



## **infiniti ai inc.**

**(FORMERLY CARL DATA SOLUTIONS INC.)**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

## General

This Management's Discussion and Analysis ("MD&A") of infinittii ai inc. (formerly Carl Data Solutions Inc.) (the "Company") is dated October 28, 2022 and provides a review of the Company's financial results, from the viewpoint of management, for the year ended June 30, 2022 ("F2022") compared to the year ended June 30, 2021 ("F2021").

The following information should be read in conjunction with the Company's audited consolidated financial statements with accompanying notes as at and for the years ended June 30, 2022 and 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Company are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate" and "believe" are intended to identify forward-looking statements. Such statements reflect the Company's "forecast", "estimate", "expectation" and similar expressions as they relate to the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions.

The forward-looking statements contained in this MD&A are made as of the date hereof and represent the Company's views as of the date of this document. While the Company believes that the expectations reflected in the forward-looking statements and information contained herein are reasonable, no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct. The Company acknowledges that subsequent events and developments may cause the views expressed herein to change, however, the Company has no intention and undertakes no obligation to update, revise or correct such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Therefore, there can be no assurance that forward-looking statements contained herein will prove to be accurate as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## Description of Business

infinittii ai inc. was incorporated under the *Business Corporations Act* (British Columbia) on January 17, 2014. Trusted since then to provide environmental monitoring to many of the largest water utilities in the U.S. and Canada, the Company has evolved into a leader in Artificial Intelligence ("AI") driven predictive analytics for industrial and Smart City infrastructure applications that rely on time-series data. The Company serves its customers via a trusted partner network that includes engineering and IT services companies like AECOM, Core & Main, Kerr Wood Leidal, K2 Geospatial and CSL Services. infinittii changed its name from Carl Data Solutions Inc. to infinittii ai inc. effective October 7, 2022.

infinittii ai's software performs real-time analysis, checks flow monitoring status, sets alarms through a single interface, accepts all types of data from any source and offers predictive and prescriptive analytics. From real-time, historic, wireless, satellite and SCADA data to public data sets including USGS, NOAA and weather forecasts – it doesn't matter where the data originates – the Company transforms it into actionable information.

The Company is a public company that is listed on the Canadian Securities Exchange ("CSE") (under the symbol: iai), the Frankfurt Stock Exchange (under the symbol: 7C5) and the OTCQB (under the symbol: CDTAF). The head office and principal address of the Company is located at Suite 488 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7. The Company's consolidated financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
Extend to Social Media Inc. ("ETS")	British Columbia	100%
infinittii ai corporation (formerly FlowWorks Inc.)	Washington, USA	100%
Carl Data Solutions PL ("Carl PL")	Poland	100%
i4C Innovation Inc. ("i4C")	British Columbia	100%
Astra Smart Systems Corp. ("Astra")	British Columbia	100%

**infinitii ai inc.** (Formerly Carl Data Solutions Inc.)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

---

The Company has all the elements in place to successfully take on the AI-driven predictive analytics software space as required for a wider variety of municipal and industrial infrastructure customers.

With its proven smart water and wastewater solutions and a new generation of AI-enabled Machine Learning (“ML”) software products, the Company is in a good position for strong growth in new vertical markets such as Smart Cities, renewable energy utilities, ports, airports and industrial and transportation infrastructure companies.

### Going Concern

The Company’s audited consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in the audited consolidated financial statements. The Company’s audited consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at June 30, 2022, the Company had not achieved profitable operations, had accumulated a deficit of \$27,499,980 since inception and expects to incur further operating losses in the development of its business. The Company’s ability to continue as a going concern is dependent upon the ability to develop its business units, develop marketable software, potentially find, acquire and develop various other business segments with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These events and conditions indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

### Selected Financial Information

The following sets out selected consolidated financial information of the Company for the period indicated, which has been derived from the Company’s audited consolidated financial statements. Users of this information should read the following in conjunction with the audited consolidated financial statements and the previously filed annual statements.

	June 30, 2022		June 30, 2021		June 30, 2020
Total revenue	\$ 1,617,758	\$	2,631,340	\$	2,533,947
Total expenses	3,920,058		5,508,961		5,214,485
Net loss	(2,458,135)		(4,625,475)		(3,358,163)
Basic and diluted loss per share	(0.02)		(0.05)		(0.04)
Total assets	1,728,139		4,187,057		2,857,168
Non-current financial liabilities	219,516		263,140		1,168,450

### Recent and Subsequent Events & Overall Performance

#### *Completed Private Placements and Share Issuances*

During and subsequent to the year ended June 30, 2022, the Company did not complete any share transactions.

