Nerds on Site Inc.

Consolidated Financial Statements
May 31, 2023, 2022 and 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Nerds on Site Inc.:

Opinion

We have audited the consolidated financial statements of Nerds on Site Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2023 and May 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended May 31, 2023, May 31, 2022 and May 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2023 and May 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years ended May 31, 2023, May 31, 2022 and May 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss the year ended May 31, 2023, with an accumulated deficit to date. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Revenue Recognition
Key Audit Matter Description

As described in Note 21 to the consolidated financial statements, total service and product revenue for the year ended May 31, 2023 was $10,511,958. As more fully described in Note 3, service revenue is recognized when performance obligations are met. Hardware and related support revenue is recognized when the control of the product is transferred to the customer.

The principal considerations for our determination that the recognition of revenue is a key audit matter are the volume of low value transactions and the significant value of total revenue recognized. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the Company's key controls associated with the Company's revenue recognition process.
- Performed substantive testing procedures over revenue transactions including, obtaining sales invoices and verifying the accuracy of the associated journal entry, inspecting the consideration received, verifying the good and services have been provided and performing cut-off testing.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

MNP LLP

Toronto, Ontario
September 27, 2023

Chartered Professional Accountants
Licensed Public Accountants

Nerds on Site Inc.

Consolidated Statements of Financial Position as at May 31, 2023 and 2022
(in Canadian dollars)

		May 31, 2023		May 31, 2022
ASSETS				
CURRENT				
Cash and cash equivalents	$	206,789	$	279,459
Accounts receivable (net of expected credit losses) (Note 5)		275,585		180,104
Inventory (Note 6)		122,647		141,461
Prepaid expenses and other current assets		44,927		47,029
Current portion of due from related parties (Note 11)		222,659		389,540
		872,607		1,037,593
NON-CURRENT				
Due from related parties (Note 11)		162,205		365,252
Right-of-use assets (Note 18)		131,918		151,534
Property and equipment (Note 7)		72,417		121,777
		366,540		638,563
TOTAL ASSETS	$	1,239,147	$	1,676,156
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 16)	$	1,171,046	$	857,280
Contract liabilities		253,286		278,039
Bank debt (Note 8)		145,804		250,165
Preferred shares (Note 10)		100		100
Dividend payable (Note 10)		69,479		69,479
Due to related parties (Note 11)		-		159,242
Current portion of lease liabilities (Note 19)		16,690		18,267
Current portion of loans payable (Note 9)		13,754		26,606
CEBA Loans (Note 9)		39,296		-
		1,709,455		1,659,178
NON-CURRENT				
Non-current portion of loans payable (Note 9)		16,680		19,283
Non- current portion of due to related parties (Note 11)		364,750		-
CEBA loans (Note 9)		-		37,826
Non-current portion of lease liabilities (Note 19)		135,094		148,623
		516,524		205,732
TOTAL LIABILITIES		2,225,979		1,864,910
SHAREHOLDERS' DEFICIENCY				
Common stock (Note 10)		6,293,608		6,293,608
Reserve for options (Note 26)		422,008		422,008
Contributed surplus		2,575,889		2,575,889
Accumulated other comprehensive loss		(54,526)		-
Accumulated deficit		(10,223,811)		(9,480,259)
TOTAL SHAREHOLDERS' DEFICIENCY		(986,832)		(188,754)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$	1,239,147	$	1,676,156

Basis of presentation and going concern (Note 2)

Approved on behalf of the Board

<Charles Regan>	<David Redekop>
Signed: Director	Signed: Director

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

Nerds on Site Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended May 31, 2023, 2022 and 2021
(in Canadian dollars)

	2023	2022	2021
Revenue (Notes 11, 13 and 21)	$ **10,525,920**	$ 9,629,945	$ 10,121,480
Cost of revenue (Note 6)	**(7,770,466)**	(7,095,358)	(7,493,526)
Gross Profit	**2,755,454**	2,534,587	2,627,954
Expenses			
Selling, general and administrative (Notes 11 and 15)	**(3,444,217)**	(3,469,802)	(3,906,074)
Depreciation of property and equipment (Note 7)	**(62,676)**	(81,305)	(117,102)
Amortization of right-of-use assets (Note 18)	**(19,616)**	(25,145)	(29,387)
Total operating expenses	**(3,526,509)**	(3,576,252)	(4,052,563)
Operating loss	**(771,055)**	(1,041,665)	(1,424,609)
Interest expense (Note 23)	**(58,737)**	(27,740)	(20,239)
Interest income (Note 11)	**102,346**	154,376	141,729
Impairment of intangible asset (Note 17)	**-**	-	(65,225)
Accretion on lease liabilities (Note 19)	**(16,106)**	(17,800)	(19,424)
Loss before income taxes	**(743,552)**	(932,829)	(1,387,768)
Provision for income taxes (Note 12)	**-**	-	-
Net loss	$ **(743,552)**	$ (932,829)	$(1,387,768)
Loss per share - Basic and Diluted	$ **(0.0083)**	$ (0.0104)	$ (0.0161)
Weighted average number of common shares outstanding - Basic and Diluted	**89,411,115**	89,411,115	86,402,581
Net Loss	**(743,552)**	(932,829)	(1,387,768)
Foreign currency translation adjustment	**(54,526)**	-	-
Comprehensive loss	$ **(798,087)**	$ (932,829)	$(1,387,768)

