Uniserve Communications Corporation
Management's Discussion and Analysis
February 28, 2023

April 27, 2023

Overview

The following discussion of results contains information relevant to the operations of Uniserve Communications Corporation (the "Company" or "Uniserve") as at 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 unaudited condensed interim consolidated financial statements ("financial statements") for the nine months ended February 28, 2023 (third quarter of the 2023 fiscal year), as well as the audited Consolidated Financial Statements as at May 31, 2022 and the notes thereto. Any quarterly or year to date comparative figures presented will refer to the fiscal year, where '2022' refers to the nine months ended February 28, 2022. Certain amounts for the prior year may have been reclassified to conform to the presentation in the current year.

Additional information on the Company's products and services is available at 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 nine months period ended February 28, 2023, Uniserve 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 third quarter of fiscal year 2023 the Company has worked to improve its sales pipeline with a focus on recurring revenue.

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

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 three months ended February 28, 2023, the Company had a consolidated net loss of ($17K) and consolidated net income of $76K during the same three-month period in the prior year. For the nine months ended February 28, 2023, the Company had a consolidated net loss of ($22K) and consolidated net income of $342K during the same nine-month period in the prior year. As at February 28, 2023, the Company had consolidated working capital of $432,719 (May 31, 2022 - $579,162).

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 in the near term to continue to meet its obligations as they come due.

The Company has taken steps to meet its financial obligations including scrutinizing its capital and discretionary spending, evaluating the Company's workforce, investing in future growth to enhance long-term competitiveness and viability, restructuring several debts, and other financing activities.

The Company's ability to meet its financial obligations depends on several factors, some of which are beyond its control. These include general global economic credit and capital market conditions, uncertainties related to Covid-19, the demand for, and the 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.

The Company's existing financial obligations will constrain its capital spending and that may have an adverse effect on its operations. The Company's debt levels will also limit its ability to expand its operations or make other investments that would enhance its competitiveness.

Accordingly, there are risks that the steps described above will not be successful in allowing the Company to meet its obligations, which may require the Company to sell core assets or raise debt or equity capital, which management believes would enable it to satisfy its obligations as they become due. However, these actions may have a material adverse effect on the Company's business and on the market prices of its equity securities.

If the Company is unable to generate positive cash flows or obtain adequate financing, the Company will need to slow operations. This indicates the existence of material uncertainty that may cast 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 from the going concern basis.

Economic Uncertainty

There is some economic uncertainty arising from the lingering impacts of the Covid 19 pandemic, the Ukraine Conflict and the inflationary environment currently impacting the Canadian economy.

The market for many of the Company's services depends on economic and geopolitical conditions affecting the broader market. Economic conditions globally are beyond the Company's control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect the global economy. Downturns in the economy, pandemics, or geopolitical uncertainties may cause customers to delay or cancel projects, reduce their overall capital or operating budgets, or reduce or cancel orders for the Company's services, which could have a material adverse effect on its business, results of operations and financial condition.

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 February 28, 2023, EBITDA was an income of $13K compared to an income of $188K for the three months ended February 28, 2022.

For the nine months ended February 28, 2023, EBITDA was an income of $144K compared to an income of $691K for the nine months ended February 28, 2022.

A summary of the Company's financial results by quarter is presented in the table below. Please note that some figures may have been reclassified or adjusted to conform to the current year's presentation.

In thousands (000's)	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
	$	$	$	$	$	$	$	$	$	$	$	$
Revenues	4,460	1,885	1,643	1,791	2,744	1,801	1,835	2,099	1,968	1,734	1,805	1,734
Gross Margin	1,162	748	706	827	1,074	798	845	874	868	799	816	707
Operations and service delivery costs	610	746	384	506	225	440	460	547	572	615	616	543
Sales & marketing	191	104	160	143	221	100	140	139	146	126	126	150
Amortization	167	126	150	112	119	99	103	93	98	72	47	29
Interest expense & Foreign Exchange	91	32	69	55	66	42	40	23	25	15	30	18
Other expenses (income)	1,214	-	-	(13)	11	(12)	(34)	(4)	(25)	(4)	(24)	(17)
Net income (loss) before taxes	**(1,111)**	**(260)**	**(57)**	**24**	**433**	**129**	**136**	**76**	**52**	**(25)**	**20**	**(17)**