#### *Granting of Stock Options*

During the year ended June 30, 2022, the shareholders of the Company adopted a stock option plan to replace the plan originally adopted on January 22, 2015. Under the terms of this plan, the total number of share purchase options to be granted and outstanding may not exceed 20% of the total issued and outstanding common shares of the Company at the date of grant. Options may be granted with an exercise price equal to the market price of the common shares less any permitted discount on the grant date, vest according to privileges set at the time the options, have a minimum price of \$0.10 and are granted and expire no later than five years from the date of grant.

During and subsequent to the year ended June 30, 2022, the Company did not grant any stock options.

**infinitii ai inc.** (Formerly Carl Data Solutions Inc.)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

**Organization Structure Changes**

On July 19, 2021, Jean Charles Phaneuf, CEO of the Company since January 8, 2021, was appointed as a director of the Company, replacing David Gregory Johnston who resigned as a director but remains as President of the Company, taking on roles in product evangelism, product management advisory and strategic business development.

**Summary of Quarterly Results**

Key financial information for the quarters spanning the two most recent fiscal years is summarized as follows, reported in Canadian dollars:

	<b>June 30, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Revenue	\$ 425,426	\$ 448,482	\$ 362,880	\$ 380,970
Operating expenses	916,427	955,834	977,494	1,070,303
Loss for the period	(642,908)	(508,036)	(615,921)	(691,270)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)
Assets	1,728,139	2,253,278	2,666,572	3,363,557
Liabilities	1,143,935	1,054,716	973,606	1,094,351
Shareholders' equity	584,204	1,198,562	1,692,966	2,269,206

  

	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Revenue	\$ 539,942	\$ 603,676	\$ 673,848	\$ 813,874
Operating expenses	1,608,265	1,675,079	1,166,286	1,059,331
Loss for the period	(1,078,080)	(2,849,394)	(495,101)	(202,900)
Basic and Diluted Loss per share	(0.01)	(0.03)	(0.01)	(0.00)
Assets	4,187,057	4,886,611	1,766,391	1,782,913
Liabilities	1,406,296	1,437,218	3,192,805	3,079,685
Shareholders' Equity (Deficiency)	2,780,761	3,449,393	(1,426,414)	(1,296,772)

**Fourth Quarter**

Revenue in the fourth quarter of the year ended June 30, 2022 of \$425,426 decreased from the comparable quarter ended June 30, 2021 of \$539,942. Higher revenue for the quarter ended June 30, 2021 was a result of the Company's recent work for its part in the Canada's Digital Technology Supercluster (the "Supercluster") related to the Fresh Water Data Commons Project (the "Project"), which reached late stages by the fourth quarter of the year ended June 30, 2021. Expenses for the fourth quarter ended June 30, 2022 of \$916,427 were far lower than the comparable period's operating expenditures of \$1,608,265 primarily due to the absence of costs related to the Project, share-based payments and depreciation and amortization.

Loss for the period in the fourth quarter included a write-off of furniture and equipment of \$194,171 due to the Company's discontinued use of its office space. Net of this write off, loss for the period decreased each fiscal quarter of the year ended June 30, 2022 as operating expenses gradually decreased and revenue trended upwards overall. Key new sales in Q3 and Q4 generated this revenue increase and a cost control strategy lowered operating expenses over this period. The fourth quarter ended June 30, 2022 had the lowest loss for the year at \$448,737 net of the write off.

**Discussion of Annual Operations**

**Overview**

The Company made steady progress with increasing software license revenue over the course of fiscal year 2022. Due to the Company's ability to secure larger annual contracts from its customers, average monthly revenue from contracted and subscription customers has increased by 46% from the beginning to the end of the fiscal year. Alongside software license momentum in F2022, operating expenses declined every single quarter as management made judicious use of cash to focus on new product initiatives.

Highlights from annual operations:

On January 25, the Company announced it had made the largest sale in its history. It is a two-year contract renewable on a recurring annual basis with Los Angeles County Sanitation Districts, a California agency that services 5.6 million people and is the USA's largest producer of recycled water.

On February 23, the Company executed a technology integration and co-marketing agreement with K2 Geospatial ("K2") making it possible for K2 Geospatial's 350 Smart Cities, municipalities, seaports, airports and road authorities across North America to take advantage of the Company's predictive analytics technology for time-series data while allowing the Company's customers to deploy K2's agnostic and scalable Geographic Information System mapping software.

On April 1, the Company secured its second-largest recurring revenue sale ever to another large American Smart City through a partner with a national footprint in water infrastructure projects.

On May 4, the Company launched its new Inflow & Infiltration (I&I) software product after Beta testing by its infrastructure engineering services integration partner AECOM in cooperation with the Regional Municipality of York. The first of the Company's new generation of predictive analytics software products, *infinittii auto i&i* uses ML technology to detect storm events so municipal water utility engineers can quickly see which areas of their systems are most impacted, with predictive detection of deterioration on infrastructure systems.

