



## **infinitii ai inc.**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2024**

**(Expressed in Canadian Dollars)**

#### **CONTENTS**

Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Cash Flows	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Notes to the Condensed Consolidated Interim Financial Statements	7-18

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of infinitii ai inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, Baker Tilly WM LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

**infinitii ai inc.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Presented in Canadian Dollars - unaudited

As at	March 31, 2024	June 30, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 300,345	\$ 474,342
Accounts and other receivables (note 4 and 16)	642,258	555,968
Prepaid expenses	20,059	2,349
	962,662	1,032,659
<b>Non-Current Assets</b>		
Equipment (note 5)	1,816	2,342
Goodwill (note 6)	36,421	36,421
<b>Total Assets</b>	<b>\$ 1,000,899</b>	<b>\$ 1,071,422</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 7 and 16)	\$ 440,511	\$ 364,721
Current portion of loans payable (note 8)	47,346	145,809
Current portion of convertible notes (note 9)	900,674	789,189
Deferred revenue (note 10)	254,605	291,280
	1,643,136	1,590,999
<b>Non-Current Liabilities</b>		
Loans payable (note 8)	147,717	78,608
Convertible notes (note 9)	261,892	-
<b>Total Liabilities</b>	<b>2,052,745</b>	<b>1,669,607</b>
<b>Shareholders' Deficiency</b>		
Share capital (note 11)	24,972,032	24,837,032
Commitment to issue shares (note 13)	300,800	300,800
Reserves (notes 9 and 13)	4,167,513	4,138,706
Equity conversion feature on convertible note (note 9)	319,591	161,921
Foreign currency translation reserve	97,393	82,877
Deficit	(30,909,175)	(30,119,521)
	(1,051,846)	(598,185)
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 1,000,899</b>	<b>\$ 1,071,422</b>

Description of Business and Going Concern (note 1)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD ON MAY 30, 2024

“Kevin Ma”  
Director

“Chris Johnston”  
Director

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

**infinitii ai inc.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Presented in Canadian Dollars - unaudited

	Three months ended March 31, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
<b>Revenue</b>				
Data services (note 16)	\$ 559,808	\$ 540,068	\$ 1,550,165	\$ 1,369,883
Social referral software (note 16)	26,550	26,550	79,650	79,650
Custom programming service contracts	89,126	25,255	153,217	91,812
	675,484	591,873	1,783,032	1,541,345
<b>Expenses</b>				
Accretion of convertible note (note 11)	31,719	25,494	102,417	62,021
Bad debts expense (recovery) (notes 4 and 17)	417	5,705	(5,181)	8,589
Computer hosting costs	81,669	80,616	233,095	219,753
Consulting (note 16)	187,094	176,178	602,037	519,309
Depreciation of property, equipment, and right-of-use assets (note 5)	174	251	526	753
Filing and transfer agent	9,597	5,154	21,673	25,879
Foreign exchange (gain) loss	20,862	36,678	29,128	59,701
Interest and penalties (notes 8 and 9)	17,478	8,087	39,490	15,595
Investor relations	2,598	2,583	11,546	32,216
Marketing	13,826	24,873	43,650	72,040
Office and miscellaneous (note 16)	41,795	47,338	154,388	140,037
Professional fees	42,473	51,353	198,953	221,274
Share-based payments (notes 13 and 16)	-	1,113,492	18,807	1,149,457
Salaries and wages	349,318	286,369	935,862	954,685
Travel	65,392	62,729	191,295	179,118
	864,412	1,926,900	2,577,686	3,660,427
<b>Operating loss</b>	(188,928)	(1,335,027)	(794,654)	(2,119,082)
<b>Other items</b>				
Gain on settlement of accounts payable (note 11)	-	-	5,000	-
<b>Loss for the period</b>	(188,928)	(1,335,027)	(789,654)	(2,119,082)
<b>Other comprehensive income</b>				
Foreign exchange gain on translation of subsidiary	10,629	9,637	14,516	53,174
<b>Comprehensive loss for the period</b>	\$ (178,299)	\$ (1,325,390)	\$ (775,138)	\$ (2,065,908)
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic and Diluted	129,424,783	126,424,783	127,602,965	126,424,783
<b>Loss Per Share</b>				
Basic and Diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)

