Uniserve Communications Corporation
Management's Discussion and Analysis
February 28, 2025

April 29, 2025

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 improving sales processes and operational procedures has resulted in increased efficiency throughout the service delivery lifecycle. The Company is well-positioned to expand its customer base and derive additional value from existing customers.

Uniserve remains committed to streamlining operations within its core business to improve its operational cost structure and enhance processes and efficiencies across the organization. The Company is also focused on developing high value-added products and services to support businesses with all their IT-related needs.

On October 28, 2024, the Company announced, via a bulletin issued on October 29, 2024, that it had received TSX Venture Exchange approval for the rollback of its issued and outstanding common shares. This action was previously announced in a press release dated October 8, 2024, and approved at the Annual General Meeting held on December 14, 2023. The Company's common shares began trading on a three-for-one (3:1) consolidated basis at the market open on October 31, 2024.

On January 27, 2025, the Company announced that it had entered into an Asset Purchase Agreement (the "APA"), dated January 24, 2025, with Cyclone Systems Inc. ("Cyclone") to acquire Cyclone's business and substantially all of its assets, subject to approval by the TSX Venture Exchange ("TSXV").

Cyclone is a full-service Managed IT Services Provider with clients across multiple provinces. Its client base and service offerings align well with Uniserve's existing services. The transaction is expected to contribute approximately $2,500,000 in annual revenue and $800,000 in annual earnings before amortization, interest, and taxes. This acquisition marks a significant step forward in Uniserve's growth strategy, expanding both its service offerings and market reach.

On February 5, 2025, the Company completed the purchase under the APA for a total purchase price of $2,350,000, consisting of $1,350,000 in cash paid at closing and $1,000,000 in the form of a convertible note (the "Note"). The Note has a three-year term, bears annual interest of 6% (payable monthly), and is secured by the acquired Cyclone assets.

During each of the three years following the closing, Uniserve may elect to repay up to 50% of the outstanding principal on the Note. If it does, Cyclone may choose to convert up to 50% of the proposed prepayment into common shares of the Company (each, a "Share"). On the first and second anniversaries of closing, 10% of the then-outstanding principal (less any prepayments) will be payable in cash, unless Cyclone opts to receive payment in Shares.

Shares issued under the Note will be priced based on the year of issuance as follows:

Year 1: Convertible at $0.35 per Share

Year 2: Convertible at $0.45 per Share

Year 3: Convertible at $0.55 per Share

The Note includes an acceleration clause: if the 10-day volume-weighted average price of the Company's Shares on the TSXV equals or exceeds 150% of the applicable conversion price at any time during the term, the Company may choose to convert up to 50% of the outstanding Note into Shares at the applicable conversion price, or alternatively pay up to 50% in cash.

Cyclone, its principal, and its shareholders are at arm's length from the Company. No finder's fees will be paid in connection with the transaction, and it will not result in a change of control of the Company.

Under the APA, Cyclone will enter into a six-month consulting agreement to provide management services. Cyclone, its principal, and the principal's spouse will also enter into non-competition agreements, applicable across Canada for 30 months from the closing date.

Also on February 5, 2025, the Company borrowed $1,000,000 (the "Loan"), evidenced by a promissory note (the "Promissory Note"), from an affiliate (the "Lender") of Mr. Michael Scholz, an insider of the Company by virtue of holding over 10% of its outstanding Shares. The Loan is repayable on demand, with interest at 8% per annum starting from the date of advance, payable monthly.

In connection with the Loan, the Company will issue the Lender 1,000,000 Share purchase warrants (each, a "Loan Warrant"), each exercisable for one Share at an exercise price of $0.30, for one year from the date of issuance. The Loan proceeds will be used toward the Cyclone acquisition and will be repaid through cash flows from ongoing operations.

The closing of the Loan is subject to the execution and delivery of the Promissory Note and approval by the TSXV. The Loan Warrants and any Shares issued upon exercise will be subject to a four-month hold period from the issuance date. There is no undisclosed material fact or change regarding the Company.

