

Nerds on Site Inc.

Condensed interim consolidated financial statements

For the three months ended August 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars)

NERDS ON SITE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED AUGUST 31, 2024 AND 2023

(Unaudited - Amounts expressed in Canadian Dollars)

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NOTICE TO READER

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of financial position as at August 31, 2024 and May 31, 2024
(Unaudited – expressed in Canadian dollars)

	August 31, 2024 (unaudited)	May 31, 2024 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 225,842	\$ 267,336
Short term investments (Note 18)	170,037	170,037
Accounts receivable (net of expected credit losses) (Note 4)	238,507	208,730
Inventory (Note 15)	86,090	69,293
Prepaid expenses and other current assets	118,391	46,363
Due from related party (Note 9)	336,016	394,731
	<u>1,174,883</u>	<u>1,156,490</u>
NON-CURRENT		
Right-of-use assets, net (Note 12)	107,398	112,302
Property and equipment (Note 5)	40,812	43,228
	<u>148,210</u>	<u>155,530</u>
TOTAL ASSETS	<u>\$ 1,323,093</u>	<u>\$ 1,312,020</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	\$ 1,194,991	\$ 1,152,576
Contract liabilities	221,146	189,689
Bank debt (Note 6)	249,983	163,805
Preferred shares (Note 8)	100	100
Dividend payable (Note 8)	69,479	69,479
Current portion of due to related party (Note 9)	79,257	86,423
Current portion of lease liabilities (Note 13)	16,690	18,435
Current portion of loans payable (Note 7)	5,600	6,843
	<u>1,837,246</u>	<u>1,687,350</u>
NON-CURRENT		
Non-current portion of due to related parties (Note 9)	1,040,618	945,885
Non-current portion of lease liabilities (Note 13)	113,969	116,662
	<u>1,154,587</u>	<u>1,062,547</u>
TOTAL LIABILITIES	<u>2,991,833</u>	<u>2,749,897</u>
SHAREHOLDERS' DEFICIENCY		
Common stock (Note 8)	6,293,608	6,293,608
Reserve for options	422,008	422,008
Contributed surplus	2,575,889	2,575,889
Accumulated other comprehensive loss	(29,169)	(61,848)
Accumulated deficit	(10,931,076)	(10,667,534)
TOTAL SHAREHOLDERS' DEFICIENCY	<u>(1,668,740)</u>	<u>(1,437,877)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	<u>\$ 1,323,093</u>	<u>\$ 1,312,020</u>

Basis of presentation and going concern (Note 2)

Approved on behalf of the Board

<Charles Regan>
Signed: Director

<David Redekop>
Signed: Director

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of loss and comprehensive loss
For the three months ended August 31, 2024 and 2023
(Unaudited – expressed in Canadian dollars)

	For the three months ended August 31,	
	2024	2023
Revenue (Note 14)	\$ 2,666,279	\$ 2,456,166
Cost of revenue	<u>(1,996,974)</u>	<u>(1,804,997)</u>
Gross Profit	<u>669,305</u>	<u>651,169</u>
Expenses		
Selling, general and administrative (Note 10)	(907,856)	(840,427)
Depreciation of property and equipment (Note 5)	(2,416)	(19,255)
Amortization of right-of-use assets (Note 12)	(4,904)	(4,904)
Total operating expenses	<u>(915,176)</u>	<u>(864,586)</u>
Operating loss	(245,871)	(213,417)
Interest expense	(20,157)	(18,523)
Interest income	5,851	19,208
Accretion on lease liabilities (Note 13)	(3,365)	(3,786)
Loss before income taxes	(263,542)	(216,518)
Provision for income taxes	-	-
Net loss	<u>(263,542)</u>	<u>(216,518)</u>
Loss per share - Basic and Diluted	\$ <u>(0.0029)</u>	\$ <u>(0.0024)</u>
Weighted average number of common shares outstanding - Basic and Diluted	<u>89,411,115</u>	<u>89,411,115</u>
Net loss	(263,542)	(216,518)
Foreign currency translation adjustment	32,679	(3,272)
Comprehensive loss	<u>\$ (230,863)</u>	<u>\$ (219,790)</u>

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of changes in shareholders' deficiency

For the three months ended August 31, 2024 and 2023

(in Canadian dollars)

