NERDS ON SITE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 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 January 26, 2024. 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 November 30, 2023 and our audited financial statements and the accompanying notes thereto for the year ended May 31, 2023. 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, 2023 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 November 30, 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.

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 the COVID-19 pandemic era, we had 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 down the road. We are working on expanding our partnering efforts in the Risk Aversion and Cyber Insurance space to 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

The Company reported a strong quarter for the three-month period ended November 30, 2023, as a result of revenue growth and cost reduction.

- **Revenue** for the three- month period ended November 30, 2023 was $2,794,252 as compared to $2,404,557 for the prior period ended November 30, 2022, an increase of $389,695 or 16%. Revenue for the six- month period ended November 30, 2023 was $5,250,418 as compared to $4,951,109 for the prior period ended November 30, 2022, an increase of $299,309 or 6%. The increase in revenue is attributed to an increase in recurring revenue from business customers in Canada, which continued to gain momentum and increased by19% for the three months and 9% for the six months of 2023 as compared to the same periods for the prior year.

- **Gross profit** for the three- month period ended November 30, 2023 was $798,802 as compared to $656,020 for the prior three-month period ended November 30, 2022, an increase of $142,782 or 22%. Gross margin for the current three-month period as a percentage of revenue was 28% as compared to 27% in prior period.

- **Gross profit** for the six- month period ended November 30, 2023 was $1,449,971 as compared to $1,353,305 for the prior six month period ended November 30, 2022, an increase of $96,666 or 7%. Gross margin for the current six-month period as a percentage of revenue was 28% as compared to 27% in prior period.

- **Selling, general and administrative expenses** for the three -month period ended November 30, 2023 were $800,897 as compared to $936,021 for prior period ended November 30, 2022. The decrease in expenses of $135,124 or 14% is a result of the Company's reduced costs on programming and related costs and legal expenses.

- **Selling, general and administrative expenses** for the six -month period ended November 30, 2023 were $1,641,324 as compared to $1,797,879 for prior period ended November 30, 2022. The decrease in expense of $156,555 or 9% is a result of the Company's reduced costs on office and administrative and legal expenses.

- **Cash used in operating activities** was $209,412 for the six-month period ended November 30, 2023, compared to $187,798 for the prior period ended November 30, 2022, reflecting a minor increase in cash used in operations for $21,614 in the current period as compared to the prior period.

- **Net loss** for the three-month period ended November 30, 2023 was $16,930 as compared to net loss of $283,197 for the prior period ended November 30, 2022. The Company's net loss decreased by $266,267 or 94% in the current period as compared to the prior period. The decrease in net loss is primarily due to the increase in the current period gross margin on sales by $142,782 and reduction in selling, general and administrative expenses by $135,124.

- **Net loss** for the six-month period ended November 30, 2023 was $233,448 as compared to net loss of $451,827 for the prior period ended November 30, 2022. The Company's net loss decreased by $218,379 or 48% in the current period as compared to the prior period. The decrease in net loss is primarily due to the increase in the current period gross margin on sales by $96,666 and reduction in selling, general and administrative costs by $156,555.

- **Loss per share-Basic and diluted** was $0.0002 for the three-month period ended November 30, 2023 as compared to prior three-month period loss per share of $0.0032. The decrease in loss per share is attributable to the reasons explained above.

- **Loss per share-Basic and diluted** was $0.0026 for the six-month period ended November 30, 2023 as compared to prior six-month period loss per share of $0.0051. The decrease 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.

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.

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

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.

	Canada			
Period	Residential Customers #	Business Customers #	Residential recurring revenues CAD $	Business recurring revenues CAD $
June 1, 2023 to November 30, 2023	2,835	2,038	371,205	4,062,620
June 1, 2022 to November 30, 2022	2,902	2,059	422,901	3,725,503

	USA			
Period	Residential Customers	Business Customers	Residential recurring revenues US $	Business recurring revenues US $
June 1, 2023 to November 30, 2023	221	185	7,258	223,934
June 1, 2022 to November 30, 2022	122	152	26,469	215,484

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 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.

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.

Cost of Revenue

Cost of revenue includes 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 are 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.

