Uniserve Communications Corporation
Management's Discussion and Analysis
May 31, 2024

September 27, 2024

Overview

The following discussion of results contains information relevant to the operations of Uniserve Communications Corporation (the "Company" or "Uniserve") as of the date of issuance of this MD&A. Unless otherwise stated, information is current up to the report date, all amounts are stated in Canadian dollars, and results have been recorded and presented in accordance with International Financial Reporting Standards ("IFRS").

The following should also be read in conjunction with the audited Consolidated Financial Statements ("financial statements") as of May 31, 2024 and the notes thereto.

Additional information on the Company's products and services is available on the Company's website at www.uniserve.com and in the Company's public filings at www.sedar.com.

About the Business

Uniserve was incorporated on January 19, 1988, under the Company Act of British Columbia. The Company provides consulting, delivery and integration of voice, data, and media services over multiple redundant and resilient networks, selling directly to residential and business customers, value added resellers and wholesale partners. Uniserve brings innovative tech solutions and exceptional customer experience to customers across Canada.

Currently based in Vancouver, Calgary and Waterloo, the Company provides smart technology solutions and reliable services for home and business customers. Uniserve currently provides tens of thousands of active services across its residential, business and enterprise customer base combined. These services include a full range of IT services from e-mail and voice to fully managed turnkey solutions.

Uniserve offers products across three verticals: Residential, Small Business and Enterprise. For residential customers, the Company offers telecommunications, and high-speed internet services. For small business, the Company offers Office in a Box technology bundles for start-ups, professionals, creative industries, and retail outlets. For enterprise customers, the Company can deliver leading-edge, comprehensive managed IT services with a focus on security, business continuity, communications, disaster recovery, cloud and application hosting, all backed with 24/7 technical support based in Canada. The Company has its own T2 data centre in Vancouver, B.C. (with backup / disaster recovery, and failover in Calgary). Uniserve differentiates itself with a relentless focus on customer service.

Overall Business Outlook

The Company's continued focus on improvements to sales processes and operational procedures has resulted in increased efficiency throughout the service delivery lifecycle. The Company is in a strong position for adding to its customer base and increasing value from the existing customer base.

Recent efforts to improve the Company's balance sheet have better positioned it in a rising interest rate environment. The Company has discharged much of its interest-bearing debt and secured capital, better positioning it to take advantage of opportunities that may arise.

During the last year, Uniserve has continued streamlining operations within its core business in an effort to improve its operational cost structure as well as to improve processes and efficiencies across the entire organization. Uniserve has also focused on developing high value-added products and services to support businesses in all things IT related. In the fiscal year 2024 the Company has worked to improve its sales pipeline with a focus on recurring revenue and to sign existing customers to new contracts.

The Company has repositioned for the new economic and work environment and has maintained flexibility to adapt to changing economic conditions.

On December 19, 2023, the Company announced the results of the votes at its Annual General Meeting held Thursday, December 14, 2023.

Approval was given to setting the number of directors to be elected to the board for the ensuing year at seven, with the re-appointment of Messrs. Earnest C. Beaudin, Kelly Walker, Walter Schultz, Stuart Omsen, and Kwin Grauer, and the addition of nominees Bikramjeet (Rony) Pawar and Bradley Scharfe. The Company also announced the resignation of Arif Merali as a Director.

The Company's auditors, Dale, Matheson, Carr-Hilton, Labonte, were reappointed as the Auditors for the Company. The vote for the continuation of the Company's Share Option Plan, which is a rolling stock option plan as particularly described in the Management Proxy Circular for the Meeting, did not receive shareholder approval with a vote of 85.26% against. The Company will seek shareholder approval at its next Annual General Meeting.

The Company received shareholder approval with 92.15% voting for the passing by special resolution to consolidate its shares on the basis of up to three (3) pre-consolidated common shares without par value for one (1) post-consolidated common share without par value, or such lesser whole number of pre-consolidated common shares as the directors may determine, subject to regulatory approval, pursuant to the powers vested in the Board under the Company's Articles. The implementation of a share consolidation remains subject to the approval of the Board of Directors and the Company will provide further updates respecting any share consolidation if and when warranted.

Going Concern

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. For the year ended May 31, 2024 the Company had a net loss of $191,101. As of May 31, 2024, the Company had working capital of $350,085 and an accumulated deficit of $36,797,975.