	Shares #	Amount \$	Option reserve \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Accumulated deficit \$	Total \$
Balance as at May 31, 2023	89,411,115	6,293,608	422,008	2,575,889	(54,526)	(10,223,811)	(986,832)
Currency translation adjustment	-	-	-	-	(3,272)	-	(3,272)
Net loss	-	-	-	-	-	(216,518)	(216,518)
Balance as at August 31, 2023	89,411,115	6,293,608	422,008	2,575,889	(57,798)	(10,440,329)	(1,206,622)
Balance as at May 31, 2024	89,411,115	6,293,608	422,008	2,575,889	(61,848)	(10,667,534)	(1,437,877)
Currency translation adjustment	-	-	-	-	32,679	-	32,679
Net loss	-	-	-	-	-	(263,542)	(263,542)
Balance as at August 31, 2024	89,411,115	6,293,608	422,008	2,575,889	29,169	(10,931,076)	(1,668,740)

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

Nerds on Site Inc.

Condensed Interim Consolidated Statements of cash flows
For the three months ended August 31, 2024 and 2023
(Unaudited – expressed in Canadian dollars)

	For the three months ended August	
	31,	
	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	\$ (263,542)	\$ (216,518)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation of property and equipment (Note 5)	2,416	19,255
Amortization on right-of-use asset (Note 12)	4,904	4,904
Accrued interest	-	280
Accretion on lease liabilities (Note 13)	3,365	3,786
Changes in working capital:		
Accounts receivable	(29,777)	51,397
Inventory	(16,797)	40,509
Prepaid expenses and other current assets	(72,028)	(99,524)
Accounts payable and accrued liabilities	42,415	34,057
Contract liabilities	31,457	37,378
Net cash used in operating activities	<u>(297,587)</u>	<u>(124,476)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for acquisition of property and equipment (Note 5)	-	(2,202)
Net cash used in investing activities	<u>-</u>	<u>(2,202)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advances from loans	(1,243)	(3,346)
Repayments made on bank debt	86,178	20,447
Repayment of lease liabilities (Note 13)	(7,803)	(7,803)
Due to related party (Note 9)	87,567	59,198
Payments from related parties (Note 9)	58,715	69,730
Net cash from financing activities	<u>223,414</u>	<u>138,226</u>
Effects of foreign currency exchange rate changes	32,679	(3,272)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(41,494)</u>	<u>8,276</u>
Cash and cash equivalents, beginning of period	<u>267,336</u>	<u>206,789</u>
Cash and cash equivalents, end of period	<u>\$ 225,842</u>	<u>\$ 215,065</u>

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

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2024, and 2023

(in Canadian Dollars)

1. Nature of operations

Nerds on Site Inc. (the “Company”) was incorporated on June 26, 1996 pursuant to the Ontario Business Corporations Act and is engaged in the business of providing information technology services, hardware, software and related support agreements. 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

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended May 31, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last audited financial statements for the year ended May 31, 2024.

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

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2024.

New accounting standards adopted

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

Nerds On Site Inc.

Notes to the Consolidated Financial Statements
For the three months ended August 31, 2024, and 2023
(in Canadian Dollars)

2. Basis of presentation (Cont'd)

Functional and presentation currencies

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

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.

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.

3. Going concern

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

The Company has not yet realized profitable operations and has incurred a net loss of \$263,542 during the three months ended August 31, 2024, with a cumulative deficit of \$10,931,076 as at August 31, 2024 (May 31, 2024 - \$10,440,329). The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at August 31, 2024, the Company had current assets of \$1,174,883 (May 31, 2024 - \$1,156,490) to cover current liabilities of \$1,837,246 (May 31, 2024 - \$1,687,350).

Nerds On Site Inc.

Notes to the Consolidated Financial Statements
For the three months ended August 31, 2024, and 2023
(in Canadian Dollars)

4. Accounts receivable

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

Accounts receivables are stated net of allowance for expected credit losses of \$81,335 and \$71,222 for August 31, 2024 and May 31, 2024, respectively. Accounts receivable consist of amounts due from customers receiving IT consulting services and equipment. Total net accounts receivable amounted to \$238,507 and \$208,730 at August 31, 2023 and May 31, 2024 respectively.