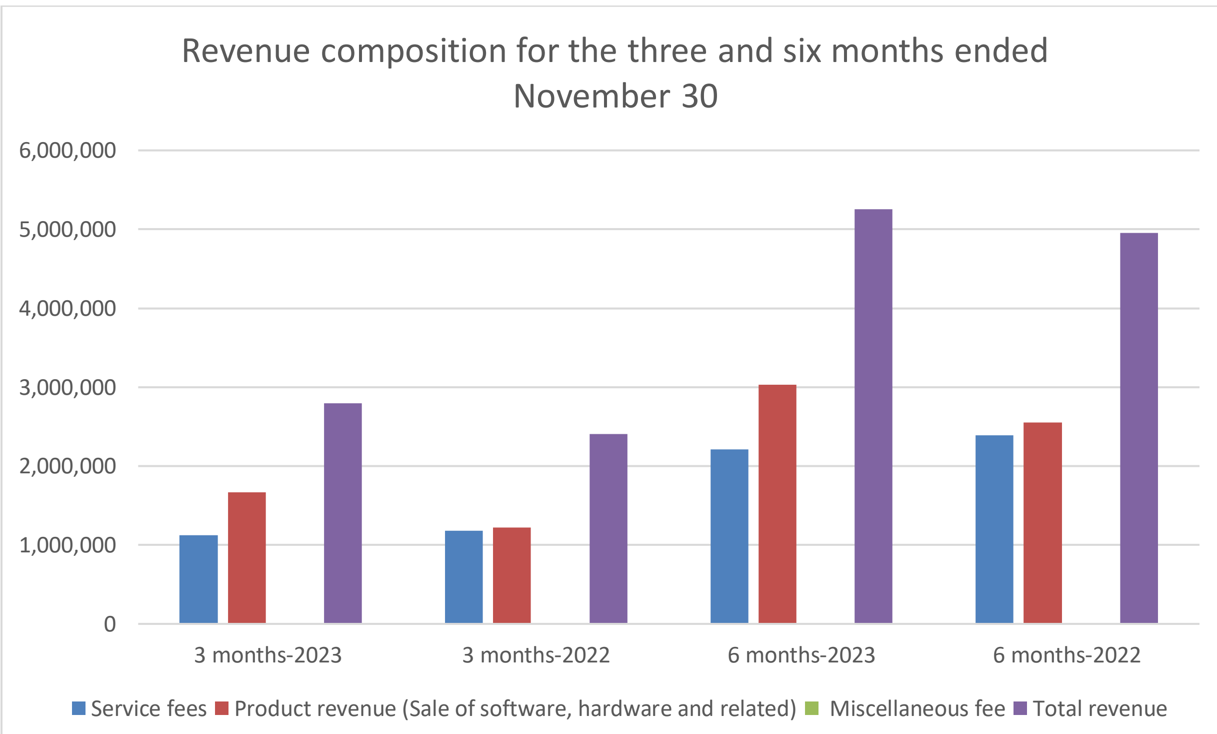
Results of Operations

	Three months ended November 30,		Six months ended November 30,	
	2023	2022	2023	2022
Total Revenue	2,794,252	2,404,557	5,250,418	4,951,109
Gross Profit	798,802	656,020	1,449,971	1,353,305
Operating Expenses	808,850	946,606	1,673,436	1,813,263
Operating loss	(10,048)	(290,586)	(223,465)	(465,639)
Net loss	(16,930)	(283,197)	(233,448)	(451,827)
Loss per share	(0.0002)	(0.0032)	0.0026	(0.0051)
Cash flow used in operating activities			(209,412)	(187,798)
Cash flow from (used) in investing activities			2,780	(12,916)
Cash flow from financing activities			223,780	251,420

Discussion of Operations: Three- month and six-month periods ended November 30, 2023 and 2022