As Mr. Scholz is an insider, the Loan constitutes a "related party transaction" under Multilateral Instrument 61-101 ("MI 61-101"). However, the Loan is exempt from both the formal valuation and minority shareholder approval requirements under MI 61-101, as the fair market value of the transaction does not exceed 25% of Uniserve's market capitalization.

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, 2025, the Company had a net loss of $622,746 and had a net loss of $1,012,795 for the nine months ended February 28, 2025. As of February 28, 2025, the Company had a working capital deficit of $2,057,451 and an accumulated deficit of $37,810,770.

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.

The imposition or escalation of U.S. tariffs on imported goods and raw materials may increase the Company's cost of sales, reduce margins, and impair competitiveness in certain markets. These trade barriers could further strain cash flows, restrict access to key inputs, and adversely affect the Company's ability to forecast and manage costs.

Rapidly evolving global economic conditions and trade tensions have also made access to credit and capital markets more challenging, which could hinder the Company's ability to secure timely and adequate financing. 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 a 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 February 28, 2025, EBITDA was a loss of $(577K) compared to a loss of $(33K) for the three months ended February 29, 2024.

For the nine months ended February 28, 2025, EBITDA was a loss of $(939K) compared to a loss of $(172K) for the nine months ended February 29, 2024.

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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)	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
	$	$	$	$	$	$	$	$
Revenue	1,613	1,584	1,569	1,622	1,664	1,651	1,865	1,712
Cost of revenues	874	833	883	900	877	986	1,099	1,009
Operations and service delivery expenses	549	631	641	576	580	624	865	1,209
Sales and marketing expenses	159	139	165	180	165	128	176	71
Amortization of property and equipment	19	18	20	21	24	21	23	23
Amortization of intangible assets	11	9	6	6	6	-	-	41
Finance charges	20	15	13	21	(20)	15	13	23
Loss on foreign exchange	(1)	1	2	0	-	2	2	2
Gain on settlements and reversals of debts	(34)	-	-	-	(21)	-	-	-
Finance Income	(19)	(20)	(14)	(43)	18	(14)	(34)	(45)
Net and comprehensive income (loss)	**35**	**(42)**	**(147)**	**(38)**	**36**	**(112)**	**(279)**	**(622)**

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

EBITDA RECONCILIATION

In thousands (000's)	Note	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
		$	$	$	$	$	$	$	$
Net income (loss) before taxes		35	(42)	(147)	(38)	36	(112)	(279)	(623)
Amortization expenses	1	30	27	26	27	30	21	23	65
Other expenses (income)		(53)	(20)	(14)	(43)	(4)	(14)	(34)	(45)
Interest expense & Foreign Exchange	2	19	16	15	21	(20)	17	15	26
EBITDA		**31**	**(19)**	**(120)**	**(33)**	**42**	**(87)**	**(275)**	**(577)**

(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.

Three and nine months ended February 28, 2025

Revenues

Revenue increased by $1K (0.1%) for the three months ended February 28, 2025, when compared to the same period in the prior year. The increase in revenue year over year for the quarter is due to an increase in revenue from connectivity of $43K mostly due to increased voice revenue of $57K and hosting revenue of $11K primarily from the added Cyclone customers, offsetting a decrease in DSL and Fiber of $25K. Also a decrease from revenue in hardware and software sales revenue of $17K, as well as the decrease in IT professional services revenue of $24K vs the same period in the prior fiscal year.

Revenue increased by $453K (9.5%) for the nine months ended February 28, 2025, when compared to the same period in the prior year. The increase in revenue year over year for the nine months is primarily due to an increase in hardware and software sales revenue of $560K offsetting the decrease in revenue from connectivity of $83K mostly due to increased voice revenue of $45K and hosting revenue of $27K primarily from the added Cyclone customers, offsetting a decrease in DSL and Fiber of $155K as well as the decrease in IT professional services revenue of $36K vs the same period in the prior fiscal year.