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

**infinitii ai inc.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars - unaudited

For the nine months ended	March 31, 2024	March 31, 2023
<b>Cash Flows used in Operating Activities</b>		
Loss for the period	\$ (789,654)	\$ (2,119,082)
Non-cash items		
Accretion on convertible notes	102,417	62,021
Depreciation of property, equipment, and right-of-use assets	526	753
Interest expense	37,481	13,026
Gain on settlement of accounts payable	(5,000)	-
Share-based payments	18,807	1,149,457
Changes in non-cash working capital items:		
Accounts and other receivables	(75,709)	(126,722)
Prepaid expenses	(17,663)	(6,832)
Deferred revenue	(43,726)	(95,774)
Accounts payable and accrued liabilities	121,862	76,542
	(650,659)	(1,046,611)
<b>Cash Flows provided by Financing Activities</b>		
Proceeds from private placement	100,000	-
Proceeds from the issuance of convertible notes	400,000	525,000
Repayment of convertible notes	-	(5,000)
Payment towards lease liabilities	-	-
Repayment of loans payable	(38,205)	(38,205)
	461,795	481,795
<b>Effect of foreign exchange on cash</b>	14,867	59,587
<b>Change in cash during the period</b>	(173,997)	(505,229)
<b>Cash – beginning of period</b>	474,342	1,192,906
<b>Cash – end of period</b>	\$ 300,345	\$ 687,677

**Supplemental Cash Flow Information** (see note 15)

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

**infinitii ai inc.**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

Presented in Canadian Dollars – unaudited

	<u>Share Capital</u>		Reserves	Commitment to issue shares	Equity feature on convertible note	Foreign currency translation reserve	Deficit	Total
	Shares	Amount						
<b>Balance – June 30, 2022</b>	126,424,783	\$ 24,837,032	\$ 3,125,244	\$ -	\$ 70,191	\$ 51,717	\$ (27,499,980)	\$ 584,204
Net loss and comprehensive loss for the period	-	-	-	-	-	53,174	(2,119,082)	(2,065,908)
Issuance of convertible notes	-	-	-	-	92,885	-	-	92,885
Settlement of convertible notes	-	-	1,155	-	(1,155)	-	-	-
Share based payments	-	-	1,012,307	137,150	-	-	-	1,149,457
<b>Balance – March 31, 2023</b>	126,424,783	24,837,032	4,138,706	137,150	161,921	104,891	(29,619,062)	(239,362)
Net loss and comprehensive loss for the period	-	-	-	-	-	(22,014)	(500,459)	(522,473)
Issuance of convertible notes	-	-	-	-	-	-	-	-
Settlement of convertible notes	-	-	-	-	-	-	-	-
Share based payments	-	-	-	163,650	-	-	-	163,650
<b>Balance – June 30, 2023</b>	126,424,783	24,837,032	4,138,706	300,800	161,921	82,877	(30,119,521)	(598,185)
Net loss and comprehensive loss for the period	-	-	-	-	-	14,516	(789,654)	(775,138)
Shares issued for:								
Private placement	2,000,000	90,000	10,000	-	-	-	-	100,000
Settlement of accounts payable	1,000,000	45,000	-	-	-	-	-	45,000
Issuance of convertible notes	-	-	-	-	157,670	-	-	157,670
Share based payments	-	-	18,807	-	-	-	-	18,807
<b>Balance – March 31, 2024</b>	129,424,783	\$ 24,972,032	\$ 4,167,513	\$ 300,800	\$ 319,591	\$ 97,393	\$ (30,909,175)	\$ (1,051,846)

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

## **infinittii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

---

### **1. Description of Business and Going Concern**

infinittii ai inc. (“**infinittii ai**” or the “**Company**”) was incorporated under the *Business Corporations Act* (British Columbia) on January 17, 2014. The Company provides environmental monitoring to many large water utilities in the U.S. and Canada and has evolved into a provider of Artificial Intelligence (AI) driven predictive analytics for industrial and Smart City infrastructure applications that rely on time-series data. The Company changed its name from Carl Data Solutions Inc. to infinittii ai inc. effective October 7, 2022.

infinittii ai 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 address of the head office and principal place of business of the Company is Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2. The Company’s condensed consolidated interim financial statements include the following subsidiaries:

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

These condensed consolidated interim 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 these condensed consolidated interim financial statements. These condensed consolidated interim 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 March 31, 2024, the Company had not achieved profitable operations, had accumulated a deficit of \$30,909,175 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 its ability to develop its business units, develop marketable software, potentially find, acquire and develop various other business segments with growth potential, 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 conditions indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

### **2. Basis of Preparation**

#### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee.

