NERDS ON SITE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2023

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions and industry conditions. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of Nerds on Site Inc. (the 'Company') is prepared as of April 28, 2023. In this MD&A only, references to the ''Company'', ''NOS'', ''we'', ''us'' or ''our'' refer to Nerds on Site Inc. This MD&A should be read in conjunction with our interim unaudited financial statements for the period ended February 28, 2023 and our audited financial statements and the accompanying notes thereto for the year ended May 31, 2022. The MD&A contains certain forward-looking information that involves risks and uncertainties, including but not limited to, those described in the ''*Risk Factors*'' section.

Basis of Presentation

Our consolidated audited financial statements for the year ended May 31, 2022 have been prepared in accordance with IFRS and are presented in Canadian dollars unless otherwise indicated. We manage our business based on one operating and reportable segment. The financial statements for the quarter ended February 28, 2023 are condensed financial statements.

Non-IFRS Financial Measures

This MD&A may refer to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

Overview

The Company 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.

We are a Managed IT and CyberSecurity service provider, we operate a network of sub-contractors (“Nerds”) servicing on average 10,000 customers per year in Canada, with over 130,000 customers serviced since the inception. Our centralized ERP system IAMANERD.COM (“IAMANERD”) is an online operating system used to manage day to day operations of our Nerds.

The Company was classified an essential service business during this COVID 19 pandemic. As a truly mobile and remote service with almost no burden of office or real estate overhead, our business model has proven most effective during this global event. During fiscal 2022, the Company was impacted by delays in procurement of hardware because of supply chain disruptions which impacted the revenues for the year. The global COVID pandemic and, to a lesser extent, the war in Ukraine, have had a disruptive impact on technology supply chain, especially with Asian suppliers who have been the major component supply centre for most of the tech world. COVID triggered technology demand outpaced supply on many fronts. The Company has experienced some of this challenge. In response we have sourced several new suppliers to mitigate future such risks, even as the overall supply chain is returning steadily to pre covid levels.

Objectives and Strategies

Our focus remains *Driving up the Pleasure, Productivity and Profitability of Technology in the lives of our SME and corporate Clients across Canada and the USA.*

In this current COVID-19 pandemic era, we have new safety protocols in place for our Nerds and clients, including enhanced on-site service safety procedures. We are also preparing to respond to the 350+% *increase in cybercrime activity and the resulting onslaught of monetization efforts of this criminal activity 6-12 months (and beyond) down the road. We are working on expanding our partnering efforts in the Risk Aversion and Cyber Insurance space to more fully serve business Clients and their business systems security needs.

Our efforts are focused on provisioning the SME marketplace with secure and productive environments for the evolving hybrid workplace. We are developing strategies to provide our existing and new clients with opportunities to increase productivity for the evolving hybrid workplace.

One thing becoming quite clear is that online security and technology will play an ever more important role in the new enterprise normal. Bright future for our Cyber Security focused NOS services indeed!

**source: https://www.pcmag.com/news/phishing-attacks-increase-350-percent-amid-covid-19-quarantine*

COMPANY HIGHLIGHTS

- Revenue for the nine- month period ended February 28, 2023 was $7,639,096 as compared to $7,261,862 for the prior period ended February 28, 2022, an increase of $377,234. Revenue for the three- month period ended February 28, 2023 was $2,687,987 as compared to $2,445,540 for the prior period ended February 28, 2022, an increase of $242,447.

- **Gross profit** for the nine- month period ended February 28, 2023 was $2,102,200 as compared to $1,878,362 for the prior nine month period ended February 28, 2022. Gross margin for the current nine-month period as a percentage of revenue was 28% as compared to 26% in prior period.

- **Gross profit** for the three- month period ended February 28, 2023 was $748,895 as compared to $652,836 for the prior three-month period ended February 28, 2022. Gross margin for the current three-month period as a percentage of revenue was 28% as compared to 27% in prior period.

- **Selling, general and administrative expenses** for the nine -month period ended February 28, 2023 were $2,600,432 as compared to $2,601,823 for prior period ended February 28, 2022, a decrease of $1,391.

- **Selling, general and administrative expenses** for the three -month period ended February 28, 2023 were $802,553 as compared to $834,128 for prior period ended February 28, 2022, a decrease of $31,575.

- **Cash used in operating activities** was $308,327 for the nine-month period ended February 28, 2023, compared to $510,601 for the prior period ended February 28, 2022, reflecting a reduction in cash used in operations for $202,274 in the current period as compared to the prior period. The decrease in cash outflow is the Company's reduced net loss by $207,801 with comparable changes to working capital.

- **Net loss** for the nine-month period ended February 28, 2023 was $538,855 as compared to net loss of $746,656 for the prior period ended February 28, 2022. The Company's net loss decreased by $207,801 in the current period as compared to the prior period. The decrease in net loss is due to improvement in total revenue and the increase in the current period gross margin on sales.

- **Net loss** for the three-month period ended February 28, 2023 was $87,028 as compared to net loss of $203,465 for the prior period ended February 28, 2022. The Company's net loss decreased by $116,437 in the current period as compared to the prior period. The decrease in net loss is due to improvement in total revenue, increase in the current period gross margin on sales and reduction in selling, general and administrative expenses.

- **Loss per share-Basic and diluted** was $0.0060 for the nine-month period ended February 28, 2023 as compared to prior nine-month period loss of $0.0084. The reduction in loss per share is attributable to the reasons explained above.

- **Loss per share-Basic and diluted** was $0.0010 for the three-month period ended February 28, 2023 as compared to prior three-month period loss of $0.0023. The reduction in loss per share is attributable to the reasons explained above.

Fundraising

On November 26, 2018, the Company completed its initial public offering (“IPO”) of 13,519,830 units (“Units”), each Unit consisting of one common share in the capital of the Company (“Common Shares”) and one half (0.5) of one Common Share purchase warrant, at a price of $0.35 per Unit, for gross proceeds of $4,731,940. The Common Shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol NERD and began trading on November 28, 2018 at the opening of the market.

Pursuant to the agency agreement dated August 30, 2018, Canaccord Genuity Corp. acted as agent (the “Agent”) for the IPO. The Company paid to the Agent an aggregate cash commission of $378,555. In addition, the Company granted the Agent and its sub-agents non-transferable options entitling the Agent and its sub-agents to purchase a total of 1,081,586 Units at a price of $0.35 per Units until November 28, 2020. In connection with closing of the IPO, the Agent also received a corporate finance fee of $40,000. The Company incurred legal and related expenses for $366,872.

In November and December of 2018, convertible debentures with a face value of $2,826,500 plus interest accrued for $147,057 was converted into 11,894,226 units at $0.25 per unit. Each Unit consists of one (1) Common Share and one (1) Common Share purchase warrant of the Company (each a Warrant). Each Warrant entitles the holder thereof to acquire one (1) Common Share for an exercise price of $0.30 per Common Share for a period of two years following the Closing Date.

In March, 2019, the Company raised $600,000 by way of a non-brokered private placement offering of 3,000,000 common share units of the Corporation ("Units") at a price of $0.20 per Unit, with each Unit consisting of one (1) Common Share in the capital of the Company ("Common Share") and one (1) Common Share purchase warrant ("Warrant"), with each whole Warrant entitling the holder thereof to purchase one (1) additional Common Share at a purchase price of $0.25 per Common Share for a period of three years from the closing. The Company incurred agent commissions of $48,000 related to the private placement. The agent was also granted 240,000 agent warrants, each warrant exercisable to purchase one (1) Common Share at an exercise price of $0.25 per share for a period of 36 months from the date of closing.

Key Performance Indicators

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include recurring revenue, total revenue, number of customers and expenses.