During the current period, the Company reassessed certain software and warranty sales recognized during the period ended February 28,2024 and concluded that it was acting as an agent rather than as a principal or vice versa. Therefore, the Company has revised the presentation of the revenue relating to these sales to be on a net basis. The effect of this change for the three-months period ended was an increase in revenue from $1,627,240 to $1,710,517 and an increase of cost of revenues from $904,664 to $987,941. The effect of this change for the nine-month period ended was an increase of revenue from $4,691,545 to $4,774,822 and an increase of cost of revenues from $2,531,782 to $2,615,059. No other amounts were affected.

Cost of revenues

Cost of revenues increased by $21K (2.1%) for the three months ended February 28, 2025 when compared to the same period in the prior year, mainly due to increased IT services costs of $76K offset by decreased hardware and software costs of $50K and decreased connectivity costs of $5K .

Cost of revenues increased by $479K (18.3%) for the nine months ended February 28, 2025 when compared to the same period in the prior year mainly due to increased hardware and software costs of $392K and increased IT services costs of $117K offset by decreased connectivity costs of $30K.

Operations and service delivery costs

Operations and service delivery costs increased by $633K (109.9%) for the three months ended February 28, 2025, when compared to the same period in the prior year. The increase in operations and service delivery costs for the quarter is due to multiple factors, mainly due to the increase of bad debts expense of $495K as the Company recorded a significant expected credit loss related to a major customer that initiated proceedings under the Companies' Creditors Arrangement Act (CCAA). This customer accounted for more than 10% of total revenue in the three-month period of the current and prior fiscal year. The related credit impairment has been fully recognized in accordance with IFRS 9. Additionally, operations and service delivery costs increased due to the increases of legal fees of $34K and consultant fees of $40K .

Operations and service delivery costs increased by $850K (46.0%) for the nine months ended February 28, 2025, when compared to the same period in the prior year. The increase in operations and service delivery costs for the nine months ended February 28, 2025 is due to multiple factors, mainly due to the increase of bad debts expense of $737K as the Company recorded a significant expected credit loss related to a major customer that initiated proceedings under the Companies' Creditors Arrangement Act (CCAA). This customer accounted for more than 10% of total revenue in the nine-month period of the current and prior fiscal year. The related credit impairment has been fully recognized in accordance with IFRS 9. Additionally, operations and service delivery costs increased due to the increases of regulatory fees of $10K and consultant fees of $40K offset by the decreases in legal fees of $3K.

Sales and marketing

Sales and marketing costs decreased by $109K (60.5%) for the three months ended February 28, 2025, when compared to the same period in the prior year. The decrease in sales and marketing costs for the quarter is primarily due to a decrease in salaries and benefits, commission and staff-related expenses $86K and consultant fees of $4.5K. versus the same quarter last year.

Sales and marketing costs decreased by $110K (22.6%) for the nine months ended February 28, 2025, when compared to the same period in the prior year. The decrease in sales and marketing costs year over year for the nine months ended February 28, 2025 is primarily due to a decrease in salaries and benefits, commission and staff-related expenses of $95K, consultant fees of $2K offset and marketing expense of $1K versus the same nine months period of last year.

Amortization

Amortization costs of property and equipment increased by $2K (9.5%) for the three months ended February 28, 2025, when compared to the same period in the prior year. The increase in amortization expense is mainly from the increase of the amortization of network hardware of $2K as compared to same period of the previous year, as a result of the purchase of network hardware of over $18K since November 30, 2024. The amortization of intangible assets increased by $35K. for the three months period ended February 28, 2025 when compared to the same period in the prior year due to the acquisition of intangible assets for the three months ended February 28, 2025.

Amortization costs of property and equipment increased by $8K (13.6%) for the nine months ended February 28, 2025, when compared to the same period in the prior year. The increase in amortization expense is mainly from the increase of the amortization of network hardware of $7K as compared to same period of the previous year, as a result of the purchase of network hardware of over $95K since February 29 of the previous year. The amortization of intangible assets increased by $21K. for the nine months period ended February 28, 2025 when compared to the same period in the prior year due to the acquisition of intangible assets for the nine months ended February 28, 2025.

Other expenses and income

Other expenses increased by $4K for the three months ended February 28, 2025, when compared to the same period in the prior year due to interest expenses increasing by $2K and Loss on foreign exchange by $2K. Other income increased by $1K for the three months ended February 28, 2025, when compared to the same period in the prior year due to interest income increasing by $1K.