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

EBITDA RECONCILIATION

In thousands (000's)	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
	$	$	$	$	$	$	$	$	$	$	$	$
Net income (loss) before taxes	(1,111)	(260)	(57)	24	433	129	136	76	52	(25)	20	(17)
Amortization expense[1]	167	126	150	112	119	99	103	93	98	72	47	29
Other expenses (income)	1,214	-	-	(13)	11	(12)	(34)	(4)	(25)	(4)	(24)	(17)
Interest expense & Foreign Exchange[2]	91	32	69	55	66	42	40	23	25	15	30	18
EBITDA[3]	**362**	**(102)**	**162**	**178**	**629**	**258**	**245**	**188**	**150**	**58**	**73**	**13**

(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.
(3) Some figures may have been reclassified from prior periods for presentation purposes.

The table below shows EBITDA on an annual basis:

In thousands (000's)	2019	2020	2021	2022
	$	$	$	$
EBITDA	(1,829)	(773)	866	841

Third quarter and nine months ended February 28, 2023

Revenues

Revenue decreased by ($365K) (17.4%) for the three months ended February 28, 2023, when compared to the same period in the prior year. The decrease in revenue year over year for the quarter is due to a decrease in revenue from connectivity of ($101K) vs the same period in the prior year, mostly due to declining Cable and DSL revenue and a decrease in hardware and software sales revenue ($251K) vs the same period in the prior fiscal year, as well IT professional services revenue decreased by ($13K) vs the same period in the prior fiscal year.

Revenue decreased by ($461K) (8%) for the nine months ended February 28, 2023, when compared to the same period in the prior year. The decrease in revenue year over year for the nine month period is primarily due to a decrease in revenue from connectivity of ($316K) vs the same period in the prior year, mostly due to declining cable, DSL and dial up revenue ($198K), voice revenue ($58K) and hosting revenue ($50K), . Also, hardware and software sales revenue decreased by ($308K) vs the same period in the prior fiscal year while IT professional services revenue increased by $163K vs the same period in the prior fiscal year.

Cost of revenues

Cost of revenues decreased by $198K (16.2%) for the three months ended February 28, 2023 when compared to the same period in the prior year. The decrease in cost of revenues is due to decreased connectivity costs of $49K, decreased hardware and software costs of $189K, offset by increased IT professional services costs of ($43K). These cost decreases were mainly the result of decreased sales revenues generated for the related product categories.

Cost of revenues decreased by $265K (8.2%) for the nine months ended February 28, 2023 when compared to the same period in the prior year. The decrease in cost of revenues is due to decreased connectivity costs of $159K, decreased hardware and software costs of $254K, offset by increased IT professional services costs of ($148K). These cost decreases were mainly the result of decreased sales revenues generated for the related product categories.

Operations and service delivery costs

Operations and service delivery costs decreased by $4K (1%) for the three months ended February 28, 2023, when compared to the same period in the prior year. The decrease in operations and service delivery costs year over year for the third quarter is due to multiple factors. Staffing changes resulted in a net ($37K) increase to staffing costs vs the same quarter in the prior fiscal year, operating expenses increased ($33K) vs the prior period due to office rent expenses being classified as an operating expense rather than amortization of ROU assets due to the end of the long-term lease period and the different treatment of long term operating leases vs month to month leases under IFRS 16. This change in treatment materially impacts EBITDA while no material change to the amount paid for rent has occurred. These increases were offset by a decrease in recruitment fees of $15K and bad debt expense decreasing $55K due to the collection of aged receivables.

Operations and service delivery costs increased by ($327K) (23%) for the nine months ended February 28, 2023, when compared to the same period in the prior year. The increase in operations and service delivery costs for the period is primarily due to an increase in salaries and benefits and staff related expenses of ($251K) vs the same period last year including CEWS wage subsidy of $Nil in the current period vs $148K in the same period last year. Additionally, operating expenses increased ($72K) vs the prior period due to office rent expenses being classified as an operating expense rather than amortization of ROU assets due to the end of the long-term lease period and the different treatment of long-term operating leases vs month to month leases under IFRS 16. This change in treatment materially impacts EBITDA while no material change to the amount paid for rent has occurred. Bad debt expense increased ($24K) due to the aging of receivables. These increases were offset by a $21K decrease in recruitment fees.