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

Nerds on Site Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended May 31, 2023, 2022 and 2021
(in Canadian dollars)

	Common stock							
	Shares #	**Amount $**	**Warrants reserve $**	**Option reserve $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Accumulated deficit $**	**Total $**
Balance as at May 31, 2020	**86,213,056**	**5,802,564**	**1,965,400**	**231,434**	**406,351**	**-**	**(7,159,662)**	**1,246,087**
Reclassification on expiry of warrants issued as part of IPO (Note 22)	-	-	(530,273)	-	530,273	-	-	-
Reclassification on expiry of warrants issued as part of convertible debentures (Note 22)	-	-	(1,090,162)	-	1,090,162	-	-	-
Reclassification on expiry of broker warrants (Note 22)	-	-	(121,861)	-	121,861	-	-	-
Exercise of warrants	400,000	127,296	(27,296)	-	-	-	-	100,000
Issue of options	-	-		422,008	-	-	-	422,008
Issue of shares as compensation	2,798,059	363,748	-	-	-	-	-	363,748
Expiry of options	-	-	-	(231,434)	231,434	-	-	-
Net loss	-	-	-	-	-	-	(1,387,768)	(1,387,768)
Balance as at May 31, 2021	**89,411,115**	**6,293,608**	**195,808**	**422,008**	**2,380,081**	**-**	**(8,547,430)**	**744,075**
Reclassification on expiry of warrants (Note 22)			(195,808)		195,808			
Net loss	-	-	-	-	-	-	(932,829)	(932,829)
Balance as at May 31, 2022	**89,411,115**	**6,293,608**	**-**	**422,008**	**2,575,889**	**-**	**(9,480,259)**	**(188,754)**
Currency translation adjustment	-	-	-	-	-	(54,526)	-	(54,526)
Net loss	-	-	-	-	-	-	(743,552)	(743,552)
Balance as at May 31, 2023	**89,411,115**	**6,293,608**	**-**	**422,008**	**2,575,889**	**(54,526)**	**(10,223,811)**	**(986,832)**

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

Nerds on Site Inc.

Consolidated Statements of Cash Flows
For the years ended May 31, 2023, 2022 and 2021
(in Canadian dollars)

		2023	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net loss	$	**(743,552)**	(932,829)	(1,387,768)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation on property and equipment (Note 7)		**62,676**	81,305	117,102
Amortization of right-of-use assets (Note 18)		**19,616**	25,145	29,390
Impairment of intangible assets		**-**	-	65,225
Stock-based compensation		**-**	-	422,008
Accrued interest		**1,470**	3,438	2,900
Shares issued as compensation for services		**-**	-	363,748
Accretion of lease liabilities (Note 19)		**16,106**	17,800	19,424
CEBA loan discounting (Note 9)		**-**	-	(28,512)
Changes in working capital:				
Accounts receivable		**(95,481)**	(47,650)	11,881
Inventory		**18,814**	(71,641)	(35,278)
Prepaid expenses and other current assets		**2,102**	82,484	(8,338)
Accounts payable and accrued liabilities		**313,766**	108,168	36,254
Contract liabilities		**(24,753)**	(91,724)	102,104
Net cash from (used in) operating activities		**(429,236)**	(825,504)	(289,860)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Payments for acquisition of property and equipment (Note 7)		**(13,316)**	(27,132)	(8,916)
Net cash flows from (used in) investing activities		**(13,316)**	(27,132)	(8,916)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments made on loans payable (Note 9)		**(15,455)**	(9,681)	(29,852)
(Repayments made on) advances from bank debt (Note 8)		**(104,361)**	122,676	(79,160)
Payments due from related parties (Note 11)		**369,928**	506,629	403,960
Repayment of lease liabilities (Note 19)		**(31,212)**	(37,426)	(42,310)
CEBA loan (Note 9)		**-**	-	20,000
Due to related party (Note 11)		**205,508**	159,242	-
Proceeds from exercise of warrants (Note 22)		**-**	-	100,000
Net cash flows from (used in) financing activities		**424,408**	741,440	372,638
Effects of foreign currency exchange rate changes		**(54,526)**	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(18,144)**	(111,196)	73,862
Cash and cash equivalents, beginning of year		**279,459**	390,655	316,793
Cash and cash equivalents, end of year	$	**206,789**	279,459	390,655