5. Property and equipment

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

	Computer Hardware	Computer Software	Furniture and Fixtures	Vehicles	Websites	Leasehold Improvement	Total
Cost							
Balance as at May 31, 2023	\$ 124,461	15,684	15,000	569,615	1,250	47,721	773,731
Additions	4,246	-	-	-	-	-	4,246
Disposals	-	-	-	(135,304)	-	-	(135,304)
Balance as at May 31, 2024	128,707	15,684	15,000	434,311	1,250	47,721	642,673
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at August 31, 2024	\$ 128,707	15,684	15,000	434,311	1,250	47,721	642,673
Accumulated Depreciation							
Balance as at May 31, 2023	\$ 110,612	15,684	15,000	537,336	1,250	21,432	701,314
Disposals	-	-	-	(129,944)	-	-	(129,944)
Depreciation	3,231	-	-	24,844	-	-	28,075
Balance as at May 31, 2024	113,843	15,684	15,000	432,236	1,250	21,432	599,445
Disposals	-	-	-	-	-	-	-
Depreciation	1,010	-	-	1,406	-	-	2,416
Balance as August 31, 2024	\$ 114,853	\$ 15,684	\$ 15,000	\$ 433,642	\$ 1,250	\$ 21,432	\$ 601,861
Net Carrying Amounts							
As at May 31, 2024	\$ 14,864	\$ -	\$ -	\$ 2,075	\$ -	\$ 26,289	\$ 43,228
As at August 31, 2024	\$ 13,854	\$ -	\$ -	\$ 669	\$ -	\$ 26,289	\$ 40,812

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2024, and 2023

(in Canadian Dollars)

6. Bank debt

The Company has a revolving line of credit from Toronto-Dominion Bank ("TD Bank") available for up to \$175,000 in order to fund working capital. Interest is charged at TD Bank Prime rate (6.7% at August 31, 2024) plus 2.25% and repayment is due on demand. During the three months ended August 31, 2024, total interest expense recorded under selling, general and administrative expenses was \$3,983 (2023: \$ 3,282). 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 \$249,983 and \$163,805 at August 31, 2024 and May 31, 2024, respectively, and is presented as a current liability in the consolidated statements of financial position.

7. Loans payable

The carrying values of loans payable were as follows:

	<u>August 31,</u> <u>2024</u>	<u>May 31,</u> <u>2024</u>
<i>Current portion</i>		
Vehicle loans	\$ <u>5,600</u>	\$ <u>6,843</u>
	<u>5,600</u>	<u>6,843</u>
<i>Non-current portion</i>		
Vehicle loans	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	\$ <u><u>5,600</u></u>	\$ <u><u>6,843</u></u>

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

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

Interest expense incurred for the three-month periods ended August 31, 2024 was \$80 (August 31, 2023: \$453)

Nerds On Site Inc.

Notes to the Consolidated Financial Statements

For the three months ended August 31, 2024, and 2023

(in Canadian Dollars)

8. Preferred shares liability and Common stock

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

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

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

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

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

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three months ended August 31, 2024 and 2023
(in Canadian dollars)
(Unaudited)

9. Related party balances and transactions

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

	August 31, 2024	May 31, 2024
<i>Current portion</i>		
Ready Aim Fire Enterprising Inc. (a) and (b)	\$ 194,165	227,987
Nerds On-Site South Africa (b)	107,998	136,239
Adam Networks Inc. (a) and (b)	-	-
Other related parties (b)	33,853	30,505
	<u>\$ 336,016</u>	<u>394,731</u>

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

The Company recorded revenue from the following related parties during the three months ended August 31, 2024 and 2023:

	Ready Aim Fire Enterprising Inc. (\$)	Adam Networks Inc (\$)	Nerds On Site South Africa (\$)	Total (\$)
Three months ended August 31, 2024	15,481 (a)	- (b)	1,950 (c)	17,431
Three months ended August 31, 2023	18,781 (a)	1,249 (b)	3,581 (c)	23,611

- (a) includes interest on receivables for \$2,650 (August 31, 2023: \$5,902)
(b) includes interest on receivables for \$nil (August 31, 2023: \$1,249)
(c) includes interest on receivables for \$nil (August 31, 2023: \$1,631)

As of August 31, 2024, the Company has a payable for \$1,119,875 to related parties comprising of the CEO and his related companies (May 31, 2024: \$1,032,308). This amount bears interest at 10%-15% pa. This total amount consists of a long-term amount of \$1,040,618 (May 31, 2024: \$945,885) and a short-term amount of \$79,257 (May 31, 2024: \$86,423).

