1,687,350).

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended November 30, 2024, and 2023

(in Canadian Dollars)

4. Accounts receivable

The Company assumes that the credit risk on a financial asset has increased if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Accounts receivables are stated net of allowance for expected credit losses of \$88,524 and \$71,222 for November 30, 2024 and May 31, 2024, respectively. Accounts receivable consist of amounts due from customers receiving IT consulting services and equipment. Total net accounts receivable amounted to \$227,758 and \$208,730 at November 30, 2024 and May 31, 2024 respectively.

5. Property and equipment

The following is a continuity of property and equipment as at November 30, 2024 and May 31, 2024:

	Computer Hardware	Computer Software	Furniture and Fixtures	Vehicles	Websites	Leasehold Improvement	Total
Cost							
Balance as at May 31, 2023	\$ 124,461	15,684	15,000	569,615	1,250	47,721	773,731
Additions	4,246	-	-	-	-	-	4,246
Disposals	-	-	-	(135,304)	-	-	(135,304)
Balance as at May 31, 2024	128,707	15,684	15,000	434,311	1,250	47,721	642,673
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	(417,443)	-	-	(417,443)
Balance as at November 30, 2024	\$ 128,707	15,684	15,000	16,868	1,250	47,721	225,230
Accumulated Depreciation							
Balance as at May 31, 2023	\$ 110,612	15,684	15,000	537,336	1,250	21,432	701,314
Disposals	-	-	-	(129,944)	-	-	(129,944)
Depreciation	3,231	-	-	24,844	-	-	28,075
Balance as at May 31, 2024	113,843	15,684	15,000	432,236	1,250	21,432	599,445
Disposals	-	-	-	(417,443)	-	-	(417,443)
Depreciation	2,021	-	-	2,075	-	-	4,096
Balance as November 30, 2024	\$ 115,864	\$ 15,684	\$ 15,000	\$ 16,868	\$ 1,250	\$ 21,432	\$ 186,098
Net Carrying Amounts							
As at May 31, 2024	\$ 14,864	\$ -	\$ -	\$ 2,075	\$ -	\$ 26,289	\$ 43,228
As at November 30, 2024	\$ 12,843	\$ -	\$ -	\$ -	\$ -	\$ 26,289	\$ 39,132

During the six months ended November 30, 2024, the Company sold vehicles for \$43,144 (2023: \$nil) and recorded a gain of \$43,144 (2023: \$nil).

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended November 30, 2024, and 2023

(in Canadian Dollars)

6. Bank debt

The Company has a revolving line of credit from Toronto-Dominion Bank ("TD Bank") available for up to \$175,000 in order to fund working capital. Interest is charged at TD Bank Prime rate (5.95% at November 30, 2024) plus 2.25% and repayment is due on demand. During the six months ended November 30, 2024, total interest expense recorded under selling, general and administrative expenses was \$4,600 (2023: \$ 5,595). The operating line is secured by a general security agreement, assignment of insurance, unlimited guarantee advances executed by the Company and postponement of assignments of creditors' claims.

Any amounts overdrawn over \$175,000 are considered temporary as such overdrawn amounts are repaid subsequently. The balance outstanding was \$180,993 and \$163,805 at November 30, 2024 and May 31, 2024, respectively, and is presented as a current liability in the consolidated statements of financial position.

7. Loans payable

The carrying values of loans payable were as follows:

	<u>November 30, 2024</u>		<u>May 31, 2024</u>
<i>Current portion</i>			
Vehicle loans	\$ 4,347	\$	6,843
	<u>4,347</u>		<u>6,843</u>
	<u>\$ 4,347</u>	<u>\$</u>	<u>6,843</u>

Vehicle loans are due and payable within one year and carry a lien on the vehicles.