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

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. On December 7, 2018, the Company incorporated a subsidiary in the United States of America as Nerds on Site USA Inc. The Company's head office is located at 4026 Meadowbrook Drive Unit 120-121, London, ON, N6L 1C7.

2. Basis of presentation and Going concern

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated 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.

These 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 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 $743,552 during the year ended May 31, 2023, with a cumulative deficit of $10,223,811 as at May 31, 2023 (2022 - $9,480,259). 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 on its business strategy or be successful in future financing activities. As at May 31, 2023, the Company had current assets of $872,607 (2022 - $1,037,593) to cover current liabilities of $1,709,455 (2022 - $1,659,178).

These consolidated financial statements were approved by the Company's board of directors on September 27, 2023.

3. Significant accounting policies

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise noted.

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 U.S. dollars.

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 fluctuated 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 the 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.

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.

Subsidiary is an entity controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities and that the Company has the practical ability to exercise is considered. All intercompany transactions, balance, income and expenses are eliminated on consolidation.

Property and equipment and intangible assets

Property and equipment and intangible assets are carried at historical cost less accumulated depreciation and amortization and any accumulated impairment losses. Each component of an item of property and equipment and intangible assets 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 and intangible assets 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 and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. Significant accounting policies (continued)

Property and equipment and intangible assets (continued)

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
Leasehold Improvement	Term of the lease

Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately.

3. Significant accounting policies (continued)

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss, comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Unrecognized deferred tax assets are reviewed at each reporting date and are recorded to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Inventory

Inventory is stated at the lower of cost or net realizable value and valued on a specific identification cost basis.

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 consolidated statements of loss and comprehensive loss as interest expense.

3. Significant accounting policies (continued)

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.

Financial instruments

(i) Accounting policy

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.

(ii) Financial instruments category under IFRS 9

The following table shows the classification categories under IFRS 9 for each class of the Company’s financial assets and financial liabilities.

Financial assets and liabilities	IFRS 9
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank debt	Amortized cost
Loans payable	Amortized cost
CEBA loan payable	Amortized cost
Preferred shares	Amortized cost
Dividend payable	Amortized cost
Due to related parties	Amortized cost

Financial assets and liabilities at FVTPL

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Gains and losses arising from changes in fair value are presented in the consolidated statement of loss and comprehensive loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the end of the reporting period, which are classified as non-current.

3. Significant accounting policies (continued)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of loss and comprehensive loss.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of loss and comprehensive loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its assets carried at amortized cost and FVTPL.

For accounts receivables, the Company applies the simplified approach permitted by IFRS 9. The simplified approach to the recognition of ECL does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance at each reporting date based on the lifetime ECL since the date of the trade receivable.

Evidence of impairment may include:

- Indications that a debtor or a group of debtors is experiencing significant financial difficulty;
- A default or delinquency in payments;
- Probability that a debtor or a group of debtors will enter into bankruptcy or other financial reorganization; and
- Changes in arrears or economic conditions that correlate with defaults, where observable data indicates that there is a measurable decrease in the estimated future cash flows.

3. Significant accounting policies (continued)

Impairment of financial assets (continued)

Accounts receivables are reviewed qualitatively on a case-by-case basis to determine if they need to be written off. ECL are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available in the measurement of the ECL associated with its assets carried at amortized cost.

- Impairment of cash and restricted cash are evaluated by reference to the credit quality of the underlying financial institution. These instruments are low credit risk and no provision is considered for the current reporting period.

Foreign currency translation

Transactions in foreign currencies are initially translated into the functional currency using rates prevailing at the date of the transaction. Monetary assets and liabilities are translated using the exchange rates in effect at the end of the reporting period and non-monetary assets and liabilities at historical exchange rates. Revenue and expense items are translated using average quarterly exchange rate. Foreign exchange gains and losses are included in profit or loss.

Short-term investments

Short term investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in net loss.

IFRS 15 Revenue from Contracts with Customers

The Company recognizes revenue when its performance obligations are satisfied. The Company has evaluated its revenue streams and major contracts with customers using the IFRS 15 5-step process to determine when 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.

3. Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

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 services 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 elements, the allocation is based on fair value. 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.
Amounts billed in accordance with customer contracts, but not yet earned, are presented as part of contract liabilities.

Stock-based compensation

Where equity instruments are issued and some or all of the goods or services received by the Company as consideration cannot be specifically identified, these non-identifiable goods or services are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the expected volatility of the trading price of the Company's stock, the expected lives of the awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date.

The fair value of the equity instruments granted is recognized as an expense over the estimated vesting period with a corresponding increase to reserve for options.

3. Significant accounting policies (continued)

IFRS 16 - Leases

Effective June 1, 2019 (hereafter referred to as the "date of initial application"), the Company adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. On initial recognition, the carrying value of the lease liability also includes the amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted if it is reasonably certain to assess that option and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

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. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets.

New standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place at the end of the reporting period.

- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical areas of estimation and judgements in applying accounting policies include the following:

Going concern

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. 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 (see note 2).

Useful lives of property and equipment and intangible assets

As described in Note 3, the Company reviews the estimated useful lives of property and equipment and intangible assets with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended, due to various factors including technology, competition and revised service offerings. During the years ended May 31, 2023 and 2022, the Company was not required to adjust the useful lives of any assets based on the factors described above.

Deferred income taxes

The calculation of deferred income taxes is based on assumptions which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carry forward and of the balances in various tax pools. By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future period could be material. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Broker warrants

Estimating the fair value of broker warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the issuance. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrants, volatility and dividend yield. The Company has adopted Black Scholes model for valuation.

(in Canadian Dollars)

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Share-based payments

The Black-Scholes option pricing model was used in estimating the fair value of granted options. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility, expected lives of the options, expected dividends to be paid by the Company and risk-free interest rates. Because changes in the input assumptions can materially affect the fair value estimate, such value is subject to measurement uncertainty. The effect on the consolidated financial statements from changes in such estimates in future years could be significant.

Leases

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

5. 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 $87,755 and $95,340 for May 31, 2023 and 2022, respectively. Accounts receivable consist of amounts due from customers receiving IT consulting services and equipment.

	May 31, 2023	May 31, 2022
	$	$
Over 90 Days	**168,313**	118,321
61 to 90 Days	**6,139**	785
31 to 60 Days	**4,994**	6,915
0 to 30 Days	**183,894**	149,423
Allowance for expected credit losses	**(87,755)**	(95,340)
	275,585	180,104

The Company monitors all accounts receivable and transactions on a monthly basis to ensure collectability and the adequacy of loss provisions. Considerations include payment history, business volume history, financial statements of customers, projections of customers and other standard credit review documentation.

(in Canadian Dollars)

6. Inventory

The Company had $122,647 and $141,461 of finished goods inventory purchased for resale as at May 31, 2023 and 2022, respectively. The value of the inventory is equivalent to lower of cost or market value as of the reporting dates above. During the year ended May 31, 2023, the Company had finished goods recognized as cost of revenue of $4,223,977 (2022: $3,953,574).

7. Property and equipment

The following is a continuity of property and equipment as at May 31, 2023 and 2022:

	Computer Hardware	Computer Software	Furniture and Fixtures	Vehicles	Websites	Leasehold Improvement	Total
Cost							
Balance as at May 31, 2021	$ 112,940	15,684	15,000	575,926	1,250	47,721	768,521
Additions	10,264	-	-	16,868	-	-	27,132
Balance as at May 31, 2022	123,204	15,684	15,000	592,794	1,250	47,721	795,653
Additions	1,257	-	-	12,059	-	-	13,316
Disposals	-	-	-	(35,238)	-	-	(35,238)
Balance as at May 31, 2023	**$ 124,461**	**$ 15,684**	**$ 15,000**	**$ 569,615**	**$ 1,250**	**$ 47,721**	**$ 773,731**
Accumulated Depreciation							
Balance as at May 31, 2021	$ 81,368	15,684	15,000	457,837	1,250	21,432	592,571
Depreciation	15,998	-	-	65,307	-	-	81,305
Balance as at May 31, 2022	97,366	15,684	15,000	523,144	1,250	21,432	673,876
Disposals	-	-	-	(35,238)	-	-	(35,238)
Depreciation	13,246	-	-	49,430	-	-	62,676
Balance as May 31, 2023	**$ 110,612**	**$ 15,684**	**$ 15,000**	**$ 537,336**	**$ 1,250**	**$ 21,432**	**$ 701,314**
Net Carrying Amounts							
As at May 31, 2022	$ 25,838	$ -	$ -	$ 69,650	$ -	$26,289	$ 121,777
As at May 31, 2023	**$ 13,849**	**$ -**	**$ -**	**$ 32,279**	**$ -**	**$ 26,289**	**$ 72,417**

8. 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 (6.7% at May 31, 2023) plus 2.25% and repayment is due on demand. In 2023, total interest expense recorded under selling, general and administrative expenses was $14,700 (2022: $7,240; 2021: $4,525). 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 $145,804 and $250,165 at May 31, 2023 and 2022, respectively, and is presented as a current liability in the consolidated statements of financial position.

