

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
AS AT AND FOR THE SIX-MONTHS ENDED NOVEMBER 30, 2020**

**FORM 51-102F1**

**DATE AND SUBJECT OF THIS REPORT**

This Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Certive Solutions Inc. and its subsidiaries ("Certive" or the "Company") as at and for the six-months ended November 30, 2020. The MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company as at and for the six-months ended November 30, 2020 and the audited consolidated financial statements and related notes thereto of the Company as at and for the years ended May 31, 2020 and 2019. This MD&A has been prepared effective January 28, 2021.

The Company was incorporated on June 11, 2010, under the laws of the Province of British Columbia. The Company changed its name to Certive Solutions Inc. in October 2013 to pursue sales and marketing opportunities as a business process management solution focused on hospital revenue cycle management in the U.S. healthcare industry. The Company's mailing office is located at 1185 West Georgia Street, Suite 1140, Vancouver, B.C., V6E 4E6. The Company's operational headquarters is located at 8149 N. 87<sup>th</sup> Place, Scottsdale, Arizona 85258. The Company reports its financial results in U.S. dollars and under International Financial Reporting Standards.

The Company is publicly traded on the Canadian Securities Exchange (CSE: CBP). Effective September 16, 2014, the Company's shares began trading on the Frankfurt Exchange (FWB: 5CE) and on July 15, 2015, the Company's shares were quoted on the OTCQB Capital Markets in the United States under the trading symbol "CTVEF". As at November 30, 2020, and as of the date of this MD&A, the Company has two wholly-owned subsidiaries: Advantive Information Systems Inc. (which is dormant) and Certive Health Inc. ("CHI" which was formerly known as "Certive Technologies Arizona, Inc.") each operating as independent subsidiaries of the Company. Effective as of May 31, 2019, CHI sold its subsidiary Knowledge Capital Alliance Inc. ("KCA") and has one remaining operational subsidiary Omega Technologies Solutions Inc. ("Omega").

**OVERALL PERFORMANCE**

During the six-months ended November 30, 2020 and the subsequent period up to and including the date of this MD&A, there were no significant or material events that occurred other than as reported herein. All amounts expressed herein are in U.S. dollars. As reported in this MD&A for the six-months ended November 30, 2020, the Company, its primary operational subsidiary CHI and its subsidiary, Omega, continue to operate below breakeven sales with negative cash flows; however, given the recent sales contracts and sales prospects that have been identified in the past several months, management believes that CHI may reach breakeven sales volumes early in the fiscal year ending May 31, 2022.

Assuming that the Company's past due debt convertible promissory notes totaling \$2,240,619 can be refinanced, it is projected that over the following three-months after the date of this MD&A, the Company will require a minimum cash infusion of \$450,000 to cover routine operating costs and its other short-term obligations. As more thoroughly described elsewhere in this MD&A, the Company received funds covering its working capital needs as follows during the six-months ended November 30, 2020: (1) On July 26, 2020, CHI received loan proceeds of \$150,000 and an advance of \$10,000 based on its application under the SBA Economic Injury Disaster Loan program bearing an interest rate of 3.75%, repayments deferred for one year and then \$731 monthly payments for the 30-year repayment term; and (2) On September 28, 2020, the Company closed its \$1,200,000 Offering launched October 29, 2019 of 12%, four-year convertible promissory notes, which are convertible into common shares of the Company at \$0.14/share. The Company committed to use 1/3 of its receipts collected from a six-hospital client located in the Northeastern United States for the repayment of such notes. During the six-months ended November 30, 2020, the Company received \$238,662 as a result of such Offering.

Although the Company is monitoring the effects of a widespread outbreak of a contagious respiratory illness caused by a novel coronavirus believed to have originated from Wuhan, China (COVID-19), the Company cannot predict whether, for how long, or the extent to which the outbreak may disrupt cash flow, operations, and sales. A prolonged outbreak could negatively impact the Company's hospital clients, employees and vendors causing interruptions to the Company's operations, including a restriction of employees' ability to travel to client sites, the Company's ability to sell new business and to timely onboard new clients. In addition, hospital clients and non-clients alike are generally experiencing financial challenges due to various state mandates. More generally, a prolonged outbreak could adversely affect the health of the American economy, resulting in an economic slump that could reduce the Company's ability to raise working capital.

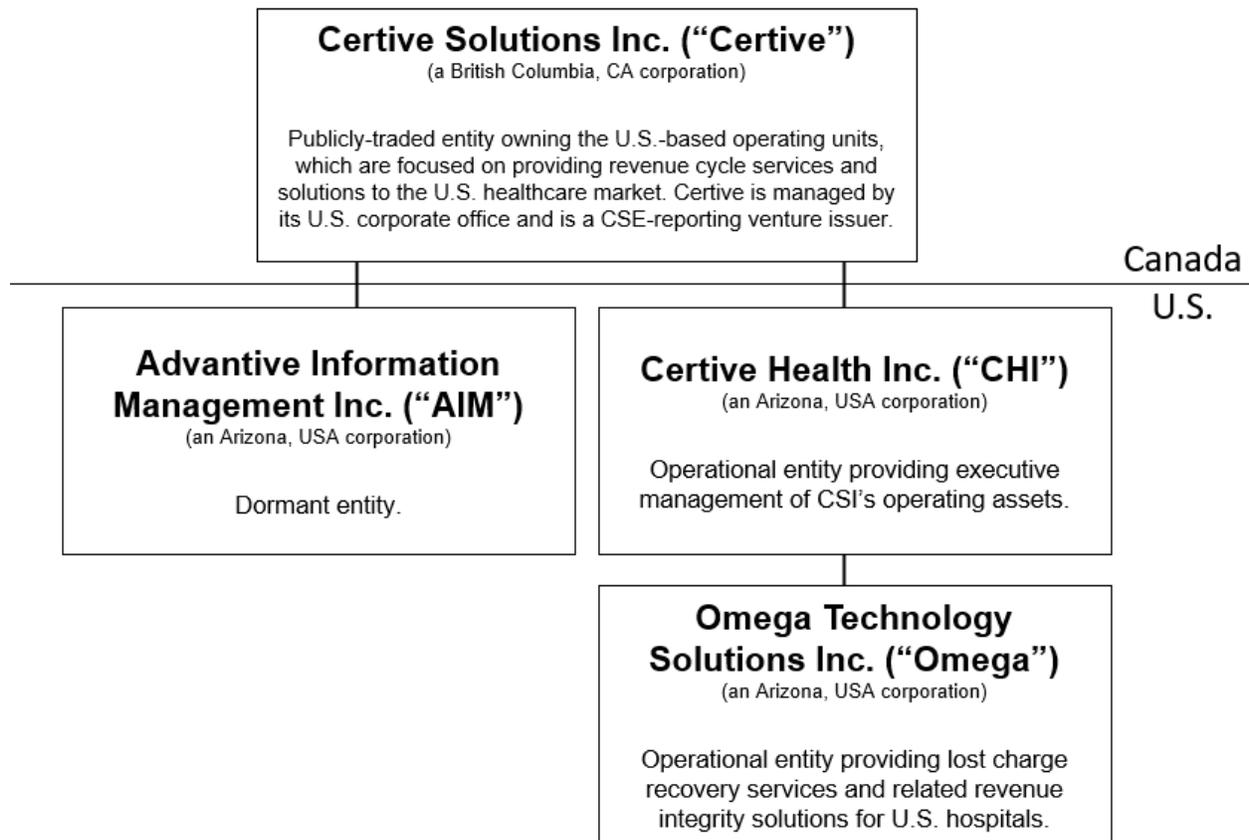
Since the last week of March 2020, the Company's staff in Florida are all working remotely from home to ensure their safety. At the current time, this remote operating model has not affected the operational efficiencies negatively; in fact, it has resulted in a reduction of rent and associated occupancy expenses. While it is reasonably possible that these operational and economic challenges could create a materially adverse impact on the business and financial outlook of the Company, the Company believes that the long-term needs of hospitals to secure every possible revenue source will lead to new business opportunities for the Company.

**Based on the above factors and others, readers should be aware of the auditors' going concern qualification by referring to Note 1 of the Company's audited financial statements as at and for the year ended May 31, 2020 and management's continuing concern expressed in Note 1 of the Company's condensed consolidated interim financial statements as at and for the six-months ended November 30, 2020.**

## ORGANIZATIONAL STRUCTURE – OPERATING DIVISIONS

As at November 30, 2020 and continuing to the date of this MD&A, the Company’s primary operations are provided by its subsidiary, CHI, which includes its wholly-owned subsidiary, Omega.

CHI and its subsidiary, Omega, are well positioned in the hospital revenue cycle market providing charge accuracy and chart review revenue integrity solutions primarily for hospitals in the U.S. healthcare industry. Management’s strategic plan for growing Omega and the anticipated results of the strategic plan are discussed elsewhere in this MD&A.



**Summary Results of Operations for the six-months ended November 30, 2020 by Division**

	<u>Omega</u>	<u>Certive</u>	<u>Total</u>
<b>Revenues</b>	\$841,902	-	\$841,902
<b>Operating Costs</b>	\$709,427	-	\$709,427
<b>Gross Margin</b>	\$132,475	-	\$132,475
<b>Expenses - Other</b>	\$383,621	\$138,573	\$522,194
<b>Interest Expense</b>	-	\$378,504	\$378,504
<b>Net Loss</b>	(\$251,146)	(\$517,077)	(\$768,223)

The Company is continuing to implement initiatives associated with completing a market, product and operational analysis, completing an inbound marketing strategy, leveraging the Company's competitive advantages and strong market presence, enhancing its onboarding procedures for new business – all to drive sales growth and cash flows. In addition, the Company implemented specific cost containment measures both at the operational and corporate levels.