#### **Basis of presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company.

#### **Significant accounting judgments, estimates, and assumptions**

The preparation of these condensed consolidated interim financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported revenues and expenses during the year. Actual results could differ from these estimates.

## **infinitii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

---

### **2. Basis of Preparation (continued)**

#### **Significant accounting judgments, estimates, and assumptions (continued)**

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### **Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

##### *Functional currency*

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of the parent company, ETS, Astra, and i4C is the Canadian dollar. The functional currency of infinitii ai corporation is the US dollar and the functional currency of Carl PL is the Polish Zloty.

##### *Software development*

The application of the Company's accounting policy for software development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the year in which the new information becomes available.

##### *Estimated useful life*

The useful life of some of the Company's non-current assets is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any non-current asset would increase the recorded operating expenses and decrease long-term assets.

##### *Impairment of accounts receivable*

The Company exercises judgment in identifying impaired accounts receivable, the collection of which may be uncertain. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status of the customer and days outstanding. The expected credit losses related to accounts receivable are accumulated and individual accounts have been provided for.

#### **Critical accounting estimates**

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year 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.



## **infinitii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

---

### **2. Basis of Preparation (continued)**

#### **Critical accounting estimates (continued)**

##### *Valuation of acquired assets*

The Company has made estimates with respect to the acquisition date and 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 make 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.

#### **Basis of consolidation**

These condensed consolidated interim financial statements include the financial statements of infinitii ai and its controlled and wholly owned subsidiaries ETS, infinitii ai corporation, Astra, i4C and Carl PL. ETS, infinitii ai corporation, and Carl PL have historically maintained a fiscal year-end of December 31 and retained that year-end post-acquisition. These companies may change the year-ends to match the Company's year-end in the future. i4C and Astra historically maintained a fiscal year-end of July 31, which was changed post-acquisition to June 30 to match the Company's year-end. Regardless of year-end, all subsidiaries of the Company produce financial information on a monthly basis, and these condensed consolidated interim statements reflect the accounts of the Company and its controlled and wholly owned subsidiaries as at and for the three and nine-month periods ended March 31, 2024 and 2023. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the condensed consolidated interim financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

#### **Business combinations**

Business combinations are accounted for using the acquisition method of accounting in which the identifiable assets acquired, liabilities assumed, and any non-controlling interests are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price over the fair value of the net assets acquired is credited to profit or loss as a gain on bargain purchase. Transaction costs associated with a business combination are expensed as incurred.

### **3. Material Accounting Policy Disclosure Information**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended June 30, 2023 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

**infiniti ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
 Presented in Canadian Dollars - unaudited

**4. Accounts and Other Receivables**

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Gross trade accounts receivable	\$ 472,591	\$ 415,390
Related party accounts receivable	125,959	108,647
Less: estimated credit losses	(21,600)	(27,804)
Net trade accounts receivable	576,950	496,233
GST receivable	65,308	59,735
	<b>\$ 642,258</b>	<b>\$ 555,968</b>

Reconciliation of expected credit loss is as follows:

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Balance – beginning of period	\$ 27,804	\$ 14,115
Estimated credit loss (recovery)	(6,204)	13,689
Bad debts written off	-	-
Balance – end of period	<b>\$ 21,600</b>	<b>\$ 27,804</b>

**5. Equipment**

	<b>Computer equipment</b>
<b>Cost</b>	
Balance – June 30, 2022, June 30 2023, and March 31, 2024	\$ 14,063
<b>Accumulated Depreciation</b>	
Balance – June 30, 2022	\$ 10,718
Depreciation	1,003
Balance – June 30, 2023	11,721
Depreciation	526
Balance – March 31, 2024	\$ 12,247
Balance – June 30, 2023	\$ 2,342
Balance – March 31, 2024	\$ 1,816

**6. Goodwill**

During the year ended June 30, 2023, the Company determined that goodwill of \$82,354, recognized pursuant to the acquisition of Astra, was impaired and has written it off. The Company has determined that there is no impairment to the remaining goodwill originally recognized pursuant to the purchase of ETS, which totals \$36,421.

