Predictiv AI Inc.

Condensed Consolidated Interim Financial Statements

For the six months period ended July 31, 2023

Predictiv AI Inc.
Condensed Consolidated Interim Financial Statements
As at July 31, 2023

Notice to Reader

Management has complied the Condensed Consolidated Interim Financial Statements of Predictiv AI Inc. consisting of the Statement of Financial Position as at July 31, 2023 and the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the six months period then ended. All amounts are stated in Canadian Dollars. An accounting firm has not reviewed or audited these condensed consolidated interim financial statements.

Predictiv AI Inc.

Condensed Consolidated Interim Financial Statements
As at July 31, 2023

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Predictiv AI Inc.

Consolidated Interim Statements of Financial Position
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)
As at July 31, 2023 and January 31, 2023

Statements of Financial Position

	Notes	**July 31, 2023**	January 31, 2023
Assets			
Current			
Cash		**$ 21,525**	$ 64,401
Prepaid and sundry assets	4	**16,308**	4,605
		37,833	69,006
Non-current			
Property and equipment	5	**2,603**	2,971
Total Assets		**$ 40,436**	$ 71,977
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6,10	**$ 787,146**	$ 679,609
Loans payable	7	**220,000**	165,000
		1,007,146	844,609
Total Liabilities		**1,007,146**	844,609
Equity			
Share capital	8	**18,101,723**	18,101,723
Contributed surplus	9	**4,244,998**	4,244,998
Accumulated deficit		**(23,313,431)**	(23,119,353)
Total Shareholders' Deficiency		**(966,710)**	(772,632)
Total Liabilities and Shareholders' Deficiency		**$ 40,436**	$ 71,977

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

Approved by the Board

/s/ Jim Grimes
Director

/s/ Khurram Qureshi
Director

Predictiv AI Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the three and six months ended July 31, 2023 and 2022
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

	Note	For the three months ended July 31		For the six months ended July 31	
		2023	2022	**2023**	2022
Revenue	11	**$ -**	$ 771	**$ -**	$ 68,506
Expenses					
General and administrative expenses	12	**25,919**	24,118	**34,102**	63,010
Direct cost		**-**	3,467	**-**	14,553
Management fees	10	**36,000**	48,000	**72,000**	102,000
Development expenses		**-**	24,231	**-**	58,650
Professional and consulting fees		**39,400**	28,000	**78,800**	60,000
Loss on P&E disposal	5	**-**	-	**-**	130,154
Depreciation – property and equipment	5	**187**	187	**368**	368
Total Expenses		**101,507**	128,003	**185,271**	428,735
Loss for the period		**(101,507)**	(127,232)	**(185,271)**	(360,229)
Interest expense		**5,661**	1,950	**9,061**	4,442
Foreign exchange (gain) / loss		**(227)**	(1)	**(254)**	466
Net comprehensive loss for the period		**$ (106,941)**	$ (129,181)	**$ (194,078)**	$ (365,137)
Loss per share – basic and diluted		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares - basic and diluted		**93,500,616**	93,500,616	**93,500,616**	93,500,616

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

Predictiv AI Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
For the six months ended July 31, 2023 and 2022
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

	Share Capital					
	Issued	**Amount**	**Contributed Surplus**	**Warrant Reserve**	**Deficit**	**Total**
Balance as at February 1, 2022	**93,500,616**	**$ 18,101,723**	**$ 4,085,596**	**$ 159,402**	**$ (22,639,983)**	**$ (293,262)**
Loss for the period	-	-	-	-	(365,137)	(365,137)
Balance as at July 31, 2022	**93,500,616**	**$ 18,101,723**	**$ 4,085,596**	**$ 159,402**	**$ (23,005,120)**	**$ (658,399)**
Compensation warrants expired	-	-	159,402	(159,402)	-	-
Loss for the period	-	-	-	-	(114,233)	(114,233)
Balance as at January 31, 2023	**93,500,616**	**$ 18,101,723**	**$ 4,244,998**	**$ -**	**$ (23,119,353)**	**$ (772,632)**
Loss for the period	-	-	-	-	(194,078)	(194,078)
Balance as at July 31, 2023	**93,500,616**	**$ 18,101,723**	**$ 4,244,998**	**$ -**	**$ (23,313,431)**	**$ (966,710)**