**SELECTED ANNUAL INFORMATION**

The following financial data, which has been prepared in accordance with International Financial Reporting Standards (IFRS), is derived from the Company's financial statements.

	May 31, 2020	Year ended: May 31, 2019	May 31, 2018
Revenue	\$1,406,309	\$1,109,687	\$1,144,725
Expenses	(\$3,406,104)	(\$2,175,435)	(\$6,308,653)
Net loss	(\$1,999,795)	(\$1,065,748)	(\$5,163,928)
Total assets	\$879,968	\$939,374	\$1,014,722
Current liabilities	(\$6,349,878)	(\$6,425,331)	(\$5,440,011)
Non-current liabilities	(\$644,083)	(\$590,259)	(\$739,170)
Shareholders' deficit	(\$6,113,993)	(\$6,076,216)	(\$5,164,459)
Net loss per common share (basic and diluted)	(\$0.02)	(\$0.01)	(\$0.07)

As noted elsewhere in this MD&A, the results of operations for the KCA Division have been reported in the Statements of Comprehensive Loss in aggregate as Discontinued Operations and receivable from sale of KCA. The amount due to collect on the receivable from sale of KCA in the above schedule for the year ended May 31, 2020 and 2019 are \$106,060 and \$112,851.

### **SELECTED QUARTERLY INFORMATION**

The following tables summarize the results of operations for the four-quarters ended November 30, 2020 and November 30, 2019:

	Three-months ended:			
	Nov. 30, 2020	Aug. 31, 2020	May 31, 2020	Feb. 29, 2020
Revenue	\$419,005	\$422,897	\$323,648	\$418,439
Total expenses	\$1,037,864	\$944,713	\$954,803	\$1,158,224
Loss from continuing operations	(\$618,859)	(\$521,816)	(\$631,155)	(\$739,785)
Non-recurring gain (loss)	\$381,200	(\$8,748)	\$613,501	\$234,301
Income (loss) from discontinued operations	-	-	-	-
Net loss	<u>(\$237,659)</u>	<u>(\$530,564)</u>	<u>(\$17,654)</u>	<u>(\$505,484)</u>
Net loss per common share (basic and diluted)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

	Three-months ended:			
	Nov. 30, 2019	Aug. 31, 2019	May 31, 2019	Feb. 28, 2019
Revenue	\$334,436	\$329,786	\$355,337	\$175,331
Total expenses	\$978,994	\$1,066,204	\$1,231,420	\$1,130,152
Loss from continuing operations	(\$644,558)	(\$736,418)	(\$876,083)	(\$954,821)
Non-recurring gain (loss)	(\$45,787)	(\$49,894)	\$1,519,351	\$236,000
Income (loss) from discontinued operations	-	-	\$47,028	\$13,785
Net loss	<u>(\$690,345)</u>	<u>(\$786,312)</u>	<u>\$690,296</u>	<u>(\$705,036)</u>
Net loss per common share (basic and diluted)	(\$0.01)	(\$0.01)	\$0.01	(\$0.01)

## **IMPORTANT ACTIONS BY MANAGEMENT AND THE COMPANY'S BOARD**

### **Material Events That Occurred During the Six-Months Ended November 30, 2020**

- The Company raised funds for working capital during the six-months ended November 30, 2020 as follows:
  - On July 26, 2020, CHI received loan proceeds of \$150,000 based on its application under the SBA Economic Injury Disaster Loan Program bearing an interest rate of 3.75%, repayments deferred for one year and then \$731 monthly payments for the 30 year repayment.
  - On August 27, 2020, the Company received \$2,000 from an Officer and Director of the Company in exchange for a short-term demand note, which bears interest at 12%.
  - In regard to the Company offering of 12%, four-year convertible promissory notes, as at November 30, 2020, such offering represents \$452,609 of funds received during the six-months ended November 30, 2020.
  - In regard to the Company offering of 10%, four-year convertible promissory notes, as at November 30, 2020, such offering represents \$124,000 of funds received during the six-months ended November 30, 2020
- The Company's Scottsdale, Arizona operational headquarters office lease expired on July 31, 2020 and the Company elected not to accept the landlord's renewal offer. Due to the uncertainty of the impact of COVID-19 on the commercial real estate market, the Company opted to relocate to a nearby executive suite after entering into a new lease on a month-to-month basis to reduce occupancy costs. The landlord committed to not increasing the month-to-month rental rate during the initial 12-month period.
- On July 14, 2020, a lender to the Company elected to convert a promissory note convertible at CDN\$0.05 for 1,667,000 shares of the Company's common stock.
- In an effort to resolve the issue of unpaid payroll withholding taxes for the period, approximately July 1, 2017 to June 30, 2018 by the Company's former executives, the Company recently submitted to the US Internal Revenue Service a proposed Offer-in-Compromise of the Company's remaining liability due the IRS for the balance of unpaid payroll withholding taxes, penalties and interest. The Company has remained compliant with its previously negotiated payment plan with the IRS, which began July 28, 2019. As of November 30, 2020, the IRS is in the process of investigating the offer and a determination shall be received by March 2021.
- On April 3, 2020, CHI applied for a \$368,600 loan pursuant to the U.S. Small Business Administration ("SBA") Paycheck Protection Program under the CARES Act, which was enacted March 27, 2020 ("PPP Loan"). The PPP Loan proceeds of \$368,600 were received by CHI on April 22, 2020. CHI used the proceeds to pay for qualifying expenses, such as payroll, payroll taxes, employee benefits and occupancy costs. The PPP Loan terms include: (1) a

maturity date in two years; (2) interest at 1.00% per annum; (3) no early prepayment penalties; and (4) amounts used by CHI for qualifying U.S. employee payroll costs during a 60-day period prior to June 30, 2020, may be forgiven by the SBA upon their approval of a CHI application for forgiveness and proper documentation. CHI submitted its application to the SBA to receive complete forgiveness of the \$368,600 PPP Loan and the Company recently received notice from the SBA that the PPP Loan was fully forgiven effective on November 20, 2020. However, in accordance with the PPP Loan forgiveness terms, the \$10,000 advance received from the SBA Economic Injury Disaster Loan will be repaid based on the terms of the PPP Loan.

### **Material Events That Occurred Subsequent to November 30, 2020**

- The Company raised funds to provide working capital subsequent to November 30, 2020 as follows:
  - The Company received a non-interest-bearing advance of \$45,000 from an Officer and Director of the Company.
  - The Company received \$15,000 from an Officer and Director of the Company in a 10% Demand Note.
  - The Company approved an Offering that consists of US\$800,000 of four-year 10% Convertible Promissory Notes, which shall be repaid from 1/4 of the net cash collections from that client and three other clients to be designated by the Company before the end of Company's fiscal year ending May 31, 2021. These Notes also have a right of conversion into common shares of the Company at US\$0.14/share for the term of the Notes.
- On December 31, 2020, 4,058,708 stock options expired. The expired stock options consisted of 508,708 stock options pertaining to the Company's former CEO and of 3,550,000 stock options pertaining primarily to current and former members of the Company's Advisory Council. Such expired stock options were exercisable at CDN\$0.25.
- On January 29, 2021, 4,200,000 of stock options granted to executive management will expire because the vesting provision was not met. The stock options were granted by the Company's Board of Directors contingent upon the Company achieving a share price sustained at or above \$0.30/share for a 45-consecutive day period on a volume weighted basis prior to January 29, 2021. When the Company initially granted these options, it was determined that the probability of achieving the required share price was nil and as a result did not record any share-based compensation in connection with these options.

### **THE BUSINESS OF CERTIVE HEALTH INC. ("CHI")**

#### **CHI's Mission and Vision**

CHI's mission is making healthcare better by applying its People-Equity and Capital to provide solutions in the healthcare communities it serves.

CHI's vision is to leverage its people's experience, expertise and relationships in the US healthcare sector.

## CERTIVE HEALTH ASSEMBLED A GREAT HEALTHCARE TEAM

AND WE ARE BUILDING A GREAT HEALTHCARE COMPANY AROUND IT



Leadership, Board of Directors, and Advisory Council are comprised of hand-picked achievers who have built, grown and sold healthcare companies. All are investors in the company – all have significant networks. Their collective experience, expertise, and relationships, is the People-Equity upon which the company was founded.

### Advisory Council • Governance • Management

## CHI's Evolution

In late 2013, the Company assessed its target market and competencies and narrowed its strategic focus to the provider side of the U.S. healthcare industry and specifically to U.S. hospitals, who wrote off between 3% and 15% of their total revenues as denied claims for a variety of reasons which was an indicator of the severity of the problems associated with the complexity of the reimbursement process and the overall market.

On July 15, 2015, the Company acquired the assets of Omega Technology Solutions LLC. With that acquisition, the Company established a technology base and the ability to provide several core revenue cycle services.

Through the period up to August 2018, CHI had secured a toehold in a segment of the overall hospital revenue cycle market. Led by Tom Marreel, the Company had assembled the foundation of its Advisory Council which is comprised of accomplished senior healthcare executives as both investors and advisors. As Advisors, these executives could guide CHI to realize its vision of becoming a significant contributor in healthcare change. The Advisory Council represents the People-Equity around which the Company is being built.

Recognizing the opportunity that lay ahead, several changes in management were made as Tom Marreel joined the team as CEO and Timothy Hyland joined as CFO. Both consummate leaders, their experience and connectivity in healthcare has positioned the Company to achieve its vision.