Other expenses increased by $6K for the nine months ended February 28, 2025, when compared to the same period in the prior year due to interest expenses increasing by $3K and Loss on foreign exchange by $3K. Other income increased by $15K for the nine months ended February 28, 2025, when compared to the same period in the prior year due to interest income increasing by $15K.

Liquidity and capital resources

Working capital and liquidity

As of February 28, 2025, the Company had a working capital deficit of $(2,057,451) (May 31, 2024 – working capital $350,085).

For the three months ended February 28, 2025, net cash used by operating activities was $(69K) compared to net cash used by operating activities $(231K) during the same period in the prior year. Net cash used by operating activities was mainly due to changes in working capital providing $489K offsetting the net loss of $(620K) during the period, see note 17 of the Condensed Interim Consolidated Financial Statements for the three months ended February 28, 2025 for further detail on working capital changes.

For the three months ended February 28, 2025, net cash used in investing activities was $(1,378K) compared to $(18K) during the same period in the prior year. The cash used in investing activities was for the purchase of equipment and cash payment for acquisition of assets of the business combination.

For the three months ended February 28, 2025, cash provided by financing activities was $1,000K compared to $(0.4K) during the prior year period. The cash provided in financing activities was the issuance of debt for the funding of the acquisition of assets of the business combination.

For the nine months ended February 28, 2025, net cash used by operating activities was $(304K) compared to net cash used by operating activities $(398K) during the same period in the prior year. Net cash used by operating activities is mainly due to changes in working capital providing $600K and the net loss of $(1,013K) during the period, see note 17 of the Condensed Interim Consolidated Financial Statements for the nine months ended February 28, 2025 for further detail on working capital changes.

For the nine months ended February 28, 2025, net cash used in investing activities was $(1,414K) compared to $(43K) during the same period in the prior year. The cash used in investing activities was for the purchase of equipment and cash payment for acquisition of assets of the business combination.

For the nine months ended February 28, 2025, cash provided by financing activities was $998K compared to cash used by financing activities $(201K) during the prior year period. The cash provided by financing activities was the issuance of debt for the funding of the acquisition of assets of business combination. The cash provided or used in financing activities was for the repayment of $(200K) for the payment of the convertible debenture in full during the nine months ended February 28, 2025.

Loans payable

As of February 28, 2025 the Company had loans payable in a total of $1,500,000 due to a company controlled by a majority shareholder of which $500,000 with interest rate of 10% per annum and $1,000,000 with interest rate of 8% per annum (May 31, 2024 - $500,000, 10% p.a.).

Preferred shares

As of February 28, 2025, the current debt portion of the convertible preferred shares is $23,000 (May 31, 2024 - $23,000) and accrued dividends in arrears owing to preferred shareholders are $26,527 (May 31, 2024 - $25,607).

Common Shares

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

On October 31, 2024, the Company consolidated its common shares on a 3 to 1 basis. All common share and per common share disclosure numbers have been restated to reflect this share consolidation.

Share purchase warrants

During the nine months ended February 28, 2025, the Company issued one million share purchase warrants each exercisable for one common share of the Company at an exercise price of $0.30 per share for a period of one year in connection with a demand loan of $1,000,000 (Note 8) in connection with the acquisition of Cyclone business and assets. All the warrants remained outstanding or unexercised as of February 28, 2025.

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-cancellable leases are as follows

Off-balance Sheet Arrangements

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

Related Party Transactions

Key management compensation:

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, 2025 including short-term benefits totaled $212,285 (2024 - $225,552).

Transactions with related parties:

(a) Operating Cost

The Company rents office space on a month-to-month basis from a company controlled by a majority shareholder for a monthly rent of $1,500. For the nine months ended February 28, 2025, the Company recognized gross rent expenses of $13,500 (2024 - $13,500) and $2,195 (2024 - $2,100) to rent expenses for parking fees.

The Company also recognized marketing expenses from companies controlled by a majority shareholder of $9,300 (2024 - $9,000) for signage and recognized $1,800 (2024 - $1,800) to rent rooftop space for communications equipment.

