Certive Solutions Inc.

Condensed Consolidated Interim Financial Statements
(Expressed in U.S. Dollars)

As at and for the three-months ended August 31, 2022

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No Auditor Review of the Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Certive Solutions Inc. (the "Company") as at and for the three-months ended August 31, 2022 have been prepared by management and have not been the subject of a review by the Company's external independent auditors.

Certive Solutions Inc.

Vancouver, British Columbia
December 21, 2022

Certive Solutions Inc.

Condensed consolidated interim statements of financial position as at:

(Unaudited - Expressed in U.S. Dollars)

	Notes	August 31, 2022	May 31, 2022
ASSETS			
Current assets			
Cash		**$ 8,027**	$ 10,462
Marketable securities	4	**2,197**	3,037
Receivables, net of allowance	5	**263,219**	282,084
Restricted assets	16	**187,500**	187,500
Prepayments and other		**74,654**	122,304
Total current assets		**535,597**	605,387
Non-current assets			
Receivable from sale of KCA	5	**88,265**	90,530
Intangible asset - software development	6	**37,338**	52,570
Total assets		**$ 661,200**	$ 748,487
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	**$ 4,343,175**	$ 3,871,065
Convertible debt	8	**4,413,041**	4,475,064
Short term loans	9	**843,014**	807,572
Note payable – current portion	10	**306,470**	309,556
Total current liabilities		**9,905,700**	9,463,257
Non-current liabilities			
Note payable – long term portion	10	**241,135**	243,056
Total liabilities		**10,146,835**	9,706,313
Shareholders' deficit			
Share capital		**25,037,006**	25,012,792
Reserve – Transaction costs		**(655,877)**	(655,877)
Reserve – Share options	11	**2,187,366**	2,180,167
Reserve – Share warrants	11	**728,387**	728,387
Contributed surplus		**766,829**	766,829
Equity portion of convertible debt		**894,751**	880,730
Deficit		**(38,444,097)**	(37,870,854)
Total shareholders' deficit		**(9,485,635)**	(8,957,826)
Total shareholders' deficit and liabilities		**$ 661,200**	$ 748,487

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

Certive Solutions Inc.

Condensed consolidated interim statements of operations for three-months ended:

(Unaudited - Expressed in U.S. Dollars)

	Notes	August 31, 2022	August 31, 2021
REVENUE			
Lost charge recovery revenue		$ **226,810**	$ 263,836
DRG review services		**76,456**	-
Total revenue		**303,266**	263,836
COST OF REVENUE			
Commissions		**6,353**	9,758
Contractors and consulting fees		**50,410**	12,450
Direct payroll and employee benefits		**326,952**	362,713
Licence fees		**-**	70
Total cost of revenue		**383,715**	384,991
Gross loss		**(80,449)**	(121,155)
OPERATING EXPENSES			
Amortization	6	**15,232**	19,570
Bad debt expense		**(10,078)**	25,233
Bank charges and interest		**220,036**	199,672
Consulting fees	13	**40,000**	-
Foreign exchange recovery		**(114,462)**	(138,245)
General and administrative		**50,372**	60,981
Professional fees		**23,006**	31,526
Rent		**8,097**	7,902
Salaries and wages	13	**239,070**	221,065
Sales and marketing		**13,882**	9,685
Share-based compensation	11	**7,199**	1,731
Transfer agent and filing fees		**7,698**	5,478
Total operating expenses		**500,052**	444,598
Loss from operations		**(580,501)**	(565,753)
OTHER INCOME (EXPENSE)			
Derivative recovery (expense)	12	**-**	45,956
Unrealized gain (loss) on marketable securities	4	**(742)**	(8,272)
Debt forgiveness gain		**8,000**	-
Recovery of accounts payable		**-**	4,448
Other income, net		**7,258**	42,133
NET LOSS		$ **(573,243)**	$ (523,620)
Basic and diluted loss per common share		$ **(0.00)**	$ (0.00)
Weighted average number of common shares outstanding		**159,617,032**	144,404,692

Certive Solutions Inc.