(in Canadian Dollars)

9. Loan payable

The carrying values of loans payable were as follows:

		May 31, 2023		May 31, 2022
Current portion				
BDC Loans	**$**	**-**	$	16,600
Vehicle loans		**13,754**		10,006
CEBA loans		**39,296**		-
		53,050		26,606
Non-current portion				
Vehicle loans		**16,680**		19,283
CEBA loans		**-**		37,826
		16,680		57,109
	$	**69,730**	$	83,715

The Company obtained a BDC loan 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.

As at May 31, 2023, the Company has a $60,000 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 has recognized the forgiveness in the year ended May 31, 2021, as the Company intends, with reasonable assurance, to repay the CEBA loans on or before January 18, 2024. As at May 31, 2023, the Company has not made any 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:

Balance, May 31, 2021	$	34,388
Accrued finance expense		3,438
Balance, May 31, 2022		37,826
Accrued finance expense		1,470
Balance, May 31, 2023	$	39,296

(in Canadian Dollars)

9. Loan payable. (continued)

Interest expense incurred for the years ended May 31, 2023, 2022 and 2021 were $3,172, $3,288 and $4,525 respectively. The aggregate amount of principal payments required in each of the next 4 years to meet the retirement provisions of loans payable excluding CEBA loans are as follows:

Fiscal year		Principal
2024		13,754
2025		10,518
2026		5,507
2027		655
	$	30,434

10. 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. As at May 31, 2023, $69,479 of dividends remain unpaid (May 31, 2022: $69,479). 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 common shares valued at $0.13 per share as compensation for services. The shares are issued at market price.

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

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

(in Canadian Dollars)

11. Related party balances and transactions

Amounts due from related parties as at May 31, 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 due from related parties were as follows:

	May 31, 2023	May 31, 2022
Current portion		
Ready Aim Fire Enterprising Inc. (a) and (b)	$ 134,865	$ 122,605
Nerds On-Site South Africa (b)	37,272	33,883
Adam Networks Inc. (a) and (b)	31,491	233,052
Other related parties (b)	19,031	-
	$ 222,659	$ 389,540
Non-current portion		
Ready Aim Fire Enterprising Inc. (a) and (b)	$ 107,593	$ 223,901
Nerds On-Site South Africa (b)	54,612	71,163
Adam Networks Inc. (a) and (b)	-	48,124
Other related parties (b)	-	22,064
	$ 162,205	$ 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 years ended May 31, 2023, 2022 and 2021:

	Ready Aim Fire Enterprising Inc. ($) (a)	Adam Networks Inc ($) (b)	Nerds On Site South Africa ($) (c)	Total ($)
Year ended May 31, 2023	79,611	25,214	16,391	121,216
Year ended May 31, 2022	86,477	43,074	19,472	149,023
Year ended May 31, 2021	94,602	59,566	38,703	192,871

(a) includes interest on receivables for $31,087, $42,233 and $52,366 for the years ended May 31, 2023, 2022 and 2021 respectively.
(b) includes interest on receivables for $25,214, $43,074 and $59,566 for the years ended May 31, 2023, 2022 and 2021 respectively.
(c) includes interest on receivables for $8,591, $11,672 and $14,472 for the years ended May 31, 2023, 2022 and 2021 respectively.

(in Canadian Dollars)

11. Related party balances and transactions (continued)

As of May 31, 2023, the Company has a payable for $364,750 to related parties (May 31, 2022: $159,242). This amount includes interest for $24,264 (May 31, 2022: $742) which is calculated at 10% pa.

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

	2023	2022	2021*
	$	$	$
Salaries and benefits, including bonuses	341,880	360,360	360,360
Shares issued as compensation for services	-	-	177,458
Directors' fees	95,575	125,023	129,515
Stock options	-	-	422,008
	437,455	485,383	1,089,341

*On May 20, 2021, the Company issued 4,000,000 options to directors and officers. The Black-Scholes option pricing model was used to determine the fair value of these options valued at $422,008 using the following assumptions: Expected dividend yield of 0%; risk free interest rate of 0.94%; expected volatility of 120%; expected life of 5 years; grant date share price of $0.13 and exercise price of $0.15.

