PREDICTIV AI INC.

Consolidated Financial Statements

For the Years Ended January 31, 2022 and 2021

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For the Years Ended January 31, 2022 and January 31, 2021

Contents

Consolidated Financial Statements	**Page**
Consolidated Statements of Financial Position	1
Consolidated Statements of Loss and Comprehensive Loss	2
Consolidated Statements of Changes in Equity (Deficiency)	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 31

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OLAYINKA OYEBOLA & CO.
Chartered Accountants

Independent Registered Public Accounting Firm

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
Predictiv AI Inc. (formerly Internet of Things Inc.)

Opinion

We have audited the consolidated financial statements of Predictiv AI Inc. (formerly Internet of Things Inc.) (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at January 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $901,137 during the year ended January 31, 2022, deficit working capital of $387,130, and accumulated deficit of $22,639,983 at January 31, 2022. The Company has not achieved profitable operations. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statement of Predictiv AI Inc for the year ended January 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statement on June 1, 2021

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Olayinka Oyebola.

Olayinka Oyebola and Co
Chartered Accountants

Lagos, Nigeria
May 26th, 2023

Predictiv AI Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars, unless otherwise stated)
As at January 31, 2022 and January 31, 2021

	Notes		January 31, 2022		January 31, 2021
Assets					
Current assets					
Cash		**$**	**40,462**	$	173,178
Accounts receivable			**2,026**		10,271
Prepaids and sundry assets	**4**		**35,030**		157,813
			77,518		341,262
Non-current assets					
Property and equipment	**5**		**133,868**		116,568
Total Assets		**$**	**211,386**	$	457,830
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**9,14**	**$**	**399,648**	$	200,029
Loans payable	**10**		**65,000**		-
			464,648		200,029
Non-current liabilities					
Derivative liability - warrants	**11**		**-**		2,243,429
Loans payable	**10**		**40,000**		40,000
Contingent acquisition consideration	**6**		**-**		24,549
Total Liabilities			**504,648**		2,580,007
Shareholders' Equity (Deficiency)					
Share capital	**12**		**18,101,723**		15,551,714
Shares to be issued	**6**		**-**		169,572
Contributed surplus	**13,14**		**4,085,596**		3,516,760
Warrants reserve	**12**		**159,402**		450,623
Accumulated deficit			**(22,639,983)**		(21,738,846)
Total Shareholders' Equity (Deficiency)			**(293,262)**		(2,050,177)
Total Liabilities and Shareholders' Equity (Deficiency)		**$**	**211,386**	$	457,830

Going concern *(Note 1)*
Subsequent events *(Note 22)*
The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board

Signed: **"James Grimes"**
Director

Signed: **"Khurram Qureshi"**
Director

Predictiv AI Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended January 31, 2022 and 2021

	Notes	2022	2021
Revenue	**16**	**$ 20,583**	$ 78,324
Expenses			
Direct cost		**52,842**	131,225
Management fees	**14**	**216,000**	168,000
Development expense		**16,128**	36,489
Professional and consulting fees		**378,027**	965,091
General and administrative expenses	**17**	**561,274**	541,792
Impairment of intangible assets and goodwill	**7,8**	**-**	296,359
Share-based payments	**13**	**460,426**	1,213,640
Amortization – intangible assets	**7**	**-**	125,657
Depreciation – property and equipment	**5**	**929**	1,165
Total Expenses		**1,685,626**	3,479,418
Loss from operations before undernoted items		**(1,665,043)**	(3,401,094)
Share of loss (profit) of joint venture	**18**	**104,014**	498,469
Allowance against joint venture	**18**	**75,812**	
Interest expense		**10,774**	58,008
Change in fair value of contingent consideration	**6**	**(6,466)**	9,580
Revaluation of derivative liability warrants	**11**	**(948,259)**	3,271,295
Foreign exchange (gain) loss		**219**	4,971
Net loss and comprehensive loss for the year		**(901,137)**	(7,243,417)
Loss per share - basic and diluted		**$ (0.01)**	$ (0.12)
Weighted average number of common shares - basic and diluted		**93,500,616**	61,764,836

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

Predictiv AI Inc.

Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended January 31, 2022 and 2021