Recurring revenue and retention rates

Our consulting service customers generally enter into agreements for use of our services. Most of these agreements include provisions by which they renew following the initial term. Our consulting services model results in a high proportion of recurring revenue. The power of the consulting service model is only fully realized when a vendor has high retention rates. Our emphasis on recurring revenue has resulted in growth and in revenue maintenance over the past years.

The recurring nature of our revenue provides high visibility into future performance, and upfront payments result in cash flow generation in advance of revenue recognition. However, this also means that agreements with new customers or agreements with existing customers purchasing additional services in a year may not contribute significantly to current year’s revenue. As an example, a new customer who enters into an agreement on the last day of a year will have no impact on the revenue recognized in that year.

Period	Canada			
	Residential Customers	Business Customers	Residential recurring revenues	Business recurring revenues
	#	#	CAD $	CAD $
June 1, 2022 to February 28, 2023	2,902	2,059	770,536	5,923,864
June 1, 2021 to February 28, 2022	3,044	2,113	702,504	5,755,865
	USA			
	#	#	US $	US $
June 1, 2022 to February 28, 2023	122	152	46,194	351,856
June 1, 2021 to February 28, 2022	98	159	21,873	271,043

Number of customers

We believe that our ability to expand our customer base is an indicator of our market penetration and the growth of our business. We define customers as the number of independent entities that are separately billed.

Significant Factors Affecting Results of Operations

Our results of operations are influenced by a variety of factors, including:

Revenue

The Company recognizes revenue when it transfers control of its services to the customer. The Company follows a 5-step process to determine whether to recognize revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligations are satisfied.

Under IFRS 15, the Company classified its revenue as being principally derived from the following sources:

- Service fees charged for consulting services performed by the Company’s consultants under written service contracts with customers. The service contracts the Company enters into, generally fall into three specific categories: time and materials, fixed-price and prepaid service agreements.

- Sale of off the shelf software, hardware and related support which are specifically charged on the Company’s invoices. The Company does not stock and sell hardware and it maintains minimal shelf hardware. Hardware is purchased only after receiving confirmed customer orders. Software, hardware and related service are part of what the Company provides to small and medium size enterprises when providing consulting. Software, hardware and related service items are priced and billed separately from IT service charges.

- The Company’s customers may also be charged miscellaneous fees, including software licensing fees, shipping fees, cloud storage fees, web hosting fees and fees for other miscellaneous services.

Cost of Revenue

Cost of revenue include both subcontract costs for providing information technology and related services and associated hardware and software costs. The Company provides mobile 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.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of salaries and related expenses for our sales, administrative and marketing staff, including management services, data centre and call centre costs, professional and legal costs and banking services. These costs also include advertising, events, corporate communications, brand building and product marketing activities. We plan to continue to invest in sales and marketing by expanding our domestic and international selling and marketing activities, building brand awareness and sponsoring additional marketing events. We expect that in the future, sales and marketing expenses will increase with increase in revenue in absolute dollars and we incur additional employee-related costs and professional fees related to the growth of our business and international expansion.

Our presentation and functional currency is Canadian dollars and all the amounts in this management discussion and analysis are in Canadian dollars unless otherwise indicated. We derive most of our revenue from customers who pay in Canadian dollars. Our head office and most of our employees are in Ontario, Canada, and as such a significant amount of our expenses are paid in Canadian dollars. As the Company is rolling out its operations in the United States, the Company's future revenues and expenses will include revenues and expenses in both Canadian dollars and United States dollars.

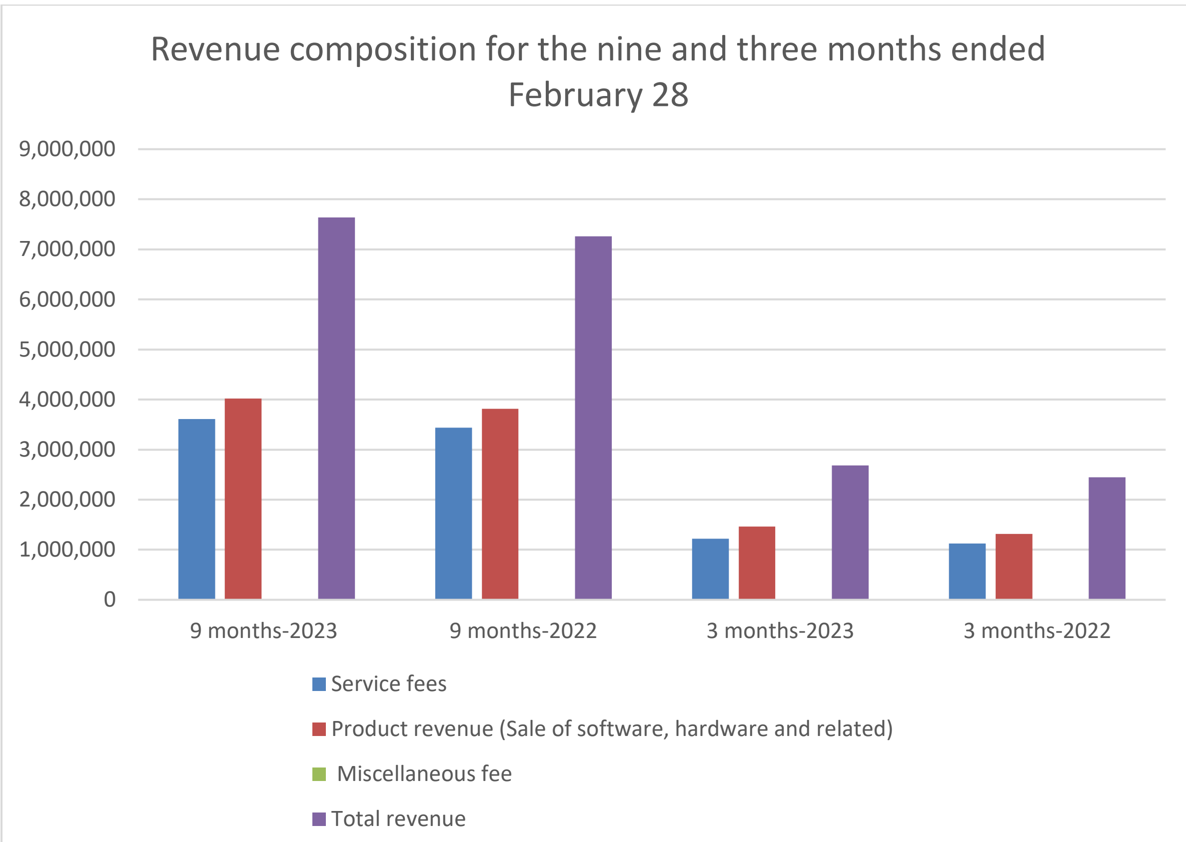
Results of Operations

	Three months ended February 28,		Nine months ended February 28,	
	2023	2022	2023	2022
Total Revenue	2,687,987	2,445,540	7,639,096	7,261,862
Gross Profit	748,895	652,836	2,102,200	1,878,362
Operating Expenses	835,270	870,971	2,654,214	2,696,737
Operating loss	(86,375)	(218,135)	(552,014)	(818,375)
Net loss	(87,028)	(203,465)	(538,855)	(746,656)
Loss per share	(0.0010)	(0.0023)	(0.0060)	(0.0084)
Cash flow used in operating activities			(308,327)	(510,601)
Cash flow from (used) in investing activities			(12,916)	(24,598)
Cash flow from financing activities			225,639	451,017

Discussion of Operations: Three- month and nine-month periods ended February 28, 2023 and 2022