Initially, management is focused on organic revenue growth through its wholly owned subsidiary Omega, which operates a Lost Charge Recovery services business in Ft. Lauderdale, Florida. Utilizing proprietary analytics, workflow and combining with skilled nurse auditors, Omega retrospectively audits hospital bills that have been previously submitted to payers. By comparing the original hospital bill to the patient's original medical records, auditors identify and validate charges that should have been included on the original hospital bill but were not. These identified lost charges are then submitted to the payers on behalf of the hospital, and when paid, Omega invoices the hospital a contingency fee percentage of the total amount recovered by the hospital.

In addition, management is evaluating revenue growth through acquisition of additional businesses in the Hospital Revenue Cycle Management Services sector of the U.S. healthcare market.

### **CHI's Market**

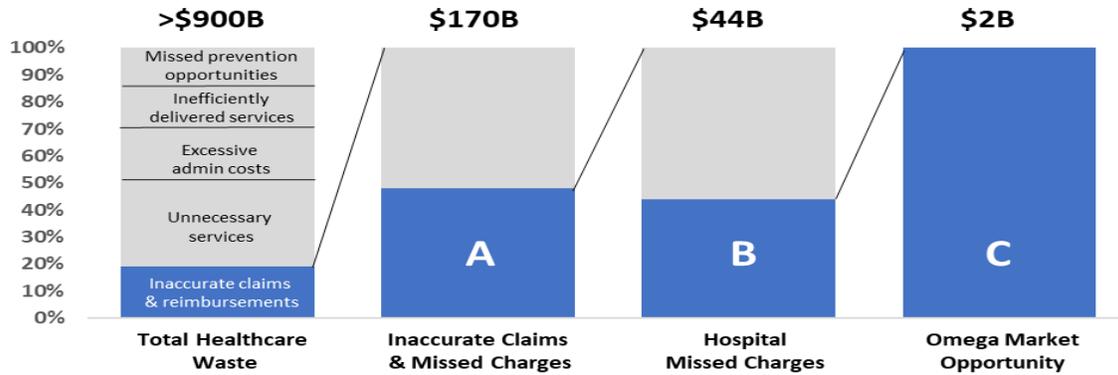
The U.S. healthcare market is a \$3.7T industry with over \$900B of that being lost to waste and inefficiency, \$176B of that alone coming from the revenue cycle area. With overall healthcare costs among the highest in the world and the quality of care among the lowest, the U.S. healthcare market is ripe for innovation and improvement. With its size and complexity, change takes time. The changes will not be coming from a few select leaders but rather the many smaller and more nimble innovators unconstrained by the past, with the experience to get it done.

Four primary market forces are driving these trends:

1. There are numerous hospitals that build centralized revenue cycle operations and neglect to continually improve their own internal unit. A strategy to integrate this should include a value-added shared services organization that provides a common business intelligence platform across entities and service lines system wide.
2. Increasing patient obligations for hospital bills resulting from commercial payers reducing their benefit leads to a growing amount of hospital bad debt.
3. Commercial payers' scrutiny of claims has significantly increased. Hospitals are losing an average of five percent of their margins to underpayments, denials, and contract negotiations. Payers often have the advantage in terms of data and insight in such negotiations.
4. While major surgeries and procedures are often charged automatically based upon time, less invasive surgeries are separately charged, and certain procedures are often missed. Examples of these missed charges are the improper billing of pharmaceutical administration, drug waste, interventional cardiology coding errors and charges for implantable devices being omitted.

Under continuing healthcare reform, reimbursement models will continue to evolve from traditional fee-for-service (FFS) models to outcome-based models. FFS models have proven to be complex from a vendor's point of view and the outcome-based model becomes more complex from a vendor's technology standpoint. This will have a positive impact on those vendors who adapt their service offerings along with the changing market. Overall, the Revenue Integrity Market Segment is forecasted to continue to grow. Separately, the healthcare analytics segment is ~\$40B, doubling year over year with predicted continued strong growth as healthcare systems and payers begin to take advantage of the interoperability put in place after years of investing in Health Information Management Systems (HIMS).

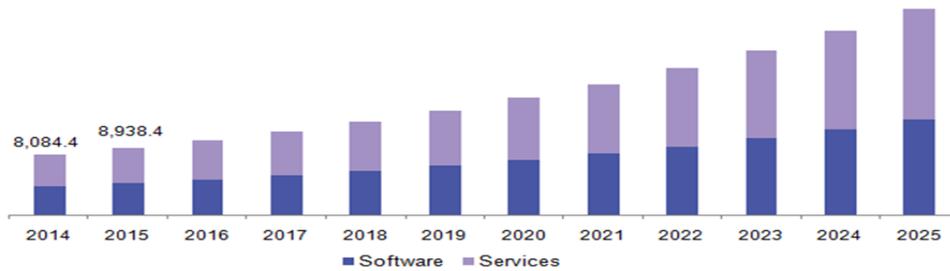
## Market Opportunity Missed Charges



- A** - Total waste and inefficiencies in revenue cycle.
- B** - Avg 350 bed hospital misses \$22M in charges X 2K hospitals = \$44B market.
- C** - Omega serviceable market of 5% = \$2B market opportunity.

*Source: U.S. National Academy of Sciences' Institute of Medicine and CMS, Healthcare Finance News*

## Overall Revenue Integrity Market Size



Significant investments are being made in healthcare, driven by the Center for Medicare and Medicaid Services (CMMS). These are to reduce the cost of care, improve outcomes, and improve patient satisfaction. Revenue cycle improvements affect all three of these reform areas. Upgrading and making investments in HIM systems will have a major impact. Replacing old or implementing new electronic health records and patient accounting systems is a huge disruptive undertaking. When completed, this will create an opportunity for a new generation of systems that can communicate with each other opening true interoperability between providers, payers, ambulatory providers, and acute providers. Most importantly, vendors like Omega who through standard ambulatory payment classifications (APCs) can access data and deliver results back to the client in an efficient manner.

Regardless of the specific area of healthcare focused on, technology in terms of automation, workflow, analytics, predictive analytics, and artificial intelligence will be part of the future. For the present, Omega has a unique and highly competitive technology enabled analytical product and with proper marketing and sales can generate significant cash during the next few years, which will provide resources to drive development. Organic growth vs. acquisitive growth means a higher return on investments (ROIs), but Omega will likely use a combination to achieve the long-term objectives.

## **DISCUSSION OF THE OPERATIONS OF CHI**

### **CHI's People Equity - Management and Governance**

The current Board Members and Officers of the Company include:

1. Tom Marreel, Chairman and CEO, for 30+ years has held senior positions in all areas of the health plan side, including founder and CEO of his own company. He was a senior executive at Schaller Anderson, a health management and consulting company that was sold to Aetna in 2007.
2. Tim Hyland, Director, CFO & Treasurer, for 30+ years has been an experienced executive in healthcare finance, business development and mergers and acquisitions. He was Schaller Anderson's CFO for 13 years and has served on the national board of HFMA.
3. Jeff Wareham, Director & Chair of the Audit Committee, served in various roles with RBC and Scotia Mcleod, before joining MGI Securities, where he was named Vice President, Private Client Group.
4. Scott Thomas, Director, VP of Investor Relations, for 25+ years has experience in the financial industry as a broker, Trader and Hedge Fund Manager. He is a venture capitalist and private investor who works with management to drive solutions to create stakeholder value.
5. Jack Saltich, Director, Chair of the Governance, Compensation & Nominations Committee, has more than 30 years of management and leadership expertise demonstrated at C - Level and Board positions of numerous innovative companies most notably in the Semiconductor and Display industries.
6. Michael Miller, Corporate Secretary & Chief Legal Officer, for 40+ years has extensive experience in the legal profession serving as General Counsel for multiple major companies. He also served in senior management capacities and created environmental insurance programs.

### **CHI's People Equity - Advisory Council**

The Company has assembled an outstanding Advisory Council consisting of experienced senior healthcare executives who have built, lead, and sold significant enterprises in the healthcare market, and possess broad complimentary skills. The Advisory Council, their network of executive leads, subject matter experts, and the extended network of experienced healthcare talent at the "doer" level is an asset for Certive.

The purpose of the Advisory Council is to provide direction, guidance, and special project-based support to management in the design and implementation of business strategies aimed at creating an overall near and long-term enterprise value. The Advisory Council was formed, specifically, to assist the CHI's management in determining the best strategies to affect growth in an ever-changing U.S. healthcare market.