Revenues

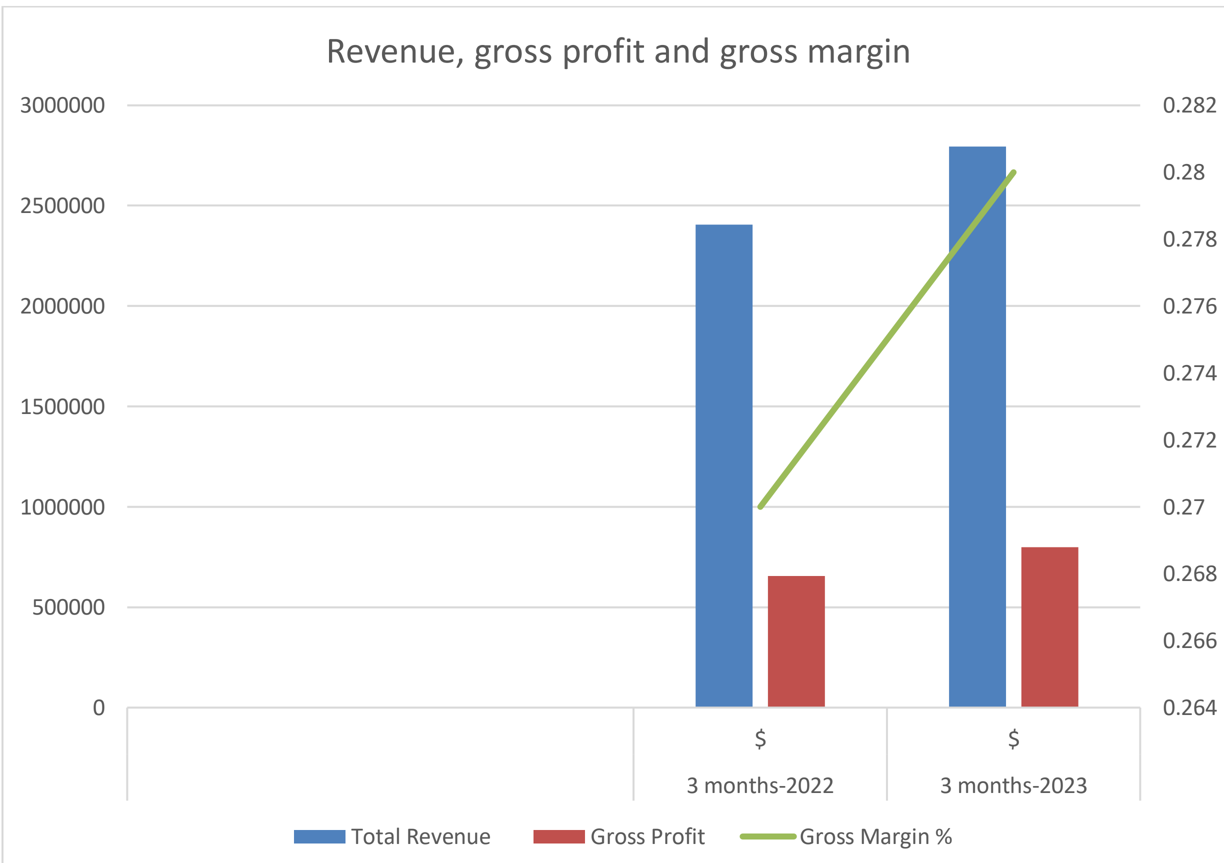
	Three months 2023	three months 2022	six months 2023	six months 2022
	$	$	$	$
Service fees	1,122,004	1,178,277	2,210,472	2,390,098
Product sales (Sale of software, hardware and related)	1,667,075	1,223,283	3,029,023	2,555,907
Miscellaneous fee	5,173	2,997	10,923	5,104
Total	2,794,252	2,404,557	5,250,418	4,951,109



Revenue for the three- month period ended November 30, 2032 was $2,794,252 as compared to $2,404,557 for the comparable period ended November 30, 2022, an increase of $389,695 or 16%. Revenue for the six-month period ended November 30, 2023, was $5,250,418 as compared to $4,951,109 for the comparable period ended November 30, 2022, an increase of $299,309 or 6%. The increase in revenue is attributed to an increase in recurring revenue from business customers in Canada, which continued to gain momentum and increased by19% for the three months and 9% for the six months of 2023 as compared to the same periods for the prior year.