Comparing the financial results and position for the year ended June 30, 2022 to the year ended June 30, 2021 reveals decreases in several non-cash items related to depreciation and amortization of assets. Consulting, interest, computer hosting and investor relations costs decreased in the year ended June 30, 2022 compared to the year ended June 30, 2021, while accelerated sales activity caused an increase in salaries, travel and office expenses.

Management continues to monitor expenses closely to ensure the Company can capitalize on new product development resulting from completion of the Digital Supercluster Fresh Water Data Commons project. The project has supplied strategic intellectual property that now underpins growth expected from the Company's new generation of AI-driven predictive analytics products.

***Revenue***

For the year ended June 30, 2022, the Company generated \$1,617,758 in revenues of which \$1,396,994 (2021 - \$1,245,296) related to revenue generated by *infinittii ai corporation*, \$124,164 related to revenue generated by the parent Company (2021 - \$1,267,695), and \$96,600 (2021 - \$118,349) related to revenue generated by ETS. Revenue from *infinittii ai corporation* is comprised of service fees from its web-based application used for data analysis in addition to set-up fees and custom programming service contracts.

The Company commenced its work with the Supercluster during the latter half of the year ended June 30, 2020 and experienced continued growth of revenue as the Project reached a conclusion upon its successful delivery in October 2021. This caused a revenue decline of \$1,181,032 from the Supercluster project alone, partially offset by an increase in *infinittii ai corporation* revenue of \$151,698 to result in a decrease in revenue from \$2,631,340 in the year ended June 30, 2021 to \$1,617,758 in the year ended June 30, 2022.

***Operating Expenses and Other Items***

Total comprehensive loss for the year decreased by \$2,218,139 from \$4,651,880 in the year ended June 30, 2021 to \$2,433,741 in the year ended June 30, 2022 primarily due to the loss of \$1,774,840 on settlement of debt recognized in the comparative period. Operating expenses and other items with significant variances and balances include:

***Amortization***

Amortization for the year ended June 30, 2022 was \$80,503 (2021 - \$312,641). The amortization expense decreased substantially for the year ended June 30, 2022 as all but one of the Company's intangible assets were fully amortized as at June 30, 2021.

***Computer Hosting Costs***

Computer hosting costs for the year ended June 30, 2022 were \$271,466 (2021 - \$408,694) and decreased substantially with the completion of the Supercluster Project. Remaining hosting costs are primarily for services provided by FlowWorks.

#### *Consulting Fees*

Consulting fees for the year ended June 30, 2022 were \$880,469 (2021 - \$1,645,828). Consulting fees are primarily used for management and external sales and business development consultants tasked with advancing the Company's strategy utilizing funds raised in the February 11, 2021 private placement. Consulting decreased in the current period as several consultants have completed their projects and have been phased out.

#### *Depreciation*

Depreciation for the year ended June 30, 2022 was \$125,056 (2021 - \$226,982) and decreased as a result of the termination of i4C's lease and therefore a reduction in right of use assets as compared to the first quarter of the fiscal year ended June 30, 2022. Depreciation also decreased due to a write-off of furniture and equipment of \$194,171 that was previously used in the Company's head office, when the Company decided not to renew its lease and allow employees to work from home.

#### *Interest*

Interest for the year ended June 30, 2022 was \$20,847 (2021 - \$112,471). Interest is charged on convertible notes and loans payable and decreased as the Company settled most of its outstanding loans and convertible debt during the third quarter of the year ended June 30, 2021.

#### *Investor Relations*

Investor relations expense for the year ended June 30, 2022 were \$74,356 (2021 - \$284,759). Investor relations fees have been comparatively low in preparation of future marketing and public relations expenditure targeted at upcoming product launches.

#### *Office and Miscellaneous*

Office and miscellaneous costs for the year ended June 30, 2022 were \$215,969 (2021 - \$166,186). The costs increased substantially with the hiring of several new staff and consultants to carry out the Company's operational strategy.

#### *Professional Fees*

Professional fees for the year ended June 30, 2022 were \$264,843 (2021 - \$279,243). Professional fees were lower than the prior year as the Company has completed several compliance related projects and completed an expansion of the management team.

#### *Share-based Payments*

Share-based payments for the year ended June 30, 2022 were \$237,184 (2021 - \$784,920). The expense relates primarily to stock options granted and vested during previous periods and are not expected to be comparable over the periods as the expense is dependent on the timing of grants and vesting schedules.

#### *Salaries and Wages*

Salaries and wages for the year ended June 30, 2022 were \$1,377,847 (2021 - \$1,004,887). The increase in salaries and wages is primarily a result of the expansion of the Company's team to advance the Company's strategy.