Current members of the CHI's Advisory Council include:

1. Dr. Arthur Pelberg, an internal medicine specialist, served as the President and Chief Medical Officer of Schaller Anderson from 1999 to 2007 and brings to the Company rich clinical and senior level healthcare operations experience.
2. Jack Chapman is a nationally recognized Revenue Cycle Management expert and consultant to the healthcare provider community.
3. Steve Schramm, the founder of Optumas, an actuarial analysis organization for large healthcare purchasers. Mr. Schramm's background brings to Certive the knowledge to use sophisticated actuarial and analytics toolsets that provide customers with meaningful information health data.
4. Don Gilbert has an extensive background in healthcare in the State of Texas where he served as Secretary of Health and Human Services under Governor George W. Bush.
5. Michael Marshall, CEO of e5 Workflow Inc., provides to Certive, operational capabilities in revenue cycle management with hands on expertise in all aspects of this industry.
6. Jeffrey Benton is currently the managing director of Fairfield Advisors, a hedge fund specializing in market structure arbitrage and volatility strategies. Mr. Benton brings to the Advisory Council years of experience in the translation of business operating strategies to investment information and tools that will serve to support investor relations. Mr. Benton is a former Governor of the New York Stock Exchange and has served on several New York Stock Exchange committees.
7. William Dagher is a healthcare professional and revenue cycle expert having led the clearinghouse business for Per Se that was sold to McKesson for \$1.8B in 2006.
8. Dr. "J.J." Linder is a graduate of the Washington University School of Medicine in St. Louis, Missouri (1996). He completed his residency at Maricopa Medical Center, Phoenix, AZ (1996-2000) and is Board Certified in Emergency Medicine. Most recently, Dr. Linder is Chairman of Emergency Medicine at Chandler Regional Medical Center (2012-Present); Medical Staff President (2018-Present); and Past-Member Ethics Committee.
9. Scott Donaldson is a retired Certified Public Accountant for a "Big Four" Firm with 37 years as a partner and US Leader for Ernst Young's National Exempt Organization Tax Services. He oversaw more than 115 tax professionals.
10. Sheila Schweitzer is a five-time healthcare entrepreneur with 30+ years of experience in the healthcare industry. She has in-depth success as a C-level executive, investor, and advisor.

Members of CHI's Advisory Council have all invested in Certive and are committed to assisting in charting its course organically and through growth by acquisition.

## **Factors Impacting the Growth of CHI**

1. CHI is in the process of implementing several plans that will align CHI's operational direction to customer demand, which includes an investment of resources to increase sales, to enable better support of existing customers, to have the capacity to expeditiously onboard new customers and to exceed customer expectations. When several anticipated new customers are secured and begin to generate sales, the burden of seeking outside capital to support operations will be reduced.
2. CHI's near-term organic growth strategy is based upon its ability to aggressively expand its sales and marketing functions and deliver a simple compelling message to the key decision makers in revenue cycle functions at targeted hospitals. New client onboarding and volume throughput are scalable functions that Omega currently possess. A significant investment in product marketing, inbound marketing, and selling is currently underway.
3. The identification of selected acquisition targets that complement the core business is a key factor that may impact growth. The Company and CHI have identified targeted opportunities in the U.S. healthcare industry that complement current service offerings.
4. The identification of new lines of business within revenue cycle management for U.S. hospitals are unique and provide value-added benefits for hospital administrators.
5. The ability to cross-sell different services to CHI's customers.
6. CHI profitability and the Company's consolidated profitability as well.
7. There are expectations regarding the ability to raise capital to fund increasing working capital requirements and achieve sustainable near and long-term growth. Acquisitions may lead to substantial dilution if the majority of the acquisitions are stock based.
8. CHI must be mindful of a downward move by upper market tier participants who recognize the opportunities in the tier 3 highly fragmented market space.
9. CHI must assess the relative risk associated with acquisition size, category of revenue integrity services provided and the need for working capital to support the growth of each acquisition.
10. CHI must be mindful and reactive to disruption in the U.S. healthcare markets to achieve maximum rates of return.
11. As CHI expands its service offerings, it will need to ensure that there is a constant vigilance over new and changing regulations that will impact the ability to remain compliant.
12. The Company will continue to direct and manage the affairs of CHI and its Board if and until any divestiture and transition is completed.

## **DISCUSSION OF THE OPERATIONS OF OMEGA**

### **Description of Omega's Industry**

#### REVENUE CYCLE MANAGEMENT FOR HOSPITALS - A DEFINITION

All healthcare providers depend on three types of payment sources: self-pay by the patients, insurance company benefit payments and government-based programs (Medicare and Medicaid). The process of billing and collecting such payments has grown more complex over the years as insurance and governmental programs have become more intricate. The uninsured and the higher deductible insurance policies have forced a greater need to collect payments directly from patients. Many hospitals lack the technical sophistication to adequately bill and collect from these various payment sources. Revenue Cycle Management (RCM) systems have developed, over the past twenty years, how to address the needs of hospitals and other healthcare providers. The RCM process is composed of the following segments:

1. Scheduling and Eligibility
2. Pre-Registration and Financial Clearing
3. Admitting, Registration
4. Point of Service Charge Capture
5. Case Management
6. Coding
7. Pre-Billing and Billing
8. Submission to Payers - Patients and Third-Party Payers
9. Payment Posting
10. Denial and Payment Analysis
11. Self-Pay and Collections

### **Description of Omega's Business**

#### OMEGA'S REVENUE INTEGRITY ANALYTICS PLATFORM

Revenue Integrity Analytics provides retrospective claim audits and missed charge services. Omega uses a proprietary process that utilizes a unique combination of revenue integrity analytics and enables workflow technology. This ensures that every claim that has the potential to yield additional revenue is properly audited and that each claim is audited for accuracy and errors. This yields superior returns for our clients. Omega's unique Revenue Integrity Analytics platform captures more missed charges, underpayments and claim errors than any competitor in the market. This market is large and can drive significant revenue and margins for Omega.

Omega also offers OCExaminer™ missing charge capture software and claim scrubber on a SaaS basis as well its ChargeMASTER™ analysis tool. OCExaminer™ routinely finds 10-12% more claim errors than our competitors, however, the market for competing claims scrubbers is quite competitive with annual recurring licensing fees of \$20K and long 7-year contracts make it a difficult business to penetrate. Both service offerings will be looked at for future repositioning in the market. One example of a possible repositioning of OCE is the ability to consistently find 10 - 12% more claims errors on Medicare and Medicaid outpatient claims than competing solutions. If Omega were to focus the sales efforts of this product on these government plans, it would be a reasonable assumption that the strong performance would telegraph through to engagements in the more lucrative commercial lost charge recovery business. Both services are used internally as part of our Revenue Integrity Analytics service offering.

### **Competitive Landscape**

There are three categories of competitors:

- a) In-sourcing by Omega's target hospital clientele
- b) Indirect competitors that offer technology solutions
- c) Direct competitors that offer services such as continuous process improvement programs

The principles of the philosophies of continuous improvement are taking hold and the goal is to address the problem at the root cause which up until now has not come to fruition. Most solutions will be technology based i.e., workflow, analytics, and Common Data Model through Natural Language Processing.

#### 1. Hospital In-Sourcing:

This is the status quo. Hospitals do not have the internal resources and efficiencies to do this alone and have long relied on vendor relationships to help manage through the complex reimbursement and revenue cycle process. This will not change. Increasing complexities, reduced reimbursements, focus on outcomes, rising costs of care, consolidation, and changes in the regulatory environment have resulted in increased financial pressure on the hospitals and the need for improved efficiency. All this results in an increased market opportunity.

#### 2. Indirect Technology Vendors:

Several vendors such as MedAssets and Craneware provide technology solutions that attempt to solve the hospitals' problems. Hospitals are resistant to further reinvestment in more "systems" and need to have their problems solved. These solutions contribute to the problem by reducing claim value, allowing greater leakage to occur. Often, hospitals are frustrated with pure technology solutions and the absence of a strong service component that fails to deliver on the promised value proposition. Several data analytics have aided healthcare solutions based on their platforms.

Large Health Information Management System (HIMS) providers such as Cerner and Epic are technology suppliers to the hospital industry. They are seeking to add a viable service component to their revenue models. They possess unique access to potential new Omega customers. Omega, on the other hand, is a service company that can quickly adapt to change and identify hospital solutions. CHI then becomes a very important piece of the puzzle to these large competitors who are ill-equipped to adapt quickly. CHI, therefore, treats these companies as a source of business for Omega, NOT direct competition.

### 3. Direct Service Competitors:

Tier 1 players such as Accenture provide comprehensive services to the industry with a “big” service model. These companies often are engaged with the large hospital systems. They are subject to the same “big” inflexibility of larger corporations. However, this does not address the core leakage issue, leaving white spaces and large revenue leaking problems unaddressed.

Tier 2 players are medium sized players that are built to sell and have no domain capacity other than what they bought and little capacity to strategically think quickly. Private equity is attracted to this space, which validates to some extent the opportunity, but private equity firms need to deploy large sums of capital which often results in ineffective returns on cash invested. Some of these companies could become larger future acquisition targets for Certive.

Tier 3 players that are part of the fragmented nature of this tier have customer access but are cash limited and have no long-term vision for how they fit into the market. This makes them perfect acquisition targets for Certive where they could acquire attractive clients and/or service niches, layer its strategies, use the vast data it acquires to drive the development of better tools for long-term risk management and become a sought-after enterprise.

## **2020 - 2021 OMEGA - STRATEGIC PLAN OVERVIEW**

### **Focus**

Omega has a preponderance of new product, service, and technology capabilities with some that play into the future model of healthcare. A strategic decision has been made to focus, almost exclusively, on growing the Lost Charge Recovery services and underpayments based on our Revenue Integrity Analytics platform. This strategic decision was based on the fact, Omega possesses unique capabilities and intellectual property that provide accurate results and competitive advantages for these services. This creates an opportunity for near term margins and other revenue cycle services. These combined with a ripe market, leads management to believe that there is an opportunity for significant revenue growth in a scalable business model. For the planning period, Omega will focus exclusively on the following services:

### **Charge Accuracy Audits**

The charge accuracy audits include audits of patient charts against the medical records to capture charges for services that were performed but not billed to payers. Fees are usually based on a percent of the lost charges that are recovered.

## **Claim Audit and Recovery**

The claim audit and recovery include the retrospective review of payments made from payers based on the contracts. This identifies underpayments based on improper billings by the hospital, improper contract interpretation by the payers and appeals of claim denials. Fees are usually based on a percentage of additional revenues paid to the hospital as a result of the audits and appeals.