The Company's ability to continue as a going concern is dependent in part upon the Company's ability to generate sufficient cash flow from operations and to obtain additional equity or debt financing to continue to meet its obligations as they come due.

The Company has taken steps to assist it in meeting its financial obligations, including raising capital through private placements, evaluating the Company's workforce, and restructuring its debts. The Company continues to pursue new financing activities that will allow it to focus on new business initiatives.

The Company's ability to meet its financial obligations depends on a number of factors, some of which are beyond its control. These include general global economic, credit and capital market conditions, and the demand for and selling price of its products. There is no assurance that the expected cash flows from operations and the other steps being taken will allow the Company to meet its obligations as they become due.

Rapidly changing global economic conditions make access to the credit and capital markets difficult for the Company, which may compromise its ability to obtain suitable financing. The Company may not generate sufficient funds from operations to meet all of its financial obligations and may need to generate funds from other sources to do so.

If the Company is unable to generate positive cash flows or obtain adequate financing, the Company would need to slow operations. This indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which could differ significantly from the going concern basis.

Non-IFRS Financial Measures

The Company's continuous disclosure documents provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others, utilize these measures in assessing the Company's financial performance and as an indicator of its ability to service debt. These non-IFRS financial measures have not been presented as an alternative to net comprehensive income or any other measure of performance required by IFRS.

The following describes the Company's use of non-IFRS financial measures and provides a reconciliation of the non-IFRS financial measures to the most comparable IFRS financial measures.

EBITDA

The Company defines EBITDA as earnings before interest, foreign exchange, income taxes, amortization of capital and intangible assets, stock-based compensation, write-down of goodwill and intangible assets, executive variable compensation and other non-cash financing related charges.

EBITDA, among other measures, is used by the Company to assess the operating performance of its ongoing businesses without the effects of amortization expense and other items. Variable compensation is excluded as it is a performance amount based on EBITDA. Share-based compensation is also excluded as it is a non-cash expense and does not impact on the Company's ability to service its debt.

The Company believes that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement in the telecommunications industry. The most comparable IFRS financial measure is net comprehensive income.

For the three months ended May 31, 2024, EBITDA was an income of $42K compared to an income of $31K for the three months ended May 31, 2023.

For the year ended May 31, 2024, EBITDA was a loss of $(130K) compared to an income of $176K for the year ended May 31, 2023.

A summary of the Company's financial results by quarter is presented in the table below.

In thousands (000's)	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
	$	$	$	$	$	$	$	$
Revenue	1,651	1,711	1,561	1,613	1,584	1,569	1,622	1,664
Cost of revenues	852	895	855	874	833	883	900	877
Operations and service delivery expenses	615	616	543	549	631	641	576	580
Sales and marketing expenses	126	126	150	159	139	165	180	165
Amortization of property and equipment	60	35	18	19	18	20	21	24
Amortization of intangible assets	12	12	11	11	9	6	6	6
Finance charges	19	18	17	20	15	13	21	(20)
Loss on foreign exchange	3	4	1	(1)	1	2	0	-
Gain on settlements and reversals of debts	-	-	-	(34)	-	-	-	(21)
Finance Income	(11)	(16)	(17)	(19)	(20)	(14)	(43)	18
Net and comprehensive income (loss)	**(25)**	**21**	**(17)**	**35**	**(42)**	**(147)**	**(38)**	**36**

In thousands (000's)	Note	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
		$	$	$	$	$	$	$	$
Net income (loss) before taxes		(25)	21	(17)	35	(42)	(147)	(38)	36
Amortization expenses	1	72	47	29	30	27	26	27	30
Other expenses (income)		(11)	(16)	(17)	(53)	(20)	(14)	(43)	(4)
Interest expense & Foreign Exchange	2	22	22	18	19	16	15	21	(20)
EBITDA		**58**	**74**	**13**	**31**	**(19)**	**(120)**	**(33)**	**42**

The table below reconciles net income (loss) to EBITDA on a quarterly basis:

EBITDA RECONCILIATION

(1) Amounts include amortization of property and equipment and intangible assets
(2) Amounts include dividends and accrued dividends on convertible preferred shares, interest on notes payable, capital leases, lease receivables and other interest.