Sales and marketing

Sales and marketing costs increased by ($11K) (8%) for the three months ended February 28, 2023, 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 ($11K) vs the same quarter last year.

Sales and marketing costs increased by ($22K) (6%) for the nine months ended February 28, 2023, when compared to the same period in the prior year. The increase in sales and marketing costs year over year for the nine months period is primarily due to an increase in salaries and benefits and staff related expenses by ($25K) vs the same period last year, offset by other minor changes.

Amortization

Amortization costs decreased by $63K (68%) for the three months ended February 28, 2023, when compared to the same period in the prior year. The decrease in amortization costs for the third year over year is due to the end of a premise lease, causing a decrease of $27K and the amortization expense for equipment decreasing $34K due to assets reaching the end of their amortization period exceeding the amortization expense of new assets. Amortization of intangible assets decreased $2K due to declining balances.

Amortization costs decreased by $146K (50%) for the nine months ended February 28, 2023, when compared to the same period in the prior year. The decrease in amortization costs for the nine month period is due to the end of a premise lease, causing a decrease of $72K and the amortization expense for equipment decreasing $66K due to assets reaching the end of their amortization period exceeding the amortization expense of new assets. Amortization of intangible assets decreased $8K due to declining balances.

Other expenses and income

Other expenses decreased by $17K for the three months ended February 28, 2023, when compared to the same period in the prior year. Foreign exchange loss increased ($1K) with a ($0.8K) loss in the current period vs a gain of $0.3K in the prior year period. There was no gain on settlement in the current period vs a $1.8K gain during the same period in the prior year. Interest expense decreased by $7K (27%) for the three months ended February 28, 2023, when compared to the same period in the prior year, the decrease is due to a large decrease in interest bearing loans and debentures ($730K). Interest accrued on GICs increased by ($14K) when compared to the same period in the prior year.

Other expenses decreased by ($36K) for the nine months ended February 28, 2023, when compared to the same period in the prior year. Foreign exchange loss increased $9K with a $7K loss in the current period vs a gain of $2K in the prior year period. There was no gain on settlement in the current period vs a $40K gain during the same period in the prior year. Interest expense decreased by ($52K) (48%) for the nine months ended February 28, 2023, when compared to the same period in the prior year, the decrease is due to a large decrease in interest bearing loans and debentures ($730K). Interest accrued on GICs increased by ($33K) when compared to the same period in the prior year.

Income tax

The Company has not recorded income tax expense for the three and nine months periods ended February 28, 2023 due to having a net loss for accounting purposes for these periods and having available tax loss carry forwards. As at February 28, 2023, the company has not recognized a deferred tax asset.

Liquidity and capital resources

Working capital and liquidity

As at February 28, 2023, the Company had working capital of $432,719 (May 31, 2022 - $579,162).

For the three months ended February 28, 2023, net cash provided by operating activities was $153K compared to net cash used by operating activities ($76K) during the same period in the prior year. Net cash provided by operating activities is mainly due to changes in working capital providing $156K during the period, see note 16 of the Consolidated Financial Statements for the nine months ending February 28, 2023 for further detail on working capital changes.

For the three months ended February 28, 2023, net cash used in investing activities was ($5K) compared to ($29K) 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 February 28, 2023, cash provided by financing activities was $Nil. There was no financing activity during the current period. The decrease in cash flows of ($1,053K) from financing activities compared to the prior year period is primarily related to the exercise of share purchase warrants in the third quarter of fiscal year 2022, and the repayments of loans and the convertible Debenture as described in notes 12b, 9, and 10 respectively of the audited Consolidated Financial Statements as of May 31, 2022.

For the nine months ended February 28, 2023, net cash provided by operating activities was $23K compared to net cash provided by operating activities $449K during the same period in the prior year. The cash provided by operating activities is primarily due to EBITDA and changes in working capital, see note 16 of the Consolidated Financial Statements for the nine months ending February 28, 2023 for further detail on working capital changes.