	Share Capital		Shares and Contingent Shares To Be Issued	Contributed Surplus	Warrants Reserve	Deficit	Total
	Number of Shares	Amount					
Balance, February 1, 2020	**37,532,672**	**$ 10,718,320**	**$ 339,144**	**$ 1,988,828**	**$ 866,553**	**$ (14,495,429)**	**$ (582,584)**
Units issued – private placement	20,909,091	577,058	-	-	-	-	577,058
Unit issuance cost	-	(249,256)	-	-	493,233	-	243,977
Shares issued – acquisition	631,313	169,572	(169,572)	-	-	-	-
Shares issued – private placement	8,336,438	1,500,559	-	-	-	-	1,500,559
Share issuance costs	-	(257,177)	-	-	159,401	-	(97,776)
Equity warrants exercised	550,757	334,019	-	-	(182,561)	-	151,458
Equity warrants expired	-	-	-	549,675	(549,675)	-	-
Liability warrants exercised	6,845,455	1,977,308	-	-	-	-	1,977,308
Compensation warrants exercised	1,272,727	453,625	-	-	(383,625)	-	70,000
Compensation warrants expired	-	-	-	46,800	(46,800)	-	-
Share based compensation units issued	1,818,182	95,274	-	-	94,097	-	189,371
Stock option excercised	576,364	232,412	-	(92,812)	-	-	139,600
Share-based payments charged to operations	-	-	-	1,024,269	-	-	1,024,269
Loss and Comprehensive Loss for the year	-	-	-	-	-	(7,243,417)	(7,243,417)
Balance, January 31, 2021	**78,472,999**	**$ 15,551,714**	**$ 169,572**	**$ 3,516,760**	**$ 450,623**	**$ (21,738,846)**	**$ (2,050,177)**
Liability warrants exercised	13,345,454	2,029,168	-	-	-	-	2,029,168
Compensation warrants exercised	272,727	124,607	-	-	(109,607)	-	15,000
Stock options exercised	509,783	188,579	-	(73,204)	-	-	115,375
Shares for service	117,647	20,000	-	-	-	-	20,000
Shares issued – acquisition	631,313	169,572	(169,572)	-	-	-	-
Shares issued – performance	150,693	18,083	-	-	-	-	18,083
Warrants Expired	-	-	-	181,614	(181,614)	-	-
Share-based payments charged to operations	-	-	-	460,426	-	-	460,426
Loss and Comprehensive Loss for the year	-	-	-	-	-	(901,137)	(901,137)
Balance, January 31, 2022	**93,500,616**	**$ 18,101,723**	**$ -**	**$ 4,085,596**	**$ 159,402**	**$ (22,639,983)**	**$ (293,262)**

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

Predictiv AI Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars, unless otherwise stated)
For the years ended January 31, 2022 and 2021

	Notes	2022	2021
Cash flows from operating activities			
Net loss for the year		**$ (901,137)**	$ (7,243,417)
Adjustments to net loss for non-cash items:			
Depreciation and amortization	**7,5**	**929**	126,822
Share-based payments	**14**	**460,426**	1,213,640
Media marketing service		**20,000**	-
Foreign exchange (gain) loss		**(3)**	-
Impairment of intangible assets and goodwill	**7,8**	**-**	296,359
Share of loss (profit) of joint venture	**10**	**104,014**	498,469
Allowance against joint venture		**75,812**	-
Revaluation of derivative liability warrants	**12**	**(948,259)**	3,271,295
Issuance costs of derivative liability warrants		**-**	247,478
Change in fair value of contingent consideration	**6**	**(6,466)**	9,580
CEBA loan forgiveness		**-**	(20,000)
		(1,194,684)	(1,599,774)
Changes in non-cash working capital:			
(Increase) decrease in accounts receivables		**8,245**	65,209
(Increase) decrease in prepaid and sundry assets		**122,783**	(106,672)
Increase (decrease) in accounts payable and accrued liabilities		**199,619**	(442,818)
Increase (decrease) in deferred revenue		**-**	(9,488)
Cash Used in Operating Activities		**(864,037)**	(2,093,543)
Cash flow from investing activities			
Investing in capital asset development	**5**	**(18,229)**	(111,925)
Investment in joint venture	**10**	**(179,825)**	(498,469)
Cash Used in Investing Activities		**(198,054)**	(610,394)
Cash flow from financing activities			
Proceeds from equity warrants excercise	**13**	**-**	151,458
Proceeds from compensation warrants excercise		**15,000**	70,000
Proceeds from derivative liability warrants excercise		**734,000**	376,500
Proceeds from option exercise	**13**	**115,375**	139,600
Proceeds from private placements (net of cost)	**13**	**-**	2,046,482
Proceeds from loans	**12**	**65,000**	626,622
Repayment of loans		**-**	(576,833)
Cash Generated from Financing Activities		**929,375**	2,833,829
Net Increase (Decrease) in cash		**(132,735)**	129,892
Cash, beginning of year		**173,178**	43,286
Cash, end of year		**$ 40,462**	$ 173,178

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

1. Corporate Information and Going Concern

Predictiv AI Inc. (formerly Internet of Things Inc.)("the Company" or "PAI Inc.") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Ontario and its shares are listed on the TSX Venture Exchange. The consolidated financial statements of the Company as at and for the year ended January 31, 2022 and 2021 comprise the Company and its wholly owned subsidiaries being Weather Telematics Inc. AI Labs Inc., and IOT Labs Inc. The Company's 100% subsidiary AI Labs Inc. had 51% interest in SMRT Labs Inc., a joint venture with Commersive Solution Corp. The joint venture was terminated in November 2021.

PAI Inc. is a software and solutions provider in the artificial intelligence and industrial Internet of Things "IoT" markets. It is a technology company which helps businesses and organizations make smarter decisions using advanced artificial intelligence, deep machine learning and data science techniques.

The head office, principal address, registered office, and records of the Company are located at 20 Bay Street, 11th Floor, Toronto, Ontario, Canada, M5J 2N8.

These consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on May 26, 2023.

Going Concern

Since inception, the Company has incurred losses amounting to $22,639,983 (2021 - $21,738,846). During the year, the Company reported a net loss of $901,137 (2021 –$7,243,417). As at January 31, 2022 the Company had working capital defficiency of $387,131 (2021 – $141,233). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its acquisitions or obtaining new equity and/or debt financing on commercial terms acceptable to the Company. All of these outcomes are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The accompanying consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments to reflect any events since January 31, 2022 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this material uncertainty. These adjustments could be material.