The Company also recognized $9,000 (2024 - $9,000) for dark fiber cost in the cost of goods sold, regulatory fees & service Charges of $22,856 (2024 - $23,093) from companies controlled by a majority shareholder.

The Company has a lease agreement with a company controlled by a majority shareholder of the Company for its data centre space since November 1, 2014 with the renewal term that expired on February 28, 2022, now on a month-to-month basis. For the nine months ended February 28, 2025 the Company made payments of $119,404 (2024 - $115,812) in connection with certain of the Company's leases which included electricity cost of $21,593 (2024 - $19,426), The electricity cost was included in cost of revenue.

For the nine months ended February 28, 2025 the Company recognized insurance expenses from a company controlled by an ex-director of the Company of $12,342 (2024 -$12,708) in operating expenses.

Loans Payable

The Company has loans payable to Fibre-Crown Manufacturing Inc. of $500,000 and 369 Terminal Holding Ltd of $1,000,000 both companies controlled by a majority shareholder. Amounts outstanding in connection with these loans are as follows:

	February 28, 2025	May 31, 2024
Loan amounts owed to a company controlled by a majority shareholder	$ 1,500,000	$ 500,000
	$ 1,500,000	$ 500,000

Included within interest expense are the following amounts paid (or accrued) to Fibre-Crown Manufacturing Inc. of at 10% per annum and 369 Terminal Holding Ltd of $ 8% per annum in connection with the related party loans:

	Three months ended		Nine months ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Interest paid or accrued to a company controlled by a majority shareholder	$ 17,358	$ 12,443	$ 42,358	$ 37,512
	$ 17,358	$ 12,443	$ 42,358	$ 37,512

(b) Revenue

Included in revenue for the nine months ended February 28, 2025 are sales totaling $489,377 (2024 - $197,410) in hardware and other services sold to companies controlled by a majority shareholder, $10,018 (2024 - $8,624) to a company controlled by an ex-member of the board of directors of the Company.

Outstanding shares data

As of February 28, 2025, there were 26,841,256 common shares outstanding (May 31, 2024 – 26,841,256) and 2,300 preferred shares outstanding (May 31, 2024 – 2,300).

From the quarter end date of February 28, 2025, to the date of this report, there have been no share issuances and 1 million share purchase warrants remain outstanding. Set out below is the outstanding share data for the Company as of the report date:

	Number Outstanding
Common Shares	26,841,256
Shares Purchase Warrants	1,000,000

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 discussed in Notes 4 and 15 of the May 31, 2024 Consolidate 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 2024 or fiscal year 2025 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:

	February 28, 2025	May 31, 2024
Current	$ 597,291	$ 1,466,013
31-60 days past billing date	157,826	64,971
61-90 days past billing date	107,268	78,992
Greater than 90 days past billing date	445,509	15,005
Total Receiveables	1,307,894	1,624,981
Less: loss allowance	(840,334)	(59,300)
	$ 467,560	$ 1,565,681

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

During the nine months ended February 28, 2025, the movement of the credit loss allowance in respect of receivables was as follows:

	February 28, 2025
Balance, beginning of the year	$ 59,300
Amount written off	29,993
Remeasurement of loss allowance	751,041
Balance, end of the year	$ 840,334

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 February 28, 2025, the Company was exposed to interest rate risk on interest-bearing debt.

	February 28, 2025
Convertible debenture	$ 1,000,000
Convertible Preferred Shares	23,000
Loans payable	1,500,000
	$ 2,523,000

A 1% change in interest rates would impact the Company's net income by $25,230 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 February 28, 2025, the Canadian dollar equivalent value of the Company's United States dollar denominated financial instruments is as follows:

	February 28, 2025
Cash	$ 18,865
Trade receivables	7,602
Trade payables	(57,886)
	$(31,419)

A 10% movement in US currency versus the Canadian dollar would affect the Company's net income by approximately $3,142.

(d) Liquidity risk exposure

Liquidity risk arises from the Company's general and capital funding needs. A majority 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.

Uniserve Communications Corporation
Management's Discussion and Analysis
February 28, 2025

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.