*On May 20, 2021, the Company issued a total of 2,798,059 compensation shares for services which included 1,341,241 common shares fair valued at $174,361 to the CEO and 23,819 common shares fair valued at $3,097 to a director.

12. Income taxes

The Company primarily has operations in Canada. As at May 31, 2023, 2022 and 2021, there was no deferred tax asset or liability recognized.

The Company's income tax (recovery) expense is determined as follows:

		2023		2022		2021
Statutory income tax rate		**26.28%**		26.28%		26.30%
Loss before income taxes	**$**	**(743,552)**	$	(932,829)	$	(1,387,768)
Loss before income taxes at statutory income tax rate	**$**	**(195,378)**	$	(245,113)	$	(364,931)
Decrease in income taxes:						
Non-deductible expenses		**11,727**		8,365		119,103
Change in statutory tax rates		**-**		7,300		(3,458)
Difference due to foreign tax rates		**4,931**		7,515		3,694
Others		**(22,241)**		1,413		-
Change in tax benefits not recognized		**200,961**		220,520		245,592
Income tax (recovery) expense	**$**	**-**	$	-	$	-

(in Canadian Dollars)

12. Income taxes (continued)

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes:

		2023		2022		2021
Deferred tax asset	**$**	**34,848**	$	40,389	$	46,268
Deferred tax liability		**(34,848)**		(40,389)		(46,268)
Net deferred tax asset (liability)	**$**	**-**	$	-	$	-

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax assets and liabilities, which have been recognized during the year, are as follows:

	May 31, 2022	**Recognized in profit and loss**	**Recognized in equity**	**May 31, 2023**
Deferred tax asset				
IFRS 16 lease obligation	40,388	(5,540)		34,848
	40,388	(5,540)	-	34,848
Deferred tax liability				
CEBA Loan	(571)	386	-	(185)
IFRS 16 assets	(39,817)	5,154	-	(34,663)
	(40,388)	5,540	-	(34,848)
Net deferred tax asset/(liability)	-	-	-	-

The temporary differences and loss carryforwards that give rise to significant portions of the deferred tax assets, which have not been recognized, are as follows:

		2023		2022		2021
Non-capital losses carried-forward	**$**	**9,718,581**	$	8,811,273	$	8,169,871
Share issuance cost		**-**		161,363		425,159
Property and equipment with computer software		**70,370**		64,395		71,262
Capital Lease Obligation		**19,866**		13,182		9,837
Deductible temporary differences	**$**	**9,808,817**	$	9,050,213	$	8,676,129

It is not probable that the company will be able to utilize the benefits relating to these deductible temporary differences and hence no deferred tax asset has been recognized.

(in Canadian Dollars)

12. Income taxes (continued)

As at May 31, 2023, the Company's Canadian and US non-capital losses of $9,718,581 will expire as follows:

Canada:

2034	309,559
2035	220,912
2036	1,484,652
2037	-
2038	942,740
2039	2,117,614
2040	1,163,958
2041	633,498
2042	690,441
2043	714,477
Total	8,277,851

United States:

Indefinite	1,440,730

13. 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 year ended May 31, 2023, the Company's revenue comprises 92% sales in Canada and 8% sales within USA. (May 31, 2022: 95% sales in Canada and 5% sales within USA).

As of May 31, 2023, all assets of the business are located in Canada except for cash of $33,443 (May 31, 2022: $31,926), accounts receivable of $72,754 (May 31, 2022: $59,225), inventory of $7,240 (May 31, 2022: $5,697) and vehicles of $16,206 (May 31, 2022: $58,405) which are located in USA. In addition, the Company has a receivable for $91,884 (May 31, 2022: $105,046) from a related party in South Africa.

14. Financial instruments and risk management

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, due from related parties, accounts payable and accrued liabilities, preferred shares, dividends payable, bank debt, loans payable and due to related parties.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

(in Canadian Dollars)

14. Financial instruments and risk management (continued)

Cash and cash equivalents are measured at Level 1 inputs. There have been no transfers between fair value levels during the year.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, preferred shares, dividends payable, bank debt and current portion of loans payable approximate their fair values due to their relatively short periods to maturity. The fair value of the due from related parties and the carrying value of long-term loans payable approximates fair value due to a market rate of interest being charged.

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. The maximum credit exposure at May 31, 2023 is the carrying amount of cash, accounts receivable and due from related parties.