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

Predictiv AI Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the three and six months ended July 31, 2023, and 2022
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

	For the three months ended July 31		For the six months ended July 31	
	2023	2022	**2023**	2022
Cash flow from operating activities				
Net loss for the period	**$ (106,940)**	$ (129,182)	**$ (194,078)**	$ (365,137)
Changes in non-cash working capital				
Depreciation	**187**	187	**368**	368
Loss on P&E disposal	**-**	-	**-**	130,154
Foreign exchange (gain) loss	**-**	1	**-**	-
Shared-based payments	**-**	-	**-**	-
Share of loss of joint venture	**-**	-	**-**	-
Allowance against joint venture	**-**	-	**-**	-
Change in fair value of contingent consideration	**-**	-	**-**	-
Revaluation of derivative liability warrants	**-**	-	**-**	-
	(106,753)	(128,994)	**(193,710)**	(234,615)
Working capital adjustments:				
(Increase) / decrease in accounts receivable	**-**	2,282	**-**	1,397
Decrease (increase) in prepaid and other receivables	**(10,835)**	17,882	**(11,703)**	21,374
Increase (decrease) in accounts payable and liabilities	**76,062**	102,073	**107,537**	178,079
Cash used in operating activities	**(41,526)**	(6,757)	**(97,876)**	(33,765)
Cash flow from financing activities				
Increase (decrease) in loans payable	**55,000**	-	**55,000**	-
Cash provided by financing activities	**55,000**	-	**55,000**	-
Net change in cash	**13,474**	(6,757)	**(42,876)**	(33,765)
Cash, beginning of period	**8,051**	13,454	**64,401**	40,462
Cash, end of period	**$ 21,525**	$ 6,697	**$ 21,525**	$ 6,697

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

1. Corporate Information

Predictiv AI 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 interim financial statements of the Company as at and for the period ended July 31, 2023 and 2022 comprise the Company and its wholly owned subsidiaries being Weather Telematics Inc. AI Labs Inc., and IOT Labs Inc.

PAI Inc. is a software and solutions company in the artificial intelligence and industrial Internet of Things "IoT" markets. It is a technology company which has helped 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 September 28, 2023.

Going Concern

Since inception, the Company has incurred losses amounting to $23,313,431. During the six-month period ended July 31,2023, the Company reported a net comprehensive loss of $194,078 (2022 – $365,137). As at July 31, 2023, the Company had working capital deficit of $969,313 (2022 – $621,744). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its acquisition and change of business, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. All of these outcomes are uncertain and cast significant doubt over the ability of the Company 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 July 31, 2023 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

2. Statement of Compliance and Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS in effect as at July 31, 2023.

Basis of presentation

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

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied by the Company in its Financial Statements for the year ended January 31, 2023.

4. Prepaids and Sundry Assets

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

	July 31, 2023	January 31, 2023
HST – tax receivable	**$ 8,258**	$ 4,605
Other prepaids	**8,050**	-
	$ 16,308	$ 4,605

5. Property and Equipment

	Computer and office equipment
Cost, February 1, 2022	$ 9,412
Addition	-
Cost, July 31, 2022 and January 31, 2023	9,412
Addition	-
Cost, July 31, 2023	**9,412**
Accumulated depreciation, February 1, 2022	5,698
Charge for the period	368
Accumulated depreciation, July 31, 2022	6,066
Charge for the period	375
Accumulated depreciation, January 31, 2023	6,441
Charge for the period	368
Accumulated depreciation, July 31, 2023	**6,809**
Net book value, July 31, 2022	3,346
Net book value, January 31, 2023	2,971
Net book value, July 31, 2023	**2,603**
Equipment under construction:	
Balance, February 1, 2022	$ 130,154
Equipment disposal	(130,154)
Balance, January 31, 2023 and July 31, 2023	**$ -**

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	July 31, 2023	January 31, 2023
Trade accounts payable	**$ 93,397**	$ 124,430
Other accruals	**693,749**	555,179
	$ 787,146	$ 679 609

7. Loans Payables

		July 31, 2023	January 31, 2023
(i)	Loans payable, set-up fee of 5%, interest bearing at 1% per month, interest payable monthly, principal due on demand	$ 65,000	$ 65,000
(ii)	Advances from director – non-interest bearing with no fixed term of repayment	115,000	60,000
(iii)	CEBA Loan	40,000	40,000
		$ 220,000	**$ 165,000**

(i) The Company issued $65,000 Promissory Note to the Lenders in FY2022. This note has 5% lending fee paid at the closing date. The maturity date is December 31, 2022. The Note carries 1% monthly interest rate payable at the end of the month.