The table below shows EBITDA on an annual basis:

In thousands (000's)	2022	2023	2024
	$	$	$
EBITDA	841	176	(130)

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Annual Financial Highlights

In thousands (000's)	2022	2023	2024
	$	$	$
Statement of operations			
Revenues from continuing operations	7,528	6,536	6,439
Net income (loss) from continuing operations	393	14	(191)
Net income (loss) per share - basic and diluted	0.01	0.00	(0.00)
Balance sheet			
Current assets	2,683	2,660	2,937
Total assets	3,138	2,984	3,251
Current liabilities	2,104	2,136	2,587
Total liabilities	2,305	2,136	2,595
Shareholder's equity	833	847	656

Quarter and year ended May 31, 2024

Revenues

Revenue increased by $51K (3.2%) for the three months ended May 31, 2024, when compared to the same period in the prior year. The increase for the quarter is due to an increase in equipment and software sales revenue $30K as well as an increase in IT professional services revenue of $100K vs the same period in the prior year offsetting a decrease in revenue from connectivity services of $80K, mostly due to declining Cable and DSL revenue $76K vs the same period in the prior year.

Revenue decreased by $97K (1.5%) for the year ended May 31, 2024, when compared to the prior year. The decrease in revenue for the year ended May 31, 2024 is due to a decrease of connectivity services of $375K, mostly due to declining Cable and DSL revenue $333K vs the prior year offsetting an increase of Equipment & software revenue of $56K and an increase in IT professional services revenue of $223K vs the prior fiscal year

Cost of revenues

Cost of revenues increased by $86K (9.8%) for the three months ended May 31, 2024 when compared to the same period in the prior year, mainly due to increased hardware and software costs of $98K and increased IT professional services costs of $68K offset by decreased connectivity costs of $71K and Hosting costs of $10K

Cost of revenues increased by $18K (0.5%) for the year ended May 31, 2024 when compared to the prior year end. The increase in cost of revenues is due to offset by increased IT professional services costs of $140K and increased hardware and software costs of $123K offset by decreased connectivity costs of $245K and Hosting costs of $21K vs the prior fiscal year.

Operations and service delivery costs

Operations and service delivery costs increased by $31K (5.7%) for the three months ended May 31, 2024, when compared to the same period in the prior year. The increase in operations and service delivery costs year over year for the fourth quarter is due to multiple factors, increased salaries and benefits and staff related expenses of $17K and other operating expenses $13K.

Operations and service delivery costs increased by $104K (4.5%) for the year ended May 31, 2024, when compared to the same period in the prior year. The increase in operations and service delivery costs year over year for the period is due to multiple factors. Operating expenses increased $46K, staff related expenses of $57K and Legal fees increased $23K. These increases were offset by the decrease in consulting fee of $27K.

Sales and marketing

Sales and marketing costs increased by $5K (3.4%) for the three months ended May 31, 2024, when compared to the same period in the prior year. The increase in sales and marketing costs year over year for the quarter is primarily due to an increase in salaries and benefits and staff-related expenses of $6K vs the same quarter last year.

Sales and marketing costs increased by $88K (15.7%) for the year ended May 31, 2024, when compared to the same period in the prior year. The increase in sales and marketing costs year over year for the year is primarily due to an increase in salaries and benefits and staff-related expenses of $75K vs the same period last year.

Amortization

Amortization costs of property and equipment increased by $5K (27%) for the three months ended May 31, 2024, when compared to the same period in the prior year. The increase of amortization expense mainly for the increase of Network Hardware purchase of over $65K for the fourth quarter. The amortization of intangible assets decreased by $5K. for the three months period ended May 31, 2024 when compared to the same period in the prior year due to declining balances.

Amortization costs of property and equipment decreased by $48K 37% for the year ended May 31, 2024, when compared to the same period in the prior year. The decrease in amortization expense for the year ended May 31, 2024 when compared to the same period in the prior year is mainly due to the Network Hardware have been fully amortized for in prior year. The amortization of intangible assets decreased by $20K. for the year ended May 31, 2024 when compared to the same period in the prior year due to declining balances.

Other expenses and income

Other expenses increased by $11K for the three months ended May 31, 2024, when compared to the same period in the prior year. This is due to the Interest expense having decreased by $8K for the three months ended May 31, 2024, when compared to the same period in the prior year and interest accrued on GICs and interest earned on leased equipment having decreased by $7K and other income for debts reversal decreased by $12K.