2. Statement of Compliance and Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS in effect as at January 31, 2022.

3. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and include the accounts of Weather Telematics Inc., Digital Blockware Inc., IOT Labs Inc., and AI Labs Inc. All significant intercompany accounts and transactions have been eliminated.

Revenue recognition

Revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard also provides guidance relating to principal versus agent relationships, licenses of intellectual property, contract costs and the measurement and recognition of gains and losses on the sale of certain non-financial assets such as property and equipment.

The Company has identified its revenues are usage-based licensing. It provides customer right to use either the raw data sent from all of its mobile platforms or to use processed information sent from application interface. The Company recognizes revenue based on monthly subscription in accordance with the customer contract. The subscription is dependent upon the number of sensors that are deployed times monthly fees per unit. The revenue is recognized when the number of units deployed during the month has been confirmed to the customer and measured at an agreed amount to which the Company expects to be entitled.

Financial Instruments

A financial asset shall be measured at amortized cost if it is held with the objective of holding assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

All financial instruments are classified into either fair value through profit of loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Contingent consideration	FVTPL
Warrant Derivative liability - warrants	FVTPL

3. Summary of Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

The Company measures trade receivable at amortized cost. With this measurement model, the credit impairment, interest revenue and foreign exchange gains or losses are recognized in the consolidated statement of comprehensive loss. On derecognition of asset, gains or losses are recognized in the consolidated statement of comprehensive loss.

Impairment requirements use an "expected credit loss" ("ECL") model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

Under the "Expected credit loss" model, the Company calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

All financial assets except for those at FVTPL are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows from a financial asset or a group of financial assets has been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

All other financial assets are classified and measured at FVTPL unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognized in a business combination) in other comprehensive income ("OCI").

Despite these requirements, a financial asset may be irrevocably designated as measured at FVTPL to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at FVTPL, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

3. Summary of Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Financial liabilities (Cont'd)

Other financial liabilities - Other financial liabilities (including loans and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Fair value hierarchy

The Company classifies its financial instruments accounted for at fair value according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The derivative liability – warrants are measured at level 2 of the fair value hierarchy.

Foreign currency transactions

Foreign currency transactions are translated into Canadian Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Cash and cash equivalents

Cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company did not have any cash equivalents at January 31, 2021 and 2020.

Research and development costs

Internally generated expenses on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in profit or loss as an expense in the period in which they are incurred. Internally generated development costs are capitalized when the costs are expected to provide future benefits with reasonable certainty and the costs meet all the criteria for capitalization. No internal development costs have been capitalized as at and during the fiscal year ended January 31, 2021 and 2020.

3. Summary of Significant Accounting Policies (Cont'd)

Share capital

Common shares are classified as equity. Amounts received for units issued are allocated between common shares and warrants based on relative fair value method. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effects. Warrants that are classified as liability warrants that do not meet the fixed-for-fixed criteria, the incremental costs directly attributable to the warrants liability are recognised in the statement of loss and comprehensive loss.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in deficiency in assets or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions and contingencies

Provisions are recognized when a legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision due to passage of time is recognized as interest expense.

When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

3. Summary of Significant Accounting Policies (Cont'd)

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings per share if their inclusion would be anti-dilutive.

Warrants

From time to time, the Company may issue warrants as a means of raising capital. The Company values warrants using the Black-Scholes pricing model. Any transaction costs arising on the issue of warrants are recognized in equity as a reduction of the proceeds from warrants. In the event that warrants are exercised, the fair value of the warrants issued is reclassified from warrants to share capital. In the event that warrants expire unexercised, their value is transferred from warrants to share-based payment reserve. If the warrants do not meet the fixed for fixed criteria under IAS 32 then the warrants are classified as liability warrants and these are accounted for under fair value through profit and loss, the incremental costs directly attributable to the warrants liability are recognised in the statement of loss and comprehensive loss.

Share-based payments

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on their fair value over the period of vesting using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Property and equipment

Property and equipment are initially recorded at cost. Depreciation is provided using methods outlined below at rates intended to depreciate the cost of assets over their estimated useful lives.

Method	Rate	
Computer and office equipment	Declining balance	20 %

3. Summary of Significant Accounting Policies (Cont'd)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the company to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to the consolidated statement of profit and loss. On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Business combinations are initially accounted for on a provisional basis. The Company respectively adjusts the provisional amounts recognized and also recognizes additional assets or liability during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period extends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Company receives all the information possible to determine the fair value.