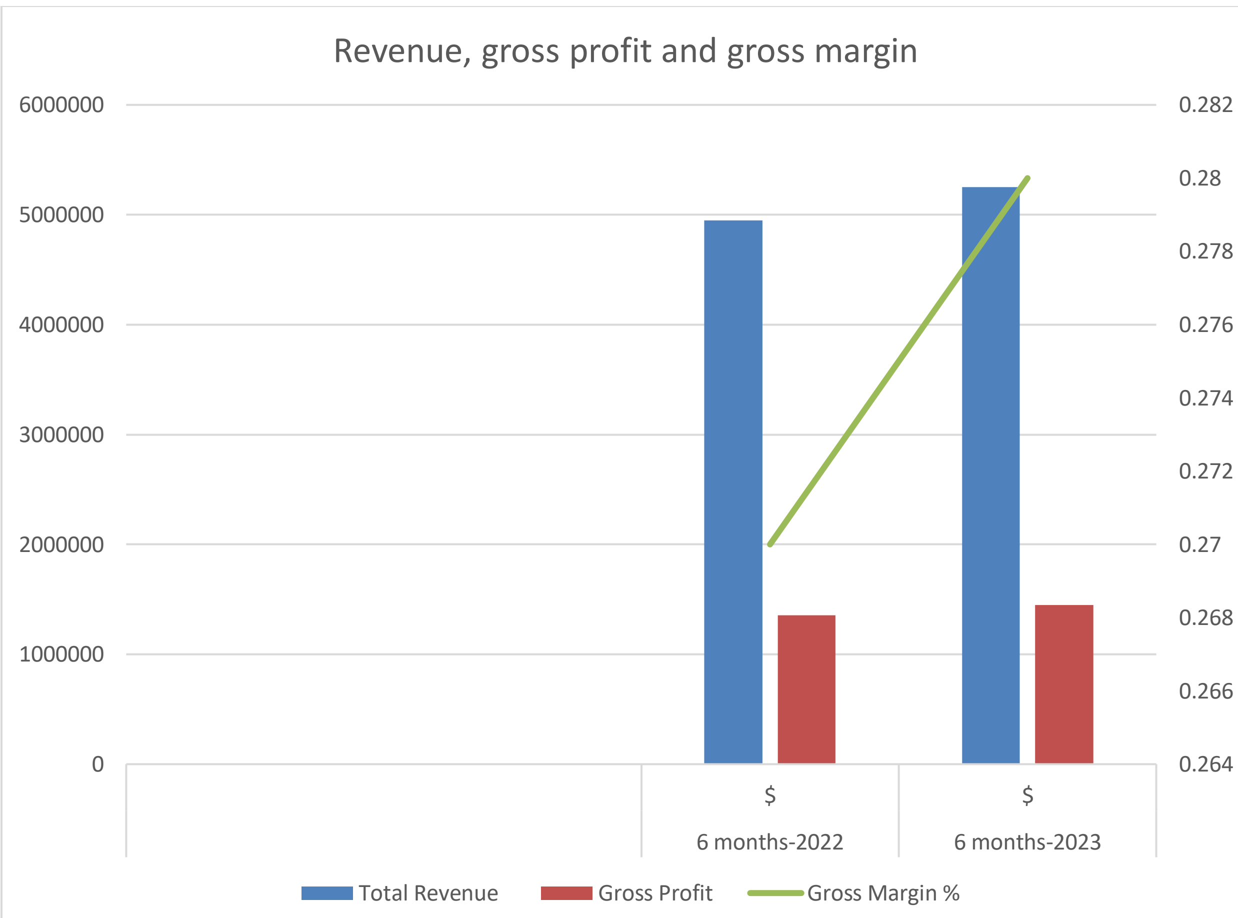
Gross profit and gross margins (3 months ended November 30, 2023 and 2022)

	2023	2022
	$	$
Total Revenue	2,794,252	2,404,557
Gross Profit	798,802	656,020
Gross Margin %	28%	27%



Gross profit and gross margins (6 months ended November 30, 2023 and 2022)

	2023	2022
	$	$
Total Revenue	5,250,418	4,951,109
Gross Profit	1,449,971	1,353,305
Gross Margin %	28%	27%