As at November 30, 2024, the Company has a \$nil (May 31, 2024: \$nil) interest-free loan from the Government of Canada under the Canada Emergency Business Account ("CEBA") program to cover its operating costs. The term loan matures on December 31, 2026. Repaying the entire balance of the loan on or before January 18, 2024, will result in a loan forgiveness of \$20,000. Effective January 19, 2024, any outstanding balance unpaid on the term loan shall bear interest at a rate of 5% per annum. The Company recognized the forgiveness in the year ended May 31, 2021, and the Company repaid the CEBA loan during the year ended May 31, 2024, and prior to January 18, 2024.

Interest expense incurred for the three-month periods ended November 30, 2024 was \$155 (November 30, 2023: \$767)

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended November 30, 2024, and 2023

(in Canadian Dollars)

8. Preferred shares liability and Common stock

The Company is authorized an unlimited number of Class A preferred shares, non-voting, redeemable, with cumulative dividends and unlimited Class B preferred shares, voting, redeemable, with non-cumulative dividends and Common shares.

On January 27, 2015, the Company issued 1,000,000 Class B Preferred shares to the three founding shareholders. Each Class B Preferred share is entitled to 10 votes per share. Proceeds to the Company were \$nil. Class B Shares were issued to provide the founders with 10 votes per share, do not entitle the holders to interest, dividends, and do not provide assets rights in the event of a liquidation of the Company.

On January 27, 2015, the Company issued 1,000,000 Class A Preferred shares and 1,000,000 Common shares to one investor in exchange for \$1,000,000. Effective with the stock split on October 3, 2017, these 1,000,000 Common shares outstanding were adjusted to 5,000,000 Common shares outstanding. The Class A Preferred shares are non-voting and entitle the holder to cumulative dividends at a rate of 7.25% per year, paid quarterly, beginning June 30, 2016 and are redeemable upon given notice at any time, the whole or from time to time any part of the outstanding shares, by the Company from the date of issuance in cash for \$1 per share together with an amount equal to all dividends accrued and remaining unpaid. During the year ended May 30, 2017, the Company redeemed \$500,000 of the Class A Preferred shares and during the year ended May 31, 2018, the Company redeemed an additional \$30,000 of the Class A Preferred shares. During the year ended May 31, 2019, the Company redeemed the balance of \$470,000 of Class A Preferred Shares. As at November 30, 2024, \$69,479 of dividends remain unpaid (May 31, 2024: \$69,479).

As at November 30, 2024 and May 31, 2024, the Company had the following number of shares outstanding:

Description	November 30, 2024	May 31, 2024
Common Shares	89,411,115	89,411,115
Class B Preferred Shares	1,000,000	1,000,000

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three and six months ended November 30, 2024 and 2023
(in Canadian dollars)
(Unaudited)

9. Related party balances and transactions

Amounts due from related parties as at November 30, 2024 and May 31, 2024 included the following. The origin of these related party receivables was to provide start-up costs and cash flow for start-up operations. The Company has executed agreements with these related parties to repay the principal outstanding in monthly installments over five years at rates of interest of 10%pa. The carrying values of due from related party balances were as follows:

	November 30, 2024	May 31, 2024
Ready Aim Fire Enterprising Inc. (a) and (b)	\$ 152,784	227,987
Nerds On-Site South Africa (b)	122,468	136,239
Adam Networks Inc. (a) and (b)	-	-
Other related parties (b)	15,540	30,505
	\$ 290,792	394,731

- (a) via same key management personnel
(b) by virtue of common control

The Company recorded revenue from the following related parties during the three and six months ended November 30, 2024 and 2023:

	Ready Aim Fire Enterprising Inc. (\$)	Adam Networks Inc (\$)	Nerds On Site South Africa (\$)	Total (\$)
Three months ended November 30, 2024	14,879 (a)	-	3,802 (c)	21,329
Three months ended November 30, 2023	17,965 (a)	-	3,364 (c)	26,951
Six months ended November 30, 2024	30,360 (d)	-	5,752 (f)	44,940
Six months ended November 30, 2023	36,746 (d)	1,249 (e)	6,945 (f)	58,113