The following default rates are used to calculate the ECLs on billed receivables as at May 31, 2023:

	Total	Current	Over 30 days	Over 60 days	Over 90 days
Default rates (%)		0.48%	9.00%	23.54%	39.71%
Trade receivables ($)	363,340	183,894	4,994	6,139	168,313
Provision for ECL ($)	**69,614**	**883**	**449**	**1,445**	**66,837**

Provision for expected credit losses, as above	$	69,614
Add: additional specific identification		18,141
Total expected credit losses	**$**	**87,755**

14. Financial instruments and risk management (continued)

The following default rates are used to calculate the ECLs on billed receivables as at May 31, 2022:

	Total	Current	Over 30 days	Over 60 days	Over 90 days
Default rates (%)		0.52%	9.81%	24.53%	30.46%
Trade receivables ($)	275,444	149,423	6,915	785	118,321
Provision for ECL ($)	**37,687**	**777**	**678**	**193**	**36,039**

Provision for expected credit losses, as above	$	37,687
Add: additional specific identification		57,653
Total expected credit losses	**$**	**95,340**

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.

As at May 31, 2023 and 2022, the Company was exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Held in US dollars (stated in Canadian dollars)	
	May 31, 2023	**May 31, 2022**
Cash	$ 33,443	$ 31,926
Accounts receivable	72,754	55,267
Inventory	7,240	5,697
Accounts payable and accrued liabilities	(92,356)	(41,459)
Net financial assets	**$ 21,081**	**$ 51,431**

Based upon the above net exposure as at May 31, 2023, an 8% depreciation or appreciation of the US dollar relative to the Canadian dollar would result in approximately $1,686 (May 31, 2022 - $4,114) change in the Company's consolidated net loss and comprehensive loss.

(in Canadian Dollars)

14. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet commitments as they fall due (see note 2). The Company manages liquidity risk by maintaining adequate cash balances and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The following table gives the Company's financial liabilities and contractual maturities as follows:

	<1 year	*1-2 years*	*>3 years*	***Total***
Accounts payable and accrued liabilities	$ 1,171,046	-	-	**$ 1,171,046**
Bank debt	145,804	-	-	**145,804**
Due to related party	-	364,750	-	**364,750**
Dividend payable	69,479	-	-	**69,479**
Loans	13,754	16,680	-	**30,434**
Lease liability	16,690	18,435	116,659	**151,784**

15. Selling, general and administrative expenses

The Company has the following breakdown of selling, general and administrative expenses for the years ended May 31, 2023, 2022, 2021:

	2023	2022	2021
	$	$	$
Programming and related costs	**962,077**	902,740	806,589
Office and administrative expenses	**507,660**	482,545	499,184
Business development	**344,956**	343,877	366,337
Advertising and promotion	**89,102**	94,606	132,368
Management remuneration	**437,455**	485,383	1,089,341
Legal and professional	**238,074**	248,505	178,169
Payroll and related costs	**308,708**	325,069	283,629
Communication	**296,519**	299,239	250,501
Bank and interest charges	**208,503**	229,253	230,116
Automobile expenses	**51,163**	58,585	69,840
	3,444,217	3,469,802	3,906,074

16. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at May 31, 2023 and May 31, 2022 constitutes the following:

	2023	2022
	$	$
Accounts payable	**538,020**	430,267
Accrued liabilities	**524,171**	363,082
Wages payable	**18,542**	19,452
Subcontractor payable	**39,028**	31,275
Others	**51,285**	13,204
	1,171,046	857,280

(in Canadian Dollars)

17. Intangible assets

The Company had capitalized development costs under IAS 38 relating to the costs incurred to become certified by Apple Canada to be able to service Apple products. The capitalized costs of $65,225 as at May 31, 2020 was impaired as of May 31, 2021. There were no impairments during the years ended May 31, 2023 and 2022.

18. Right-of-use Asset

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

IFRS 16-right-of-use asset recognition as of June 1, 2019	$262,770
Opening right -of-use asset relating to vehicle leases	**262,770**
Transfer from prepaid expenses	122,700
Addition to vehicle leases during the year	488,943
Addition to office lease during the year	197,776
Early termination of vehicle leases	(503,400)
Early repayment of vehicle leases	(197,664)
Amortization during the year	(165,059)
Balance, May 31, 2020	**206,066**
Amortization during the year	(29,387)
Balance, May 31, 2021	**176,679**
Amortization during the year	(25,145)
Balance, May 31, 2022	**151,534**
Amortization during the year	(19,616)
Balance, May 31, 2023	**131,918**

Right-of-use asset includes prepayments and leases for vehicles and office space amortized over their period of lease.