Condensed consolidated interim statements of cash flows for the three-months ended:

(Unaudited - Expressed in U.S. Dollars)

		August 31, 2022		August 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$	**(573,243)**	$	(523,620)
Amortization and depreciation expense		**15,232**		19,569
Share-based compensation expense		**7,199**		1,731
Accrued interest and accretion		**-**		126,421
Accretion and transaction costs		**32,167**		-
Derivative recovery (expense)		**-**		(45,956)
Foreign exchange loss (gain)		**(43,959)**		(85,469)
Gain from write-off of debt		**(8,000)**		(4,448)
Unrealized loss on marketable security		**742**		8,271
Bad debt expense		**(10,078)**		-
Non-cash working capital item changes:				
Receivables		**18,865**		93,400
Prepaid and other assets		**47,650**		(30,066)
Accounts payable and accrued liabilities		**472,110**		28,837
Net cash used in operating activities		**(41,315)**		(411,330)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from KCA		**2,265**		3,592
Net cash provided by investing activities		**2,265**		3,592
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short term loan		**50,000**		481,962
Payment on short term loan		**(7,693)**		-
Payment on notes payable		**(5,692)**		-
Net cash provided by financing activities		**36,615**		481,962
Net increase in cash during the period		**(2,435)**		74,174
Cash, beginning of the period		**10,462**		1,935
Cash, end of the period	$	**8,027**	$	76,159
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	**36,873**	$	22,294
Cash paid for income taxes	$	**-**	$	-

Non-cash transactions affecting cash flows from financing and investing activities for the three-months ended August 31, 2022:

- The Company issued 403,543 shares through converting $24,133 of convertible debt, which included principal and accrued interest (Note 11)

There were no non-cash transactions affecting cash flows from financing and investing activities for the three-months ended August 31, 2021.

Certive Solutions Inc.

Condensed consolidated interim statements of changes in shareholders’ deficit for the three-months ended August 31, 2022 and the year ended May 31, 2022:

(Unaudited - Expressed in U.S. Dollars)

	Capital Stock		Reserve – Transaction Costs	Reserve – Share Options	Reserve - Warrants	Contributed Surplus	Equity Portion of Convertible Debt	Accumulated Deficit	Total Shareholders’ Deficit
Balance as at May 31, 2021	**144,404,692**	**$ 24,311,081**	**$ (655,877)**	**$ 1,880,841**	**$ 728,387**	**$ 766,829**	**$ 618,879**	**$ (35,392,083)**	**$ (7,741,943)**
Convertible debt issued	-	-	-	-	-	-	261,851	-	261,851
Shares issued for the conversion of convertible debt	15,019,341	701,711	-	-	-	-	-	-	701,711
Share-based compensation	-	-	-	299,326	-	-	-	-	299,326
Net loss	-	-	-	-	-	-	-	(2,478,771)	(2,478,771)
Balance as at May 31, 2022	**159,424,033**	**$ 25,012,792**	**$ (655,877)**	**$ 2,180,167**	**$ 728,387**	**$ 766,829**	**$ 880,730**	**$ (37,870,854)**	**$ (8,957,826)**
Convertible debt issued	-	-	-	-	-	-	14,021	-	14,021
Shares issued for the conversion of convertible debt	403,543	24,214	-	-	-	-	-	-	24,214
Share-based compensation	-	-	-	7,199	-	-	-	-	7,199
Net loss	-	-	-	-	-	-	-	**(573,243)**	**(573,243)**
Balance as at August 31, 2022	**159,827,576**	$ **25,037,006**	$ **(655,877)**	$ **2,187,366**	$ **728,387**	**$ 766,829**	$ **894,751**	$ **(38,444,097)**	$ **(9,485,635)**

1. NATURE OF OPERATIONS AND GOING CONCERN

Certive Solutions Inc. (the "Company") was incorporated under the Laws of British Columbia and is traded on the Canadian Security Exchange ("CSE") and is quoted on the OTCQB in the United States. The Company provides Revenue Cycle Management Services to U.S. hospitals, delivered collaboratively, utilizing proprietary workflow document management and analytics tools tailored to health care business processes. The Company currently provides services to hospital clients enhancing the efficiency and effectiveness of lost charge recovery services, in revenue sharing relationships that improve hospital clients' net operating results.

The Company's mailing address is 1185 West Georgia Street, Suite 1140, Vancouver, BC V6E 4E6. The Company's operational headquarters is located at 8149 N. 87th Place, Scottsdale, Arizona 85258.

These condensed consolidated interim financial statements of the Company are presented in U.S. dollars, unless otherwise indicated, which is the functional currency of the Company.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. After experiencing a net loss of ($573,243) for the three-months ended August 31, 2022, the Company has a working capital deficit of ($9,370,103), and a total shareholders' deficit of ($9,485,635) as at August 31, 2022. As at May 31, 2022, the Company had a working capital deficit of ($8,739,870), a loss for the year of ($2,360,771) and a total shareholders' deficit of ($8,957,826).