Revenues

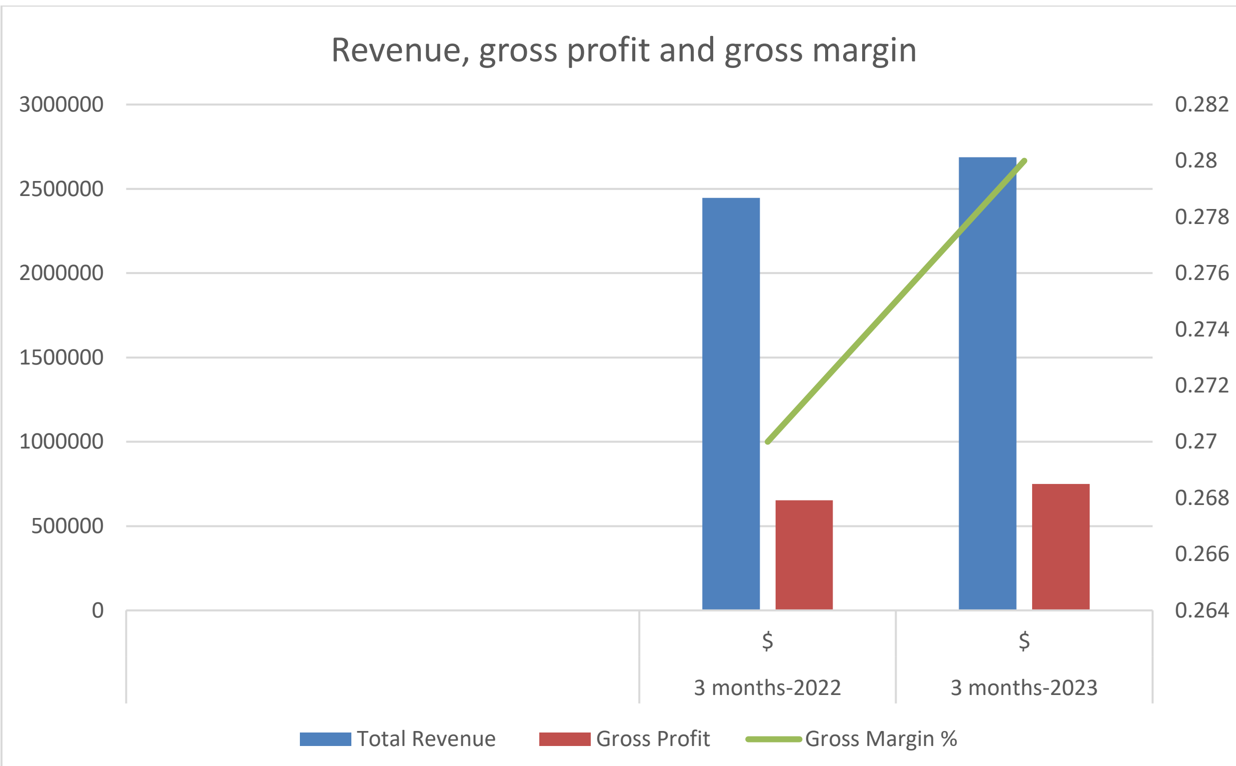
	nine months 2023	nine months 2022	three months 2023	three months 2022
	$	$	$	$
Service fees	3,612,228	3,440,912	1,222,130	1,125,139
Product sales (Sale of software, hardware and related)	4,017,633	3,816,633	1,461,726	1,316,084
Miscellaneous fee	9,235	4,317	4,131	4,317
Total	7,639,096	7,261,862	2,687,987	2,445,540



Revenue for the three- month period ended February 28, 2023 was $2,687,987 as compared to $2,445,540 for the comparable period ended February 28, 2022, an increase of $242,447. Revenue for the nine-month period ended February 28, 2023, was $7,639,096 as compared to $7,261,862 for the comparable period ended February 28, 2022, an increase of $377,234.

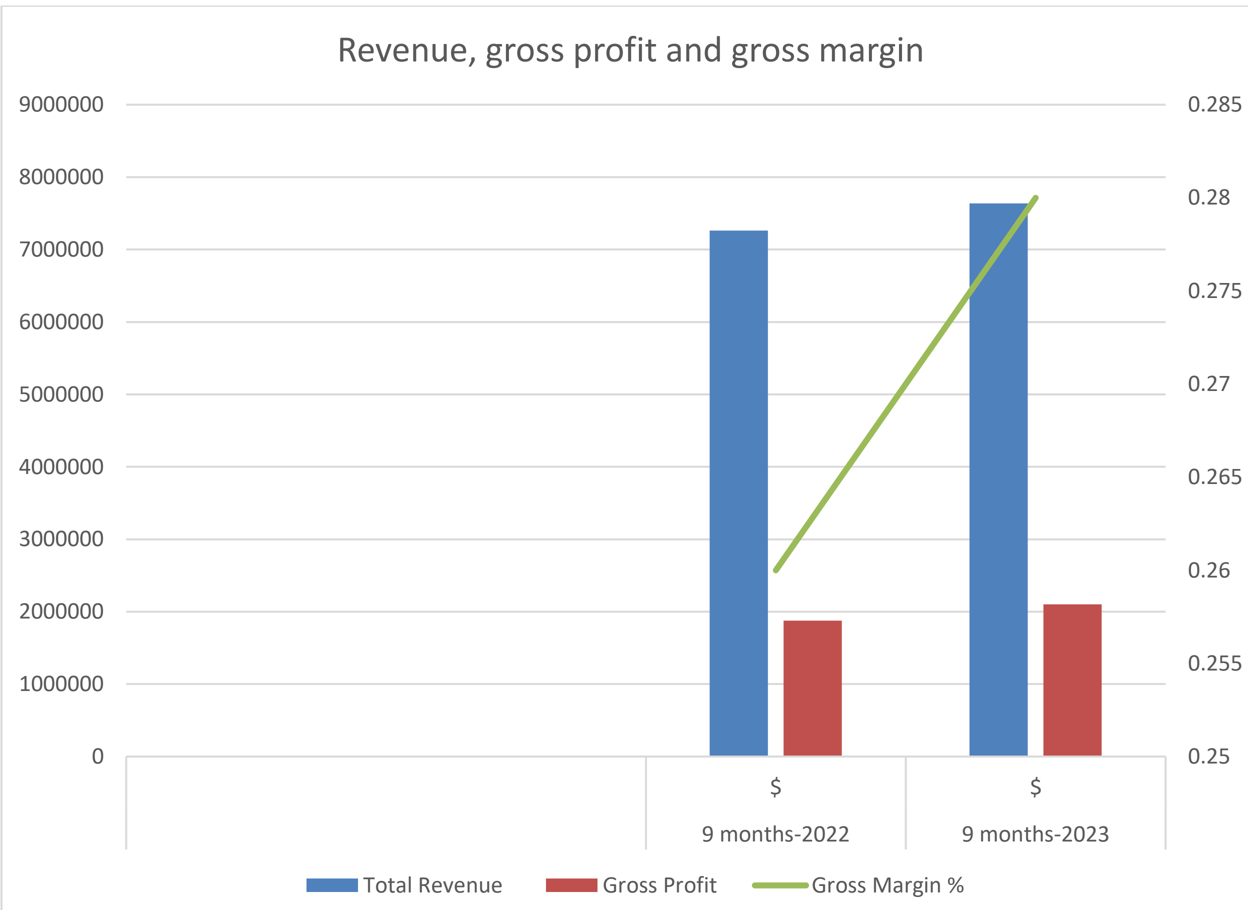
Gross profit and gross margins (3 months ended February 28, 2023 and 2022)

	2023	2022
	$	$
Total Revenue	2,687,987	2,445,540
Gross Profit	748,895	652,836
Gross Margin %	28%	27%



