



Certive Solutions Inc.

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

As at and for the six-months ended November 30, 2023

CONSOLIDATED FINANCIAL STATEMENTS

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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 six-months ended November 30, 2023 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

January 29, 2024

Certive Solutions Inc.

Condensed consolidated interim statements of financial position as at:

(Unaudited - Expressed in U.S. Dollars)

	Notes	November 30, 2023	May 31, 2023
ASSETS			
Current assets			
Cash		\$ 1,487	\$ 72,712
Marketable securities	3	946	941
Receivables, net of allowance	4	222,074	259,388
Prepayments		95,672	49,016
Total current assets		320,179	382,057
Non-current assets			
Receivable from sale of KCA	4	76,626	82,012
Intangible asset - software development	5	6,903	13,406
Total assets		\$ 403,708	\$ 477,475
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6,12,16	\$ 5,895,535	\$ 5,068,721
Convertible debt – current portion	7,12	3,506,954	3,466,548
Short term loans	8,12	1,085,844	995,721
Note payable – current portion	9,12	154,967	248,228
Total current liabilities		10,643,300	9,779,218
Non-current liabilities			
Convertible debt – long term portion	7,12	968,620	932,440
Note payable – long term portion	9,12	231,066	234,164
Total liabilities		11,842,986	10,945,822
Shareholders' deficiency			
Share capital	10	24,667,257	24,667,257
Treasury shares	16	(128,667)	(128,667)
Obligation to issue shares	16	108,855	108,855
Reserve – share options	16	2,162,914	2,162,914
Reserve – share warrants	10	728,387	728,387
Contributed surplus	10	786,641	786,641
Equity portion of convertible debt		894,751	894,751
Deficit		(40,659,416)	(39,688,485)
Total shareholders' deficiency		(11,439,278)	(10,468,347)
Total liabilities and shareholders' deficiency		\$ 403,708	\$ 477,475

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

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

Certive Solutions Inc.

Condensed consolidated interim statements of loss and comprehensive loss for three-months and six-months ended:
(Unaudited - Expressed in U.S. Dollars)

	Notes	Three-months ended November 30, 2023	Three-months ended November 30, 2022	Six-months ended November 30, 2023	Six-months ended November 30, 2022
REVENUE					
Lost charge recovery revenue	11	\$ 102,519	\$ 235,656	\$ 358,373	\$ 462,466
DRG review services revenue	11	159,761	97,107	270,128	173,563
Total Revenue		262,280	332,763	628,501	636,029
COST OF REVENUE					
Commissions		4,409	5,985	7,678	12,338
Contractors and consulting fees		-	31,085	-	81,495
Direct payroll and employee benefits		228,077	233,035	472,018	559,987
Total cost of revenue		232,486	270,105	479,696	653,820
Gross profit (loss)		29,794	62,658	148,805	(17,791)
OPERATING EXPENSES					
Amortization	5	3,252	7,982	6,503	23,214
Bad debt expense (recovery)		(37,560)	8,631	(22,230)	(1,447)
Bank charges and interest		261,539	218,621	486,813	438,657
Consulting fees	12	15,000	34,000	30,000	74,000
Foreign exchange loss (recovery)		(11,262)	(95,053)	3,530	(209,515)
General and administrative		81,511	45,804	126,929	96,176
Professional fees		64,328	79,366	130,149	102,372
Rent		6,292	5,830	12,584	13,927
Salaries and wages	12	170,424	202,639	314,901	441,709
Sales and marketing		80	9,831	202	23,713
Share-based compensation	12	-	5,278	-	12,477
Transfer agent and filing fees		6,663	5,628	30,350	13,326
Total operating expenses		560,267	528,557	1,119,731	1,028,609
Loss from operations		(530,473)	(465,899)	(970,926)	(1,046,400)
OTHER INCOME (EXPENSE)					
Debt forgiveness gain					8,000
Unrealized loss on marketable securities	3		(1,174)	(5)	(1,916)
Other income (expense), net		-	(1,174)	(5)	6,084
NET LOSS		\$ (530,473)	\$ (467,073)	\$ (970,931)	\$ (1,040,316)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		169,145,135	159,827,576	169,145,135	159,721,729

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

Certive Solutions Inc.