## **Product Marketing and Service Line Enhancements**

Using contemporary product marketing concepts, CHI will evaluate, plan, and implement client desired features to our Revenue Integrity Analytics platform. This makes it easier to use, integrating with their current process, and deliver BI dashboards in a “light” user interface model.

## **Marketing**

Omega will market lines of services through multiple channels to create awareness and brand identity with supporting data and documentation for every channel pursued. Our major marketing tools will be our digital platform along with more traditional marketing through speaking engagements at conferences and reference articles and referrals, etc. This digital marketing presence targets not only potential clients but investors and potential collaborators as well.

1. Search engine optimization (SEO)
2. Search engine marketing (SEM)
3. Content marketing
4. Social media marketing (SMM)
5. Pay-per-click advertising (PPC)
6. Affiliate marketing

There are 1,500 targeted hospitals in the U.S. that have applicability to the service offering. Each target has been assessed based upon Omega’s proven assessment analytics using commercially available and reported data on the hospital targets in the American Hospital Directory. Omega has made significant investments in revenue integrity analytics technology that is the foundation for its delivery of revenue services and cloud products that identify revenue opportunities and address compliance issues. Omega’s solutions deliver real-time analysis and recovery of unidentified charges not captured and billed by the hospital, and prevention of charging and billing issues that reduce or delay reimbursement. Those claims are compared to the patient’s medical record by skilled clinical auditors. The auditor then looks for missing charges, coding, or compliance errors. Omega’s in-house billing department then directly bills the insurance company based on the findings (unless the hospital system prefers to do their own billing). The hospital system receives payment directly on the billed charges. Omega performs follow-up and dispute resolution for claims submitted. In addition to finding revenue, Omega routinely educates the hospital and its staff on its findings. Omega provides detailed monthly reports of its findings in conjunction with periodic meetings to discuss specific patterns and problems, establishing a process to prevent losses from occurring in the future. Omega goes back two years with its clients in the auditing process and prepares them for their future through preventative training and education. The Lost Charge Recovery system has no upfront cost, no risk and only an upside potential for the hospital.

## **Sales**

It is essential to first establish a relationship with the decision makers at each hospital which is the most challenging obstacle in selling in the healthcare field.

The following is the professional services sales model:

1. Establish sales leadership within Omega through a Director of Business Development with an internal team of client service representatives to improve the sales process and ongoing client retention efforts.
2. Omega has a total of 13 Business Development Advisors. These advisors come from various backgrounds, share the ability to support Omega and target client-engagements. The Company's advisors consist of former politicians and executives from within the industry that have all demonstrated the ability to connect with the client.
3. Know the technical details of the competitors and the client which include developing relationships with executives, understanding financial statistics and payor mixes. This positions Certive to differentiate, and win, on a client-by-client basis.
4. Discuss and discover with the client current and future needs, determine the proper services adjusted to each individual client, and engage in building a prosperous partnership.
5. CHI leadership, Certive Advisory Council members and the Business Development Advisors all have C-Level contacts in hospitals and systems.
6. Channel partners know the clients and their problems.
7. It is a white label for other revenue cycle providers, Experian, TransUnion, etc., or Tier 2 partnerships.

## **Operations**

1. Integrate financial reporting to Certive in Scottsdale. Establish the standardized revenue forecasting process.
2. Institutionalize client onboarding by building upon existing processing technology to support sales and post sales and bring the Business Development Advisors closer to the Company. Expanded field presence utilizes technology tools to improve the client experience.
3. With the help of workflow and current technology, Omega is able to onboard new clients while maintaining adequate staffing levels.
4. CHI is currently evaluating the benefits of using cloud services or maintaining servers on site.
5. Develop a comprehensive employment contract which includes a stock option plan and is approved through the compensation committee.

6. The Company is currently seeking a cost-efficient office location for operations.

### **Investor Relations**

1. Establish CHI as a thought leader in the market. Build awareness in the investment community as an emerging growth company. This is completed through delivery of a steady stream of content concerning the Company's performance and specific industry knowledge.
2. Utilize contemporary digital tools in marketing automation and social media to deliver content and nurture relationships with investors.
3. Present regularly at relevant microcap conferences.

### **Legal**

The Company is reviewing actions of prior officers and directors related to the unauthorized settlement of loan obligations to the Company and to its subsidiary, CHI. Demands have been made to recover certain payments and reimbursements of funds paid by the Company. See Legal Matters discussion below.

## **FINANCIAL COMPARISON TO PRIOR PERIODS**

### **Financial Position as at November 30, 2020 compared to May 31, 2020**

The following discussion of the Company's financial position is based on the Company's consolidated statements of financial position as at November 30, 2020 and May 31, 2020, which are reported on a comparative basis in all material respects.

#### **Current Assets**

As at November 30, 2020 the Company's total current assets of \$595,189 compared to \$559,332 at the prior year-end and were as follows: cash balance of \$42,153 compared to \$29,295 at the prior year-end; marketable securities of \$3,088 compared to \$4,329 at the prior year-end; accounts receivable of \$522,448 compared to \$419,965 at the prior year-end; and prepayments of \$27,500 compared to \$105,743 at the prior year-end. The net increase in total current assets of \$35,857 or 6% was primarily due to the \$102,483 increase in accounts receivable being partially offset by the \$78,243 accretion of prepaid expenses. The accounts receivable increase was primarily due to an increase in amounts invoiced by Omega but not yet collected from the hospital clients as of November 30, 2020 due primarily to the Thanksgiving Holiday. Such amounts were subsequently collected. Estimated amounts are accrued as revenue for Omega's completed work, which is known as work-in-progress ("WIP"). After Omega's identified lost charges are processed and the hospital client receives payment from the payer, an invoice is generated by Omega and sent to the hospital client for the Company's contingency fee, which is generally collected approximately 30-45 days after being invoiced by Omega. Estimated monthly amounts accrued as WIP are subject to adjustment.

## Non-current Assets

As at November 30, 2020, the Company's non-current assets were \$269,197 compared to \$320,636 at the prior year-end, a decrease of \$51,439 or 16% from the prior year-end due primarily to the following: (1) The Company's adopted IFRS 16 – Leases on June 1, 2019, which recognized the right-of-use assets for the Company's office leases. The Scottsdale office lease expired during the six-months ended November 30, 2020 resulting in a reduction of \$5,452; (2) The Company received \$6,849 from the receivable of KCA during the six-months ended November 30, 2020; and (3) The Company's amortization of capitalized software development costs was \$39,138 during the six-months ended November 30, 2020.

## Current Liabilities

As at November 30, 2020, the Company's current liabilities were \$7,162,735 compared to \$6,349,878 at the prior year-end. The increase of \$812,857 or 13% is due to several factors:

- As at November 30, 2020, the Company's accounts payable and accrued liabilities of \$2,040,310 compared to \$1,855,598 at prior year-end, an increase of \$184,712 or 10% due primarily to accrued interest expense incurred during the period of approximately \$210,000 related to convertible promissory notes and 12% short-term demand notes being partially offset by accounts payable recovery of \$18,335 and a pay-down of accounts payable of \$6,953.
- As of November 30, 2020, the current portion of the Company's convertible debt of \$4,298,286 compared to \$3,813,742 at the prior year-end, an increase of \$484,544 or 13% due primarily to funds being raised related to the Company's Board approved \$1,200,000 Offering of 12%, four-year convertible promissory notes on October 29, 2019. At the option of the lender, any unpaid principal and interest may be converted to shares of the Company's common stock at \$0.14/share during the term. Such amounts are to be repaid from 1/3 of the net cash collections from a 6-hospital client in the Northeastern U.S. Such interest and principal payments are being made, although they are running slightly behind the Company's original expectations and the Company is presently assessing additional options for repayment primarily because all six hospitals have not yet been onboarded.
- As at November 30, 2020, the Company's short-term loans payable of \$516,083 compared to \$374,849 at the prior year-end, an increase of \$141,234 or 38% primarily related to \$32,226 of non-interest bearing loans from key management personnel, \$34,000 of 12% demand loans being received from an Officer and Director, \$50,000 that was rolled into the 12%, four-year convertible promissory notes Offering by an Advisory Council Member, \$1,008 is a line of credit owed to a financial institution that bears interest at 4% per annum, and \$124,000 of 10% demand loans being received from lenders desiring to participate in the \$800,000 Offering of 10%, four-year convertible promissory notes. At the option of the lender, any unpaid principal and interest may be converted to shares of the Company's common stock at \$0.14/share during the term.

- As at November 30, 2020, the Company's lease liability – current portion of \$Nil compared to \$5,689 at the prior year-end due to the June 1, 2019 implementation of IFRS 16 – Leases and the expiration of the Company's office lease during the six-months ended November 30, 2020.
- During the year ended May 31, 2018, the Company and the former owner of Omega's assets negotiated a further amount to be paid in connection with the acquisition of Omega's assets. This amount was renegotiated further during the year ended May 31, 2019.

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

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

As at May 31, 2020, the remaining unpaid balance of \$300,000 is included in Short-Term Notes Payable (Note 15).

The remaining amount of \$8,056 recorded in short-term notes payable is related to the current portion of the principal carrying value that is due in the next 12-months of the SBA Economic Injury Disaster Loan and the Pay check Protection Program Loan, which is \$1,237 and \$6,819, respectively.