Gross profit and gross margins (9 months ended February 28, 2023 and 2022)

	2023	2022
	$	$
Total Revenue	7,639,096	7,261,862
Gross Profit	2,102,200	1,878,362
Gross Margin %	28%	26%



Cost of revenue

Details of cost of sales for the three and nine months ended February 28, 2023 and 2022:

	nine months 2023	nine months 2022	three months 2023	three months 2022
	$	$	$	$
Service fees	3,612,228	3,440,912	1,222,130	1,125,139
Service cost of sales	2,539,736	2,355,613	873,941	780,159
Gross profit	1,072,492	1,085,299	348,189	344,980
Gross profit (%)	30%	32%	29%	31%
Product sales (Sale of software, hardware and related)	4,017,633	3,816,633	1,461,726	1,316,084
Product cost of sales	2,997,160	3,027,887	1,065,151	1,012,542
Gross profit	1,020,473	788,746	396,575	303,542
Gross profit (%)	25%	21%	27%	23%

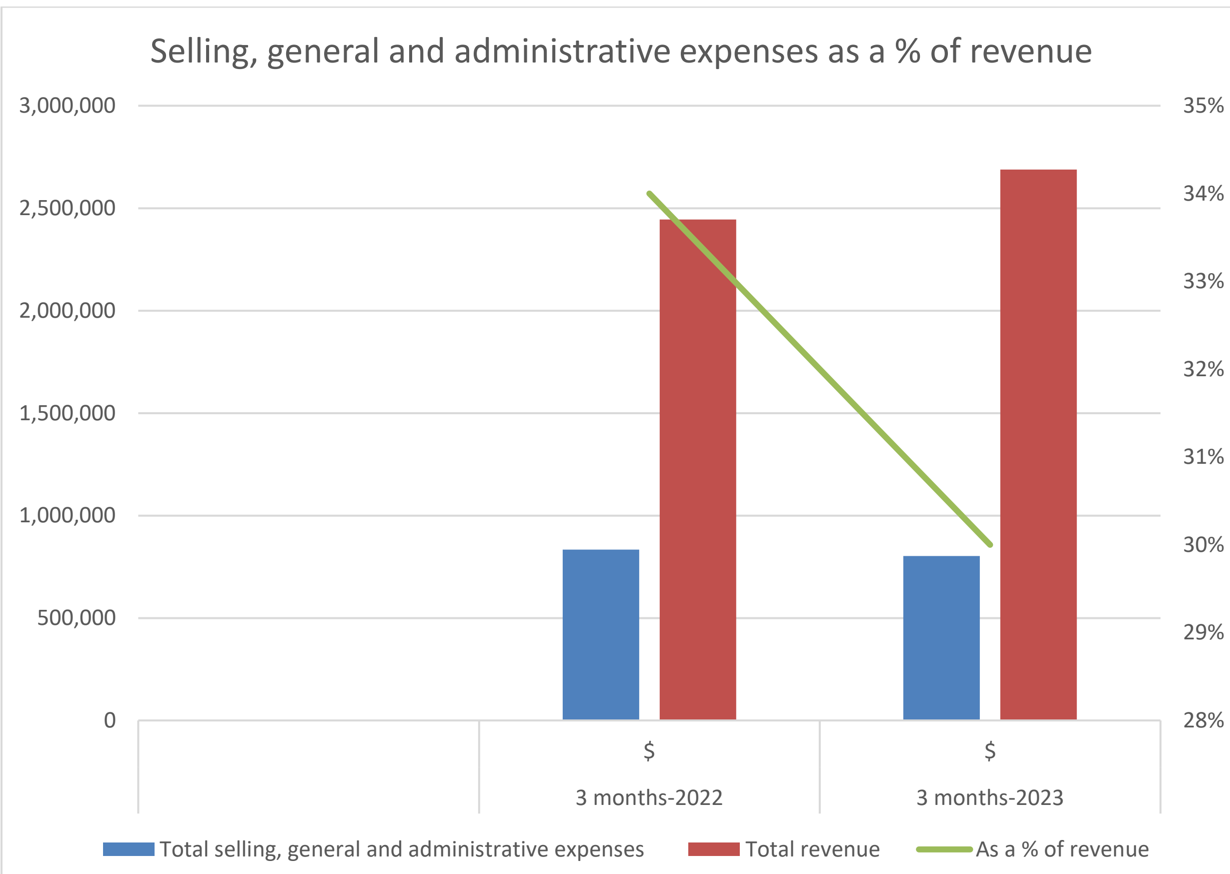
The global COVID pandemic had some disruptive impact on our product supply chain in the prior periods with increase in costs, especially with Asian suppliers who have been the major component supply centre for most of the tech world. In response we have now sourced several new suppliers to mitigate future such risks, even as the overall supply chain is back up to speed.

Selling, general and administrative

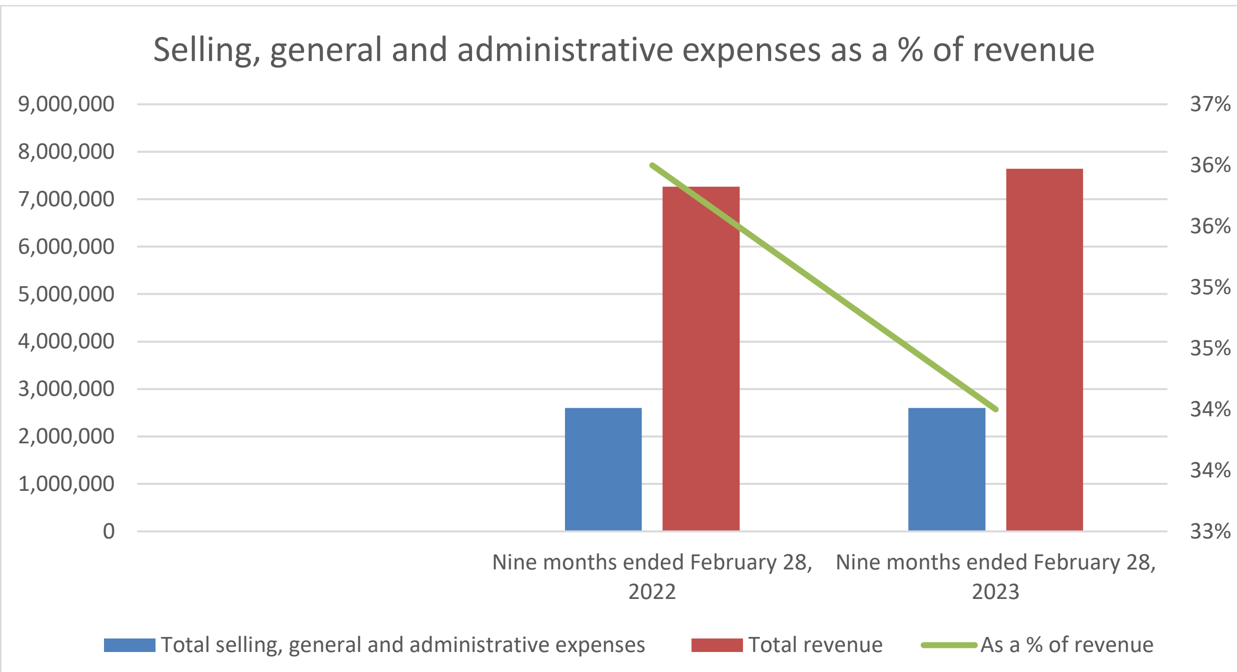
The Company has the following breakdown of selling, general and administrative expenses for the three and nine months ended February 28, 2023 and 2022:

	9 months 2023	9 months 2022	3 months 2023	3 months 2022
	$	$	$	$
Programming and related costs	720,542	670,568	227,913	209,596
Management remuneration	337,485	365,637	108,305	119,090
Office and administrative expenses	394,294	381,884	142,657	97,125
Payroll and related costs	212,595	234,783	70,084	79,225
Legal and professional	187,019	187,501	6,209	66,987
Advertising and promotion	70,108	67,642	16,190	21,000
Bank and interest charges	152,838	170,089	52,386	56,704
Business development	261,594	256,112	90,489	92,672
Communication	220,269	222,199	73,535	76,248
Automobile expenses	43,688	45,408	14,785	15,481
Total	2,600,432	2,601,823	802,553	834,128

Selling, general and administrative expenses	Three months ended February 28,	Three months ended February 28,
	2023	2022
	$	$
Total selling, general and administrative expenses	802,553	834,128
Total revenue	2,687,987	2,445,540
As a % of revenue	30%	34%



Selling, general and administrative expenses	Nine months ended February 28,	Nine months ended February 28,
	2023	2022
	$	$
Total selling, general and administrative expenses	2,600,432	2,601,823
Total revenue	7,639,096	7,261,862
As a % of revenue	34%	36%



Selling, general and administrative expenses have seen a decrease of $1,391 during the nine months ended February 28, 2023 as compared to the nine months ended February 28, 2022. As a % of revenue, this expense is approximately 34% of revenue for the nine-month period ended February 28, 2023and 36% of revenue for the nine month period ended February 28, 2022.

Our operating loss was $86,375 for the three months ended February 28, 2023 as compared to operating loss of $218,135 for the three months ended February 28, 2022. In addition to selling, general and general expenses as noted above, the other major drivers for our operating losses in 2023 and 2022 is the amortization of right-of-use assets for

$4,904 and $5,932 in 2023 and 2022 respectively arising on the adoption of IFRS 16. In addition, the company depreciated property and equipment by $27,813 in 2023 as compared to $30,911 in 2022.
February 28, 2023, and the preceding seven quarters:

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021*
	$	$	$	$	$	$	$	$
Revenues	2,687,987	2,404,557	2,546,552	2,368,083	2,445,540	2,247,810	2,568,512	2,546,308
Cost of sales	1,939,092	1,748,537	1,849,267	1,711,858	1,792,704	1,687,603	1,903,193	2,007,684
Gross profit	748,895	656,020	697,285	656,225	652,836	560,207	665,319	538,624
Gross margin	28%	27%	27%	28%	27%	25%	26%	21%
Net loss	(87,028)	(283,197)	(168,630)	(186,173)	(203,465)	(327,708)	(215,483)	(1,058,762)
Loss per share, basic and fully diluted	(0.0010)	(0.0032)	(0.0019)	(0.0021)	(0.0023)	(0.0037)	(0.0024)	(0.01225)
Total assets	1,370,406	1,661,479	1,705,901	1,676,156	1,842,820	1,954,891	2,102,736	2,336,492
Total liabilities	2,098,015	2,302,060	2,063,285	1,864,910	1,845,401	1,754,007	1,574,144	1,592,417
Shareholders' equity (deficiency)	(727,609)	(640,581)	(357,384)	(188,754)	(2,581)	200,884	528,592	744,075
Cash dividends for common shares	-	-	-	-	-	-	-	-

* Net loss for Q4 of 2021 includes non-cash stock-based compensation expense for $422,008 and non-cash expense in relation to shares issued as compensation for $363,748.

Key balance sheet items		
	February 28, 2023	May 31, 2022
	$	$
Total Assets	1,370,406	1,676,156
Total Liabilities	2,098,015	1,864,910
Cash dividends declared for common shares	$nil	$nil

During the nine-month periods ended February 28, 2023 and 2022, the Company did not raise any cash from private placements and focussed on monitoring of operating costs.

Our balance sheet has several key items that are necessary to analyze to gain a full understanding of our financial results. The following analysis explains those items.

Trade and other receivables		
	February 28, 2023	May 31, 2022
	$	$
Accounts receivables (net)	249,887	180,104

We have a diverse group of customers, not one of which represents greater than 10% of the total receivables balance.

Accounts payable and accrued liabilities		
	February 28, 2023	May 31, 2022
	$	$
Accounts payable	**651,424**	430,267
Accrued liabilities	**386,834**	363,082
Wages payable	**4,749**	19,452
Subcontractor payable	**37,867**	31,275
Others	**41,080**	13,204
Total	**1,121,954**	857,280

Preferred Shares

On January 27, 2015, the Company issued 1,000,000 shares of 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 rights to the assets of the Company in the event of a liquidation of the Company.

On January 27, 2015, the Company issued 1,000,000 Class A Preferred shares. The Class A 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. The shares are redeemable any time by the shareholder, with 30 days-notice, starting from June 30, 2016. The Class A Preferred shares do not meet the criteria for equity classification under IFRS due to the cash redemption feature and have therefore been recorded as a liability. 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 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.

Contract liabilities		
	February 28, 2023	May 31, 2022
	$	$
Contract liabilities	262,677	278,039

Our business model results in us billing our customers in advance of providing the service and, as a result, we record contract liabilities at the close of the reporting period.

Liquidity and capital resources		
	February 28, 2023	May 31, 2022
	$	$
Cash	183,855	279,459

The Company's primary revenues have come from its sale of software, hardware and consulting services. The Company has also increased liquidity through equity and debt financing at various times in its history. The Company has successfully raised $2.8 Million by issue of convertible debt in fiscal 2018 and gross of $4.7Million in Units in fiscal 2019.

The following is a summary of our cash flows provided by (used in) operating activities, investing activities and financing activities for the periods as indicated:

Cash-Flow	Nine- month period	Nine- month period
	February 28, 2023	February 28, 2022
	$	$
Operating activities	(308,327)	(510,601)
Investing activities	(12,916)	(24,598)
Financing activities	225,639	451,017
Increase (decrease) in cash	(95,604)	(84,182)
Cash beginning of period	279,459	390,655
Cash end of period	183,855	306,473

Net cash from (used in) operating activities

Cash flow used in operations, which is generally the net income or loss adjusted for non-cash items, such as depreciation and changes in non-cash working capital items, was outflow of $308,327 for nine -months ended February 28, 2023, as compared to outflow of $510,601 for the nine-months ended February 28, 2022.

The main factors which contributed to reduction in cash outflow from operations were:

a) The Company had a net loss of $538,855 in 2023 as compared to a net loss of $746,656 in 2022. The decrease in loss in 2023 was primarily a result of increase in revenues and improvement in gross margin on sales.
b) The timing of receipts and payments, including increase in accounts receivable by $69,783 in 2023 as compared to increase in accounts receivable by $122,271 in 2022.

Net cash from (used) in investing activities

Cash used in investing activities was $12,916 in 2023 as compared to $18,411 in 2022.
During 2023, the outflow of cash was for acquisition of property and equipment for $13,316 as compared to $24,598 in 2022.

Net cash from (used) in financing activities

Cash provided by financing activities was $225,639 in 2023 as compared to $451,017 in 2022. In 2023, the Company collected $240,218 receivable from related parties as compared to $416,102 in 2022. In addition, during 2023 the Company repaid bank debt of $114,454 as compared to increase in bank debt of $82,945 in 2022. In addition in 2023, the Company received $133,758 as a loan from related party (2022: $nil)

As of February 28, 2023, the Company has a working capital deficiency of $737,939.

As of May 31, 2022, the Company has a working capital deficiency of $621,585.