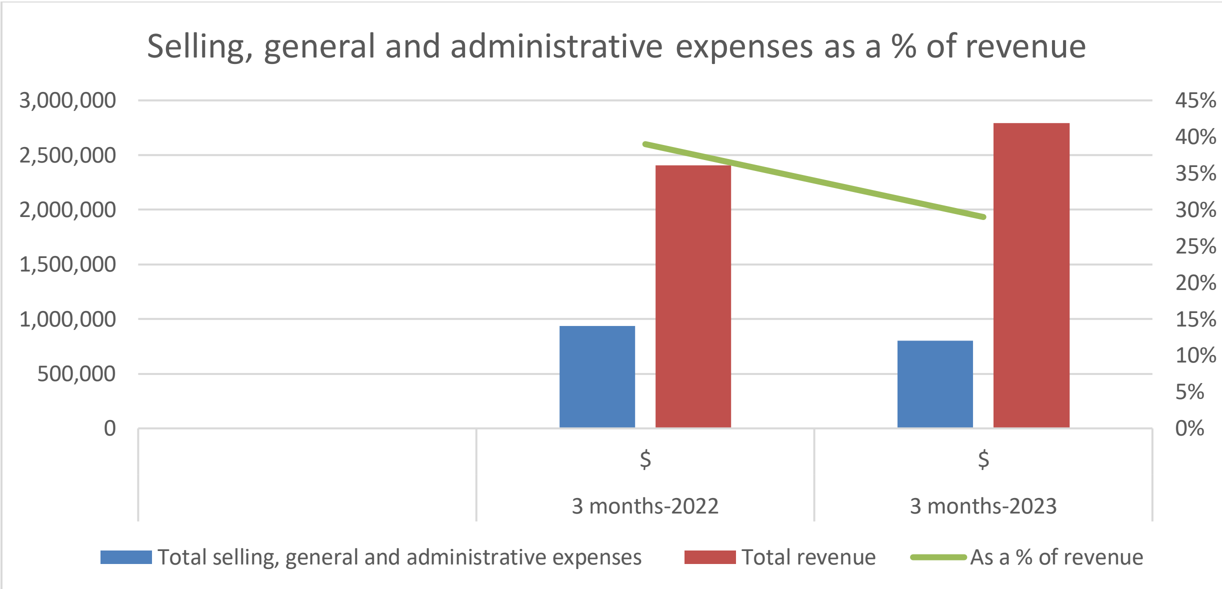


Selling, general and administrative

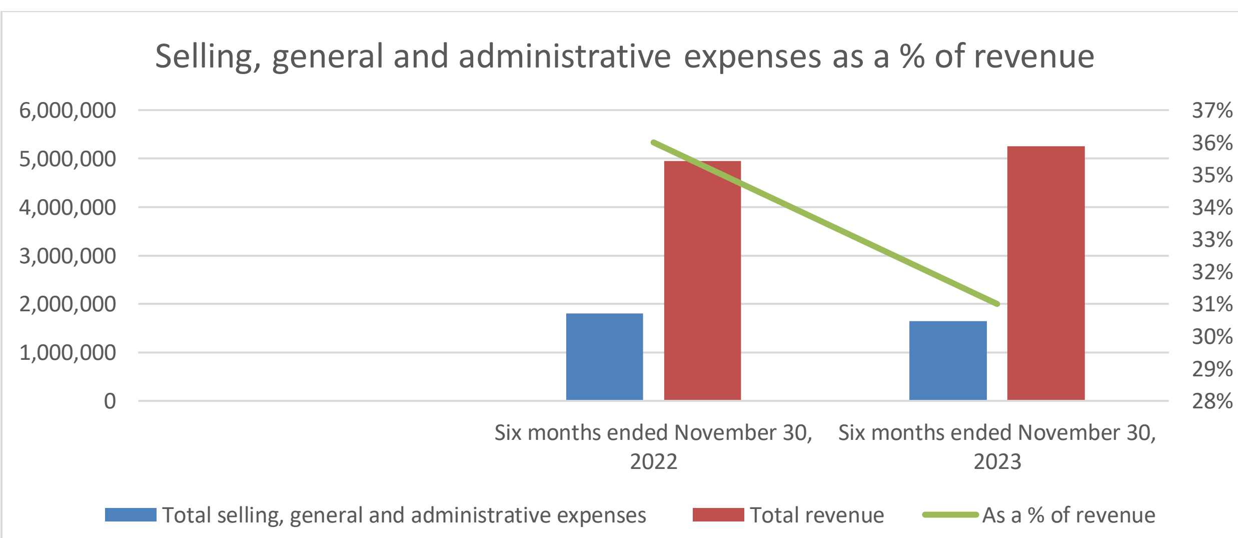
The Company has the following breakdown of selling, general and administrative expenses for the three and six months ended November 30, 2023 and 2022:

	3 months 2023	3 months 2022	6 months 2023	6 months 2022
	$	$	$	$
Programming and related costs	228,996	271,052	481,922	492,629
Management remuneration	102,075	114,090	201,150	229,180
Office and administrative expenses	86,944	82,575	186,250	241,637
Payroll and related costs	79,486	63,728	162,302	142,511
Legal and professional	61,469	153,609	116,718	190,810
Advertising and promotion	33,192	23,221	47,478	53,918
Bank and interest charges	52,580	50,015	105,679	100,452
Business development	72,774	92,155	175,729	171,105
Communication	72,912	72,315	140,830	146,734
Automobile expenses	10,469	13,261	23,266	28,903
Total	800,897	936,021	1,641,324	1,797,879

Selling, general and administrative expenses	Three months ended November 30,	Three months ended November 30,
	2023	2022
	$	$
Total selling, general and administrative expenses	800,897	936,021
Total revenue	2,794,252	2,404,557
As a % of revenue	29%	39%



Selling, general and administrative expenses	Six months ended November 30,	Six months ended November 30,
	2023	2022
	$	$
Total selling, general and administrative expenses	1,641,324	1,797,879
Total revenue	5,250,418	4,951,109
As a % of revenue	31%	36%



Selling, general and administrative expenses have seen a decline of a total of $135,124 or 14% during the three months ended November 30, 2023 as compared to the three months ended November 30, 2022. As a % of revenue, this expense is approximately 29% of revenue for the period ended November 30, 2023 and 39% of revenue for the period ended November 30, 2022.

Selling, general and administrative expenses have seen a decline of a total of $156,555 or 9% during the six months ended November 30, 2023 as compared to the six months ended November 30, 2022. As a % of revenue, this expense is approximately 31% of revenue for the period ended November 30, 2023 and 36% of revenue for the period ended November 30, 2022.

Our operating loss was $10,048 for the three months ended November 30, 2023 as compared to operating loss of $290,586 for the three months ended November 30, 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 $4,904 in 2023 and 2022 respectively arising on the adoption of IFRS 16. In addition, the company depreciated property and equipment by $3,049 in 2023 as compared to $5,681 in 2022.

The following table summarizes financial information for the three months ended November 30, 2023, and the preceding seven quarters:

	Q2 2024	**Q1 2024**	**Q4 2023**	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**
	$	$	$	$	$	$	$	$
Revenues	2,794,252	2,456,166	2,886,824	2,687,987	2,404,557	2,546,552	2,368,083	2,445,540
Cost of sales	1,995,450	1,804,997	2,233,570	1,939,092	1,748,537	1,849,267	1,711,858	1,792,704
Gross profit	798,802	651,169	653,254	748,895	656,020	697,285	656,225	652,836
Gross margin	29%	27%	23%	28%	27%	27%	28%	27%
Net loss	(16,930)	(216,518)	(204,697)	(87,028)	(283,197)	(168,630)	(186,173)	(203,465)
Loss per share, basic and fully diluted	(0.0002)	(0.0024)	(0.0023)	(0.0010)	(0.0032)	(0.0019)	(0.0021)	(0.0023)
Total assets	1,217,021	1,163,354	1,239,147	1,370,406	1,661,479	1,705,901	1,676,156	1,842,820
Total liabilities	2,444,817	2,369,976	2,225,979	2,098,015	2,302,060	2,063,285	1,864,910	1,845,401
Shareholders' equity (deficiency)	(1,227,796)	(1,206,622)	(986,832)	(727,609)	(640,581)	(357,384)	(188,754)	(2,581)
Cash dividends for common shares	-	-	-	-	-	-	-	-

Key balance sheet items		
	November 30, 2023	May 31, 2023
	$	$
Total Assets	1,217,021	1,239,147
Total Liabilities	2,444,817	2,225,979
Cash dividends declared for common shares	$nil	$nil