Other expenses decreased by $33K for the year ended May 31, 2024, when compared to the same period in the prior year. This is due to the Interest expense having decreased by $45K for year ended May 31, 2024, and interest accrued on GICs, the gain n exchange of $5K offset interest earned on leased equipment having decreased by $5K and other income for debts reversal decreased by $12K when compared to the same period in the prior year.

Income tax

The Company has not recorded income tax expense for the year end May 31, 2024 due to the Company recording a Net Loss. As of May 31, 2024, the company has not recognized a deferred tax asset.

Liquidity and capital resources

Working capital and liquidity

As of May 31, 2024, the Company had working capital of $350,085 (May 31, 2023 - $523,319).

For the three months ended May 31, 2024, net cash provided by operating activities was $70K compared to net cash used by operating activities $(92K) during the same period in the prior year. Net cash provided by operating activities is mainly due to changes in working capital providing $185K and with the net income for the four quarter providing $35K see note 18 of the Consolidated Financial Statements for the year ended May 31, 2024 for further detail on working capital changes.

For the three months ended May 31, 2024, net cash used in investing activities was $(75K) compared to $(12K) during the same period in the prior year. The cash used in investing activities was for the purchase of equipment.

For the three months ended May 31, 2024, cash used by financing activities was $(444) compared to $Nil during the prior year period. The cash used in financing activities was for the repayment of lease obligations.

For the year ended May 31, 2024, net cash used by operating activities was $(328K) compared to net cash used by operating activities $(72K) during the same period in the prior year. Net cash used by operating activities is mainly due to the net loss ($191K) and the changes in working capital, see note 18 of the Consolidated Financial Statements for the year ended May 31, 2024 for further detail on working capital changes.

For the year ended May 31, 2024, net cash used in investing activities was $(117K) compared to $(100K) during the same period in the prior year. The cash used in investing activities was for the purchase of equipment.

For the year ended May 31, 2024, cash used by financing activities was $(202K) compared to $(27K) during the prior year period. The cash used in financing activities was for the repayment of the convertible debenture in full on the expiry date in June 2023.

Loans payable

As of May 31, 2024 the Company had loans payable due to a company controlled by a significant shareholder of $500,000 with interest rate of 10% per annum (May 31, 2023 - $500,000, 10%).

Convertible Debentures

	May 31, 2024	May 31, 2023
Convertible debenture	$ -	$ 200,000
Unamortized discount from amendment of conversion terms	-	(591)
	$ -	$ 199,409

On July 18, 2018 the Company issued a secured Convertible Debenture which is secured by a general security agreement with a principal of $570,000 and maturity date of July 31, 2020, with interest rate at 6% up to August 15, 2018, thereafter interest rate at 9% per annum.

There were two amendments made on January 16, 2019 and May 14, 2019 regarding the conversion price and extension of maturity dates. On June 1, 2021, the convertible debenture agreement was amended to supersede and replace the original agreement dated July 18, 2018 and previous amendments, the expiry date was extended from Jun 30, 2021 to Jun 30, 2023, amended the conversion price to $0.15 per share and amended the interest rate from 9% to 6% per annum.

The debenture was partially paid down in a total of $370,000 on different dates: $100,000 with common shares by issuing units at $0.08 each on July 2, 2020, $70,000 by cash on September 29, 2021 and $200,000 by cash on December 24, 2021.

During the year ended May 31, 2024, the debenture was fully settled by a cash payment in June 2023, and the Company paid interest of $1,000 (2023 - $12,000).

Preferred shares

As of May 31, 2024, the current debt portion of the convertible preferred shares is $23,000 (May 31, 2023 - $23,000) and accrued dividends in arrears owing to preferred shareholders are $25,607 (May 31, 2023 - $23,767).

Common Shares

During the years ended May 31, 2024 and May 31, 2023, there were no shares issued nor share purchase warrants exercised.

	Number Outstanding
Common Shares	80,523,971
Shares Purchase Warrants	-

Contractual obligations and commitments

Much of the Company's services fall under tariffs set and regulated by the CRTC, which reduced the need for long term contracts for pricing and provision of these services.