The following constitutes the current assets and current liabilities as of February 28, 2023:

ASSETS		
CURRENT		
Cash	$	183,855
Accounts receivable (net)		249,887
Inventory		136,802
Prepaid expenses and other current assets		67,443
Current portion of due from related party		362,020
		1,000,007

LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$	1,121,954
Contract liabilities		262,677
Bank debt		135,711
Preferred shares		100
Dividend payable		69,479
Due to related party		77,546
Current portion of lease liabilities		16,277
Current portion of loans payable		15,226
CEBA loans		38,976
		1,737,946

The following constitutes the current assets and current liabilities as of May 31, 2022:

ASSETS		
CURRENT		
Cash	$	279,459
Accounts receivable (net)		180,104
Inventory		141,461
Prepaid expenses and other current assets		47,029
Current portion of due from related party		389,540
		1,037,593
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$	857,280
Contract liabilities		278,039
Bank debt		250,165
Preferred shares		100
Dividend payable		69,479
Due to related party		159,242
Current portion of lease liabilities		18,267
Current portion of loans payable		26,606
		1,659,178

Contractual Obligations

The carrying values of loans payable were as follows:

		February 28, 2023		May 31, 2022
Current portion				
BDC Loans	**$**	**1,660**	$	16,600
Vehicle loans		**13,380**		10,006
CEBA loan		**38,976**		-
		54,202		26,606
Non-current portion				
Vehicle loans		**20,189**		19,283
CEBA loan		**-**		37,826
		20,189		57,109
	$	**74,391**	$	83,715

BDC loans payable were obtained on December 2014 for the two principal amounts of $150,000 and $100,000 with interests charged at BDC floating base rate plus 3.5% and 1% or 8.2% and 5.7%, respectively, and principal plus interest repayable monthly until the years 2021 and 2020, respectively. In addition, the Company obtained an additional BDC for $100,000 with interests charged at BDC floating base rate plus 2.06%, the first principal and interest payment due April 3, 2018 and repayable monthly to 2023. The BDC loans are secured by a guarantee for a full outstanding amount of the loans and first security interest in all present and after-acquired property except consumer goods, subject only to priority on inventory and receivables to lender extending the line of credit.

In connection to the outbreak of COVID-19, the Company received $60,000 in Canada Emergency Business Account ("CEBA") loans from the government of Canada. These CEBA loans are non-interest bearing and mature on December 31, 2023. The loan can be extended to December 31, 2025 and 25% will be forgiven if the principal is repaid before the initial maturity date. The Company has recognized the forgiveness in the year ended May 31, 2021 as the Company intends, with reasonable assurance, to repay the CEBA loans prior to the initial maturity date.

As at February 28, 2023, the Company has not made a payment on the CEBA loans. The CEBA loans have been discounted using an incremental borrowing rate of 10%. The expense recovery from discounting the CEBA loans was recorded under selling, general and administrative.

The reconciliation of the CEBA loans is as follows:

Loan funds	$	60,000
Discounting		(28,512)
Accrued finance expense		2,900
Balance, May 31, 2021		34,388
Accrued finance expense		3,438
Balance, May 31, 2022		37,826
Accrued finance expense		1,150
Balance February 28, 2023	$	38,976

Interest expense incurred for the nine- month periods ended February 28, 2023was $1,150 (February 28, 2022: $2,540)

In addition, 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 plus 2.25% and repayment is due on demand. During the nine months ended February 28, 2023, total interest expense recorded under selling, general and administrative expenses was $7,908 (2022: $ 5,199. 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 $135,711 and $250,165 at February 28, 2023 and May 31, 2022, respectively, and is presented as a current liability in the consolidated statements of financial position.

	Payments Due by Period				
Contractual Obligations	**Total $**	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Obligations	Total	Year	Years	Years	5 Years
Loans Obligation	75,229	55,040	20,189	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	nil

Transactions with related parties

Amounts due from related parties as at February 28, 2023 and May 31, 2022 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 a period of five years at rates of interest ranging from 8%pa to 10%pa. The carrying values of the related party balances were as follows:

		February 28, 2023	**May 31, 2022**
Current portion			
Ready Aim Fire Enterprising Inc. (a) and (b)	**$**	115,257	122,605
Nerds On-Site South Africa (b)		105,553	33,883
Adam Networks Inc. (a) and (b)		114,620	233,052
Other related parties (b)		26,590	-
	$	362,020	389,540
Non-current portion			
Ready Aim Fire Enterprising Inc. (a) and (b)	**$**	133,440	223,901
Nerds On-Site South Africa (b)		10,368	71,163
Adam Networks Inc. (a) and (b)		-	48,124
Other related parties (b)		(6,254)	22,064
	$	137,554	365,252

(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 nine months ended February 28, 2023 and 2022:

		Ready Aim Fire Enterprising Inc. ($)	Adam Networks Inc ($)	Nerds On Site South Africa ($)	Total ($)
Three months ended February 28, 2023		19,219 (a)	5,734 (b)	1,389 (c)	26,342
Three months ended February 28, 2022		20,538 (a)	10,243 (b)	2,828 (c)	33,609
Nine months ended February 28, 2023		59,873 (d)	20,664 (e)	6,088 (f)	86,625
Nine months ended February 28, 2022		64,757 (d)	33,925 (e)	9,031 (f)	107,713

(a) includes interest on receivables for $7,415 (3 months ended February 28, 2022: $10,234)
(b) includes interest on receivables for $ 5,734 (3 months ended February 28, 2022: $10,243)
(c) includes interest on receivables for $1,389 (3 months ended February 28, 2022: $2,828)
(d) includes interest on receivables for $24,420 (9 months ended February 28, 2022: $32,679)
(e) includes interest on receivables for $20,664 (9 months ended February 28, 2022: $33,925)
(f) includes interest on receivables for $6,088 (9 months ended February 28, 2022: $9,031)

As of February 28, 2023, the Company has a payable for $278,000 to a related party (May 31, 2022: $159,242). Interest payable at 10% pa was $6,700 and $17,192 for the three and nine months ended February 28, 2023 respectively (February 28, 2022: $ nil).

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 February 28, 2023	For the three month period ended February 28, 2022	For the nine month period ended February 28, 2023	For the nine month period ended February 28, 2022
Salaries and benefits, including bonuses	$ 90,090	$ 90,090	$ 270,270	$ 270,270
Directors fees	$ 18,215	$ 29,000	$ 67,215	$ 95,367
Total	$ 108,305	$ 119,090	$ 337,485	$ 365,637

Off-balance sheet arrangement

The Company has no off-balance sheet arrangement as of February 28, 2023 and May 31, 2022.

Outstanding Share Data

Authorized: Unlimited number of common shares

Authorized: Unlimited number of Class A preferred shares, non- voting, redeemable, with cumulative dividends and Class B preferred shares, voting, redeemable, with non-cumulative dividends.

On January 27, 2015, the Company issued 1,000,000 shares of 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 a certain investor in exchange for $1,000,000. Effective with stock split on October 3, 2017, these 1,000,000 common shares outstanding are adjusted to 5,000,000 common shares outstanding. The Class A 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. As at February 28, 2023, $69,479 of dividends remain unpaid (May 31, 2022: $69,479). The shares are redeemable any time by the shareholder, with 30 days-notice, starting from June 30, 2016. The Class A Preferred shares are not convertible but do have priority in event of liquidation. Preferred shares do not meet the criteria for equity classification due to the cash redemption feature and have therefore been recorded as a liability.

In March 2021, the Company received cash for $100,000 for the exercise of 400,000 warrants at $0.25 per share. Accordingly, $27,296 was transferred from warrant reserve to share capital.

In March 2021, the Company issued 2,798,059 shares valued at $0.13 per share as compensation for services. The shares are issued at market price.