Joint ventures

The Company has assessed the nature of its joint arrangements and determined it to be a joint venture. whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An interest in a joint venture is accounted for using the equity method in accordance with IAS 28. It is recognized initially at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income ("OCI") of equity accounted investees until the date on which significant influence or joint control ceases. If the Company's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Company discontinues recognizing its share of further losses. The interest in a joint venture is the carrying amount of the investment in the joint venture together with any long-term interests that, in substance, form part of the Company's net investment in the joint venture. Such items include long-term receivables and loans. Losses recognized using the equity method in excess of the entity's investment in shares are applied to the other components of the Company's interest in the joint venture in the reverse order of their liquidity. Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). The Company has assessed the nature of its joint arrangements and determined it to be a joint venture, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

3. Summary of Significant Accounting Policies (Cont'd)

Goodwill

Goodwill is initially recognized at cost, being the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible acquired assets and liabilities assumed at the date acquired and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Subsequently, goodwill assets are not amortized but are assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The annual impairment test requires comparing the carrying values of the CGU's goodwill to their recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company determines the value in use, using estimated future cash flows discounted at an after-tax rate that reflects the risk adjusted weighted-average cost of capital. Any excess of the carrying value amount of the CGU over the recoverable amount is expensed in the period the impairment is identified. An impairment loss recorded for goodwill is not reversed in a subsequent period. Upon disposal of a business, any related goodwill is included in the determination of gain or loss on disposal. The value-in-use is the present value of the estimated future cash flows relating to the assets using a pre-tax discounted rate specific to the asset or cash-generating unit

Intangible assets

Intangible assets acquired are recorded at fair value when acquired during a business acquisition. Intangible assets are amortized over their estimated useful lives of 5 years.

Investment tax credits and government grants

Government grants include funding for research and product development support. Research and product development funding is recognized when there is reasonable assurance that the Company has complied with the conditions attached to the funding arrangement and the funding will be received. Government assistance is recognized when receipt of the assistance is reasonably assured. Reasonable assurance is determined based on the Company's past experience with claims and collections. Research and product development funding and investment tax credits are presented as a reduction in research and development expenses, unless it is for reimbursement of an asset, in which case it is recognized as a reduction in the carrying amount of the applicable asset. Grants related to income are recorded through the consolidated statement of loss and comprehensive loss.

Functional currency

These Financial Statements are presented in Canadian dollars. The functional currency for each subsidiary consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the "functional currency"). The Company and its subsidiaries' functional currency is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date, while non-monetary assets and liabilities measured in terms of historical cost in a foreign.

3. Summary of Significant Accounting Policies (Cont'd)

Joint ventures

In Applying the equity method, the Company use the financial statements of the joint venture as of the same date as the financial statements of the company. If the Company's share of losses of joint venture equals or exceeds the "interest in the joint venture" the Company discontinues recognizing the share of further losses. The "interest in the joint venture" is the carrying amount of the investment in the joint venture under the equity method. After the Company's interest is reduced to zero, additional losses are recognized by a provision (liability) only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized

Significant accounting judgments and estimates

The preparation of these consolidated financial statements 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 and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates that, by their nature, are uncertain. The impact of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas where estimates are significant to these consolidated financial statements are as follows:

i) The estimates used in determining the stock option and warrant fair values, utilizes estimates made by management in determining the appropriate input variables such as the term of the option, expected price volatility of the underlying share, expected life, the expected dividend yield and the risk free interest rate for the term of the option in the Black-Scholes valuation model.

ii) The fair value of intangibles and goodwill acquired from acquisitions and estimates on any applicable impairment. The Company's estimate of a CGU's or group of CGUs' recoverable amount is based on value in use ("VIU") and involves estimating future cash flows before taxes. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results or budgets and a terminal value calculated by discounting the final year in perpetuity. The future cash flow estimates are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to each business.

iii) Business combination. The amount of goodwill initially recognized as a result of a business combination is dependent on the allocation of the consideration transferred to the fair value of the identifiable assets acquired and the liabilities assumed. The Company applies judgment in identification of identifiable intangible assets. The Company uses external parties with the requisite expertise to determine the acquisition-date fair values of certain identifiable assets acquired.

(Expressed in Canadian Dollars, unless otherwise stated)

3. Summary of Significant Accounting Policies (Cont'd)

Significant accounting judgments and estimates (Cont'd)

iv) Significant judgment is involved in the determination of the useful life for the computation of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions. The indicators of impairment are reviewed on a quarterly basis this assessment involves significant judgement.

4. Prepaids and Sundry Assets

Prepaids and sundry assets includes the government receivables arising from HST recovery.

	January 31, 2021	January 31, 2021
Other prepaids	**$ 7,270**	$ 89,975
HST recovery	**27,760**	67,838
	$ 35,030	$ 157,813

5. Property and Equipment

	Computer and office equipment
Cost, February 1, 2020	$ 9,412
Addition	-
Cost, January 31, 2021	9,412
Addition	
Cost, January 31, 2022	**$ 9,412**
Accumulated depreciation, February 1, 2020	3,604
Charge for the year	1,165
Accumulated depreciation, January 31, 2021	4,769
Charge for the year	929
Accumulated depreciation, January 31, 2022	**$ 5,698**
Net book value, January 31, 2021	$ 4,643
Net book value, January 31, 2022	**$ 3,714**
Deposit on equipment under construction:	
Beginning Balance, Feburary 1, 2021	111,925
Addition	18,229
Ending Balance, January 31, 2022	**130,154**
Total property and equipment	**$ 133,868**

(Expressed in Canadian Dollars, unless otherwise stated)

6. Acquisition of Weather Telematics Inc.

On June 1, 2018, the Company acquired Weather Telematics Inc. ("WTX Inc.") through the purchase of all of the issued and outstanding shares in WTX Inc. On closing, the Company paid $230,000 in cash. $300,000 cash adjusted for working capital will be paid subsequent to closing. In addition, 3,787,879 Predictive AI Inc.'s treasury shares may be released with 50% or 1,893,939 shares over three years in three equal tranches of 631,313 shares on the 12th month, 24th month and 36th month anniversaries post-closing. These shares are recorded as shares to be issued at the end of the year. The 50% balance or 1,893,939 are shares to be released upon WTX Inc. achieving $8.2 million minimum net sales target over 36 months with pro rata releases every six months. These shares are described as performance shares.