- (a) includes interest on receivables for \$1,787 (3 months ended November 30, 2023: \$5,029)
(b) includes interest on receivables for \$ nil (3 months ended November 30, 2023: \$nil)
(c) includes interest on receivables for \$1,852 (3 months ended November 30, 2023: \$1,415)
(d) includes interest on receivables for \$4,437 (6 months ended November 30, 2023: \$10,931)
(e) includes interest on receivables for \$nil (6 months ended November 30, 2023: \$1,249)
(f) includes interest on receivables for \$1,852 (6 months ended November 30, 2023: \$3,046)

As of November 30, 2024, the Company has a total payable of \$1,172,097 to related parties comprising of the CEO and his related companies (May 31, 2024: \$1,032,308). This amount bears interest at 10%-15% pa. This total amount consists of a long-term amount of \$1,096,398 (May 31, 2024: \$945,885) and a short-term amount of \$75,699 (May 31, 2024: \$86,423).

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three and six months ended November 30, 2024 and 2023
(in Canadian dollars)
(Unaudited)

9. Related party balances and transactions (Continued)

Key management personnel are comprised of the Company's directors and executive officers. Key management personnel compensation is as follows:

	For the three month period ended November 30, 2024	For the three month period ended November 30, 2023	For the six month period ended November 30, 2024	For the six month period ended November 30, 2023
Salaries and benefits, including bonuses	\$ 66,060	\$ 75,075	\$ 126,120	\$ 150,150
Directors fees	\$ 28,161	\$ 27,000	\$ 53,322	\$ 51,000
Total	\$ 94,221	\$ 102,075	\$ 179,442	\$ 201,150

The Company has a 50.1% ownership of NOS Technical Services, Inc., a US company incorporated in July 2024. The Company's CEO and director indirectly owns 29.335% of NOS Technical Services, Inc. There were no transactions between NOS Technology Services, Inc., and the Company owned by the CEO and director.

10. Selling, general and administrative expenses

The Company has the following breakdown of selling, general and administrative expenses for the three and six months ended November 30, 2024 and 2023:

	3 months 2024	3 months 2023	6 months 2024	6 months 2023
	\$	\$	\$	\$
Programming and related costs	229,707	228,996	464,520	481,922
Management remuneration	94,221	102,075	179,442	201,150
Office and administrative expenses	144,474	86,944	298,321	186,250
Payroll and related costs	154,624	79,486	243,528	162,302
Legal and professional	66,105	61,469	151,694	116,718
Advertising and promotion	19,432	33,192	30,440	47,478
Bank and interest charges	36,526	52,580	98,903	105,679
Business development	76,096	72,774	184,182	175,729
Communication	75,025	72,912	147,508	140,830
Automobile expenses	8,210	10,469	13,738	23,266
Total	904,420	800,897	1,812,276	1,641,324

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three and six months ended November 30, 2024 and 2023
(in Canadian dollars)
(Unaudited)

11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of November 30, 2024 and May 31, 2024 constitute the following:

	November 30, 2024	May 31, 2024
	\$	\$
Accounts payable	542,880	516,909
Accrued liabilities	520,181	500,880
Wages payable	11,706	10,199
Subcontractor payable	34,720	42,606
Credit cards payable	69,250	64,827
Others	15,476	17,155
	<u>1,194,213</u>	<u>1,152,576</u>

12. Right-of-use Asset

The following shows the movement of the Company's right-of-use asset.

Balance, May 31, 2023	\$ 131,918
Amortization during the year	(19,616)
Balance, May 31, 2024	112,302
Amortization during the period	(9,808)
Balance, November 30, 2024	\$ 102,494

Right-of-use assets include leases for vehicles and office space amortized over their period of lease.

13. Lease Liability

At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10% which is the Company's incremental borrowing rate.