The Company leases office space and equipment under non-cancelable operating leases expiring in various years through fiscal year 2028 and also leases office furniture and computer hardware and software under non-cancelable capital leases. Minimum commitments under non-cancelable leases are as follows:

Lease liabilities	May 31, 2024	May 31, 2023
Balance, beginning of year	$ -	$ 27,114
Additions for the period	11,400	-
Interest on lease liabilities	747	353
Lease payments	(2,332)	(27,467)
	9,815	-
Current portion	(1,860)	-
Non-current portion	$ 7,955	$ -

Off-balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements.

Related Party Transactions

Key management compensation:

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive team. Key management personnel compensation for the year ended May 31, 2024 consisting of short-term benefits totaled $305,129 (2023 - $316,473).

Transactions with related parties:

(a) Operating Cost

The Company rents office and car parking space on a month-to-month basis from companies controlled by a significant shareholder for a monthly rent of $1,500. For the year ended May 31, 2024, the Company recognized gross rent expenses of $18,000 (2023 - $18,000) and $2,455 (2023 - $3,236) to rent expenses for parking fees.

The Company also recognized marketing expenses of $12,000 (2023 - $12,000) for signage and recognized $2,445 (2023 - $2,200) to rent expense for rooftop space for communications equipment.

The Company also recognized $12,000 (2023 - $12,000) for dark fiber cost in the cost of goods sold, Company secretarial office support work of $30,234 (2023 - $30,045) in operating expenses and marketing expenses of $Nil (2023 - $1,071).

The Company has a lease agreement with a company controlled by a significant shareholder of the Company for its data centre space since November 1, 2014 with the renewal term that expired on August 31, 2022, now on the month-to-month basis. For the year ended May 31, 2024 the Company made payments of $157,657 (2023 - $165,086) in connection with certain of the Company's leases which included electricity cost of $25,607 (2023 - $40,001), The electricity cost was included in cost of revenue.

For the year ended May 31, 2024 the Company recognized insurance expenses from a company controlled by a director of the Company of $16,950 (2023 -$16,950) in operating expenses.

(b) Loans Payable

The Company has loans payable to Fibre-Crown Manufacturing Inc., a company controlled by a significant shareholder. Amounts outstanding in connection with these loans are as follows:

	May 31, 2024	May 31, 2023
Loan amounts owed to a company controlled by a significant shareholder	$ 500,000	$ 500,000
	$ 500,000	$ 500,000

On July 4, 2017, the Company borrowed $500,000 from a related company controlled by a significant shareholder. The loan bears interest at 10% per annum and is repayable on demand. Included within interest expense are the following amounts paid (or accrued) to Fibre-Crown Manufacturing Inc. in connection with the related party loans:

	For the year ended	
	May 31, 2024	May 31, 2023
Interest paid or accrued to a company controlled by a significant shareholder	$ 50,080	$ 50,000
	$ 50,080	$ 50,000

(c) Revenue

Included in revenue for the year ended May 31, 2024 are sales totaling $220,023 (2023 - $234,293) to Nita Lake Lodge, a company controlled by a significant shareholder of the Company, $31,362 (2023 – $27,741) to 369 Terminal Holdings Inc., and $11,617 (2023 – $12,200) to Insureline Marketing Systems.

Outstanding shares data

As of May 31, 2024, there were 80,523,971 common shares outstanding (May 31, 2023 – 80,523,971) and 2,300 preferred shares outstanding (May 31, 2023 – 2,300). There was no remaining share purchase warrants.

From year end date of May 31, 2024 to the date of this report, there have been no share issuances.

Set out below is the outstanding share data for the Company as of the report date:

	Number Outstanding
Common Shares	80,523,971
Shares Purchase Warrants	-

Critical Accounting Estimates

The preparation of Financial Statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgments are based on available information, experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity are described below:

Expected Credit Losses
The Company provides services to customers mainly on credit terms and as a result, certain debts due to the Company will not be paid through the default of a small number of its customers.

The Company's financial assets measured at amortized cost consist of assets as discussed in Notes 4 and 15 of the May 31, 2024 Consolidated Financial Statements.
Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are expected credit losses ("ECLs") that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances for trade receivables and any contract assets at an amount equal to lifetime Expected Credit Losses (ECLs). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances on financial assets measured at amortized cost are deducted from the gross carrying amount of the asset and the related impairment loss is recorded in operations and service delivery costs on the statement of comprehensive loss. The Company subsequently writes off financial assets where it is not economical to pursue recovery and when all reasonable legal avenues of pursuit for material assets have been exhausted.