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

(Unaudited - Expressed in U.S. Dollars)

	November 30, 2023	November 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (970,931)	\$ (1,040,316)
Amortization and depreciation expense	6,503	23,214
Share-based compensation expense	-	12,477
Accrued interest and accretion	291,136	66,938
Accrued payroll and payroll taxes	284,203	
Foreign exchange loss (gain)	(43,410)	
Gain from write-off of debt	-	(113,405)
Unrealized loss on marketable security	5	1,916
Bad debt expense	-	(8,000)
Non-cash working capital item changes:		
Receivables	37,314	22,784
Prepaid and other assets	(46,657)	73,759
Restricted assets	-	40,000
Accounts payable and accrued liabilities	248,252	850,753
Net cash used in operating activities	<u>(193,585)</u>	<u>(69,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from KCA	5,386	5,964
Net cash provided by investing activities	<u>5,386</u>	<u>5,964</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible debt issuance	50,000	75,000
Proceeds from officers in the form of A/P	123,210	
Payment on short term loan	54,250	(12,753)
Payment on notes payable	(110,486)	(6,061)
Net cash provided by financing activities	<u>116,974</u>	<u>56,186</u>
Net decrease in cash during the period	(71,225)	(7,730)
Cash, beginning of the period	<u>72,712</u>	<u>10,462</u>
Cash, end of the period	\$ <u>1,487</u>	\$ <u>2,732</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 13,566	\$ 37,365
Cash paid for income taxes	\$ -	\$ -

There were no non-cash transactions affecting cash flows from financing and investing activities for the six-months ended November 30, 2023.

Non-cash transactions affecting cash flows from financing and investing activities for the six-months ended November 30, 2022:

- The Company issued 403,543 shares through converting \$24,133 of convertible debt, which included principal and accrued interest (Note 10)

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

Certive Solutions Inc.

Condensed consolidated interim statements of changes in shareholders' deficiency

For the six-months ended November 30, 2023 and the year ended May 31, 2023:

(Unaudited - Expressed in U.S. Dollars)

	Share capital		Treasury Shares	Obligation to issue shares	Reserve – Share Options	Reserve – Warrants	Contributed Surplus	Equity Portion of Convertible Debt	Accumulated Deficit (Restated – Note 15)	Total Shareholders' Deficiency
	Number of Shares	Amount								
Balance as at May 31, 2022	159,424,033	\$ 24,356,915	\$ (128,667)	\$ -	\$ 2,180,167	\$ 728,387	\$ 766,829	\$ 880,730	\$ (37,889,687)	\$ (9,105,326)
(Restated – Note 15)										
Shares issued for the conversion of convertible debt	1,511,102	90,666	-	-	-	-	-	-	-	90,666
Share based compensation	-	-	-	-	10,497	-	-	-	-	10,497
Equity portion of convertible debt	-	-	-	-	-	-	-	14,021	-	14,021
Recognition of obligation to issue shares	-	-	-	108,855	-	-	19,812	-	(128,667)	-
Shares issued for exercise of stock options	750,000	55,556	-	-	(27,750)	-	-	-	-	27,806
Shares issued for settlement of other current liabilities	7,460,000	164,120	-	-	-	-	-	-	-	164,120
Loss for the year	-	-	-	-	-	-	-	-	(1,670,131)	(1,670,131)
Balance as at May 31, 2023	169,145,135	\$ 24,667,257	\$ (128,667)	\$ 108,855	\$ 2,162,914	\$ 728,387	\$ 786,641	\$ 894,751	\$ (39,688,485)	\$ (10,468,347)
Loss for the six-months	-	-	-	-	-	-	-	-	(970,931)	(970,931)
Balance as at August 31, 2023	169,145,135	\$ 24,667,257	\$ (128,667)	\$ 108,855	\$ 2,162,914	\$ 728,387	\$ 786,641	\$ 894,751	\$ (40,659,416)	\$ (11,439,278)

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

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

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 currently provides revenue cycle consultative services to hospital clients resulting in a) lost charge recoveries; and, b) Diagnostic Related Groups (“DRG”) review recoveries, in revenue sharing relationships, which improves the hospital clients’ net operating results.

The Company’s registered address and head office address is 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 loss of \$970,931 for the six-months ended November 30, 2023, the Company had a working capital deficit of \$10,323,121 and a total shareholders’ deficiency of \$11,439,278 as at November 30, 2023. As at May 31, 2023, the Company had a loss for the year of \$1,670,131, a working capital deficit of \$9,397,161 and a total shareholders’ deficiency of \$10,468,347.