During the six-month period ended November 30, 2023 and 2022, the Company did not raise any cash from private placements and focussed on increasing revenue and monitoring 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		
	November 30, 2023	May 31, 2023
	$	$
Accounts receivables (net)	300,053	275,585
Days sales outstanding ("DSO")	10 days	10 days

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		
	November 30, 2023	May 31, 2023
	$	$
Accounts payable	**572,202**	538,020
Accrued liabilities	**524,694**	524,171
Wages payable	**20,494**	18,542
Subcontractor payable	**40,350**	39,028
Others	**66,857**	51,285
Total	**1,224,597**	1,171,046

Preferred 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 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 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. 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		
	November 30, 2023	May 31, 2023
	$	$
Contract liabilities	236,915	253,286

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		
	November 30, 2023	May 31, 2023
	$	$
Cash and cash equivalents	216,421	206,789

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	Six- month period	Six- month period
	November 30, 2023	November 30, 2022
	$	$
Operating activities	(209,412)	(187,798)
Investing activities	2,780	(12,916)
Financing activities	223,780	251,420
Increase (decrease) in cash	9,632	50,706
Cash beginning of period	206,789	279,459
Cash end of period	216,421	330,165

Net cash used in operating activities

Cash used in operations, which is the net income or loss adjusted for non-cash items and changes in non-cash working capital items, was outflow of $209,412 for six -months ended November 30, 2023, as compared to outflow of $187,798 for the six-months ended November 30, 2022. The increase of cash used in operations for $21,614 was primarily a result of changes in working capital of $(9,638) in 2023 as compared to $219,959 in 2022.

Net cash from or used in investing activities

Cash inflow from investing activities for the six-month period ended November 30, 2023 was $2,780 as compared to cash outflow of $12,916 for the same period in 2022. The inflow of cash related to proceeds from the sale of equipment and outflow related to the acquisition of property and equipment for the current and prior period.

Net cash from financing activities

Net cash from financing activities for the six-month period ended November 30, 2023 was $223,780 as compared to $251,420 for the same period in 2022. The primary driver was the advances from bank debt for $53,134 in current period as compared to repayment of bank debt for $25,209 in prior period. The repayments received from related parties was $84,538 in current period as compared to $133,758 in prior period, in addition to funding of $113,338 and $160,694 during current and prior period, respectively, from related parties.

As of November 30, 2023, the Company has a working capital deficiency of $1,015,104 as compared to a working capital deficiency of $836,848 as of May 31, 2023.

The following constitutes the current assets and current liabilities as of November 30, 2023 and May 31, 2023:

		November 30, 2023 (unaudited)		**May 31, 2023 (audited)**
ASSETS				
CURRENT				
Cash	**$**	**216,421**	$	206,789
Accounts receivable (net of expected credit losses)		**300,053**		275,585
Inventory		**97,577**		122,647
Prepaid expenses and other current assets		**92,347**		44,927
Current portion of due from related party		**187,757**		222,659
		894,155		872,607
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**1,224,597**	$	1,171,046
Contract liabilities		**236,915**		253,286
Bank debt		**198,938**		145,804
Preferred shares		**100**		100
Dividend payable		**69,479**		69,479
Due to related party		**103,214**		-
Current portion of lease liabilities		**17,540**		16,690
Current portion of loans payable		**18,810**		13,754
CEBA loans		**39,666**		39,296
		1,909,259		1,709,455

Contractual Obligations

The carrying values of loans payable were as follows:

		November 30, 2023		May 31, 2023
Current portion				
Vehicle loans	**$**	**18,810**	$	13,754
CEBA loans		**39,666**		39,296
		58,476		53,050
Non-current portion				
Vehicle loans		**-**		16,680
		-		16,680
	$	**58,476**	$	69,730

As at November 30, 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 recognized the forgiveness in the year ended May 31, 2021, and the Company has repaid the CEBA loan subsequent to the quarter ended November 30, 2023 and prior to January 18, 2024. 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, 2022	$	37,826
Accrued finance expense		1,470
Balance, May 31, 2023		39,296
Accrued finance expense		370
Balance, November 30, 2023	$	39,666