#### *Travel*

Travel expenses for the year ended June 30, 2022 were \$178,441 (2021 - \$77,832). Travel increased from the previous year due to several executives visiting the Company's head office in Vancouver from their residences across Canada and for steadily increasing in-person sales meetings and tradeshows within North America.

### **Operating Activities and Plans**

#### ***Company Structure***

The Company has complementary operations based in Vancouver (Canada), Seattle (USA) and Gdansk (Poland).

- 1) Software application development, hardware research and development and the management team are led out of offices at the Company's Vancouver, British Columbia headquarters at 1090 West Georgia Street.
- 2) The Company also maintains an address in Seattle, Washington in support of its US sales team.
- 3) Data science developers with the data science expertise required by the Company are located in Gdansk, Poland.

### *Moving Forward*

With a focus on increasing revenues, the Company announced new branding and new products to support its booth presence at the Water Environment Federation's Technical Exhibition and Conference ("WEFTEC") 2022 tradeshow that occurred from October 10 to 12. The objective of these initiatives is to position the Company as a leader in AI-driven Machine Learning ("ML") predictive analytics software in its core Smart City water infrastructure market. WEFTEC is the world's most comprehensive gathering of water quality professionals and thought leaders, and WEFTEC exhibitors represent the most comprehensive array of products and services in the water industry.

On October 4, 2022, the Company launched its new brand at WEFTEC. Replacing "Carl Data Solutions" is "infinittii ai" with the tagline "make your data smarter". The previous brand name conveyed no implicit meaning for the company's FlowWorks and related software offerings. infinittii ai suggests infinite possibility for existing and prospective customers wishing to adapt the latest AI-driven ML technology to run their digital initiatives for infrastructure operations. The new brand name and tagline is also appropriate for new vertical markets where the company wishes to pursue verticals based on compelling commercial opportunities.

On October 5, 2022, the Company announced and unveiled its complete and significantly expanded product portfolio under the infinittii dataworks software platform. Software technology developed on this platform keeps water, raw materials and energy resources flowing while meeting compliance goals for clean air, water and soil. For Smart City water and Smart Industry infrastructure customers that rely on time series data, the infinittii dataworks platform supports reliable engineering decisions that sustain human life and commerce.

With this announcement, the Company transformed from a "one-size-fits-all", single product offering to a clearly differentiated multi-product portfolio that its sales team can leverage to increase revenue-per-customer. What have been five to low six-figure annual contracts in the past can now be mid-six to seven-figure multi-year contracts in the future. The Company now has 15 individually priced software offerings:

the infinittii dataworks platform includes the following products for Smart City water infrastructure customers:

- **infinittii flowworks** – a powerful suite of time series data monitoring, analysis and reporting tools for Smart City water infrastructure customers. It efficiently manages monitoring systems, performs real-time analysis, checks flow monitoring status and sets alarms through a single interface
- **infinittii flowworks+** – including all the features of infinittii flowworks, flowworks+ adds manual I&I pump station calculator, rainfall Intensity-Duration-Frequency (IDF) analysis, infinittii face and infinittii api connect
- **infinittii flowworks pro** – including all the features of infinittii flowworks+, infinittii flowworks pro adds infinittii face pro for advanced ML calculations and infinittii api pro for extended data integration points and unlimited data transactions
- **infinittii face** – is the "flowworks advanced calculation engine" (face) that creates new data from incoming channels using math, statistics and logic equations for real-time analysis
- **infinittii face pro** – a streaming analytics application for data transformation that allows you to add logic and algorithms for real-time processing. Users can deploy Machine Learning to manage and operationalize production-ready models for generating new data or output events such as predictions. They can build analytic models that act on sensor data or other data sources with its built-in script editor, using self-created or existing scripts from open source libraries
- **infinittii auto i&i** – provides tools for detailed analysis of storm events, letting you see how the storm event proceeded over time, and how this relates to your RDII (rain derived infiltration and inflow) during a storm event
- **infinittii auto qa/qc (in Beta)** – performs Quality Assurance (QA) and Quality Control (QC) on any sensor data shifts or outliers that may distort results or falsely trigger alerts. Machine Learning models provide different courses of action based on data identified from sensor errors
- **infinittii api connect** – is the interface that flowworks+ uses to read, write or update all data and source information stored in flowworks. Data transaction rates apply
- **infinittii api pro** – allows developers to extract site, channel and data point information for their sites using a RESTful web service. It grants further integration points and unlimited data transactions
- **infinittii cso predict** – predicts sewer/stormwater and Combined Sewage Overflow (CSO) events at discharge points in a sewer/stormwater system. Identifies when and where a collection system's overflows will take place up to seven days in advance
- **infinittii flood risk forecast (in Beta)** – combines hydrology modelling with Machine Learning and precipitation data for predicting flood events at discharge points. Identifies when and where a flood event will take up to seven days in advance