Management of the Company does not expect that cash flows from the Company’s operations will be sufficient 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 are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

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.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 1, “Presentation of Consolidated Financial Statements” using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as 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, 2023. 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, 2023. The accounting policies followed by the Company are as set out in the audited consolidated financial statements for the year ended May 31, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

b) Basis of presentation

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 January 29, 2024.

c) Significant accounting judgments and estimates

The preparation of the condensed interim 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 consolidated financial statements requires management to make judgments regarding the going concern of the Company, as previously discussed in Note 1.

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:

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (cont'd...)

c) 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) 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 the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

v) Recovery of deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, 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.

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.

vii) Carrying values of intangible assets

The assessment of indications of impairment of intangible assets: Management determines if intangible asset costs, which have been capitalized, have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment so economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. If indications of impairment exist, management estimates the recoverable amount of the asset and adjusts the carrying value as necessary.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (cont'd...)

c) Significant accounting judgments and estimates (cont'd...)

viii) 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.

ix) Revenue recognition

The Company estimates contingency fee revenue based on estimates of hospital services that were performed but not billed (lost charges) and estimates of collection of the resulting receivables owed by customers to hospitals. The Company estimates a receivable for work-in-progress (“WIP”) using an aged report of all outstanding lost charges identified by the Company and sent to the Company’s clients for processing. Those lost charges are included in the report along with an estimate of the amount that the hospital will collect from the payer for each lost charge. Each client’s specific contingency fee is then applied to such amounts to determine an estimate of the Company’s revenue and WIP receivable. Management then estimates an allowance for uncollectible WIP based on historical collection rates for each aging category with increases or decreases being recorded to bad debt expense.

d) 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.

e) 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	November 30, 2023 Interest %	May 31, 2023 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

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

3. MARKETABLE SECURITIES

Cost:	
At May 31, 2022 and 2023 and November 30, 2023	\$ 7,474
Fair value:	
Fair value at May 31, 2022	\$ 3,037
Unrealized loss	(1,911)
Foreign exchange loss	(185)
Fair value at May 31, 2023	941
Unrealized loss	(5)
Foreign exchange loss	10
Fair value at November 30, 2023	\$ 946

4. RECEIVABLES

Receivables, net of allowance, as at November 30, 2023 and May 31, 2023:

	Nov. 30, 2023		May 31, 2023	
HST input tax credits	\$	16,788	\$	15,987
Trade receivables		103,874		105,808
Work in progress ("WIP")		204,884		266,905
Allowance for uncollectible WIP		(103,472)		(129,312)
	\$	222,074	\$	259,388

Estimated amounts are accrued as revenue for completed work, which is known as WIP. After identified lost charges are processed and the hospital client receives payment from the payer, an invoice is generated and sent to the hospital client for the Company's contingency fee, which is generally collected approximately 30-45 days after being invoiced. As at November 30, 2023, 95% of the trade receivables were current being invoiced on November 30, 2023. Significant estimated monthly amounts accrued as WIP are subject to adjustment. Bad debt expense recorded for the six-months ended November 30, 2023 was \$(22,230) and for the year ended May 31, 2023 was \$31,716.

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. remain in safekeeping with a Trustee until the terms of the Sale Agreement are fulfilled.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

4. RECEIVABLES (cont'd...)

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:

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 November 30, 2023 and May 31, 2023 is \$76,626 and \$82,012, respectively.

5. SOFTWARE DEVELOPMENT

<u>Cost:</u>	
At May 31, 2022, 2023 and November 30, 2023	\$ 573,316
<u>Accumulated Amortization:</u>	
Balance at May 31, 2022	\$ 520,746
Amortization	39,164
Balance at May 31, 2023	559,910
Amortization	6,503
Balance at November 30, 2023	\$ 566,413
<u>Fair Value:</u>	
At May 31, 2022	\$ 52,570
At May 31, 2023	\$ 13,406
At November 30, 2023	\$ 6,903

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2023		May 31, 2023	
Accounts payable	\$	1,459,166	\$	1,328,845
Accrued liabilities		142,574		72,137
Accrued interest		2,676,997		2,335,143
Accrued payroll		219,564		138,997
Accrued payroll tax liabilities		1,397,234		1,193,599
	\$	5,895,535	\$	5,068,721

7. CONVERTIBLE DEBT

As at November 30, 2023 and May 31, 2023, the Company had the following convertible debt:

Description	Face value	Total liability	Total liability
		Nov. 30, 2023 (in US Dollars)	May 31, 2023 (in US Dollars)
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	274,640	274,192
Past due convertible note, convertible at CDN\$0.30 per share, accruing interest at 12% per annum.	CDN\$ 10,000	7,363	7,351
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	294,520	294,040
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	515,410	514,570
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	276,113	275,662
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	294,520	294,040
Matures in February 2024, convertible at \$0.14, accruing interest of 10% per annum	\$ 128,207	126,193	122,406
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 14)	\$ 819,093	255,969	255,969
Mature on February 29, 2024, convertible at \$0.14 per share, accruing interest of 12% per annum (Note 14)	\$ 1,199,661	1,172,226	1,138,318
Mature on October 15, 2025, convertible at \$0.14 per share, accruing interest of 10% per annum (Note 14)	\$ 1,144,447	968,620	932,440
		\$ 4,475,574	\$ 4,398,988

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

7. CONVERTIBLE DEBT (cont'd...)

As at November 30, 2023 and May 31, 2023, the Company has the following convertible notes outstanding:

	Nov. 30, 2023	May 31, 2023
Convertible notes overdue	\$ 2,208,535	\$ 2,205,824
Convertible notes due within 12 months of period end	1,298,419	1,260,724
Convertible notes due after 12 months of period end	968,620	932,440
	\$ 4,475,574	\$ 4,398,988

During the six-months ended November 30, 2023, the Company had no convertible debt transactions.

During the year ended May 31, 2023, the Company's only convertible debt transactions was a past due convertible note with a face value of \$20,000 plus accrued interest of \$4,133 was converted to 403,543 common shares at a conversion price of \$0.06 per share.

8. SHORT-TERM LOANS

Loans consist of the following:

	Nov. 30, 2023	May 31, 2023
Loans from related parties (Note 13) (1)	\$ 308,996	\$ 307,721
Loans from other entities (2)	776,848	688,000
	\$ 1,085,844	\$ 995,721

⁽¹⁾ As at November 30, 2023, of these short-term loans from related parties, \$29,496 are non-interest-bearing advances to the Company, due on demand. Of the remaining \$279,500, \$129,500 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, 2023, of these short-term loans from related parties, \$43,721 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 November 30, 2023, of these short-term loans from other parties, \$83,000 are noninterest bearing advances to the Company, due on demand. Of the remaining \$693,848, \$125,000 have an interest rate of 12%, and are due on demand, \$38,750 have an interest rate of 15% and all are due on demand, \$525,000 have an interest rate of 10% and all are due on demand, and \$5,098 is a revolving bank loan. As at May 31, 2023, of these short-term loans from other parties, \$83,000 are noninterest bearing advances to the Company, due on demand. Of the remaining \$605,000, \$125,000 have an interest rate of 12% and \$475,000 have an interest rate of 10% and all are due on demand.

9. NOTES PAYABLE

a) Omega Note 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:

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(Unaudited - Expressed in U.S. Dollars)

9. NOTES PAYABLE (cont'd...)

a) Omega Note Payable (cont'd...)

- \$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 November 30, 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 November 30, 2020, when any remaining balance becomes due (past due).

As at November 30, 2023 and May 31, 2023, the remaining unpaid balance included in notes payable – current portion was \$146,851 and \$240,451, respectively (Note 12).

b) SBA Note Payable

On July 26, 2020, the Company was awarded a \$150,000 SBA EIDL with an interest rate of 3.75% and monthly payments based on a 30-year term loan. As at November 30, 2023 and May 31, 2023, the long-term portion of the note payable was \$143,756 and \$145,429, respectively, and the current portion of the note payable was \$3,313 and \$3,252, respectively.

c) Loan Payable

As described more fully in Note 7, 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 portion of the note payable was \$87,309 and \$88,735 and the current portion of the note payable was \$4,802 and \$4,526 as at November 30, 2023 and May 31, 2023, respectively.

d) Notes payable – principal repayments over the next five years are as follows

<u>Years ended November 30:</u>	<u>Amount</u>
2024	\$ 154,967
2025	8,598
2026	85,700
2027	3,696
Thereafter	<u>133,072</u>
Total	<u>\$ 386,033</u>

10. SHARE CAPITAL

a) Common stock

Authorized: As at November 30, 2023 and May 31, 2023, the share capital comprised of unlimited common shares without par value.

Issued and outstanding: November 30, 2023, 169,145,135 shares; May 31, 2023, 169,145,135 shares.

CERTIVE SOLUTIONS INC.

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(Unaudited - Expressed in U.S. Dollars)

10. SHARE CAPITAL (cont'd...)

a) Common stock (cont'd...)

During the six-months ended November 30, 2023, the Company issued no shares.