### Non-current Liabilities

As at November 30, 2020, the Company's derivative liability of \$295,663 compared to \$275,483 at prior year-end, an increase of \$20,180 or 7% which these securities issued were valued using the Black Scholes option pricing model with a weighted average expected volatility of 234.04% discounted rate of 27%, expected life of 0.92 years, and a dividend rate of 0%.

As at November 30, 2020, the Company's note payable – long term portion is \$151,944 compared to prior year-end of \$368,600, an decrease of \$216,656 or 59% due primarily to the Company's SBA PPP loan principal of \$368,000 being fully forgiven by the SBA and recorded as a non-operating gain. In accordance with the PPP Loan forgiveness terms, the \$10,000 advance received from the SBA Economic Injury Disaster Loan will be repaid based on the terms of the PPP Loan. Such reduction was partially offset by the Company applying for and receiving a \$150,000 SBA Economic Injury Disaster Loan with an interest rate of 3.75%, repayments deferred for one year and then monthly payments based on a 30-year term loan. As of November 30, 2020, the long-term principal portion carrying value is \$148,763.

### Shareholders' Deficit

As at November 30, 2020, the Company's shareholders' deficit of (\$6,745,956) compared to (\$6,113,993) at prior year-end, an increased deficit of \$631,963 or 10% due primarily to the net loss and comprehensive loss of (\$768,223) during the six-months ended November 30, 2020. The increase in the shareholders' deficit caused by the net loss and comprehensive loss was partially offset by (1) the convertible debt issuances, which \$70,528 was recorded as the equity component; (2) the Company issuing 1,667,000 shares through conversion of \$61,213 of convertible debt; and (3) the Company's recording \$4,519 as share-based compensation.

### Working Capital Deficiency

As at November 30, 2020, the Company's working capital deficiency of (\$6,560,726) (which is the amount the Company's current liabilities of \$7,155,915 exceeds the Company's current assets of \$595,189) compared to a working capital deficiency of (\$5,790,546) at prior year-end, an increase of \$770,180 or 13% due primarily to interest accruing on the Company's debt. Company's management believes that much of the recently issued convertible debt and accrued interest will be converted to common stock due to the relatively low conversion price per share improving its working capital deficiency in the future (see adjusted working capital schedule).

### **Financial Results for the six-months ended November 30, 2020 compared to the six-months ended November 30, 2019:**

The following discussion of the Company's results of operations is based on the Company's consolidated financial statements for the six-months ended November 30, 2020 and November 30, 2019, which are reported on a comparative basis in all material respects.

### **Revenue**

For the six-months ended November 30, 2020, the Company's revenues of \$841,902 as compared to \$664,222 for the prior period, an increase of \$177,680 or 27% primarily due to the Lost Charge Recovery Services provided by the Omega Division successfully onboarding new clients.

### **Operating Costs**

For the six-months ended November 30, 2020, the Company's total operating costs of \$709,580 (representing 84% of the Company's total revenues) compared to \$521,996 in the prior period (representing 79% of the Company's total revenues in the prior period). The net increase in operating costs of 187,584 is due primarily to the following:

Commissions: For the six-months ended November 30, 2020, the Company's commissions of \$13,285 compared to \$Nil in the prior period, an increase of \$13,285 or 100% due primarily to the Omega Division successfully onboarding new clients and paying sales consultants a commission.

Contractor and Consultant Fees: For the six-months ended November 30, 2020, the Company's contractors, and consulting fees of \$25,580 compared to \$87,678 in the prior period, a decrease of \$62,098 or 71% due primarily to shifting some nurse auditors from independent contractors to direct payroll employees.

Direct Payroll Costs: For the six-months ended November 30, 2020, the Company's direct payroll costs of \$670,565 compared to \$433,287 in the prior period, an increase of \$237,278 or 55% due primarily to shifting three nurse auditors from independent contractors to direct payroll employees, hiring four additional FTEs to absorb the increasing workload volumes; and their related payroll taxes and healthcare costs.

### **Expenses (General Overhead)**

For the six-months ended November 30, 2020, the Company's total general overhead expenses of \$1,272,995 compared to \$1,523,202 for the prior period, a decrease of \$250,207 or 16% due primarily to the following:

Amortization and Depreciation: For the six-months ended November 30, 2020, the Company's amortization, and depreciation of \$44,590 compared to \$147,602 for the prior period due to implementation of IFRS 16 – leases on June 1, 2019 and the expiration of the Scottsdale office lease at the end of July 2020.

Bad Debt Expense: For the six-months ended November 30, 2020, the Company's bad debt expense was \$22,710 compared to \$Nil for the prior period, due primarily to the result of a study of the past experience in collecting the estimated WIP receivable.

Bank Charges and Interest: For the six-months ended November 30, 2020, the Company's interest, and bank charges of \$383,706 compared to \$484,393 for the prior period, a decrease of \$100,687 or 21% due primarily to conversions of convertible debt since the prior period exceeding the issuances of new convertible debt.

Consulting Fees: For the six-months ended November 30, 2020, the Company's consulting fees were \$45,000 compared to \$94,000 for the prior period, a decrease of \$49,000 or 52% due primarily to the March 2020 completion of the IT consulting services provided by IntelliHealth.

General and Administrative Costs: For the six-months ended November 30, 2020, the Company's general administrative expenses of \$97,096 compared to \$119,213 for the prior period, a decrease of \$22,117 or 19% due primarily to reducing office supplies and occupancy costs other than rent.

Management Fees: For the six-months ended November 30, 2020, the Company's management fees were \$Nil compared to \$36,000 for the prior period due primarily to the Company employing certain corporate executives who were previously considered independent contractors.

Professional Fees: For the six-months ended November 30, 2020, the Company's professional fees were \$3,070 compared to \$160,883 for the prior period due primarily to the Company employing certain corporate executives who were previously considered independent contractors.

**Salaries and Wages:** For the six-months ended November 30, 2020, the Company's salaries, and wages of \$478,686 compared to \$415,943 for the prior period, an increase of \$62,743 or 15% due primarily to the Company's employment of some corporate executives who previously engaged as independent contractors. The total expected increase in such cost was offset by the Company temporarily reducing the corporate executives' compensation by 50% effective June 1, 2020 until the Company achieves positive cash flows from operations.

### **Other Income and (Expense)**

During the six-months ended November 30, 2020, the Company's foreign derivative recovery was \$Nil compared to (\$82,818) for the six-months ended November 30, 2019, a decrease of (\$82,818) due primarily to the expiration of all remaining warrants.

During the six-months ended November 30, 2020, the Company's derivative (expense) was (\$20,180) compared to \$Nil for the six-months ended November 30, 2019, an increase of (\$20,180) due primarily to the conversion of the Company's offering of 8%, two-year convertible promissory notes effective October 31, 2019 (the "Closing Date"). These notes are due October 31, 2021 and have an embedded derivative component.

During the six-months ended November 30, 2020, the Company's unrealized (loss) on marketable securities was (\$1,167) compared to (\$14,048) for the six-months ended November 30, 2019, a decrease of \$12,881 or 92% due primarily to foreign exchange fluctuations and the decrease in value of the stock.

During the six-months ended November 30, 2020, the Company's \$358,600 SBA Paycheck Protection Program ("PPP") Loan plus \$2,102 of accrued interest was forgiven by the SBA effective November 20, 2020.

### **Net Loss and Comprehensive Loss**

During the six-months ended November 30, 2020, the Company reported a net loss and comprehensive loss of (\$768,223) or (\$0.01) per basic and diluted income per share-based on 139,167,422 weighted average number of common shares compared to a net loss of (\$1,476,557) or (\$0.01) per basic and diluted income per share-based on 101,689,647 weighted average number of common shares for the prior period. The decrease in net loss and comprehensive loss of \$708,334 or 48% over the prior period was due primarily to increasing revenues of \$177,680, the SBA's forgiveness of the \$368,600 PPP Loan, as well as cost reduction efforts by the Company reducing corporate executives' salaries and wages, and other overhead expenses such as consulting fees and general and administrative expenses as described above.

## **Financial results comparison for the three-month periods ended November 30, 2020 and 2019:**

For the three-months ended November 30, 2020, the Company reported a net loss and comprehensive loss of (\$237,659) or (\$0.01) per basic and diluted loss per share based on 139,552,114 weighted average number of common shares compared to a net loss of (\$690,345) or (\$0.01) per basic and diluted income per share based on 101,142,313 weighted average number of common shares for the three-months ended November 30, 2019. The decrease in net loss and comprehensive loss of \$452,686 or 66% over the prior period was due primarily to the SBA's forgiveness of the \$368,600 PPP Loan, as well as cost reduction efforts by the Company reducing corporate executives' salaries and wages, and other overhead expenses such as consulting fees and general and administrative expenses as described below.

For the three-months ended November 30, 2020, the Company's revenue of \$419,005 compared to \$334,436 for the three-months ended November 30, 2019, an increase of \$84,569 or 25% due primarily to an increase in production and onboarding new clients.

For the three-months ended November 30, 2020, the Company's operating costs of \$379,129 compared to \$248,682 for the three-months ended November 30, 2019, an increase of \$130,447 due primarily to increasing staff within the Florida operations unit.