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three months ended August 31, 2024 and 2023
(in Canadian dollars)
(Unaudited)

9. Related party balances and transactions (Continued)

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

	For the three month period ended August 31, 2024		For the three month period ended August 31, 2023	
Salaries and benefits, including bonuses	\$	60,060	\$	75,075
Directors fees	\$	25,161	\$	24,000
Total	\$	85,221	\$	99,075

10. Selling, general and administrative expenses

The Company has the following breakdown of selling, general and administrative expenses for the three-months ended August 31, 2024 and 2023:

	2024	2023
	\$	\$
Programming and related costs	234,813	252,926
Management remuneration	85,221	99,075
Office and administrative expenses	153,847	99,306
Payroll and related costs	88,904	82,816
Legal and professional	85,589	55,249
Advertising and promotion	11,008	14,286
Bank and interest charges	62,377	53,099
Business development	108,086	102,955
Communication	72,483	67,918
Automobile expenses	5,528	12,797
	907,856	840,427

11. Accounts payable and accrued liabilities

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

	August 31, 2024	May 31, 2024
	\$	\$
Accounts payable	558,809	516,909
Accrued liabilities	534,236	500,880
Wages payable	10,863	10,199
Subcontractor payable	31,203	42,606
Credit cards payable	59,880	64,827
Others	-	17,155
	1,194,991	1,152,576

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three months ended August 31, 2024 and 2023
(in Canadian dollars)
(Unaudited)

12. Right-of-use Asset

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

Balance, May 31, 2023	\$ 131,918
Amortization during the year	(19,616)
Balance, May 31, 2024	112,302
Amortization during the period	(4,904)
Balance, August 31, 2024	\$ 107,398

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

13. Lease Liability

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

Balance May 31, 2023	151,784
Accretion on lease obligation	14,525
Lease payments made during the year	(31,212)
Balance May 31, 2024	135,097
Accretion on lease obligation	3,365
Lease payments made during the period	(7,803)
Balance August 31, 2024	130,659
Less than one year	16,690
Greater than one year	113,969
Total lease obligation	\$ 130,659

14. Revenue

Details of revenue for the three months ended August 31, 2024 and 2023:

	2024	2023
	\$	\$
Service fees	1,098,715	1,088,468
Product sales (Sale of software, hardware and related)	1,561,793	1,361,948
Miscellaneous fee	5,771	5,750
	2,666,279	2,456,166

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three months ended August 31, 2024 and 2023
(in Canadian dollars)
(Unaudited)

15. Inventory

The Company had \$86,090 and \$69,293 of finished goods inventory purchased for resale as at August 31, 2024 and May 31, 2024, respectively. The value of the inventory is equivalent to lower of cost or net realizable value as of the reporting dates above.

16. Segment information

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

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

For the three months ended August 31, 2024, the Company's revenue comprises 90% sales in Canada and 10% sales within USA. (August 31, 2023: 94% sales in Canada and 6% sales within USA.).

As of August 31, 2024, all assets of the business are located in Canada except for cash of \$12,625 (May 31, 2024: \$15,241), accounts receivable of \$99,803 (May 31, 2024: \$95,602), inventory of \$10,769 (May 31, 2024: \$6,543) and prepaid expenses of \$10,583 (May 31, 2024: \$13,425) which are located in USA. In addition, the Company has a receivable of \$107,998 (May 31, 2024: \$136,238) from a related party in South Africa.

17. Share-based compensation

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

The Company did not issue any stock options during the period ended August 31, 2024 and year ended May 31, 2024.

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

The continuity of stock options are as follows:

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

Nerds on Site Inc.

Notes to the condensed interim consolidated financial statements
For the three months ended August 31, 2024 and 2023
(in Canadian dollars)
(Unaudited)

17. Share-based compensation (Continued)

As at August 31, 2024, details of the issued and outstanding stock options are as follows:

Grant date	Exercise price (CDN\$)	Number of options issued and outstanding	Number of vested options outstanding	Weighted Avg Remaining Life (years)
May 20, 2021	\$ 0.15	4,000,000	4,000,000	1.70

These options expire on May 20, 2026.

18. Short-term investments

The Company holds short-term investments of \$170,037 (May 31, 2024: \$170,037) in term deposits. The investments with original terms to maturity at the date of acquisition of more than three months have been reflected as short-term investments. The principal accrues interest at 5.02% per annum and matures on October 28, 2024.