Balance May 31, 2023	151,784
Accretion on lease obligation	14,525
Lease payments made during the year	(31,212)
Balance May 31, 2024	135,097
Accretion on lease obligation	7,572
Lease payments made during the period	(15,606)
Balance November 30, 2024	127,063
Less than one year	15,840
Greater than one year	111,223
Total lease obligation	<u>\$ 130,659</u>

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three and six months ended November 30, 2024 and 2023
(in Canadian dollars)
(Unaudited)

14. Revenue

Details of revenue for the three and six months ended November 30, 2024 and 2023:

	three months 2024	three months 2023	six months 2024	six months 2023
	\$	\$	\$	\$
Service fees	1,130,519	1,122,004	2,229,234	2,210,472
Product sales (Sale of software, hardware and related)	1,710,552	1,667,075	3,272,345	3,029,023
Miscellaneous fee	6,484	5,173	12,255	10,923
Total	2,847,555	2,794,252	5,513,834	5,250,418

15. Inventory

The Company had \$76,217 and \$69,293 of finished goods inventory purchased for resale as at November 30, 2024 and May 31, 2024, respectively. The value of the inventory is equivalent to lower of cost or net realizable value as of the reporting dates above.

16. Segment information

The Company has a single reportable segment for managed IT consulting services.

The Company provides managed IT support for various businesses including PC set up, network installation and support & tailored software services. The Company uses a specially trained network of technically proficient IT consultants to help clients on site by providing effective, consistent, and customized IT solutions.

For the three months ended November 30, 2024, the Company's revenue comprises 91% sales in Canada and 9% sales within USA. (November 30, 2023: 92% sales in Canada and 8% sales within USA.).

For the six months ended November 30, 2024, the Company's revenue comprises 91% sales in Canada and 9% sales within USA. (November 30, 2023: 92% sales in Canada and 8% sales within USA.).

As of November 30, 2024, all assets of the business are located in Canada except for cash of \$14,860 (May 31, 2024: \$15,241), accounts receivable of \$69,640 (May 31, 2024: \$95,602), inventory of \$8,680 (May 31, 2024: \$6,543) and prepaid expenses of \$8,386 (May 31, 2024: \$13,425) which are located in USA. In addition, the Company has a receivable of \$122,468 (May 31, 2024: \$136,238) from a related party in South Africa.

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three and six months ended November 30, 2024 and 2023
(in Canadian dollars)
(Unaudited)

17. Share-based compensation

During the year ended May 31, 2019, the Company adopted a stock option plan.

The Company did not issue any stock options during the six months ended November 30, 2024 and the year ended May 31, 2024.

During the year ended May 31, 2021, the Company issued 4,000,000 stock options, vested immediately. Each option entitles the holder to purchase one common stock of the Company. None of the options issued have been exercised.

The continuity of stock options is as follows:

	Number of Options	Weighted Avg Exercise Price (CDN\$)
Outstanding Balance at May 31, 2019 and May 31, 2020	2,450,000	0.42
Stock options issued during the year	4,000,000	0.15
Stock options exercised during the year	-	-
Stock options expired during the year	(2,450,000)	0.42
Outstanding Balance at May 31, 2021, May 31, 2022, May 31, 2023, May 31, 2024 and November 30, 2024	4,000,000	0.15

As at November 30, 2024, details of the issued and outstanding stock options are as follows:

Grant date	Exercise price (CDN\$)	Number of options issued and outstanding	Number of vested options outstanding	Weighted Avg Remaining Life (years)
May 20, 2021	\$ 0.15	4,000,000	4,000,000	1.45

These options expire on May 20, 2026.

18. Short-term investments

The Company holds short-term investments of \$177,437 (May 31, 2024: \$170,037) in term deposits. The investments with original terms to maturity at the date of acquisition of more than three months have been reflected as short-term investments. The principal accrues interest at 3.15% per annum and matures on February 26, 2025.