Management of the Company does not expect that cash flows for the Company's operations will be enough to cover its operating requirements, financial commitments, and business development priorities during the next twelve months. The Company will need to obtain further financing in the form of debt, equity, or a combination thereof for the next twelve months to fund operations. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. There is also uncertainty as the likely effects of the novel coronavirus ("COVID-19") outbreak which may, among other things, impact the Company's operations and ability to raise further financing (see Note 18). If adequate funds are not available, the Company may be required to delay or reduce the scope of its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as the Company's audited consolidated financial statements for the year ended May 31, 2022. These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2022.

The accounting policies followed by the Company are as set out in the audited consolidated financial statements for the year ended May 31, 2022 and have been consistently followed in the preparation of these condensed consolidated financial statements.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit and loss, and available for sale, which are stated at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed consolidated interim financial statements are in accordance with IFRS.

These condensed consolidated interim financial statements were reviewed and approved and authorized for issue by the Board of Directors of the Company on December 21, 2022.

b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Actual results could differ from these estimates.

Critical judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company, as previously discussed in Note 1, as well as determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined to be the U.S. dollar.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgments and estimates (cont'd…)

i) Share-based payments

Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

ii) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

iii) Carrying values of tangible and intangible assets

The Company assesses the carrying value of its tangible and intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumption and judgments regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

iv) Useful lives of intangible assets

Estimates of the useful lives of intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by the changes in these factors and circumstances.

v) Discount rates used in convertible debentures

The Company calculates the liability portion of convertible debentures by calculating the present value of the loan and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgments and estimates (cont'd…)

vi) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

c) Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company, and its subsidiaries is the U.S. dollar.

d) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing these condensed consolidated interim financial statements. Details of the Company's subsidiaries are as follows:

Name	Place of Incorporation	August 31, 2022 Interest %	May 31, 2022 Interest %	Principal activity
Certive Solutions Inc. (the parent company)	British Columbia, Canada	N/A	N/A	Management solutions
Certive Health Inc. ("CHI")	Arizona, United States	100%	100%	Management solutions
Certive Health Revenue Solutions Inc. ("CHRS") (formerly "Omega Technology Solutions Inc.")	Arizona, United States	100%	100%	Healthcare revenue cycle management solutions
Certive Health Compliance Solutions Inc. ("CHCS")	Arizona, United States	100%	100%	Selling and servicing a cyber-security suite of products to the healthcare industry
Advantive Information Systems Inc. ("AIS")	Arizona, United States	100%	100%	Dormant

3. NEW AND FUTURE ACCOUNTING POLICIES

Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

(Unaudited - Expressed in U.S. Dollars)

4. MARKETABLE SECURITIES

Cost:		
At May 31, 2021 and 2022 and August 31, 2022	$	7,474
Fair value:		
Fair value at May 31, 2021	$	36,785
Unrealized loss		(35,595)
Foreign exchange loss		1,847
Fair value at May 31, 2022		3,037
Unrealized loss		(742)
Foreign exchange loss		(98)
At August 31, 2022	$	2,197

5. RECEIVABLES

Receivables, net of allowance, as at August 31, 2022 and May 31, 2022:

		August 31, 2022		May 31, 2022
HST input tax credits	$	**14,427**	$	13,160
Trade receivables		**-**		29,001
Work in progress ("WIP")		**336,310**		338,264
Allowance for uncollectible WIP		**(87,518)**		(98,341)
	$	**263,219**	$	282,084

The average credit period on rendering of services is between 30 to 45 days. No interest is charged on outstanding trade receivables.

Receivable from sale of KCA:

During the year ended May 31, 2019, the Company entered into a Sale Agreement (the "Sale Agreement") to sell the stock of Knowledge Capital Alliance Inc. ("KCA") to KCA's president (the "Purchaser") effective as of May 31, 2019. The terms of the Sale Agreement are as follows:

The Company sold the original 100 shares received in the acquisition of KCA to the Purchaser for $1,200,000 (the "Purchase Price"). As such, all assets, liabilities, and business of KCA were transferred to the Purchaser by the Company effective as of May 31, 2019 and relinquished any rights or interest in the operating results of KCA that are earned on or after June 1, 2019. The 100 shares of stock in Knowledge Capital Alliance Inc. will remain in safekeeping with Trustee until the terms of the Sale Agreement are fulfilled.