As at February 28, 2023 and May 31, 2022, the Company had the following number of shares outstanding:

Description	February 28, 2023	May 31, 2022
Common A Shares	89,411,115	89,411,115
Class A Preferred Shares	-	-
Class B Preferred Shares	1,000,000	1,000,000

As of the date of this report, the Company had 89,411,115 Common A Shares and 1,000,000 Class B Preferred Shares.

All references to common shares and per common share amounts have been retroactively adjusted to reflect the five-for-one forward stock split which was effective October 3, 2017, unless otherwise noted

Financial Instruments and Risk Management

Risk management

In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

Interest rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Company does not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates, relative to interest rates on cash and cash equivalents and bank debt due to the short-term nature of these balances and the loans and capital leases payable due to the Company's current borrowing rate does not materially differ from market rates for similar bank borrowings.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company's trade accounts receivable are potentially exposed to credit risk from its customers. To mitigate this risk the Company provides an allowance for expected credit losses equal to the estimated losses expected to be incurred in the collection of accounts receivable.

Currency risk

The Company's reported earnings include gain/losses on foreign exchange, largely reflecting revaluation of its foreign operations in the United States. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. 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 of February 28, 2023, the Company had cash of $183,855, and current liabilities for $1,737,946. Appropriate going concern disclosures have been made in Notes to the financial statements.

Capital Management

Our objective in managing capital is to ensure sufficient liquidity to pursue our growth strategy and to provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards financial leverage and management of financial risk. In managing the capital structure, we take into consideration various factors, including the growth of the business and related infrastructure and the up-front cost of taking on new customers. The officers and senior management of the Company are responsible for managing the capital and do so through monthly meetings and regular review of financial information. The Board of Directors is responsible for overseeing this process. We manage capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and capital transactions.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs, expenses and other comprehensive loss that are reported in the financial statements and accompanying disclosures. The estimates and associated assumptions are based on historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant areas requiring the use of estimates and assumptions include the determination of useful lives of property and equipment, accounts receivable, valuation allowance and loans. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated sales and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due.

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, the Company classified its revenue as being principally derived from the following sources:

- Service fees charged for consulting services performed by the Company's consultants under written service contracts with customers. The service contracts the Company enters into, generally fall into three specific categories: time and materials, fixed-price and prepaid service agreements.

- Sale of off the shelf software, hardware and related support which are specifically charged on the Company's invoices. Software, hardware and related service are part of what the Company provides to small and medium size enterprises when providing consulting. Software, hardware and related service items are priced and billed separately from IT service charges.

- The Company's customers may also be charged miscellaneous fees, including software licensing fees, shipping fees, cloud storage fees, web hosting fees and fees for other miscellaneous services.

Revenue from the sale of consulting services is recognized based on the transaction price specified in the contracts the Company has with its customers. When a customer enters into a time and materials, fixed-price or a prepaid service contract, the Company recognizes revenue in accordance with the Company's evaluation of the performance obligations in each contract. For contracts with multiple deliverables such as software, hardware and related services, if the obligations represent distinct goods or services, the Company then measures and allocates the consideration from the arrangement to the distinct goods or services, based on the relative stand-alone selling price for each deliverable. The stand-alone selling price is the price at which the Company would sell a promised good or service separately to a customer. Revenue under time and materials contracts are recognized as services are rendered and billed at contractually agreed upon rates.

The Company recognizes revenue for sale of off the shelf software, hardware and related support when it transfers control of the product and when it is physically shipped and received by the customer, and depending on the delivery conditions, title and risk have passed to the customer. The delivery of the product to the customer is normally initiated by the Company's independent contractors or eNerds who act as agents on behalf of the Company. The Company's contractors, or eNerds, retain up to 37 percent of the service revenues and inventory markup for each customer and can retain up to half the service revenue and inventory markup with the lease or purchase of NerdMobile.

Principal versus Agent

The Company assesses its revenue contracts against specific criteria to determine if it is acting as principal or agent in transactions involving eNerds. The Company recognizes revenue from these arrangements on a gross basis given the Company controls the specified good or service before that good or service is transferred to the customer and the Company is primarily responsible for fulfilling the promise to provide the specified goods or services. The Company has the ability to direct the agent to provide the service to the customer on the entity's behalf, has discretion in establishing the price and bears the inventory and credit risk.

The Company has evaluated its revenue streams and major contracts with customers using the IFRS 15 five step model.

Financial instruments

Financial assets and liabilities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost ("AMC"), based on the business model and its contractual cash flow characteristics.

Adoption of IFRS 16 Leases

Right-of-use assets and lease obligations of $262,770 were recorded as of June 1, 2019, with no net impact on deficit. When measuring lease liabilities, the Company discounted lease payments using an incremental borrowing rate of 10% for all leases. The Company had elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases. The Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after June 1, 2019.

The Company's incremental borrowing rate is used to estimate the initial value of the lease liability and associated right of use asset. The Company's incremental borrowing rate is determined with reference to the borrowing rate for a similar asset within a country for a similar lease term.

Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Maintenance and repair expenditures that do not improve or extend the life are expensed in the period incurred.

Depreciation is recognized to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful lives for the principal asset categories are as follows:

Computer hardware	3 - 5 years
Computer software	3 years
Furniture and fixtures	5 years
Vehicles	5 years
Websites	3 years

Preferred shares

Preferred shares with mandatory redemption on a specific date are classified as liabilities. The dividends on these preferred shares are recognized in the statements of (loss) and comprehensive (loss) as interest expense.

Loss per share

Basic and diluted loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The treasury stock method is used to calculate diluted Income (loss) per common share amounts. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of the diluted per common share amount assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. The Company has securities outstanding which could potentially dilute basic earnings per share in the future but were excluded from the computation of diluted loss per share in the year presented, as their effect would have been anti-dilutive.

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 February 28, 2023, the Company’s revenue comprises 94% sales in Canada and 6% sales within USA. (February 28, 2022: 95% sales in Canada and 5% sales within USA.).

For the nine months ended February 28, 2023, the Company’s revenue comprises 94% sales in Canada and 6% sales within USA. (February 28, 2022: 94% sales in Canada and 6% sales within USA.).

As of February 28, 2023, all assets of the business are located in Canada except for cash of $30,120 (May 31, 2022: $31,926), accounts receivable of $72,436 (May 31, 2022: $59,225) and vehicles of $36,100 (May 31, 2022: $58,405) which are located in USA.

Risks Related to Our Business and Industry

Uncertainty due to Covid-19

We face various risks and uncertainties related to health epidemics, pandemics and similar outbreaks, including the global pandemic resulting from the outbreak of COVID-19 and its variants. These risks relate to, among other things, the demand for our services, the availability of our staffing and business partners, a possible slowdown of client decision-making as to our services, a significant deterioration of global supply chain and other business conditions, and a possible reprioritization of spending by our clients.

Our service concentrates primarily in Canada, which have experienced severe levels of COVID-19 illness. The effects of the pandemic on client needs, priorities, spending patterns and decision-making can have a material effect on our activity levels and revenues.

The pandemic may also affect significant portions of our workforce, and that of our subcontractors and other suppliers and business partners, who may be unable to work effectively due to illness, lockdowns and quarantines, facility closures, travel restrictions or other government actions and reasons in connection with the COVID-19 pandemic. As a result, our operations and operating results could be adversely affected by factors such as an inability to perform fully or efficiently on our contracts, and some of our costs may not be fully recoverable.

It is possible that the spread of new variants of COVID-19 may also cause delays in the willingness or ability of clients to perform, including making timely payments to us, and other unpredictable events.

In addition, volatility in the global capital markets that may result from the pandemic and related business conditions could restrict our access to capital and/or increase our cost of capital.