For the three-months ended November 30, 2020, the Company's total expenses were \$658,735 compared to \$730,312 for the three-months ended November 30, 2019, a net decrease of \$71,577 or 10% due primarily to the following:

Amortization and depreciation: a decrease of \$46,720  
Bad debt expense: an increase of \$65,483  
Bank charges and interest: a decrease of \$50,024  
Management fees: a decrease of \$24,000  
Professional fees: a decrease of \$81,776  
Salaries and wages: an increase of \$50,286

## **LIQUIDITY**

1. As at the date of this MD&A, the Company does not have sufficient working capital to cover its operating overhead either corporately or divisionally. Sources of capital are being identified to address working capital needs. Both equity and debt financings are being contemplated as potential sources of working capital. In order for the Company to fully support its operating costs, it must generate approximately \$300,000 per month in revenue. Presently, the Omega division generates approximately \$140,000+ in monthly revenues. With many new revenue categories being identified by management, the near-term working capital problem is correctable. Fluctuations in liquidity will continue as long as the Omega division operates at a loss. Reduction in staffing levels and /or modified work schedules are internal means by which the Company will control these variances.

- The Company has liquidity risk associated with past due and maturing financial instruments. As at November 30, 2020, the Company had a cash balance of \$42,153 and total current liabilities of \$7,162,735 of which \$4,298,286 may be settled for common stock as more fully described in the Adjusted Working Capital Table.
- The Company's working capital deficiency will be reduced if all convertible debt discussed in the MD&A is exercised. The current working capital deficiency is (\$6,567,546) and as adjusted (\$2,269,260). The Company had to issue more debt to cover the losses that were incurred. There are no balance sheet conditions or income or cash flow items that may materially affect the Company's liquidity other than the ability to generate revenue from existing customer contracts. Readers are directed to Note 1 in the Company's audited annual financial statements for the year ended May 31, 2020 for additional information.

### **ADJUSTED WORKING CAPITAL TABLE as at November 30, 2020**

Certive Solutions Inc.  
Adjusted Working Capital Calculation  
November 30, 2020

<b>Total Current Assets:</b>						<b>\$ 595,189</b>	
	<u>Covertible Debt</u>	<u>Short Term Loans</u>	<u>Accounts Payable &amp; Accrued Liabilities</u>	<u>Note Payable Current Portion</u>	<u>Total Adjusted Current Liabilities</u>		
<b>Current Liabilities:</b>	\$ 4,298,286	\$ 516,083	\$ 2,040,310	\$ 308,056	\$ 7,162,735		
Amounts to be converted:							
Convertible Unsecured	(4,298,286)	-	-	-	(4,298,286)		
Amounts paid subsequent to year end	-	-	-	-	-		
Convertible amounts owing to Directors & Advisory Board Members	-	-	-	-	-		
Other Convertible Loans	-	-	-	-	-		
<b>Total Adjusted Current Liabilities</b>	<b>\$ -</b>	<b>\$ 516,083</b>	<b>\$ 2,040,310</b>	<b>\$ 308,056</b>	<b>\$ 2,864,449</b>		
<b>Net Working Capital</b>						<b>\$</b>	<b>(2,269,260)</b>

- The working capital deficiency of (\$6,567,546) and adjusted working capital deficiency of (\$2,269,260) are both serious issues for the Company. Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover its operating requirements, financial commitments and business development priorities during the next several months. The Company will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months to fund operations. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of its operations.
- There are currently no defaults or liabilities in arrears related to lease payments, interest and principal payments on debt, debt covenants, redemption or retraction or sinking fund payments, other than certain convertible notes in the aggregate amount of \$2,240,619 and certain accounts payable and accrued liabilities that are in arrears of \$1,649,239.
- The Company has accrued but not paid interest on all of its convertible debt. The terms of the agreements with the company's note holders are that, in most cases, accrued interest expense may be convertible at the noteholders option into shares at defined prices during the term of the note. Depending on the stock price at the time, the Company anticipates that there may at times be demand for payment of principal and interest rather than opting for conversions to common stock.

## **CAPITAL RESOURCES**

The Company has no planned capital expenditures at the date of this MD&A. The allocation of capital during the following twelve months will be directed towards sales and marketing initiatives that will monetize the infrastructure presently in place and support the operating overheads of the public company.

## **OFF BALANCE SHEET ARRANGEMENTS**

As at November 30, 2020 the Company had no off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

The Company does not have any other proposed transactions to discuss at this time.

## **TRANSACTIONS BETWEEN RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. The Company's related parties consist of its Officers & Directors, Key Management Personnel ("KMPs"), Advisory Council members and companies owned in whole or in part by them as follows:

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

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

	Nature of relationship	November 30, 2020	May 31, 2020
Accounts payable (Note 10)	Directors, key management personnel, and companies controlled by these parties,	\$ 93,960	\$ 168,964
Convertible loans – face value (Note 11)	Directors	284,575	180,575
Convertible loans – face value (Note 11)	Advisory board member	493,596	563,789
Notes payable (Note 7)	Key management personnel	300,000	300,000
Short-term loans payable (Note 12)	Former officer and director	25,000	25,000
Short-term loans payable (Note 12)	Directors and key management	114,000	138,000
Total		\$ 1,311,131	\$ 1,376,328

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost. There is no other remuneration of directors or other members of key management personnel during the three and six-months ended November 30, 2020 and November 30, 2019 are as follows:

	Six-months ended November 30, 2020	Six-months ended November 30, 2019	Three-months ended November 30, 2020	Three-months ended November 30, 2019
Management fees	\$ -	\$ 36,000	\$ -	\$ 12,000
Salaries to key management personnel, included in operating costs and expenses	206,603	74,223	101,064	48,979
Consulting fees	-	94,000	-	65,500
Professional fees	-	160,883	-	76,907
Total	\$ 206,603	\$ 365,106	\$ 101,064	\$ 203,386

## **LEASES**

Upon transition to IFRS 16 on June 1, 2019, the Company had two office lease agreements:

- (i) The Company had a lease in Scottsdale, Arizona, which expired on July 31, 2020. The Company did not renew this lease. Subsequent to the expiry of this lease, the Company rents office space on a month-to-month basis, which is exempt from recognized as a right of use asset due to the short-term nature of this agreement.
- (ii) The Company had a lease through its subsidiary, Omega, which expired on March 31, 2020. As at May 31, 2020, the Company had not entered into a new lease, as a “shelter-in-place” order has been issued. As a result of the order, Omega moved out of its offices, stored its furnishings, relocated its servers to a secure vendor and its employees are all working remotely from their homes until further notice.

As at June 1, 2019, the leases were recognized as a right-of-use asset and a corresponding liability as measured at the present value of the remaining lease payments using the Company’s incremental borrowing rate of 15% and the lease terms of 14 months and 10 months respectively. The right-of-use asset is depreciated over the lease term on a straight-line basis.

#### Right-of-use Assets

	Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
<b>Cost</b>					
Balance at June 1, 2019, May 31, 2020, and November 30, 2020	\$	37,365	\$	154,180	\$ 191,545
<b>Accumulated depreciation</b>					
Balance at June 1, 2019		-		-	-
Depreciation expense		31,913		154,180	186,093
Balance at May 31, 2020		31,913		154,180	186,093
Depreciation expense		5,452		-	5,452
Balance at November 30, 2020		37,365		154,1580	191,545
<b>Net book value</b>					
June 1, 2019	\$	37,365	\$	154,180	\$ 191,545
May 31, 2020	\$	5,452	\$	-	\$ 5,452
November 30, 2020	\$	-	\$	-	\$ -

#### Lease Liability

	Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Balance at June 1, 2019	\$	37,365	\$	154,180	\$ 191,545
Interest		2,993		8,205	11,198
Payments		(34,669)		(146,146)	(180,815)
Recovery of rent		-		(16,239)	(16,239)
Balance at May 31, 2020		5,689		-	5,689
Payments		(4,137)		-	(4,137)
Recovery of rent		(1,552)		-	(1,552)
Balance at November 30, 2020	\$	-	\$	-	\$ -

### **CONTROLS AND PROCEDURES**

The Chief Financial Officer (“CFO”) is responsible for establishing and maintaining effective disclosure controls and procedures for the Company as defined in National Instrument 52-109 *Certification of Disclosure in Annual and Interim Filings*. Management has concluded that as of the date of this MD&A, discussion of disclosure controls and procedures is preemptive; however, once operations begin, such controls will be effective enough to provide reasonable assurance that material information relating to the Company would be known, particularly during the period in which reports are being prepared.

## **Disclosure Controls and Procedures**

The CFO is responsible for establishing and maintaining effective disclosure controls and procedures for the Company as defined in National Instrument 52-109 *Certification of Disclosure in Annual and Interim Filings*. Management has concluded that discussion of disclosure controls and procedures is preemptive; however, once operations begin, such controls will be effective enough to provide reasonable assurance that material information relating to the Company would be known, particularly during the period in which reports are being prepared.

## **Internal Control Over Financial Reporting**

The CFO is responsible for establishing and maintaining effective internal control over financial reporting as defined in National Instrument 52-109. Because of its inherent limitations, internal control over financial reporting may have material weaknesses and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has concluded that internal control over financial reporting will be effective. The design and operation of internal control over financial reporting will provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

Internal control over financial reporting will include those policies and procedures that establish the following: maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of assets; reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable generally accepted accounting principles; receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets.

Management will design internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

## **Segregation of Duties**

Currently duties have not been segregated due to the small number of individuals involved in this start-up. This lack of segregation of duties has not resulted in any material misstatement to the financial statements.

As the Company incurs future growth, management plans to expand the number of individuals involved in the accounting and finance functions. At the present time, the Chief Executive Officer and Chief Financial Officer oversee all material transactions and related accounting records. In addition, the Audit Committee of the Company reviews interim financial statements and key risks on a quarterly basis and query's management about any significant transactions.