The infinittii dataworks platform also includes the following products for Smart Industry infrastructure customers:

- **infinittii real time monitoring** – with advanced data transformation and Machine Learning algorithm creation capabilities. Includes data ingestion, data hosting, email notification and alerts, reporting, unlimited number of users, maintenance and upgrades, and a custom dashboard
- **infinittii advanced calculation engine** – is a data science application used for discovery of patterns or prediction of events in large data-sets. Using its extensive API, the application supports Python and R scripts for code-based experimentation and model development, and ML Ops teams can use it to deploy Machine Learning to manage and operationalize production-ready models. Common uses include complex data transformation, forecasting, anomaly detection, predictive maintenance and failure prediction
- **infinittii auto qa/qc (in Beta)** – performs Quality Assurance (QA) and Quality Control (QC) on any sensor data shifts or outliers that may distort results or falsely trigger alerts. Machine Learning models provide different courses of action based on data identified from sensor errors
- **infinittii api pro** – allows developers to extract site, channel and data point information for their sites using a RESTful web service and grants unlimited data transactions

At WEFTEC, the Company focused on the Smart City water infrastructure portion of the infinittii dataworks platform. The previously named one-price-fits-all FlowWorks application is now offered in three progressively priced variations: infinittii flowworks, infinittii flowworks+ and infinittii flowworks pro.

On October 6, 2022 the Company announced and profiled what it considers its most promising product since the launch of FlowWorks. Following the new brand's lower-case capitalization, "infinittii face pro" is the name of this product. It reflects deep engagement with customers and business partners on Machine Learning innovation and is the result of years-long R&D efforts.

80%+ of existing customers use F.A.C.E., which stands for FlowWorks Advanced Calculation Engine, to perform limited calculations. infinittii face pro brings these calculations into an infinitely more sophisticated Machine Learning era. infinittii face pro is a new streaming analytics application for data transformation that allows Smart City water infrastructure and Smart Industry infrastructure customers (who purchase the technology as infinittii advanced calculation engine) to add logic and algorithms for real-time processing. They can deploy Machine Learning to manage and operationalize production-ready models for generating new data or output events such as predictions. A key feature is the ability to build analytic models that act on sensor data or other data sources with infinittii face pro's built-in script editor, using either newly created or existing scripts from open-source libraries.

Use cases for infinittii face pro include forecasting, anomaly detection, predictive maintenance and failure prediction. The types of advanced calculations easily performed with infinittii face pro include Soil and Water Integrated Model (SWIM) calculations that track and predict climate and land use change impacts at a regional scale.

From its inception through F2021 and most of F2022 the formerly named Carl Data Solutions Inc. had a single product offering called FlowWorks. Moving forward into F2023, infinittii ai now has a total of 15 well branded, clearly differentiated and separately priced products in its portfolio. Because they can see clear differentiation and associated productivity benefits between these offerings, initial reaction from existing and prospective customers is promising. More revenue per customer sale and higher growth for the Company overall is the goal of these new branding and product initiatives. With these new corporate developments, management looks forward to rewarding shareholders in F2023.

### **Liquidity and Capital Resources**

Cash on Hand decreased by 59% from the previous year, from \$2,903,056 to \$1,192,906 on June 30, 2022. During the year ended June 30, 2022, the Company's operating activities required cash of \$1,585,166 (2021 - \$1,113,435) increasing by \$471,731 from \$1,113,435 used in the year ended June 30, 2021 to \$1,585,166 used in the year ended June 30, 2022. The Company's working capital was \$681,600 (June 30, 2021 - \$2,523,569).

### **Financing Activities**

During the year ended June 30, 2022, the Company used net cash flows of \$143,489 in financing activities (2021 - inflows of \$3,926,275). The Company's outflow included \$100,264 (2021 - \$124,852) in payments toward lease liabilities and \$50,940 (2021 - \$169,506) in payments toward loans payable offset by proceeds of \$7,715 (2021 - \$nil) on the disposal of digital currencies. During the comparative year ended June 30, 2021, the Company generated \$60,000 from loans received, \$200,000 from the issuance of convertible note, \$4,437,914 from private placements, and \$33,000 in proceeds from option exercises less \$22,629 toward the repurchase of common shares.



Loans payable and convertible notes together increased modestly by \$18,088 from a total of \$503,577 on June 30, 2021 to \$521,665 on June 30, 2022 due to \$59,611 in accretion on the convertible notes offset by a \$41,523 reduction in loans payable due to principal and interest payments by the Company.