The performance shares represent contingent consideration which has been classified as a liability and is remeasured at each reporting date in accordance with IFRS 9. The Company allocated $258,195 to performance shares at the acquisition date. Management assessed the probability of the anticipated progress towards the $8.2 million target and discounted the share value to present value in order to derive a fair value of $24,549 as at January 31, 2021 (2020 – $14,969). A corresponding loss of $9,580 (2020 –$66,338 gain) was recorded in the Statement of Loss and Comprehensive Loss.

On February 28, 2019, the Company made a payment of $44,239 to the vendors of WTX Inc. In March 2019, the Company made payment of $6,900 to the vendor of WTX Inc. In June 2019, 12 months from the closing date, the Company made final payment of $98,802 to WTX Inc' vendors excluding $10,000 contingent funds and issued 631,313 shares to WTX Inc.'s vendors. In August 2019, the Company paid out $10,000 contingent funds withheld previously. In June 2020, the Company issued 631,313 shares to WTX Inc.'s vendors.

7. Intangible assets

The chart below outlines the net book value of the technology:

Balance, February 1, 2020	$	628,286
Accumulated depreciation, February 1, 2019	**$**	**83,711**
Amortization for the year		122,559
Accumulated depreciation, January 31, 2020		**206,270**
Amortization for the year		125,657
Impairment		296,359
Accumulated depreciation, January 31, 2021		628,286
Net book value, January 31, 2020	**$**	**422,016**
Net book value, January 31, 2021	**$**	**-**

During the year ended January 31, 2021, the Company recognized an impairment charge of $296,359 in respect of technology intangible in connection with its WTX Inc. cash generating unit.

The recoverable amount of this cash-generating unit's (CGU) assets has been determined based on value in use using discounted cashflow projections.

(Expressed in Canadian Dollars, unless otherwise stated)

7. Intangible assets (Cont'd)

In determining an intangible assets impairment loss of $296,359 (2020 – $nil), the Company applied the value in use method, using a five-year (and related terminal value) discounted cash flow model. The Company reviewed cash flow projections during a forecasted period based on expected revenue growth and gross margins (67%) throughout the forecast period. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate which is the projected long-term average growth rate. The recoverable amount used a pre-tax discount rate of 45.5% per annum.

8. Goodwill

Goodwill arose on the acquisition of WTX Inc. as the cost of the consideration paid for the combination effectively included amounts for the benefit of expected synergies, revenue growth and future market development.

Balance, February 1, 2019	$	661,596
Impairment loss	$	661,596
Net book value, January 31, 2020	**$**	**-**
Net book value, January 31, 2021	**$**	**-**

In determining a goodwill impairment loss of $Nil (2020 - $661,596) the Company applied the value in use method, using a five-year (and related terminal value) discounted cash flow model. The Company reviewed cash flow projections during a forecasted period based on expected revenue growth and gross margins (67%) throughout the forecast period. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate which is the projected long-term average growth rate. The recoverable amount used a pre-tax discount rate of 45.5% (2020 – 45.5%) per annum.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	January 31, 2021	January 31, 2021
Trade accounts payable	**$ 149,746**	$ 98,19
Payroll and related	**-**	33,969
Other accruals	**249,902**	67,866
	$ 399,649	$ 200,029

10. Loans Payable

		January 31, 2021	**January 31, 2021**
(i)	Loans payable, set-up fee of 5%, interest bearing at 1% per month, interest payable monthly, principal due on demand	$ 65,000	$ -
(ii)	CEBA Loan	40,000	40,000
		$ 105,000	$ 40,000

(Expressed in Canadian Dollars, unless otherwise stated)

10. Loans Payable (Cont'd)

(i) $10,000 loan advanced by related party as an unsecured bridge loan

(ii) In 2020, the Company received loans of $60,000 through Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small business during the COVID-19 pandemic. The CEBA loan has an initial term date on December 31, 2021 (the "Initial Term Date") and may be extended to December 31, 2025. Repayment on or before the new deadline of December 31, 2023, will result in loan forgiveness of up to $20,000. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the initial Term Date. Outstanding loans will be subsequently converted to two-year term loans with interest of 5 per cent per annum commencing on January 1, 2024, with the loans fully due by December 31, 2025. Repayment of principal is not required before December 31, 2023. Loan forgiveness $20,000 has been recorded as a reduction of general and administrative expense in 2021.

11. Derivative Liability – Warrants

		Value	# of warrants
Balance, February 1, 2020	$	-	-
Warrants issued		572,942	20,909,091
Warrants exercised		(1,600,808)	(6,845,455)
Fair value adjustment		3,271,295	-
Balance, January 31, 2021		$2,243,429	14,063,636
Warrants exercised		(365,675)	(13,345,454)
Warrants expired		(19,678)	(718,182)
Fair value adjustment		(1,858,076))	-
Balance, January 31, 2022	$	-	-

In April 2020, the Company issued 20,909,091 (Pre consolidation - 115,000,000) warrants as part of a unit issuance that failed to meet the fixed-for-fixed criteria on date of issuance. As such, theses warrants were designated as a financial liability carried at fair value through profit and loss.