The Purchase Price was made up as follows:

- The Purchaser transferred 900,000 shares of the Company back to the Company, at a value of $270,000; and
- Cash in the amount of $930,000 to be paid in monthly installments of net revenues as follows:

(Unaudited - Expressed in U.S. Dollars)

5. RECEIVABLES (Cont'd…)

Annualize net revenue	Monthly percentage payment
Less than $400,000	3.0%
$400,000 - $499,999	5.0%
$500,000 - $750,000	7.5%
$750 001 - $1,000,000	10.0%
$1,000,001 - $2,000,000	12.5%
Greater than $2,000,000	15.0%

Following the final and full payment of $930,000, an on-going royalty of 5.0% of the net revenues shall be paid to the Purchaser of the Company on a quarterly basis for a period of 36-months.

In the event that KCA is sold by the Purchaser prior to the payment of $930,000, the remainder of the payment will be due to the Company, in addition to 15% of the excess purchase price over $930,000.

The Company determined, based on the net revenues of KCA, that it will not collect the full $930,000. As a result, the Company calculated that the amount receivable was $112,851 as at May 31, 2019, based on a 5-year cash flow projection, using a discounted rate of 20%, and 5-year projected net revenues of KCA. The Company's receivable from KCA as at August 31, 2022 and May 31, 2022 is $88,265 and $90,530, respectively.

6. SOFTWARE DEVELOPMENT

		Software Development
Cost:		
At May 31, 2021, 2022 and August 31, 2022	$	573,316
Accumulated Amortization:		
Balance at May 31, 2021	$	442,468
Amortization		78,278
Balance at May 31, 2022		520,746
Amortization		15,232
Balance at August 31, 2022	$	535,978
Fair Value:		
At May 31, 2021	$	130,848
At May 31, 2022	$	52,570
At August 31, 2022	$	37,338

(Unaudited - Expressed in U.S. Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		August 31, 2022		May 31,2022
Accounts payable	$	**1,103,345**	$	875,256
Accrued liabilities		**2,005,251**		1,922,232
Payroll and payroll tax liabilities		**1,234,579**		1,073,577
	$	**4,343,175**	$	3,871,065

8. CONVERTIBLE DEBT

As at August 31, 2022 and May 31, 2022, the Company had the following convertible debt:

Description		Face value	Total liability August 31, 2022	Total liability May 31, 2022
Past due convertible note, convertible at CDN$0.50 per unit, with each unit consisting of one common share, and one common share purchase warrant, exercisable at CDN$0.55 for one year, accruing interest at 8% per annum.	CDN$	373,000	**284,487**	294,894
Past due convertible note, convertible at CDN$0.30 per share, accruing interest at 12% per annum.	CDN$	10,000	**7,627**	7,906
Past due convertible note, convertible at CDN$0.20 per share, accruing interest at 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	400,000	**305,080**	316,240
Past due convertible note, convertible at CDN$0.15 per share, accruing interest at 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	700,000	**533,890**	553,420
Past due convertible note, convertible at $0.03 per share, accruing interest of 15% per annum	$	50,000	**50,000**	50,000
Past due convertible note, convertible at $0.06 per share, accruing interest of 18% per annum	$	50,000	**50,000**	50,000
Past due convertible note, convertible at $0.04 per share, accruing interest of 10% per annum with interest compounding every six months	$	90,000	**90,000**	90,000
Past due convertible note, convertible at CDN$0.04 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	375,000	**286,013**	296,475
Past due convertible note, convertible at CDN$0.06 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	400,000	**305,080**	316,240
Mature in February 2024, convertible at $0.14, accruing interest of 10% per annum	$	128,207	**117,274**	128,207
Past due convertible note, convertible at $0.15 per share, accruing interest of 10% per annum until the maturity date, then 18% per annum thereafter	$	100,000	**100,000**	100,000
Past due convertible note, convertible at $0.06 per share, accruing interest of 8% per annum (Note 15)	$	819,093	**307,625**	327,625
Mature on February 29, 2024, convertible at $0.14 per share, accruing interest of 12% per annum (Note 15)	$	747,052	**681,625**	672,667
Mature on August 31, 2024, convertible at $0.14 per share, accruing interest of 12% per annum (Note 15)	$	452,609	**411,276**	406,420
Mature on October 15, 2025, convertible at $0.14 per share, accruing interest of 10% per annum (Note 15)	$	1,144,447	**883,064**	867,800
Transaction Costs – Liability Portion				(2,830)
			$ **4,413,041**	$ 4,475,064

As at August 31, 2022 and May 31, 2022, the Company has the following convertible notes outstanding:

		August 31, 2022		May 31, 2022
Convertible notes overdue	$	**2,319,802**	$	2,402,800
Convertible notes due after 12 months from period end		**2,093,239**		2,072,264
	$	**4,413,041**	$	4,475,064

8. CONVERTIBLE DEBT (Cont'd…)

During the three-months ended August 31, 2022, the Company had the following convertible debt transactions:

In July 2022, a past due convertible note with a face value of $20,000 plus accrued interest of $4,133 was converted to 403,543 shares of stock at a conversion price of $0.06 per share.