For the nine months ended February 28, 2023, cash used in investing activities was ($87K) compared to ($79K) during the same period in the prior year. The cash used in investing activities was for the purchase of equipment.

For the nine months ended February 28, 2023, cash used by financing activities was ($27K) compared to cash provided of $1,282K during the same period in the prior year. The cash used in the current period was used for the repayment of finance leases, due to the effects of IFRS 16, the repayment of finance leases was entirely monthly rent payments for premises the company occupies ($27K). The decrease in cash flows of ($1,309K) from financing activities compared to the prior year period is primarily related to the Company's September 2021 private placement of common shares, the exercise of share purchase warrants, the repayments of loans, and the convertible Debenture as described in notes 12b, 9, and 10 respectively of the audited Consolidated Financial Statements as of May 31, 2022.

Loans payable

As at February 28, 2023 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, 2022 - $500,000, 10%).

Convertible Debentures

On July 31, 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. An amount of $400,000 of the principal sum advanced to the Company on October 24, 2017 and earned interest at a rate of 6% for the period of October 24, 2017 to August 15, 2018, and thereafter earns interest at a rate of 9% per annum. From and after the date of July 31, 2018, the sum of $170,000 being the principal less the advance shall bear interest at 9% per annum.

As first amended January 16, 2019, the holder shall be entitled on or before the maturity date, to convert all or any portion of the principal, excluding accrued but unpaid interest then outstanding, in whole or in part, into shares of the Company at the Conversion Price being equal to $0.17 per Conversion Share if converted within 12 months from the date of issuance of the debenture, and $0.20 if converted on or after 12 months from the date of issuance of the Debenture. The convertible debenture agreement was further amended on May 14, 2019 to supersede and replace the first amendment and with effective date June 1, 2019 extends the Maturity date to June 30, 2021 from July 30, 2020 and amends the conversion price to $0.12 per share during year one to June 30, 2020, and $0.15 per share to the date of expiration of June 30, 2021.

The convertible debenture was partially paid down $100,000 with common shares by issuing units at $0.08 each on July 2, 2020.

The convertible debenture agreement was amended on June 1, 2021 to supersede and replace the original agreement dated July 18, 2018, first amendment on January 16, 2019 and revised on May 14, 2019. The amendment reduces the debenture from $470,000 to $400,000, of which the amount of $70,000 was paid by cash on September 29, 2021, extended the maturity date to June 30, 2023, amended the conversion price to $0.15 per share until the date of expiration of June 30, 2023 from $0.12 for year one to June 30, 2020, and $0.15 per share to the former date of expiration of June 30, 2021, and amended the interest rate from 9% to 6% per annum. The convertible debenture was partially paid down in an amount of $200,000 by cash on December 24, 2021.

During the nine months ended February 28, 2023, the Company paid interest of $9,000 compared to $18,575 the same period in the prior fiscal year.

Preferred shares

As at February 28, 2023, the current debt portion of the convertible preferred shares is $23,000 (May 31, 2022 - $23,000) and accrued dividends in arrears owing to preferred shareholders are $23,307 (May 31, 2022 - $21,927).

Common Shares

On September 29, 2021, the Company closed a private placement and issued 7,000,000 units at $0.10 per unit for total consideration of $700,000 with an issuance cost of ($4,250). Each unit consists of one share and one transferable share purchase warrant with each warrant exercisable into one additional common share at $0.12 per share during year one and $0.15 per share during year two. All the 7,000,000 units were issued for cash.

During the year ended May 31, 2022, the Company issued 12,244,666 common shares pursuant to the exercise of 12,244,666 warrants with an exercise price of $0.15, the 12,244,666 common shares were issued for cash.

During the nine months ended February 28, 2023, there were no shares issued nor share purchase warrants exercised.

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 2023 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	**February 28, 2023**	**May 31, 2022**
Balance, beginning of year	$ 27,114	$ 199,371
Interest on lease liabilities	353	8,667
Early termination adjustment	-	(51,028)
Lease payments	(27,467)	(129,896)
	-	27,114
Current portion	-	(27,114)
Non-current portion	$ -	$ -

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 nine months ended February 28, 2023 including short-term benefits totaled $241,368 (2022 - $211,527).