On the date of issuance, the value of the liability was derived from the relative fair value of the warrants and shares issued as part of the unit issuance.

On April 13, 2021, the Company issued Expiry Date Acceleration Notice to those holders of Share Purchase Warrants ("Warrants") dated April 22, 2020. The Warrants were subject to the right of the Company to accelerate the expiry date if the volume weighted average trading price of the common shares on the TSX Venture Exchange is greater than $0.275 for any consecutive 10 trading day period. The Company is entitled to accelerate and expiry of the Warrants. The expiry date of the Warrants was accelerated to May 13, 2021.

(Expressed in Canadian Dollars, unless otherwise stated)

11. Derivative Liability – Warrants (Cont'd)

	April 22, 2020	January 31, 2021	May 13, 2021
Remaining contractual life	2 years	1.22 years	-
Exercise Price	0.055	0.055	0.055
Volatility	335.50%	341.10%	125.69%
Dividend yield	0%	0%	0%
Share price	0.3025	0.165	0.085

12. Share Capital and Warrants Reserve

Authorized

Unlimited	First Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors
Unlimited	Second Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors
Unlimited	Common shares

Transactions

On August 31, 2020, the Company announced to change its name to Predictiv AI Inc. and consolidate its outstanding common shares at a ratio of 5.5 pre-consolidation shares for 1 post-consolidation share.

Fiscal 2020

During fiscal year 2020, 218,182 stock options were exercised at an exercise price of $0.275 for the gross proceeds of $60,000. These options have grant date fair value of $0.0787 per share.

375,757 warrant were exercised at the end of 2019 fiscal year. The shares were released in February 2019. Additional 412,121 warrants were exercised during the fiscal year of 2020 at an exercise price of $0.275 for the proceeds of $113,333.

In June 2019, 12 months from the closing date May 31, 2018, the Company issued 631,313 shares to WTX's vendors.

On January 26, 2020, 2,090,909 Series D warrants were expired and 193,745 finders' warrants were expired. No warrants were issued during fiscal 2020.

The Company issued 181,818 warrants in January 2019, the exercise price is $0.275 and 72,727 were exercised in January 2019. The remaining 109,091 warrants were exercised in February 2019.

The Company issued 909,091 warrants in May 2018, the exercise price is $0.275 and 303,030 warrants were exercised in fiscal 2019 and 303,031 were exercised in fiscal 2020.

(Expressed in Canadian Dollars, unless otherwise stated)

12. Share Capital and Warrants Reserve (Cont'd)

Fiscal 2021

On April 22, 2020, the Company closed a non-brokered private placement of 20,909,091 subscription units of the Company at a price of $0.01 per equity unit for cash proceeds of $647,200. Of this, $281,228 were issued for debt settlement and $221,572 were issued for accounts payable settlement. Each unit is comprised of one common share of the Company and one common share purchase warrant.

The Company issued 818,182 finder warrants in connection with the completion of the Offering, with each finder warrant exercisable into a unit ("Finder Unit") at an exercise price of $0.055 per Finder Unit for a period of two years. Each Finder Unit is comprised of one Share and one Warrant.

The fair value of the Warrants was determined using the Black-Scholes option pricing model using the following assumptions:

	April 22, 2020
Remaining Contractual Life	2years
Exercise Price	0.055
Volatility	335.50%
Dividend Yield	0%
Fair Value	$0.30

During the year 1,272,727 finder warrants were exercised at an exercise price of $0.055, for a total gross proceeds of $70,000.

During the year 550,757 equity warrants were exercised at an exercise price of $0.275 for a total proceeds of $151,458

In May 2020, 436,364 stock options were exercised at an exercise price of $0.275 for a total proceed of $120,000.

In June 2020, 24 months from the closing date of the acquisition of Weather Telematics Inc. in May 31, 2018, the Company issued 631,313 shares to WTX's vendors.

During the year 6,845,454 liability warrants were exercised at an exercise price of $0.055 for the gross proceeds of $376,500.

In October 2020, 140,000 stock options were exercised at an exercise price of $0.14 for a total proceed of $19,600.

On October 8, 2020, the Company completed a private placement of 8,336,439 common shares at a price of $0.18 per common share for gross proceeds of $1,500,559. The Company paid commissions to eligible finders totaling $97,776 and 542,704 finders warrants. Each finder warrant is exercisable into a common share at an exercise price of $0.18 per share for 2 years.

(Expressed in Canadian Dollars, unless otherwise stated)

12. Share Capital and Warrants Reserve (Cont'd)

The fair value of the Finder Warrants was determined using the Black-Scholes option pricing model using the following assumptions:

	October 8, 2020
Remaining Contractual Life (Years)	2
Exercise Price	0.18
Volatility	312%
Dividend Yield	0%
Fair Value	$0.2937

In January 2021, 163,636 finder warrants that were issued in January 2016, were expired. In January 2021, 1,479,546 warrants expired.

Fiscal 2022

During six-month period ended July 31, 2021, 13,345,454 liability warrants were exercised at an exercise price of $0.055 for the gross proceeds of $734,000. 272,727 compensation warrants were exercised at an exercise price of $0.055 for the gross proceeds of $15,000. 509,783 stock options were exercised for the gross proceeds of $115,375.