### *Investing Activities*

The Company did not have any investing activities for the years ended June 30, 2022 and 2021.

### **Capital Structure**

As at the date of this MD&A, the Company has 126,424,783 common shares, 37,341,920 warrants, and 4,250,000 stock options outstanding.

Overall, shareholder equity decreased by \$2,196,557 from \$2,780,761 at June 30, 2021 to \$584,204 at June 30, 2022.

### **Financial Instruments and Risk Management**

#### *Fair value of financial instruments*

The Company measures the fair value of its financial instruments according to a fair value hierarchy based on the significance of observable inputs used to value the instrument as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The Company's financial instruments consisting of accounts and other receivables, accounts payable and accrued liabilities, loans payable, and convertible notes are classified at amortized cost. The carrying values of these financial instruments approximate their fair values because of their relatively short maturity dates or durations and/or attached market rates of interest.

Cash is classified as being at FVTPL. The fair value of cash as recorded in the audited consolidated statements of financial position is measured in accordance with Level 1 of the fair value hierarchy.

#### *Financial and capital risk management*

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk. These risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Discussions of risks associated with financial assets and liabilities are detailed below:

#### *Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2022 and June 30, 2021, the Company was not subject to significant market risk.

**infinitii ai inc.** (Formerly Carl Data Solutions Inc.)  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

*Foreign currency risk*

As at June 30, 2022, the Canadian dollar equivalent carrying values of the balances of financial assets and liabilities denominated in foreign currencies are as follows:

March 31,	US Dollars		Polish Zloty	
	2022	2021	2022	2021
<b>Financial Assets</b>				
Cash	\$ 591,562	\$ 19,795	\$ 42,635	\$ 26,829
Accounts receivable	295,937	287,742	-	-
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	\$ 47,843	\$ 182,837	\$ 44,171	\$ 20,678

The Company's subsidiary, infinitii ai corporation, operates in the United States which, from the perspective of the Company, creates currency risk associated with those operations. For the year ended June 30, 2022, infinitii ai corporation has revenue of \$1,396,994 (2021 - \$1,245,296) (Canadian dollar equivalent). A 10% change in the foreign exchange rate would result in a \$140,000 (2021 - \$125,000) (Canadian dollar equivalent) change in profit or loss.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from changes in the interest rates on cash, loans payable and convertible notes. Cash generates interest based on market interest rates. As at June 30, 2022 and June 30, 2021, the Company was subject to interest rate risk with respect to its loans payable, some of which bear interest at a fixed rate, some at a variable rate and others are non-interest bearing. The Company's convertible notes bear interest at a fixed rate.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and accounts and other receivables. The Company holds cash at a major Canadian chartered bank in chequing accounts, at a Washington State, USA bank and at a Polish bank.

The Company is exposed to credit risk on its trade accounts receivable. The Company's credit risk for accounts receivable is concentrated as 24% of its trades account receivable is owing from four customers (June 30, 2021 - 58% from four customers), with more than 10% owing from two of those customers (June 30, 2021 - one).

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily based on days past due and adjusted for current credit information. The Company has assessed expected credit losses based on 20% of its trade accounts receivable aged past 90 days and has estimated expected credit losses as at June 30, 2022 of \$14,115 (June 30, 2021 - \$15,079).

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital and operating needs. The Company's accounts payable are due within 30 to 60 days. The Company has adequate working capital as at June 30, 2022 and may undertake financing to meet its financial obligations in the future as required.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**infinitii ai inc.** (Formerly Carl Data Solutions Inc.)

## MANAGEMENT'S DISCUSSION &amp; ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2022

**Related Party Transactions**

On January 2, 2021, the Company entered into an executive consulting agreement for services related to acting as CEO of the Company with a company controlled by the CEO of the Company. Under the terms of the agreement, the Company pays monthly consulting fees of \$15,000 (\$180,000 annually). The agreement has no fixed terms and includes a termination benefit equal to twelve months of pay.

On July 1, 2020, the Company amended a previous executive consulting agreement with the CFO of the Company whereby Company pays monthly consulting fees of \$10,000 (\$120,000 annually). The agreement has no fixed terms and includes a termination benefit equal to six months of pay or twelve months if termination is due to a change of control.

The Company had previously entered into an executive consulting agreement for services related to acting as President of the Company, with a company controlled by the President, former CEO, and director of the Company. Under the terms of the agreement, the Company paid that company a total of \$11,667 per month. Effective July 1, 2019, the Company replaced this agreement with a new agreement whereby the Company will pay monthly consulting fees of \$13,333 (\$159,996 annually). The new agreement has no fixed terms and includes a termination benefit equal to twelve months of pay.