The Promissory Note was renewed to February 1, 2024. 5% renewal fee to extend these loans has been accrued and recorded as accrued liability.

(ii) The Company received further $55,000 advances from the director during the period with no interest bearing and no fixed term of repayment to meet its current working capital needs.

(iii) In FY2021, 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 convert 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.

8. 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

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

Transactions

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 has issued 117,647 common shares at share price of $0.17 to Agora in March 2021.

December 5th, 2021, previously extended Series C 547,273 warrants were expired. The exercise price of these warrants is $0.688.

Fiscal 2023

In October 2022, 542,704 finder warrants that issued in October 2020 were expired.

9. Share-Based Payments

In December 2018, 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.

The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise
Outstanding as at February 1, 2022	**4,257,944**	**0.18**
Expired	(306,126)	0.24
Outstanding as at July 31, 2022	3,951,818	0.18
Expired	(1,739,566)	0.17
Outstanding as at January 31, 2023	**2,212,252**	**0.17**
Expired	(30,434)	0.18
Outstanding as at July 31, 2023	**2,181,818**	**0.19**
Option exercisable as at February 1, 2022	4,257,944	$ 0.18
Option exercisable as at July 31, 2022	3,951,818	$ 0.18
Option exercisable as at January 31, 2023	2,212,252	$ 0.21
Option exercisable as at July 31, 2023	**2,181,818**	**$ 0.19**

9. Share-Based Payments (Cont'd)

The weighted average remaining contractual life for the stock options outstanding as at July 31, 2023 was 0.39 years (2023 –0.81 years).

10. Related Party Balances and Transactions

The Company's key management includes Jim Grimes, President & CEO and Khurram Qureshi, CFO.

The Company had the following transactions with related parties, made in the normal course of operations, and accounted for at an amount of consideration established and agreed to by the Company and the related parties.

The Company incurred management fees to related parties in the amount of $72,000 (2022 - $102,000), of which $36,000 was recorded as owing to the CEO (2022 - $66,000), and $36,000 was recorded as owing to the CFO (2022 - $36,000). At the end of period, $204,000 (2022 – $132,000) was included in accrued liabilities payable to CEO and $157,000 (2022 - $85,500) was included in accrued liabilities payable to CFO.

As of July 31, 2023, the Company had loan payables due to the management and director of the Company in the amount of $125,000 (2022 - $15,000) and loan interest of $600 (2022 - $871) payable to the management and director of which $300 is included in accrued liability. These loans are funded by the management and director to meet company's current working capital needs.

11. Revenue

PAI's revenue was primarily contributed by Weather Telematics Inc ("WTX"). As of the end period, July 31, 2023, WTX's operations were on hold until the Cease Trade Order is lifted, and a financing can be undertaken, and operations can be resumed.

Revenue by Geographic Region

Six months Period ended July	**2023**	2022
US	**$ -**	$ 3,907
Canada	**-**	64,599
	$ -	$ 68,506

12. General and Administrative Expenses

The details for general and administrative expenses are as follows:

Six months Period ended July 31	**2023**	2022
Shareholder services	**$ 24,865**	$ 16,841
Sales and marketing expense	**-**	25,338
General and administrative expense	**9,237**	20,831
	$ 34,102	$ 63,010

13. 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, 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 venture. 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 a working capital deficit of $966,062 (2022 - $621,744) and requires the continuing financial support of shareholders or other investors or new financing on commercial terms acceptable to the Company.

Fair value

The fair value of the Company’s financial assets and liabilities approximate their recorded values at July 31, 2023 and 2022 for all assets and liabilities.