We continue to work with our stakeholders (including customers, employees, subcontractors and other suppliers and business partners) to assess, address and mitigate the impact this global pandemic. While efforts have been made to curtail the pandemic, at this time given potential new variants, we cannot predict the continuing impact of the COVID-19 pandemic, but it could have a material adverse effect on our business, financial position, results of operations and/or cash flows.

If the Corporation fails to identify, recruit and contract with a sufficient number of qualified Consultants, our ability to increase revenues could be materially adversely affected.

We may not be able to identify, recruit or contract with suitable Consultants in our target markets on a timely basis or at all. In addition, our consultants may not ultimately be able to access the financial or management resources that they need to operate the business, or they may elect to cease business development for other reasons. If we are unable to recruit suitable Consultants or if our Consultants are unable or unwilling to continue to act as consultants, our growth may be slower than anticipated, or cease, which could materially adversely affect our ability to increase our revenue and materially adversely affect our business, financial condition and results of operations.

New Consultants may not be profitable initially and may adversely impact our business.

Historically, many of our new Consultants go through an initial ramp-up period typically lasting 6 to 12 months, during which time they generate sales and income below the levels at which we expect. This is in part due to the time it takes to build a customer base in a new area and other start-up inefficiencies that are typical of new businesses. It may also be difficult for us and our consultants to attract a customer base, or otherwise overcome the higher costs associated with a new business. New Consultants may not have results similar to existing Consultants or may not be profitable. If new Consultants remain unprofitable for a prolonged period of time, we may jointly decide to terminate the franchise relationship. The termination of a franchise agreement could have a negative impact on our business and operating results.

The Corporation has a history of negative cash flow from operating activities.

The Corporation had negative cash flow from operating activities for the nine- month period ended February 28, 2023 and may have negative cash flow from operating activities in the future.

Our expansion into new markets in the United States may present increased risks due to lower customer awareness of our brand, our unfamiliarity with those markets and other factors.

While we intend to expand into the United States, our operating experience in Canada may not be relevant or necessarily translate into similar results in the U.S. market. We anticipate that our U.S. franchise partners will experience lower brand awareness, lower sales and/or transaction counts. As a result, new U.S. consultants may be less successful than their Canadian counterparts. Consultants in new markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting our overall growth and profitability as a result of reduced royalty revenue. To build brand awareness in these new markets, we and our franchise partners may need to make greater investments in advertising and promotional activity than originally planned, which could negatively impact the profitability of our operations in those markets. We may also find it more difficult in these new markets to hire, motivate and keep qualified Consultants who can project our vision, passion and culture. The United States may also have regulatory differences with Canada, which we and our U.S. franchise partners may not be familiar with, or that subject us and our U.S. Consultants to significant additional expense or to which we and our U.S. Consultants are not able to successfully comply with, which may have a particularly adverse impact on their sales or profitability and could in turn adversely impact our revenue and results of operations. If we do not successfully execute our U.S. expansion plans, our business, financial condition and results of operations could be materially adversely affected.

Our expansion into the United States may be scaled back or abandoned.

While the Corporation is expanding in the United States, the Corporation may scale back or abandon the U.S. expansion and reallocate its capital resources to its Canadian operations if the Corporation is unable to successfully establish itself in the U.S. market.

We and our Consultants rely heavily on information technology, and any material failure, weakness, interruption or breach of our security systems could prevent us from effectively operating our business.

Our operations depend upon our collective ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow or a breach in security of these systems could result in delays in customer service and reduce efficiency in our operations. Remediation of such problems could result in significant and unplanned capital investments.

We have limited influence over the operations of our consultants, and we require their cooperation.

Our success also depends on the willingness and ability of our consultants to implement major initiatives, which may include financial investment, and to remain aligned with us on operating, promotional and capital-intensive reinvestment plans. If Consultants do not successfully operate their business in a manner consistent with our required standards, the brand's image and reputation could be harmed, which in turn could hurt our business and results of operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in information technology. To the extent that such other companies may participate in ventures which the Corporation may participate there exists the possibility for such directors and officers to be in a position of conflict.

Such directors and officers have duties and obligations under the laws of Canada to act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

If the Corporation is not able to continue to innovate or if the Corporation fails to adapt to changes in the IT services industry, the Corporation's business, financial condition and results of operations would be materially and adversely affected.

The IT services industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Furthermore, the Corporation's competitors are constantly developing innovations to service options. The Corporation's failure to innovate and adapt to these changes would have a material adverse effect on the Corporation's business, financial condition and results of operations.

Security breaches and attacks against the Corporation's systems and network, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information could damage the Corporation's reputation and negatively impact the Corporation's business, as well as materially and adversely affect the Corporation's financial condition and results of operations.

Although the Corporation intends to employ significant resources to develop the Corporation's security measures against breaches, the Corporation's cybersecurity measures may be unable to detect or prevent all attempts to compromise the Corporation's systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by the Corporation's systems or that the Corporation otherwise maintains. Breaches of the Corporation's cybersecurity measures could result in unauthorized access to the Corporation's systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to the Corporation's business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against the Corporation, the Corporation may be unable to anticipate, or implement adequate measures to protect against, these attacks.

The Corporation may be subject to material litigation.

In connection with the Corporation's planned U.S. expansion, it may face an increasing number of claims, including those involving higher amounts of damages. The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time consuming and could significantly divert the efforts and resources of the Corporation's management and other personnel. An adverse determination in any such litigation or proceedings could cause the Corporation to pay damages as well as legal and other costs, limit the Corporation's ability to conduct business and change the manner in which the Corporation operates.

The Corporation may need additional capital but may not be able to obtain it on favorable terms or at all.

The Corporation may require additional cash resources due to future growth and development of the Corporation's business, including any investments or acquisitions the Corporation may decide to pursue. If the Corporation's cash resources are insufficient to satisfy the Corporation's cash requirements, the Corporation may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. The Corporation's ability to obtain external financing in the future is subject to a variety of uncertainties, including the Corporation's future financial condition, results of operations, cash flows and share price performance. In addition, incurring indebtedness would subject the Corporation to increased debt service obligations and could result in operating and financing covenants that would restrict the Corporation's operations. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to it, or at all. Any failure to raise needed funds on terms favorable to the Corporation, or at all, could severely restrict the Corporation's liquidity as well as have a material adverse effect on the Corporation's business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to the Corporation's existing shareholders.

Our dual class share structure has the effect of concentrating voting control and the ability to influence corporate matters with Nerds On Site Holdings Ltd., a corporation controlled by Charles Regan, John Harbarenko and David Redekop.

Our Class B special shares have 10 votes per share and our Subordinate Voting Shares have one vote per share. Nerds On Site Holdings Ltd., the corporation controlled by our Chief Executive Officer and our founders, will hold all of our Class B special shares and will hold approximately 65% of the voting power of our outstanding voting shares following the Offering (assuming the maximum Offering, but no exercise of the Over-Allotment Option) and will therefore have significant influence over our management and affairs and over all matters requiring shareholder approval, including election of directors and significant corporate transactions. The concentrated voting control of Nerds On Site Holdings Ltd. will limit the ability of the holders of our Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendments of our share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of our business, merging with other companies and undertaking other significant transactions.

Each of our directors and officers owes a fiduciary duty to the Corporation and must act honestly and in good faith with a view to the best interests of the Corporation. However, any director and/or officer that is a shareholder, even a controlling shareholder, is entitled to vote its shares in its own interests, which may not always be in the interests of our shareholders generally. The concentration of voting power in Nerds On Site Holdings Ltd. may also have an adverse effect on the price of our Subordinate Voting Shares. Nerds On Site Holdings Ltd. may take actions that our other shareholders do not view as beneficial, which may adversely affect our results of operations and financial condition and cause the value of your investment to decline.