Related parties include key management personnel, who are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

During the year ended June 30, 2022, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Jean Charles Phaneuf, CEO	\$ 180,000 <sup>(1)</sup>	\$ 153,107	\$ 333,107
Cale Thomas, CFO	120,000	-	120,000
Greg Johnston, President	160,000 <sup>(2)</sup>	-	160,000
<b>Total</b>	<b>\$ 460,000</b>	<b>\$ 153,107</b>	<b>\$ 613,107</b>

(1) comprised of fees paid to 9299-5257 Quebec Inc., a company wholly owned by Jean Charles Phaneuf.

(2) comprised of fees paid to BDirect Online Communications Inc., a company wholly owned by Greg Johnston.

During the year ended June 30, 2021, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Jean Charles Phaneuf, CEO	\$ 172,000 <sup>(1)</sup>	\$ 266,284	\$ 438,284
Greg Johnston, Former CEO	159,996	-	159,996
Cale Thomas, CFO	127,000	24,429	151,429
Vikas Ranjan, Director	19,500 <sup>(2)</sup>	24,429	43,929
<b>Total</b>	<b>\$ 478,496</b>	<b>\$ 315,142</b>	<b>\$ 793,638</b>

(1) \$60,000 of these fees plus GST were settled through the issue of a total of 450,000 common shares to 9299-5257 Quebec Inc., a company wholly owned by Jean Charles Phaneuf.

(2) These fees were settled through the issue of 192,100 units in the private placement closed by the Company on February 11, 2021 to 2286252 Ontario Inc., a company wholly owned by Vikas Ranjan.

Included in accounts payable and accrued liabilities as at June 30, 2022 is \$28,180 (June 30, 2021 - \$172,529) due to officers and directors and their related organizations. During the year ended June 30, 2022, the Company did not settle any accounts payable and accrued liabilities to officers or directors through the issuance of common shares. During the year ended June 30, 2021, the Company settled an aggregate \$91,815 in accounts payable and accrued liabilities to an officer and a director through the issuance of 642,100 common shares valued at \$126,998. The Company recognized a loss on debt settlement of \$35,183.

On June 9, 2014, ETS signed a referral services agreement with RA Revenue Automation Inc. ("RA") whereby RA agreed to use ETS as its exclusive referral marketing application and include the concept in all relevant business development pitches to customers. A company controlled by the Company's President owns 10% of RA. Social referral software revenue of \$96,600 (2021 - \$96,600) recorded in profit or loss is from RA for the year ended June 30, 2022. As at June 30, 2022, \$25,358 (June 30, 2021 - \$33,810) was owed from RA.

*Kerr Wood Leidal Associates Ltd. ("KWL")*

KWL, a consulting engineering company, founded and created infinittii ai corporation and is related through a director of the Company. During the year ended June 30, 2022, the Company earned data services revenue from KWL of \$148,025 (2021 - \$165,725) and incurred expenses from KWL of \$11,735 (2021 - \$84,894), which are recorded in office and miscellaneous, and consulting expenses. Included in accounts receivable as at June 30, 2022 is a balance owing from KWL of \$43,477 (June 30, 2021 - \$45,221). Included in accounts payable and accrued liabilities as at June 30, 2022 is a balance owing to KWL of \$3,598 (June 30, 2021 - \$47,250).

**Proposed Transactions**

There are no proposed transactions for the year ended June 30, 2022 outside of those identified in this document.

**Subsequent Events**

There were no subsequent events for the year ended June 30, 2022 other than the expiry of certain unexercised options.

**Critical Accounting Estimates**

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

*Valuation of acquired assets*

The Company has made estimates with respect to the acquisition date fair values of the identifiable assets and liabilities of acquired businesses. The valuation of intangible assets requires management to use valuation techniques to assess the fair values of assets and liabilities acquired at acquisition date, and each subsequent reporting period end date. The Company used its judgment to select methods and makes assumptions that reflected market conditions as at these dates.

*Equity-settled transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity-settled transactions with non-employees are recorded at the fair value of the service provided, where this is readily determinable. In other instances, they are recorded at the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions 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 inputs to the valuation model including the expected life of the share-based award, volatility and dividend yield and making assumptions about them.

**New standards and interpretations adopted**

There were no new standards or interpretations adopted during the year ended June 30, 2022, which had a material impact on the Company's consolidated financial statements.

**Future Changes in Accounting Policies**

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**Risk Factors**

The following are major risk factors management has identified which relate to the Company's business activities. Such risk factors could materially affect the Company's future financial results and could cause events to differ materially from those described in forward-looking statements relating to the Company. Though the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company's business and operations. Other specific risk factors are discussed elsewhere in this MD&A.

### *Capitalization and Commercial Viability*

The Company will require additional funds to continue operations. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all proposed activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the curtailment of operations, liquidation of assets, seeking of additional capital on less favourable terms and/or other remedial measures.