Interest expense incurred for the six- month periods ended November 30, 2023 was $767 (November 30, 2022: $1,551)

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 (7.2% at November 30, 2023) plus 2.25% and repayment is due on demand. During the six months ended November 30, 2023, total interest expense recorded under selling, general and administrative expenses was $5,595 (2022: $ 6,274). 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 $198,938 and $145,804 at November 30, 2023 and May 31, 2023, 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**
Loans Obligation	58,810	58,810	Nil	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	nil

Transactions with related parties
Amounts due from related parties as at November 30, 2023 and May 31, 2023 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:

		November 30, 2023	**May 31, 2023**
Current portion			
Ready Aim Fire Enterprising Inc. (a) and (b)	$	162,489	134,865
Nerds On-Site South Africa (b)		24,125	37,272
Adam Networks Inc. (a) and (b)		-	31,491
Other related parties (b)		1,143	19,031
	$	187,757	222,659
Non-current portion			
Ready Aim Fire Enterprising Inc. (a) and (b)	$	116,245	107,593
Nerds On-Site South Africa (b)		30,900	54,612
	$	147,145	162,205

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

The Company recorded revenue from the following related parties during the three and six months ended November 30, 2023 and 2022:

	Ready Aim Fire Enterprising Inc. ($)	Adam Networks Inc ($)	Nerds On Site South Africa ($)	Total ($)
Three months ended November 30, 2023	17,965 (a)	- (b)	3,364 (c)	21,329
Three months ended November 30, 2022	19,974 (a)	4,726 (b)	2,251 (c)	26,951
Six months ended November 30, 2023	36,746 (d)	1,249 (e)	6,945 (f)	44,940
Six months ended November 30, 2022	40,654 (d)	12,760 (e)	4,699 (f)	58,113

(a) includes interest on receivables for $5,029 (3 months ended November 30, 2022: $8,145)
(b) includes interest on receivables for $ nil (3 months ended November 30, 2022: $4,726)
(c) includes interest on receivables for $1,415 (3 months ended November 30, 2022: $2,251)
(d) includes interest on receivables for $10,931 (6 months ended November 30, 2022: $17,004)
(e) includes interest on receivables for $1,249 (6 months ended November 30, 2022: $12,760)
(f) includes interest on receivables for $3,046 (6 months ended November 30, 2022: $4,699)

As of November 30, 2023, the Company has a payable for $512,664 to a related party (May 31, 2023: $364,750). This amount includes interest for $ 26,325 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:

		For the three month period ended November 30, 2023		For the three month period ended November 30, 2022		For the six month period ended November 30, 2023		For the six month period ended November 30, 2022
Salaries and benefits, including bonuses	$	75,075	$	90,090	$	150,150	$	180,180
Directors fees	$	27,000	$	24,000	$	51,000	$	49,000
Total	$	102,075	$	114,090	$	201,150	$	229,180

Off-balance sheet arrangement

The Company has no off-balance sheet arrangement as of November 30, 2023 and May 31, 2023.

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 and Common 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 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 shares valued at $0.13 per share as compensation for services. The shares are issued at market price.

As at November 30, 2023 and May 31, 2023, the Company had the following number of shares outstanding post-split adjustment:

Description	November 30, 2023	May 31, 2023
Common 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 November 30, 2023, the Company had cash and cash equivalent of $216,421, and current liabilities for $1,909,259. 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.

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

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’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
Leasehold Improvement	Term of the lease

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 November 30, 2023, the Company's revenue comprises 92% sales in Canada and 8% sales within USA. (November 30, 2022: 93% sales in Canada and 7% sales within USA.).

For the six months ended November 30, 2023, the Company's revenue comprises 92% sales in Canada and 8% sales within USA. (November 30, 2022: 93% sales in Canada and 7% sales within USA.).

As of November 30, 2023, all assets of the business are located in Canada except for cash of $50,378 (May 31, 2023: $33,443), accounts receivable of $46,620 (May 31, 2023: $72,754) and vehicles of $nil (May 31, 2023: $16,206) which are located in USA. In addition, the Company has a receivable for $55,025 (May 31, 2023: $91,884) from a related party in South Africa.

Risks Related to Our Business and Industry

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 year ended May 31, 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.