During the year ended May 31, 2023, the Company issued 9,721,102 common shares: 1,511,102 common shares were issued upon the conversion of \$90,665 of convertible debt; 750,000 common shares were issued from the exercise of stock options; and 7,460,000 common shares with a fair value of \$164,120 (\$0.022 per share) were issued to settle accounts payable and accrued payroll of \$596,501, which resulted in a gain on settlement of accounts payable of \$432,681.

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) 312,500 shares of the Company's common stock at a deemed value of \$0.08/share; b) 156,250 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; and c) 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 \$0.08/share.

b) Purchase warrants

As at November 30, 2023 and May 31, 2023, 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, 2022	7,350,000	\$0.09
Granted ⁽¹⁾	200,000	CDN\$0.05
Exercised ⁽²⁾	(750,000)	CDN\$0.05
Outstanding, November 30, 2023 and May 31, 2023	6,800,000	\$0.09

(1) On May 1, 2023, 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.

(2) In January 2023, the Company's CEO and CFO exercised 750,000 stock options at CDN\$0.05/share.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

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(Unaudited - Expressed in U.S. Dollars)

10. SHARE CAPITAL (cont'd...)

c. Stock options (cont'd...)

As at November 30, 2023, the total outstanding stock options were 6,800,000 as follows:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
100,000	100,000	CDN\$0.05	5.17	Jan. 29, 2029
100,000	100,000	CDN\$0.05	6.34	Mar. 31, 2030
100,000	100,000	\$0.06	7.86	Oct. 6, 2031
200,000	200,000	CDN\$0.05	7.92	Oct. 29, 2031
6,000,000	6,000,000	\$0.10	7.92	Oct. 29, 2031
100,000	100,000	CDN\$0.07	8.42	Apr. 29, 2032
200,000	-	CDN\$0.05	8.83	May 1, 2033
6,800,000	6,600,000	\$0.09	7.82	

The Company recognizes the fair value for all stock options granted and vested using the Black Sholes valuation model. The Company recognized share-based compensation expense of \$0 and \$10,497 for the six-months ended November 30, 2023 and the year ended May 31, 2023, respectively. The fair value of the stock options during the year was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	November 30, 2023	May 31, 2023
Expected volatility	233.62%	233.62%
Expected option life (years)	9.4	9.4
Risk-free interest rate	1.76%	1.76%
Expected dividend yield	0%	0%
Share price	\$0.03	\$0.03

11. REVENUE

Revenue recognized during the six-months ended November 30, 2023 and 2022 relates to Lost Charge Recovery Services and DRG Review Services.

During the six-months ended November 30, 2023, the Company recognized \$358,373 from Lost Charge Recovery Services and \$270,128 from DRG Review Services. Of the \$628,501 revenue recognized during the six-months ended November 30, 2023, as at November 30, 2023, revenue invoiced but not yet collected was \$103,416 and estimated revenue, net of an allowance, related to completed WIP, but not yet invoiced, was \$101,412 (16% of revenue).

During the six-months ended November 30, 2022, the Company recognized \$462,466 from Lost Charge Recovery Services and \$173,563 from DRG Review Services. Of the \$636,029 revenue recognized during the six-months ended November 30, 2022, as at November 30, 2022, revenue invoiced but not yet collected was \$125,071 and estimated revenue, net of an allowance, related to estimated WIP, but not yet invoiced, was \$215,658 or (33.9% of revenue).

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

11. REVENUE (cont'd...)

Two of the Company's major customers that each contribute in excess of 10% of total revenues:

For the six-months ended November 30, 2023, one of which accounts for \$374,893 (54.1%) and the other accounts for \$295,462 (42.7%) of revenue recorded.

For the six-months ended November 30, 2022, one of which accounts for \$325,552 (50.6%) and the other accounts for \$277,936 (43.3%) of revenue recorded.

12. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The Company's related parties consist of its Directors, Key Management Personnel ("KMPs") and companies owned in whole or in part by KMPs and directors as follows:

<u>Name</u>	<u>Position and nature of relationship</u>
SMA Group, LLC	Company controlled by key management
Miller and Associates Environmental Consultants	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
The Marreel Family Trust	Company controlled by officer and director
Tim Hyland	Director and officer
Tom Marreel	Director and officer
Sheila Schweitzer	Independent director
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

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

	<u>Nature of relationship</u>	<u>Nov. 30, 2023</u>	<u>May 31, 2023</u>
Accounts payable (Note 6)	Directors, key management personnel, and companies controlled by these parties	\$ 1,223,079	\$ 1,098,221
Convertible loans – face value (Note 7)	Directors	\$ 426,348	\$ 426,348
Notes payable (Note 9)	Key management personnel	\$ 146,851	\$ 240,451
Short-term loans payable (Note 8)	Directors and key management personnel	\$ 308,996	\$ 307,721

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

12. RELATED PARTY TRANSACTIONS (cont'd...)

	Six-months ended November 30, 2023	Six-months ended November 30, 2022	Three-months ended November 30, 2023	Three-months ended November 30, 2022
Salaries paid to key management personnel & director	\$ 5,000	\$ 119,838	\$ -	\$ 56,088
Salaries accrued for officers of the Company	78,000	78,000	39,000	39,000
Share-based compensation for the officers of the Company	-	12,477	-	5,278
Total	\$ 83,000	\$ 210,315	\$ 39,000	\$ 100,366

13. 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 six-months ended November 30, 2023.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) 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, receivable from KCA, restricted assets, accounts payable, convertible debt, short-term loans, and notes payable.

The fair value of marketable securities are measured on the statement of financial position using level 1 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.

b) 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.

i) 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 receivable and cash held with financial institutions. 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.

ii) 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 15. 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.

iii) 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

iv) 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 the United States. As at November 30, 2023, the Company has approximately \$1,663,000 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 \$166,300.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

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(Unaudited - Expressed in U.S. Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

b) Financial instrument risk exposure (cont'd...)

v) 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 notes have a short-term maturity and/or a fixed interest rate.

vi) 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.

15. RESTATEMENT

The Company has restated the comparative financial information on the statements of financial position as at May 31, 2022 and the comparative financial information on the statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency for the year ended May 31, 2022. The restatement is a result of the Company erroneously recording restricted assets of \$147,500, consisting of the Company's own common shares in addition to the Company erroneously recording a gain on forgiveness of debt in relation to the part settlement of the IRS matter (Note 16) in the prior year.

To correct the prior year entry, the common shares received were recorded as treasury shares at their fair value of \$128,667 during the year ended May 31, 2022.

During the year ended May 31, 2023, the Company failed to pay the entire trust fund payment by December 31, 2022 (Note 16), which resulted in the Company setting up an obligation to issue shares at the fair value on December 31, 2022 in the amount of \$108,855.

Effects on Statements of Financial Position

	As at May 31, 2022		
	Previously stated	Adjustments	As Restated
Treasury Shares	\$ -	\$ (128,667)	\$ (128,667)
Deficit	\$ (37,870,854)	\$ (18,833)	\$ (37,889,687)
Total shareholders' deficiency	\$ (8,957,826)	\$ (147,500)	\$ (9,105,326)

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the six-months ended November 30, 2023

(Unaudited - Expressed in U.S. Dollars)

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. The Company then sent the IRS a formal request to waive the penalties and interest, which was recently denied by the IRS. The Company submitted its appeal and is awaiting its adjudication.

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 common shares of the Company with a fair value of \$128,667 were held in escrow for payment to the IRS and are recorded by the Company as a restricted asset of \$40,000 and treasury shares of \$128,667. 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. As at November 30, 2023 the total accrued payroll liability is \$1,397,234 (May 31, 2023: \$1,193,599), \$299,895 of which is related to the older time periods as referenced above (May 31, 2023: \$299,895). As part of the settlement agreement with the former CFO, if the Company failed to pay the entire trust fund payment by December 31, 2022, the Company must transfer the 2,950,000 common shares back to the former CFO who, pursuant to the settlement agreement, are permitted to sell the shares and use the proceeds to repay the IRS liability. During the year ended May 31, 2023, the Company recognized an obligation to issue shares totaling \$108,855 that represents the fair value of the 2,950,000 common shares owed to the former CFO.

17. SUBSEQUENT EVENTS

(a) The Company raised funds to provide working capital subsequent to November 30, 2023 as follows:

- i) The Company received noninterest-bearing advances, payable on demand, of \$19,700 from one Officer and Director of the Company.
- ii) The Company received \$40,000 from a lender in the form of a short-term loan.

(b) During September 2023, the Company and Magnolia Point LLC, a Delaware limited liability company, entered into a Shareholders Agreement effective July 12, 2023 forming Magnative Health Inc., an Arizona corporation. The Company will initially own 61.11% and Magnolia Point LLC will initially own 38.89% of Magnative Health Inc.