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. During the nine months ended February 28, 2023, the Company recognized gross rent expenses of $13,500 (2022 - $7,500) and $2,567 (2022 - $3,013) to rent expense for parking fees.

The Company also recognized marketing expenses of $9,000 (2022 - $9,000) for signage and recognized $1,800 (2022 - $2,000) to rent expenses for rooftop space for communications equipment.

The Company also recognized $9,000 (2022 - $9,000) for dark fiber cost in the cost of goods sold, Company secretarial office support work of $22,545 (2022 - $18,651) in operating expenses and marketing expenses of $1,071 (2022 - $9,492).

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 expiring on August 31, 2022, now on the month to month basis. During the nine months ended February 28, 2023, the Company made payments of $122,023 (2022 - $111,710) in connection with certain of the Company's leases which included electricity cost of $31,477 (2022 - $28,369), The electricity cost was included in cost of revenue.

As part of the lease agreement, the Company received a lease inducement of $40,000. During the nine months ended February 28, 2023, the Company recognized $2,000 (2022 - $6,000) of lease inducement as a reduction to rent expense. As of February 28, 2023, the unrecognized lease inducement was $Nil (May 31, 2022 - $2,000).

(b) Loans Payable

The Company has loans payable to related parties. Amounts outstanding in connection with these loans are as follows:

	February 28, 2023	May 31, 2022
Loan amounts owed to a company controlled by a significant shareholder	$ 500,000	$ 500,000
	$ 500,000	$ 500,000

Further details on these loans are disclosed in Note 7.

Included within interest expense are the following amounts paid (or accrued) to related parties in connection with the related party loans:

	Nine months ended	
	February 28, 2023	February 28, 2022
Interest paid or accrued to a company controlled by a significant shareholder	$ 37,397	$ 65,224
	$ 37,397	$ 65,224

(c) Revenue

Included in revenue for the nine months ended February 28, 2023 are sales totaling $208,863 (2022 - $211,226) in hardware and services sold to companies controlled by a significant shareholder of the Company.

Outstanding shares data

As at February 28, 2023, there were 80,523,971 common shares outstanding (May 31, 2022 – 80,523,971) and 2,300 preferred shares outstanding (May 31, 2022 – 2,300).

From the quarter end date of February 28, 2023, 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	7,000,000

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, 2022 year end 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.

Identifiable intangible assets
The values associated with identifiable intangible assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These significant estimates and judgments 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 identifiable intangible assets recognized in future periods.

The Company assesses impairment by comparing the recoverable amount of an identifiable intangible asset with its carrying value. The determination of the recoverable amount involves significant management judgment.

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 in applying 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 exist indicators that the Company's property and equipment are impaired;
- the recognition / disclosure of provisions / contingent liabilities;
- 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 2022 or fiscal year 2023 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 on 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:

	February 28, 2023	May 31, 2022
Current	$ 559,612	$ 473,332
31-60 days past billing date	171,672	25,869
61-90 days past billing date	12,794	36,052
Greater than 90 days past billing date	608,474	585,010
Total Receiveables	1,352,552	1,120,263
Less: loss allowance	(593,311)	(600,768)
	$ 759,241	$ 519,495

During the nine months ended February 28, 2023, the movement of the credit loss allowance in respect of receivables was as follows:

	February 28, 2023
Balance, beginning of the period	$ 600,768
Amount written off	(30,715)
Remeasurement of loss allowance	23,257
Balance, end of the period	$ 593,311

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. At February 28, 2023 the Company was exposed to interest rate risk as significant interest bearing debt matures within 12 months or less.

	February 28, 2023
Convertible debenture	$ 197,633
Convertible preferred shares	23,000
Loans payable	500,000
	$ 720,633

A 1% change in interest rates would impact the Company's net income by $7,206 over the next twelve months. The Company has mitigated this risk by entering into fixed rate agreements.

(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 February 28, 2023, the Canadian dollar equivalent value of the Company's United States dollar denominated financial instruments is as follows:

	February 28, 2023
Cash	$ 2,669
Trade receivables	93,897
Trade payables	(184,323)
	($ 87,756)

A 10% movement in US currency versus the Canadian dollar would affect the Company's net income by approximately $8,776.

(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.