(in Canadian Dollars)

19. 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 June 1, 2019	**$262,770**
Addition	468,924
Accretion on lease obligation	37,788
Lease payments made during the period	(129,033)
Early termination of vehicle leases	(310,848)
Early repayment of vehicle leases	(120,199)
Balance May 31, 2020	**$209,402**
Accretion on lease obligation	19,424
Lease payments made during the period	(42,310)
Balance May 31, 2021	**186,516**
Accretion on lease obligation	17,800
Lease payments made during the period	(37,426)
Balance May 31, 2022	**166,890**
Accretion on lease obligation	16,106
Lease payments made during the period	(31,212)
Balance May 31, 2023	**151,784**
Less than one year	16,690
Greater than one year	135,094
Total lease obligation	151,784

20. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities valued as at May 31, 2023:

Assets measured at fair value:		Fair value measurement using		
	Total	Level 1	Level 2	Level 3
	$	$	$	$
Cash	206,789	206,789	-	-

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities valued as at May 31, 2022:

Assets measured at fair value:		Fair value measurement using		
	Total	Level 1	Level 2	Level 3
	$	$	$	$
Cash	279,459	279,459	-	-

There were no transfers between level 1 and 2 during the years ended May 31, 2023 and 2022.

(in Canadian Dollars)

21. Revenue

	2023	2022	2021
	$	$	$
Service fees	**4,872,346**	4,582,194	4,750,883
Product sales (Sale of software, hardware and related)	**5,639,612**	5,045,719	5,356,216
Miscellaneous fee	**13,962**	2,032	14,381
	10,525,920	9,629,945	10,121,480

22. Warrants

The following table reflects the continuity of warrants for the years ended May 31, 2023 and 2022:

	Number of warrants outstanding and exercisable	Weighted average exercise prices	Weighted average remaining contractual life
	#	$	Years
Balance at May 31, 2019 & May 31, 2020	**22,971,727**	**0.41**	**0.69**
Expired warrants	(6,759,915)	0.70	-
Expired warrants	(1,081,586)	0.35	-
Expired warrants	(11,894,226)	0.30	-
Exercised warrants (Note 10)	(400,000)	0.25	-
Balance at May 31, 2021	**2,836,000**	**0.25**	**0.76**
Expired warrants	(2,836,000)	0.25	-
Balance at May 31, 2022 and May 31, 2023	**-**	**-**	**-**

23. Interest expense

	2023	2022	2021
	$	$	$
Interest on loans (Notes 8,9,11)	**58,737**	27,740	20,239
	58,737	27,740	20,239

24. Supplementary disclosure with respect to cash flows

The Company had the following non-cash transactions affecting cash flows from financing activities during the years ended May 31, 2023, 2022 and 2021:

In May 2021, the Company issued 2,798,059 common shares valued at $363,748 for services.

(in Canadian Dollars)

25. Short-term investments

The Company holds short-term investments that include $181,313 (2022: $241,427) in term deposits. The short-term investments are maturing within the next 3 months and have been reclassified to cash and equivalents. The principal accrues interest at 4.0% per annum and matured on August 30, 2023.

26. 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 years ended May 31, 2023 and 2022

During the year ended May 31, 2021, the Company issued 4,000,000 stock options. 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 are as follows:

	Number of Options	Weighted Avg Exercise Price ($)
Outstanding Balance at May 31, 2019 and May 31, 2020	2,450,000	0.42
Stock options granted 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 and May 31, 2023	4,000,000	0.15

As at May 31, 2023, 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	2.95

The Company granted 4,000,000 stock options during the year ended May 31, 2021, and recorded stock-based compensation expense for $422,008 for the vesting of all options granted. The fair value of options granted during the year ended May 31, 2021 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	May 20, 2021
Expected stock price volatility	120%
Risk-free interest rate	0.94%
Expected life	5 years
Expected dividend yield	0%
Common stock price at grant date	$0.13
Strike price	$0.15
Forfeiture rate	nil

26. Share-based compensation (continued)

Expected stock volatility is determined based on volatilities of comparable companies when the Company does not have its own sufficient trading history. The expected life, which represents the period of time that options granted are expected to be outstanding, is estimated based on an average of the contractual term of the options.

The risk-free rate assumed in valuing the options is based on the Canadian treasury yield curve in effect at the time of grant for the expected term of the option. The expected dividend yield percentage at the date of grant is nil as the Company is not expected to pay dividends in the foreseeable future.

27. Subsequent events

The Company has evaluated the subsequent events up to September 27, 2023, the date on which the financial statements were issued.

28. Comparative figures

The comparative figures have been reclassified to conform to the current year presentation.