## **Complex and Non-Routine Transactions**

The Company may be required to record complex and non-routine transactions. These sometimes will be extremely technical in nature and require an in-depth understanding of IFRS. Finance staff will consult with their third-party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions. In addition, an annual audit will be completed and presented to the Audit Committee for its review and approval.

## **Use of Estimates and Judgments**

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

### **Critical Judgments**

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

### **Key Sources of Estimation Uncertainty**

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

#### 1. Shared-base payments

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

## 2. Useful lives of property and equipment and intangible assets

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

## 3. Recovery of deferred tax assets

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

## 4. Carrying values of tangible and intangible assets

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

## 5. Discount rates used in convertible debentures

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

## 6. Contingencies

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

### **Determination of Functional Currency**

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the U.S. dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

### **LEGAL MATTERS**

Included in accrued liabilities is a payroll tax liability of \$339,443 as of November 30, 2020 that stems from the failure of the former CFO to make payroll tax withholding payments to the Internal Revenue Service (“IRS”) during the period from approximately April 2017 to June 2018. The failure to make such legally required payments was not fully disclosed by the Company’s former CFO until the end of 2017 when representations were made to the Board of Directors that there had been arrangements made for payment to the IRS. Those representations proved to be false. The Company had been making payments under a negotiated payment plan with the IRS for satisfaction of the existing liabilities, which required a \$25,000 monthly payment to be made until the outstanding balance, including penalties and interest, is satisfied. On March 26, 2020, the Company requested the IRS to grant approval of a deferral of the payment plan until July 28, 2020, which was granted. On September 28, 2020, the Company submitted an Offer-in-Compromise to the IRS regarding this matter. The IRS indicated that it is in the process of evaluating the offer and that a determination should be made by the end of March 2021. This has abated the need to continue the payment plan until such final determination is issued by the IRS.

In addition, the Company sent a demand to the former CFO for the return of improper payments of the former CFO’s salary paid to himself during the period when the IRS liabilities were being incurred. Most recently, the Company has served a legal notice against the Company’s former CFO in an attempt to recover losses sustained by the Company, which the Company contends were the result of a transaction not properly Board-approved due to conflicts of interest amongst the CFO and the other Board members approving the transaction. The results of such legal proceeding are unknown at this time.

### **CONTINGENCY**

Since early 2020, the outbreak of the novel strain of coronavirus (“COVID-19”) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, including the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally. Governments and central banks have reacted at times with significant monetary and fiscal interventions designed to stabilize

economic conditions. The duration and impact of the COVID-19 outbreak is unknown. Most recently, additional fiscal stimulus in the United States has been enacted and additional amounts are being considered by Congress. In addition, States are in various stages of distributing vaccines from a number of manufacturers initially to healthcare workers and the elderly. 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 in future periods.

## **SUBSEQUENT EVENTS**

None other than those disclosed above in the section titled Material Events Subsequent to November 30, 2020.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### **Financial Assets and Liabilities**

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss (“FVTPL”), (2) loans and receivables, (3) financial assets available-for-sale, (“AFS”), (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets, AFS, are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method. The Company’s financial assets and liabilities are recorded and measured as follows:

<u>Asset or Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	FVTPL	Fair value
Marketable securities	AFS	Fair value
Receivables	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Held to maturity
Convertible debt	Other liabilities	Amortized cost
Short term loans	Other liabilities	Amortized cost
Note payable	Other liabilities	Amortized cost
Derivative liability	FVTPL	Fair value

The Company determines the fair value of financial instruments, according to the following hierarchy, based on the number of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities are measured at fair value using Level 1 inputs. The derivative liability has been measured at fair value using level 3 inputs.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company's other receivable balance may consist of amounts outstanding on Harmonized Sales Tax Credits from Canada Revenue Agency. Therefore, the Company believes that there is minimal exposure to credit risk.

### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

### **Interest Risk**

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain cash and convertible notes of the Company are denominated in Canadian currency and exposes the Company to certain currency risks.

**Shares Authorized** - Unlimited common shares without par value.

### **Issued and Outstanding**

<u>Number Outstanding as at:</u>	<u>November 30, 2020</u>	<u>January 28, 2020</u>
Common shares	139,552,114	139,552,114
Stock options	10,658,708	6,600,000

## **BASIS OF PRESENTATION**

Please refer to Note 2 of the Company's condensed consolidated interim financial statements of the Company as at and for the six-months ended November 30, 2020.

## **SIGNIFICANT ACCOUNTING POLICIES**

Please refer to Note 3 of the Company's condensed consolidated interim financial statements of the Company as at and for the six-months ended November 30, 2020.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of the new standards and is currently evaluating the impact, if any, that such standards might have on the Company's financial statements. Please refer to Note 3 of the Company's condensed consolidated interim financial statements as at and for the six-months ended November 30, 2020.

## **RISK FACTORS AND UNCERTAINTIES**

### **Strategic and Operational Risks**

Strategic and operational risks are risks that arise if the Company fails to develop its strategic plans. These strategic opportunities or threats evolve from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

### **Other Risk Factors**

In evaluating an investment in the Company's shares, in addition to the other information contained or incorporated by reference herein, investors should consider the following risk factors. The following risk factors are not intended to be a definitive list of all risk factors associated with the Company and its business:

#### *General and Industry Risks*

The Company's business objectives in the next 12 months are to establish, by November 30, 2021, (i) an expanded profitable operating business that can be sustained on an ongoing basis, (ii) a strong market position that will permit the company to rapidly and profitably expand the market for its products, and (iii) significant competitive advantages that will permit the company to sustain its market shares and profit margins.

### Securities and Dilution

The only source of funds presently available to the Company is through the sale of equity capital or the assumption of debt. There is no assurance that such sources of financing will be available on acceptable terms, if at all. If the Company seeks additional equity financing, the issuance of additional shares will dilute the interests of their current shareholders. Failure to obtain such additional financings could result in delay or indefinite postponement of the Company's strategic goals.

### Competition

The Company's industries of focus are intensely competitive in all of its phases, and the Company will compete with many companies possessing greater financial resources and technical facilities than the Company.

### Conflicts of Interest

There are directors and senior officers in the Company that hold senior level positions in other companies. If any disputes arise between these organizations and the Company, or if these organizations undertake transactions with a Company's competitor, there exists the possibility for such directors and senior officers to be in a position of conflict. Any decision or recommendation made by these persons involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other organizations. In addition, as applicable, such directors and officers will abstain from voting on any matter in which they have a conflict of interest.

### No History of Earnings or Dividends

As a Venture Issuer, the Company has no history of earnings, and there is no assurance that the Company will generate earnings, operate profitably, or provide a return on investment in the future. The Company has no plans to pay dividends for the foreseeable future.

### Potential Profitability Depends Upon Factors Beyond the Control of the Company

The potential profitability of the Company is dependent upon many factors beyond the Company's control. Profitability also depends on the costs of operations, including costs of labor and occupancy costs, regulatory compliance and other professional fees. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, events that cause worldwide economic uncertainty may make raising of funds difficult. These changes and events may materially affect the financial performance of the Company.

### Dependency on a Small Number of Management Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company and its business operations.

### Failure to Perform Contracts

Contracts for the Company's services may include penalties and/or incentives related to performance, which could materially affect operating results. Management provides for any anticipated penalties against contract value.

### Project Performance

Any inability of the Company to execute customer projects in accordance with requirements, including adherence to timetables, could have a material adverse effect on the Company's business, operations and prospects.

### Intangible Asset Impairment

The Company has recognized the value of its contracts and customer list as an intangible asset. The Company assesses these assets periodically to evaluate if value recognized as an asset has become impaired. If the Company were to determine that the applicable expected future cash flows do not support the intangible asset book values, impairment would need to be recognized that could have an adverse impact on the financial results of the Company such as occurred as at May 31, 2018.

### Future Capital Requirements

The Company's future capital requirements will depend on many factors, including inorganic growth initiatives, securing new contracts, the rate of expansion and the status of competitive products. Depending on these factors, the Company may require additional financing which may or may not be available on acceptable terms. If additional funds are raised by issuing equity securities, dilution to the existing shareholders may result. If adequate funds are not available, the Company may not be able to achieve its growth objectives and operational targets, which could have a material adverse effect on the Company's business.

## **FORWARD LOOKING FINANCIAL STATEMENTS**

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "may," "will," "projects," "believes," "expects," "anticipates," "estimates," "intends," "plans," "forecasts," or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risk Factors and Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are reasonable, but any of which could prove to be inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements.

In this MD&A, the Company has specifically noted the forward-looking nature of comments where applicable. Generally, readers should be aware that forward-looking statements included or incorporated by reference in this document are related to its operating subsidiary CHI. At the date of this MD&A these comments on forward looking matters are relevant and should be considered by readers.

## **CONTACT INFORMATION**

### **Officers and Directors**

Tom Marreel	Chairman of the Board and CEO
Tim Hyland	Director, CFO and Treasurer
Jeffrey Wareham	Director, Chair - Audit Committee
Scott Thomas	Director, VP Investor Relations
Jack Saltich	Director, Chair - Governance, Compensation and Nominations Committee
Michael Miller	Corporate Secretary and Chief Legal Officer

### **Contact Address**

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V6E 4E6

### **Operational Headquarters**

Certive Solutions Inc.  
Certive Health Inc.  
Advantive Information Systems Inc.  
8149 North 87<sup>th</sup> Place  
Scottsdale, Arizona 85258  
(480) 922-5327

### **Operational Subsidiary**

Omega Technology Solutions Inc.  
(Currently Operating Remotely)  
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(800) 559-8009