During the year ended May 31, 2022, the Company had the following convertible debt transactions:

The Company offered four-year 10% convertible promissory notes, the recognition of the fair value of the liability was made when the Company initially closed such offering effective October 15, 2021 (the "Closing Date"). The notes are due October 15, 2025, and, during the term, the unpaid principal and unpaid accrued interest, if any, may be converted into common shares of Certive at $0.14 per share. The notes are to be repaid from, among other sources, the lenders' pro rata share of 1/4 of the net cash collections from four of the Company's clients. The Company shall not be penalized for early repayment of any or all the notes. As of May 31, 2022, such offering represents $1,144,447 face value of convertible promissory notes and $867,800 of the liability. Two notes dated 5/3/17 for $75,000 and 10/4/16 for $23,355 and $60,000 of funds owed in trade payables were converted into these 10% convertible promissory notes.

Effective on February 28, 2022, the Company and a Lender agreed to extend the due date of a convertible promissory note with original principal of $75,000 and unpaid accrued interest of $53,207 replacing a promissory note originally dated May 1, 2017. The new 10% promissory note dated February 28, 2022 has a principal balance of $128,207 and a due date of February 28, 2024 and may be converted into common stock of Certive at $0.14/share.

Effective on April 30, 2022, the Company and a Lender agreed to a renewal (extension) and consolidation promissory note replacing two convertible promissory notes of the Company. The new 8% promissory note dated April 30, 2022 has a principal balance of $102,613 (the consolidated unpaid principal and accrued interest of the two former notes) and a due date of May 1, 2026.

(Unaudited - Expressed in U.S. Dollars)

9. SHORT-TERM LOANS

Loans are made of the following:

	August 31, 2022		May 31, 2022
Loans from related parties (Note 13) (1)	**338,310**	$	344,861
Loans from other entities (2)	**504,704**		462,711
	843,014	$	807,572

(1) As at August 31, 2022, of these short-term loans from related parties, $74,310 are non-interest-bearing advances to the Company, due on demand. Of the remaining $264,000, $114,000 have an interest rate of 12% and are due on demand and $150,000 have an interest rate of 10% and all are due on demand. As at May 31, 2022, of these short-term loans from related parties, $80,861 are non-interest-bearing advances to the Company, due on demand. Of the remaining $264,000, $114,000 have an interest rate of 12% and $150,000 have an interest rate of 10% and all are due on demand.

(2) As at August 31, 2022, of these short-term loans from other parties, $75,000 are noninterest bearing advances to the Company, due on demand. Of the remaining $429,704, $125,000 have an interest rate of 12% and are due on demand and $300,000 have an interest rate of 10% and all are due on demand. The remaining $4,704 is a line of credit owing to a financial institution that bears interest at 4% per annum. As at May 31, 2022, of these short-term loans from other parties, $83,000 are noninterest bearing advances to the Company, due on demand. Of the remaining $379,711, $125,000 have an interest rate of 12% and $250,000 have an interest rate of 10% and all are due on demand. The remaining $4,711 is a line of credit owing to a financial institution that bears interest at 4% per annum.

10. NOTES PAYABLE

During the year ended May 31, 2016, the Company completed the acquisition of the assets of Omega Technology Solutions LLC ("Omega"). In connection with the acquisition, the Company issued a convertible promissory note of $600,000 to the former owner of Omega's assets, which was converted into 10,000,000 common shares of the Company. In addition, 1,300,000 common shares of the Company, with a deemed value of $240,000, were issued as directed by the former owner of Omega's assets.

The Company also agreed to make payments totaling $500,000, which when paid, will be full settlement of any amounts owed between the Company and the former owner of Omega's assets as follows:

- $50,000 to be paid during the year ended May 31, 2019 (paid);
- $50,000 to be paid on May 31, 2019 (paid);
- $50,000 to be paid on August 31, 2019 (paid in January 2020);
- $50,000 to be paid on November 30, 2019 (paid in January 2020); and
- $50,000 to be paid on February 29, 2020 (past due).
- With respect to the remaining $250,000, 25% of Omega's net income will be paid quarterly through August 31, 2020, when any remaining balance becomes due (past due).

As at August 31, 2022 and May 31, 2022, the remaining unpaid balance of $300,000 is included in notes payable – current portion (Note 13).