### *History of Operating Losses*

The Company has an accumulated deficit since its incorporation through June 30, 2022 of \$27,499,980. The deficit may increase in the near term as the Company continues its product development and establishes sales channels for its new products.

### *General Economic Conditions*

The Company currently operates in Canada, the United States and Poland and, like all global businesses, it has been subject to the impact of the current global credit and financial crisis on consumers in its areas of operations and the discretionary spending available to them. General economic conditions have resulted in reduced consumer and government spending and have impacted the Company's profitability. Should these conditions continue to prevail, there will be further pressure on the Company's profitability.

### *COVID-19 Pandemic*

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. Currently, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

### *Key Employees*

The success of the Company, like all marketing and software companies, is largely dependent on the performance of its key employees and directors. The failure to retain key employees and directors and to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Company's growth and profitability. Competition for highly skilled management, technical and other employees is intense. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the departure of any of the members of the Company's executive team or key directors could have a material adverse effect on the Company's business, results of operations and financial condition.

### *New Market Risk*

The Company is operating in a large market but is providing previously unavailable services. The Company faces uncertainty as to the degree of new and continuing market acceptance of its products. The performance of the Company also depends on the performance of agencies that the Company partners with along with their end customers.

### *Customer Risks*

The Company is dependent on proper pricing of products and services, the ability to provide insights to customers based on their collected data, reporting of successful results of referral campaigns and timely collection of customer accounts. The Company is also dependent on its ability to ensure that their customers operate within the terms of its service agreements.

### *Intellectual Property Risks*

The Company has taken steps to protect its proprietary technology. The Company relies on a combination of trademark, trade secrets, laws and other intellectual property protection methods to protect its proprietary technology. These steps may not completely protect the Company's proprietary technology, nor give it a competitive edge. Others may independently develop substantially equivalent technology or gain access to our trade secrets. If the Company is unable to protect its intellectual property, the business over time could be materially affected. The Company will pursue all avenues available to it, if necessary, to enforce its patents, and to protect its trademarks and other intellectual property rights owned by the Company.

*Reliance on Information Systems and Technology*

The Company's business relies upon information technology systems to service customers at the point of sale. Its information technology systems may be vulnerable to unauthorized access, computer viruses, system failures, other malicious acts or acts of nature. Should a significant disruption to its information technology occur, the Company's earnings could be adversely affected through loss of revenue and the costs to rectify the disruption. The Company is in an industry with many competitors that lay claim to intellectual property. The Company may receive notice from a third party asserting the Company has infringed on their intellectual property rights. As a result of such claims the Company's earnings could be adversely affected by costly litigation, product injunctions or consumption of management attention. The Company may also be required to expend significant capital and resources to protect against the threat of security, encryption and authentication technology breaches or to alleviate problems caused by such breaches.

*Reliance on Third Party Licenses*

The Company relies on certain software that it licenses from third parties, including a software program that is integrated with internally developed software and used in the Company's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses, could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could materially adversely affect the Company's business, results of operations and financial condition.

*Risk Associated with International Operations*

Management of the Company believes that its continued growth and profitability will require expansion of its sales further in the United States and into other foreign markets. This expansion will require significant management attention and financial resources and could adversely affect the Company's operating margins. In order to increase international sales in subsequent periods, the Company may establish additional foreign operations, incur substantial infrastructure costs, hire additional personnel and recruit international resellers. To the extent that the Company is unable to expand international sales in a timely and cost-effective manner, the Company's business, results of operations and financial condition could be materially adversely affected. In addition, even with the possible recruitment of additional personnel and international partners, there can be no assurance that the Company will be successful in maintaining or increasing international market demand for the Company's applications and services. The risk associated with currency fluctuations are comprised mainly of the Company's United States denominated sales, component purchases and other expenses. In the future, it is expected that a portion of revenues may be realized in other foreign currencies as a result of international sales. Fluctuations in the exchange rate between the Canadian dollar and other currencies, particularly the United States dollar, may have a material adverse effect on the Company's results of operations, financial condition and any business prospects. The Company may use hedges to mitigate the risk of foreign currency exposure.

*Expansion*

The success of the Company's continued expansion will depend upon many factors, including the ability of the Company to maintain acceptable attrition rates and control of operating costs. There can be no assurance that the Company will be able to grow or achieve its continued expansion. Such risks, if they materialize, could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

*Available Workforce*

The Company's continued success will depend on the performance and continued service of the Company's employees. The Company relies on the ability to attract new software engineers and developers, research and development staff, production personnel and key sales and marketing employees. The Company will continue to develop our employees and search for key new hires, however there is no assurance that the Company will be able to retain existing personnel or attract, hire and retain additional qualified personnel.