Fiscal Year Ending February 28, 2022

Management Highlights from Year End 'K' Filing

AITX management is thrilled to share summary highlights for the fiscal year ending February 28, 2022. We show excellent progress in a variety of critical areas. Much progress – and much risk – remains, but overall, we're extremely pleased with a variety of accomplishments including the following:

1. Revenue Increases 400% Over Prior Year

Total revenue for the year ended February 28, 2022, was $1,447,109, which represented an increase of $1,086,221 compared to total revenue of $360,888 for the year ended February 28, 2021. The company seeks to meet this growth rate for this fiscal year.

2. 95% Monthly Recurring Revenue Increase

Rental activities grew by 95%, or $288,107, with $798,114 a result of the increase in direct sales. Of this increase in direct sales, $688,180 was a result of sales of new products with the remaining increase due to higher training revenue. The company expects to increase this rate of growth this fiscal year.

3. Balance Sheet Cleanup - Debt payback

Early-stage growth companies, especially those on the OTC, rarely directly pay back debt. Generally, they will make a convertible agreement that results in dilution. AITX is showing exemplary fiscal and retail investor consideration by making these debt payments without having them convert into common shares:

- During FYE Feb 28, 2022, repaid debt of $516,314 + interest $185,397= total $701,681
- In March 2022 the Company repaid debt totaling $1,613,953 + interest $349,879 = $1,963,832

4. Balance Sheet Clean up - Fixed Debt Extension

The company achieved agreement from its largest debt holder to extend the long-term non-convertibles notes totaling $10.4 million by an additional 3 years. This gives the company significant time to spend money on growth and operations instead of having pressure to refinance that debt or convert it into common shares. It further demonstrates the confidence of this lender in AITX ability to grow and repay the debt in the future.

5. Working Capital Change from Negative to Positive

Working capital improved from negative working capital of $3.2 million on February 28, 2021, to positive working capital of $2.5 million on February 28, 2022. The Company settled approx. 99% of its convertible debt while eliminating the associated derivative liability which resulted from the beneficial conversion feature. This reduced the current liabilities as the afore-mentioned cash increase boosted our current assets. Management expects to have a significantly smaller non-cash loss in this fiscal year given the actions in FYE 2022.

6. Cash Flows from Financing Activities

Cash increased to $4,648,146 on February 28, 2022, from $1,044,418 on February 28, 2021.The Company received over $12.5 million in share proceeds and over $9.4 million in new loans, mostly long term. Not only did this influx of cash improve liquidity it allowed the Company to fund its operations and growth.

7. Manufacturing Capacity

At the start of this current fiscal year ended February 28, 2022, the Company began its 10-year lease at its 29,316 sq ft manufacturing facility and hired the employees and acquired the infra-structure to support it. Although this increased operating expenses significantly, it positions the Company to achieve its growth objectives and meet future sales demands.

8. Explanation of Non-Cash Portion of Loss

Most of the $49 million loss relating to other income was non-cash and due to the high fair value of warrants and Series F shares which are function of outstanding common shares, common share price and common share price volatility. Interest expense related to the issuance of warrants for debt extensions was $5,415,000 and amortization of debt discounts was $7,597,242. These was non cash loss on settlement of debt of $33,015,215 which resulted from the high valuation on Series F shares and warrants given in exchange for an amendment to a deferred variable payment obligation. There were smaller settlements that brought the total loss on settlement to $33,068,313.

9. Company Growth & Harmony

Headcount on February 28, 2022, and 2021 of 75 and 23, respectively, represents a 226% increase. Current employee count is 83. This growth is in support of the necessary infrastructure build (Administration, Business Development, Engineering, Production) to achieve the Company's growth objectives and meet future sales demands. Rapid growth and creation of departments and teams can create significant challenges and set back the company if not completed successfully. AITX is thrilled that growth was properly managed and there is high productivity and harmony within and among all teams.

10. Solutions Development

AITX and its subsidiaries announced and/or launched several new solutions during the fiscal year and in the first quarter of the current year. These solutions leverage the RAD platform to provide unique 'security-in-a-box' solutions that can be deployed in less than 30 minutes and provide innovative solutions such as weapons detection and more.

11. Significant Expansion of Sales Funnel and potential

RAD's sales funnel grew substantially in both quantity and quality. Technically the qualified opportunity count increased over 100%, but when the improved quality and depth is considered, the funnel increases could be considered closer to 300%. Furthermore, the RAD dealer network almost doubled during the fiscal year which further substantiates our target market's acceptance and excitement. Management feels that new deployed devices in the subsequent fiscal year can be between 250 and 1250, representing 100% to 500% growth. There remains potential for even larger device rollouts although management cannot estimate or guarantee with further specifics.

12. CEO Compensation

Carry over from Q3 FYE22 the CEO salary is capped $300,000 with a cap on discretionary bonuses. This is a reaction to the large bonuses paid in the prior fiscal year. Additional bonuses only available based on hitting performance milestones.

CAUTIONARY DISCLOSURE ABOUT FORWARD-LOOKING STATEMENTS

This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements in this news release other than statements of historical fact are “forward-looking statements” that are based on current expectations and assumptions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the statements, including, but not limited to, the following: the ability of Artificial Intelligence Technology Solutions to provide for its obligations, to provide working capital needs from operating revenues, to obtain additional financing needed for any future acquisitions, to meet competitive challenges and technological changes, to meet business and financial goals including projections and forecasts, and other risks. Artificial Intelligence Technology Solutions undertakes no duty to update any forward-looking statement(s) and/or to confirm the statement(s) to actual results or changes in Artificial Intelligence Technology Solutions expectations.