(Unaudited - Expressed in U.S. Dollars)

10. NOTES PAYABLE (Cont'd…)

On July 26, 2020, the Company was awarded a $150,000 SBA EIDL with an interest rate of 3.75%, repayments deferred for one year and then monthly payments based on a 30-year term loan. As at May 31, 2022 and 2021, the long-term portion of the note payable was $148,681 and $150,000, respectively, and the current portion of the note payable was $1,319 and $0, respectively. During the month of April 2021, the SBA announced that it was extending the first payment due date for the EIDL for 30 months from the loan date. Under these updated terms, the Company would not be expected to make the first EIDL payment until January 2023.

As described more fully in Note 9, the Company and a Lender agreed on a loan consolidation and extension agreement on April 30, 2022, whereby two convertible promissory notes with principal and unpaid accrued interest of $102,612 were replaced by a non-convertible promissory note, which, the long-term of the note payable was $93,256 and $94,377 and the current portion of the note payable was $4,349 and $8,236 as at August 31, 2022 and May 31, 2022, respectively.

Notes payable – Principal repayments over the next five years are as follows:

Years ended August 31:	Amount
2023	$306,470
2024	7,992
2025	8,508
2026	86,984
2027	3,673
Thereafter	133,978
Total	$547,605

11. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and outstanding: August 31, 2022, 159,827,576 shares; May 31, 2022, 159,424,033 shares.

During the three-months ended August 31, 2022, the Company issued 403,543 shares through converting $24,214 of convertible debt, which included principal and accrued interest.

During the year ended May 31, 2022, the Company issued 15,019,341 shares through converting $701,711 of convertible debt, which included principal and accrued interest. During the year ended May 31, 2021, the Company issued 6,519,578 shares through converting $335,863 of convertible debt, which included principal and accrued interest.

(Unaudited - Expressed in U.S. Dollars)

11. SHARE CAPITAL (cont'd…)

a) Common stock (cont'd…)

The Company's current Offering is a private placement raise of $1,000,000, which is intended to be sold in 40 - $25,000 "Units." Each Unit consists of: a) 125,000 shares of the Company's common stock at a deemed value of $0.10/share; b) 62,500 share purchase warrants to acquire additional common shares of the Company, which are exercisable for two years from the Offering's Closing Date at $0.14/share; c) a 1/800 ownership in the Company's subsidiary Certive Health Compliance Solutions Inc. (based on a deemed valuation of $10M), which was created to provide cybersecurity sales and services in the healthcare industry; and d) Funds received for this Offering will accrue simple interest at 10% per annum, which will be settled at Closing with additional shares of the Company's common stock at a deemed value of $0.10/share.

b) Purchase warrants

As at August 31, 2022 and May 31, 2022, the Company has no outstanding share purchase warrants:

c) Stock options

The Company's Stock Option Plan is a 20% rolling plan that allows a maximum 20% of the issued shares to be reserved for issuance under the plan. Options granted under the plan may not have a term exceeding 10 years and vesting provisions are at the discretion of the Board of Directors.

The following summarizes the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, May 31, 2021	2,200,000	$0.12
Granted(2)(3) (5)	6,400,000	$0.10
Expired (1)(4)	(1,250,000)	$0.22
Outstanding, August 31, 2022 and May 31, 2022	7,350,000	$0.09

(1) On September 13, 2021, 1,050,000 stock options expired pertaining to the Company's former CEO. Such expired stock options were exercisable at $0.22/share.

(2) On October 6, 2021, pursuant to an agreement for investor relations services dated September 17, 2021 between the parties, 100,000 stock options were granted to the Company's Investor Relations firm exercisable at $0.06/share, which expire in 10-years. These options vest 25% on December 15, 2021, March 15, 2022, June 15, 2022 and September 15, 2022.

(3) On October 29, 2021, the Company granted the following stock options:

a. 6,000,000 stock options were granted primarily to the Company's executive management team and to the members of the Company's Advisory Council exercisable at $0.10/share and expire in 10-years; and
b. 200,000 stock options were granted to the Company's independent Directors, which vest in 1-year, are exercisable at CDN$0.05/share and expire in 10-years.

(Unaudited - Expressed in U.S. Dollars)

11. SHARE CAPITAL (cont'd…)

c) Stock options (cont'd…)

(4) On January 5, 2022, 90-days after the Company's October 6, 2021 Annual General and Special Meeting of Shareholders was held, 200,000 stock options expired, which were previously granted by the Company to an independent director who was not re-elected to the Company's Board of Directors. Such expired stock options were exercisable at CDN$0.05/share.