Impairment
The values associated with property and equipment and identifiable intangible assets involves significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These significant estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on property and equipment and identifiable intangible assets recognized in future periods.

The Company assesses impairment by comparing the recoverable amounts of property and equipment and identifiable intangible assets with their carrying value. The determination of the recoverable amount involves a significant degree of estimation.

Income taxes
Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments which apply to the Company's financial statements include:
- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether expenditures incurred meet the definition of research or development, and whether expenditures on development meet the criteria to be capitalized as intangible assets;
- whether there exists indicators that the Company's property and equipment are impaired;
- whether or not business acquisitions have occurred and whether they constitute a business combination or an acquisition of assets;
- the recognition / disclosure of provisions / contingent liabilities;

- whether the Company is acting as principal or agent in its contracts with customers; and
- the classification of financial instruments.

Changes in Accounting Policies including Initial Adoption

There have been no changes to accounting policies or new policies adopted during fiscal year 2023 or fiscal year 2024 to date.

Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed are provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is with its trade receivables. The Company performs ongoing credit evaluations of its customers' financial condition to determine the extent of expected credit losses. The maximum amount of credit risk exposure is limited to the carrying amounts of these balances in the consolidated financial statements.

The following table sets forth details of the aged receivables as well as the related allowance for the expected credit losses:

	May 31, 2024	May 31, 2023
Current	$ 1,466,013	$ 495,664
31-60 days past billing date	64,971	22,852
61-90 days past billing date	78,992	37,633
Greater than 90 days past billing date	15,005	59,565
Total Receiveables	1,624,981	615,714
Less: loss allowance	(59,300)	(33,183)
	$ 1,565,681	$ 582,531

The Company is exposed to concentration risk due to one customer accounting for 38% of receivables.

During the year ended May 31, 2024, the movement of the credit loss allowance in respect of receivables was as follows:

	May 31, 2024
Balance, beginning of the period	$ 33,183
Amount written off	5,747
Remeasurement of loss allowance	20,371
Balance, end of the period	$ 59,300

The Company's secondary exposure to credit risk is on its cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows will change. On May 31, 2024, the Company was exposed to interest rate risk as significant interest-bearing debt matures within 12 months or less.

	May 31, 2024
Convertible Preferred Shares	$ 23,000
Loans payable	500,000
	$ 523,000

A 1% change in interest rates would impact the Company's net income by $5,230 over the next twelve months.

(c) Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as certain suppliers' invoices are denominated in United States dollars. The Company currently does not use financial instruments to hedge this risk.

At May 31, 2024, the Canadian dollar equivalent value of the Company's United States dollar denominated financial instruments is as follows:

	May 31, 2024
Cash	$ 6,714
Trade receivables	9,318
Trade payables	(52,491)
	$(36,459)

A 10% movement in US currency versus the Canadian dollar would affect the Company's net income by approximately $3,646.

(d) Liquidity risk exposure

Liquidity risk arises from the Company's general and capital funding needs. Substantially all of the Company's financial liabilities are either due on demand or are due within the next 12 months. Further discussion on liquidity risk is included in note 2.

(e) Fair values

The fair value of the Company's financial assets and liabilities approximate their fair values due to the short-term nature of these instruments.

Caution Concerning Forward-looking Statements[1,2]

Certain statements contained in this MD&A constitute forward-looking statements. In addition, other oral or written statements which constitute forward-looking statements may be made from time to time by or on behalf of Uniserve Communications Corporation. These forward-looking statements relate to the future financial condition, results of operations, or business of Uniserve. These statements may be based on current expectations and estimates about the markets in which Uniserve operates and management's beliefs and assumptions regarding these markets. These statements are subject to risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. The results or events predicted in the forward-looking statements contained in this MD&A may differ materially from actual results or events. Forward-looking statements contained in this MD&A represent Uniserve's expectations and intentions as of the date hereof. Uniserve disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In particular, forward-looking statements do not reflect the potential impact of any mergers, acquisitions, divestitures, or other business combinations, or other transactions that may be announced. Investors are cautioned against attributing undue certainty to forward-looking statements.

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[1] In some cases, forward-looking statements may be identified by words such as "anticipate", "could', "seek", "may", "intend", "will", and similar expressions.

[2] Securities laws encourage companies to disclose forward-looking information so that investors can get a better understanding of the company's future prospects and make informed investment decisions.