In February 2021, the Company received TSX Venture Exchange approval to issue an aggregate of $100,000 plus applicable taxes in common shares of the Company in exchange for advertising services yet to be rendered by AGORA Internet Relations Corp. ("Agora") over a one-year period ending January 31, 2022. The Company issued 117,647 common shares at share price of $0.17 to Agora in March 2021 and will issue 153,846 common shares at the price of $0.13 per share and 400,000 common shares at $0.05 per share subsequent to the end of the period.

13. Share-Based Payments

In August 2011, the Stock Option Plan was approved by the Company's shareholders. The Stock Options Plan was adopted to provide the Company with a share ownership incentive to attract, retain and motivate qualified executives, directors, employees and consultants, to reward their contributions.

The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of Common Shares reserved for issuance, set aside and made available for issuance under the Stock Option Plan may not exceed 10% of the number of issued Common Shares of the Company at the time the options are granted. The maximum number of Common Shares which may be reserved for issuance in any 12-month period to any one individual, upon exercise of all stock options held by that individual, may not exceed 5% of the issued and outstanding Common Shares, calculated at the date the option was granted.

(Expressed in Canadian Dollars, unless otherwise stated)

13. Share-Based Payments (Cont'd)

The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise Price
Outstanding as at February 1, 2020	**1,436,363**	**0.28**
Granted	2,727,273	0.28
Exercised	(436,364)	0.28
Expired	(2,414,545)	0.28
Forfeited	(440,000)	0.396
Granted	4,310,000	0.18
Exercised	(140,000)	0.14
Outstanding as at January 31, 2021	**5,042,727**	**0.19**
Granted	725,000	0.23
Exercised	(509,783)	0.20
Expired	(600,000)	0.55
Forfeited	(400,000)	0.21
Outstanding as at January 31, 2022	**4,257,945**	**0.18**
Options exercisable as at January 31, 2021	2,642,727	$0.18
Options exercisable as at January 31, 2022	**4,257,945**	**$0.18**

The weighted average remaining contractual life for the stock options outstanding as at January 31, 2022 was 1.22 years (2021 – 2.08 years). The pricing model assumed the weighted average risk free interest rates of 1.42% (2021 – 0.29%), weighted average expected dividend yields of Nil (2021 – Nil), the weighted average expected common stock price volatility (based on historical trading) of 293% (2021 – 293%), a forfeiture rate of zero. The weighted average exercise price for the options outstanding as at January 31, 2022 was $0.18 (2021 - $0.19), and a weighted average expected life of 1.22 years (2021 – 2.47 years), which were estimated based on past experience with stock options and option contract specifics. $460,426 (2021 - $1,213,640) of stock-based compensation expense was recorded during the year ended January 31, 2022.

14. Related Party Balances and Transactions

As at January 31, 2022, the Company incurred management fees to related parties in the amount of $216,000 (2021 - $168,000) and consulting fees to related parties in the amount of $35,500 (2021 - $4,500), of which $144,000 was paid to the Chief Executive Officer (CEO) (2021 - $120,000), $72,000 was paid to the Chief Financial Officer (2021 - $48,000). At the end of the year $61,500 (2020 - $157,388) management fees were unpaid and included in accrued liabilities.

As of January 31, 20221, the Company had loan payables due to the management and director of the Company in the amount of $10,000 (2021 - $Nil) and interest payable $558 (2020 - $Nil) disclosed in Note 10.

(Expressed in Canadian Dollars, unless otherwise stated)

14. Related Party Balances and Transactions (Cont'd)

The Company was charged $Nil (2021 - $16,800) by a corporation with director and officer in common for rent, administration, office charges and telecommunications. At the end of the year, $15,771 (2021 - $6,956) was included in accounts payable, $Nil (2021 - $21,000) was included in accrued liabilities.

15. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rates is as follows:

	2022	2021
Net loss before recovery of income taxes	$ (944,856)	$ (7,243,417)
Statutory rate	26.5%	26.5%
Expected income tax recovery	(250,387)	(1,919,505)
Share based compensation and non-deductible expenses	461,868	1,190,060
Intangible assets with no tax basis	-	-
Share issue costs and other	-	(55,841)
Other non-allowable potion of capital loss	-	-
Increase (decrease) resulting from: Change in tax benefits not recognized	(211,481)	785,286
Income tax (recovery) - deferred	$ -	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
Deferred tax assets		
Non-capital losses carried forward	$ 8,921,636	$ 7,549,243
Capital losses carried forward (100%)	220,153	214,809
Share issue costs	-	764,831
Investments	-	498,469

The Canadian non-capital loss carries forwards expire as noted in the table below. Share issuance and financing costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian Dollars, unless otherwise stated)

15. Income Taxes (Cont'd)

The Company's Canadian non-capital income tax losses expire as follows:

2026	$ 3,675
2027	78,063
2028	124,326
2029	342,149
2030	98,824
2031	69,320
2032	29,153
2033	139,446
2034	117,696
2035	180,654
2036	453,925
2037	577,643
2038	1,346,022
2039	898,349
2040	1,074,463
2041	2,015,535
2042	1,126,276
	$ 8,675,519

16. Revenue

Revenues from Company's two largest customers accounted for 59% (2021 – 59%) of consolidated revenues for the year ended January 31, 2022. The top two customers each contributed 10% or more to the Company's revenues.