(5) On April 29, 2022, pursuant to an agreement for social media services dated January 10, 2022 between the parties, the Company granted an additional 100,000 stock option to the Company's Investor Relations firm exercisable at CDN$0.07/share, which expire in 10-years. These stock options vest 25% on April 15, 2022, July 15, 2022, October 15, 2022 and January 15, 2023.

As at August 31, 2022, the following stock options were outstanding to directors, officers and employees of the Company:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
100,000	100,000	CDN$0.05	6.42	January 29, 2029
750,000	-	CDN$0.05	7.29	December 18, 2029
100,000	100,000	CDN$0.05	7.58	March 31, 2030
100,000	75,000	$0.06	9.08	October 6, 2031
200,000	-	CDN$0.05	9.17	October 29, 2031
6,000,000	6,000,000	$0.10	9.17	October 29, 2031
100,000	50,000	CDN$0.07	9.58	April 29, 2032
7,350,000	6,325,000	$0.09	8.92	

As at May 31, 2022, the following stock options were outstanding to directors, officers and employees of the Company:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
100,000	100,000	CDN$0.05	6.67	January 29, 2029
750,000	-	CDN$0.05	7.54	December 18, 2029
100,000	100,000	CDN$0.05	7.83	March 31, 2030
100,000	50,000	$0.06	9.33	October 6, 2031
200,000	-	CDN$0.05	9.42	October 29, 2031
6,000,000	6,000,000	$0.10	9.42	October 29, 2031
100,000	25,000	CDN$0.07	9.83	April 29, 2032
7,350,000	6,275,000	$0.09	9.17	

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting. The Company recognized share-based compensation expense of $7,199 and $299,326 for the three-months ended August 31, 2022 and for the year ended May 31, 2022, respectively.

(Unaudited - Expressed in U.S. Dollars)

11. SHARE CAPITAL (cont'd…)

c) Stock options (cont'd…)

The fair value of the stock options during the period was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	August 31, 2022	**May 31, 2022**
Expected volatility	**227.66%**	227.66%
Expected option life (years)	**9.2**	9.2
Risk-free interest rate	**1.67%**	1.67%
Expected dividend yield	**0%**	0%

(Unaudited - Expressed in U.S. Dollars)

12. DERIVATIVE LIABILTY

The derivative financial liability consists of the fair value of non-compensatory share purchase warrants and convertible notes that have an exercise price or a conversion price that is variable. On October 31, 2021, the 8% 2-year promissory notes with a variable exercise price, which had not yet been converted, matured and were no longer convertible at the option of the Lender. At such time, the remaining derivative liability of $230,575 was recorded as a gain during the year ended May 31, 2022.

During the three-month periods ended August 31, 2022 and 2021, derivative liability recovery of $Nil and $45,956, respectively, was recorded.

While there was no derivative liability as of August 31, 2022, details of the derivative liability as at August 31, 2021 is as follows:

As at August 31, 2021:

Expiration Date	Exercise price	Number of securities exercisable/convertible		Fair value as at August 31, 2021
October 31, 2021	$0.06	15,338,370	$	184,619

These securities issued outstanding as at August 31, 2021 were valued using the Black Scholes option pricing model with a weighted average expected volatility of 260.42%, discounted rate of 0.31%, expected life of .17 years, and a dividend rate of 0%.

(Unaudited - Expressed in U.S. Dollars)

13. RELATED PARTY TRANSACTIONS

Balances and transactions between the Parent Company and its consolidated subsidiaries, which are related parties of the Parent, have been eliminated on consolidation and are not disclosed in this note. The Company's related parties consist of its Directors, Key Management Personals ("KMPs") and companies owned in whole or in part by KMPs and directors as follows:

Name	Position and nature of relationship
UTA Holdings, LLC	Company controlled by advisory council member
SMA Group, LLC	Company controlled by key management personnel
Miller and Associates Environmental Consultants Inc.	Company controlled by the corporate secretary
Hyland Property Management Services LLC	Company controlled by officer and director
Lena V. LaMantia Trust	Company controlled by officer and director
Tim Hyland	Director, officer and former advisory council member
Tom Marreel	Director, officer and former advisory council member
Sheila Schweitzer	Independent director and advisory council member
Jeff Wareham	Independent director
Scott Thomas	Director and VP of investor relations
Mike Miller	Corporate secretary and chief legal officer
Ann Fierro	Key management personnel
Jeff Benton	Advisory council member
Arthur Pelberg, M.D.	Advisory council member
Jack Chapman	Advisory council member
Steve Schramm	Advisory council member
Don Gilbert	Advisory council member
J.J. Linder, M.D.	Advisory council member
John Orsini	Advisory council member
Tim Bricker	Advisory council member

The amounts due (to) or from the related parties are as follows:

	Nature of relationship		August 31, 2022		May 31, 2022
Accounts payable (Note 8)	Directors, key management personnel, and companies controlled by these parties	$	**885,996**	$	491,363
Convertible loans – face value (Note 9)	Directors	$	**324,622**	$	341,224
Convertible loans – face value (Note)	Advisory board member	$	**421,498**	$	352,437
Notes payable (Note 11)	Key management personnel	$	**300,000**	$	300,000
Short-term loans payable (Note 10)	Directors and key management	$	**338,310**	$	344,861

(Unaudited - Expressed in U.S. Dollars)

13. RELATED PARTY TRANSACTIONS (cont'd…)

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost. There is no other remuneration of directors or other members of key management personnel during the three-months ended August 31, 2022 and 2021 are as follows:

		August 31, 2022		August 31, 2021
Salaries to key management personnel, included in operating costs and expenses	$	**63,750**	$	63,750
Total	$	**63,750**	$	63,750

14. MANAGEMENT OF CAPITAL

The Company considers its common shares, stock options and share purchase warrants as capital. Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's Investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the three-months ended August 31, 2022.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable, convertible debt, short-term loans, notes payable derivative liability and lease liability.

The fair value of cash and marketable securities are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of the lease liability is measured on the statement of financial position using level 2 of the fair value hierarchy. The fair value of convertible debt and derivative liability is measured on the statement of financial position using level 3 of the fair value hierarchy. The fair values of receivables, accounts payable, and short-term loans and notes payable approximate their book values because of the short-term nature of these instruments. The fair value of the long-term portion of the note payable approximates its carrying value.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk, which includes currency risk, interest rate risk and price risk.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company has no material counterparties to its financial instruments with the exception of the Financial institutions which hold its cash and receivables. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. In addition, the Company affords credit to customers with which it believes it will collect payment. The Company does not believe it has a material exposure to credit risk.

b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through the management of its capital structure as described in Note 19. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's accounts payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates, and commodity and equity prices.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the United States dollar as the Company's main center of operations is in the United States. As at August 31, 2020, the Company has approximately CDN$2,600,000 of financial liabilities denominated in Canadian dollars. A 10% change in exchange rate would result in a change to loss and comprehensive loss of approximately $206,000.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of interest rate risk on its notes payable is minimal, as these have a short-term to maturity, and a fixed interest rate.

(iii) Price risk

The Company is not exposed to significant price risk as it does not hold significant investments in publicly traded securities. The Company's price risk is limited to the value of its marketable securities.

16. LEGAL MATTER

The Company filed litigation against the Company's former CFO in an attempt to recover penalties and interest costs, which resulted from the former CFO's failure to submit payroll withholding taxes to the Internal Revenue Service ("IRS") for an approximate 18-month period during 2017-2018. Pursuant to a payment plan negotiated with the IRS, the Company previously paid $175,000 to the IRS towards satisfaction of those liabilities. On September 28, 2020, the Company submitted an Offer-in-Compromise to the IRS regarding this matter. The IRS initially denied the Company's request, which was upheld by the IRS Independent Office of Appeals. Most recently, the Company sent the IRS a formal request to waive the penalties and interest and the status of such request is still pending. As the result of a settlement conference conducted by a judge in August 2021, the Company and its former CFO reached a settlement. As of May 31, 2022, the settlement proceeds of $40,000 cash and 2,950,000 shares of stock of the Company valued at $147,500 are held in escrow for payment to the IRS and are recorded by the Company as restricted assets totaling $187,500. For the periods of time mentioned above, included in accrued liabilities is a payroll tax liability of $339,895 as August 31, 2022. See Note 17 (c) below.

17. SUBSEQUENT EVENTS

(a) The Company raised funds to provide working capital subsequent to August 31, 2022 as follows:

i) The Company received $25,000 from lenders to the Company in 10% Demand Notes intended for the Company's Offering of $1 million. Of such amount, $nil was received from Officers and Directors of the Company.

ii) The Company received noninterest-bearing advances, payable on demand, of $213,664 from two Officers and Directors of the Company.

b) On October 14, 2022, a lender and the Company entered into an agreement to extend the due date of a $90,000 convertible promissory note originally dated November 24, 2017 and due November 24, 2019. The note's amended due date is May 31, 2023.

c) In October 2022, the escrow agent (attorney) sent $40,000 of restricted cash to the US Treasury Department, Internal Revenue Service, towards payment of payroll withholdings taxes due for the quarter ended September 30, 2017.