Revenue by Geographic Region

	2021	2021
US	**$ 12,888**	$ 44,962
Europe	**-**	9,488
Canada	**7,695**	23,874
	$ 20,583	$ 78,324

17. Break Down of Expenses

The details for general and administrative expenses are as follows:

Year ended January 31	**2021**	2021
Salaries	**$ 319,494**	$ 313,323
Shareholder service	**76,527**	200,953
Marketing and administrative expense	**294,749**	123,410
Canada emergency wage subsidy	**(129,495)**	(75,894)
CEBA loan forgiveness	**-**	(20,000)
	$ 561,274	$ 541,792

(Expressed in Canadian Dollars, unless otherwise stated)

18. Share of Loss of Joint Venture

In May 2020, AI Labs Inc., a 100% owned subsidiary of the Company entered into term sheet with Commersive Solutions Corp. ("Commersive") with the intention to create a new jointly owned company for the purpose of developing and commercializing ThermalPass^{TM} which was conceived and developed jointly by AI Labs Inc. and Commersive.

In June 2020, SMRT Labs Inc. was incorporated in Ontario, Canada to facilitate transactions related to ThermalPass^{TM}. From June 2020 to July 31, 2021, the Company and Commersive funded the operations in SMRT Labs Inc. through loans. SMRT Labs Inc. was operated under the terms of the Term Sheet. As the terms of the Term Sheet requires all decisions be approved by both the Company and Commersive Solutions, the Company has assessed that the investment is SMRT Labs Inc. is a joint venture.

In November 2021, the Company annoiced the termination of its joint venture by transferring its 51% interest in SMRT Labs Inc. to its partner, Commersive Solutions Inc. The termination agreement released the Company from all current and future obligations and liabilities related to the joint venture.

Below is a summary of the investment in the SMRT Labs Inc. joint venture:

	January 31, 2022	January 31, 2021
Loans advanced to SMRT Labs Inc.	**$ 179,826**	$ 498,469
Share of losses in SMRT Labs Inc.	**(104,014)**	(498,469)
Allowance against joint venture	**(75,812)**	-
Carrying value at July 31, 2021	**$ -**	$ -

Below is summarized financial information of SMRT Labs Inc.

Summarized Balance Sheet	**January 31, 2022**	January 31, 2021
Current assets		
Cash	**$ 70,833**	$ 22,544
Other current assets	**11,145**	498,915
Total current assets	**81,978**	521,459
Non-current assets	**1,462**	1,863
Current liabilities	**(286,809)**	(548,974)
Non-current liabilities	**(1,371,911)**	(974,529)
Net assets	**$ (1,575,280)**	$ (1,000,181)

(Expressed in Canadian Dollars, unless otherwise stated)

18. Share of Loss of Joint Venture (Cont'd)

Reconciliation to carrying amounts:

		January 31, 2022		January 31, 2021
Loss for the period	**$**	**(203,949)**	$	(1,000,181)
Closing net assets		**(1,575,280)**		(1,000,181)
PAI Inc.'s share - 51%	**$**	**(104,014)**	$	(510,092)
Summarized statement of comprehensive income				
Revenue	**$**	**456,535**	$	140,531
Total expenses		**660,885**		1,140,605
Depreciation and amortization		**401**		107
Loss from operations		**(203,949)**		(1,000,181)
Loss for the period		**(203,094)**		(1,000,181)
Total comprehensive loss	**$**	**(203,094)**	$	(1,000,181)

19. Financial Risk Management Objectives and Policies

Capital management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders (Note 1).

The Company includes deficiency in assets, comprised of issued common shares, contributed surplus, warrants reserve, and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its current joint ventures. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. As described in Note 1, the Company has working capital deficiency of $387,131 (2021 – working capital $141,233) and requires equity and/or debt financings on commercial terms acceptable to the Company. Accounts payable and accrued liabilities are due within the next year.

Credit Risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation. The Company is primarily exposed to credit risk through accounts receivable. The maximum credit risk exposure is limited to the reported amounts of these financial assets. Credit risk is managed by ongoing review of the amount and aging of accounts receivable balances.

19. Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk (Cont'd)

As at January 31, 2022, the Company has outstanding receivables of $2,026 (2021 - $10,271). The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors.

As at January 31, 2022, approximately 94%, $1,067 (2021 – 94%, $8,897) of accounts receivable balances over 30 days were not impaired. The Company's payment terms range from 30 days to 60 days from the invoice date. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management believes that the expected credit loss allowance is adequate. The Company deposits its cash with high credit quality financial institutions, with the majority deposited within Canadian Tier 1 Banks.

Fair value

The fair value of the Company's financial assets and financial liabilities approximate their recorded values at January 31, 2022 and 2021 for all assets.

20. Covid - 19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Predictiv AI Inc. has taken measures to protect its management, employees and contractors and has advised them to work from home and maintain a safe environment to ensure they are healthy and have minimal exposure to the risk of infection.

The Company has contacted all the parties it is working with to ensure they are all working in a safe environment. A number of such parties have had an impact on their operations and ability to collaborate, while, a large number have identified multiple new business opportunities due to COVID-19 and the stay at home order of students in many countries.