**infinitii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
 Presented in Canadian Dollars - unaudited

**7. Accounts Payable and Accrued Liabilities**

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Trade accounts payable	\$ 415,669	\$ 347,165
Due to related parties (note 16)	24,842	17,556
	<b>\$ 440,511</b>	<b>\$ 364,721</b>

**8. Loans Payable**

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Balance – beginning of period	\$ 224,417	\$ 263,352
Interest and fees accrued	8,851	12,005
Repayments	(38,205)	(50,940)
Balance – end of period	195,063	224,417
Current portion	(47,346)	(145,809)
Non – current portion	\$ 147,717	\$ 78,608

As at March 31, 2024 and June 30, 2023, the following loans were outstanding:

	<b>Note reference</b>	<b>Interest rate – per annum</b>	<b>Loan balances, with interest</b>	
			<b>March 31, 2024</b>	<b>June 30, 2023</b>
CEBA loan	8(a)	5%	\$ 100,983	\$ 100,000
Arm's length loan	8(b)	2.5% + prime	94,080	124,417
			<b>\$ 195,063</b>	<b>\$ 224,417</b>

- a) As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the CEBA. The CEBA provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended June 30, 2020, the Company applied for the CEBA and received the \$40,000 loan in infinitii ai. During the year ended June 30, 2021, i4C applied for and received a CEBA loan of \$40,000 and infinitii ai received an additional \$20,000 CEBA loan. The CEBA remains interest free until December 31, 2023 and has no fixed repayment schedule. As at January 18, 2024, the Company had not repaid any portion of this loan so the full amount of the remaining loan is now a non-amortizing term loan bearing interest of 5% per annum with the full balance due by December 31, 2026.
- b) \$225,000 was received from an arm's-length party on December 3, 2018, bearing annual interest of prime plus 2.5% calculated on a monthly basis. After 24 months, the Company began to make monthly payments over 60 months inclusive of a principal and interest component.

**infinitii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
 Presented in Canadian Dollars - unaudited

**9. Convertible Notes***Current period*

On December 14, 2023, the Company issued two convertible notes with an aggregate value of \$400,000, an expiration date of December 14, 2026, an interest rate of 10% compounded annually, a conversion price of \$0.05 per unit and all are payable upon maturity. Each unit is comprised of one common share of the Company plus one warrant entitling the holder to purchase one common share of the Company for \$0.10 for 36 months from issue. The Company allocated \$157,670 to the equity component of the notes.

*Prior period issuances*

On February 7, 2023, the Company issued three convertible notes with an aggregate value of \$525,000, an expiration date of February 7, 2024, an interest rate of 7% compounded annually, a conversion price of \$0.07 per unit and all are payable upon maturity. Each unit is comprised of one common share of the Company plus one warrant entitling the holder to purchase one common share of the Company for \$0.15 for 36 months from issue. The Company allocated \$92,885 to the equity component of the notes. During the period ended March 31, 2024, the Company began accruing interest on the matured convertible notes.

During the year ended June 30, 2021, the Company issued three convertible debentures with an expiration date of February 11, 2023, an interest rate of 10% compounded semi-annually, convertible at \$0.15 per share, payable upon maturity or conversion with an aggregate value of \$250,000. Of these notes, \$50,000 was issued in settlement of accounts payable and accrued liabilities. The Company allocated \$70,191 to the equity component of the notes. During the year ended June 30, 2023, the Company began accruing interest on the matured convertible debentures.

During the period ended March 31, 2024, the Company made aggregate repayments on these notes of \$nil (year ended June 30, 2023 - \$5,000) and reclassified \$nil (year ended June 30, 2023 - \$1,155) related to the equity component to reserves.

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Balance – beginning of period	\$ 789,189	\$ 258,313
Issuance of convertible notes	400,000	525,000
Equity component on convertible notes issued	(157,670)	(92,885)
Settlement of convertible notes	-	(5,000)
Accretion of convertible notes	102,417	92,344
Interest on convertible notes	28,630	11,417
Balance – end of period	\$ 1,162,566	\$ 789,189
Current portion	(900,674)	(789,189)
Non – current portion	\$ 261,892	\$ -
<b>Convertible notes, equity component – end of period</b>	<b>\$ 319,591</b>	<b>\$ 161,921</b>

**infiniti ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

**10. Deferred Revenue**

Details of changes in deferred revenue for the period ended March 31, 2024 are as follows:

	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Balance – beginning of period	\$ 291,280	\$ 283,492
Additions	336,926	291,280
Recognized as revenue	(382,442)	(283,492)
Impact of foreign exchange	8,841	-
Balance – end of period	\$ 254,605	\$ 291,280
Revenue to be recognized in the future		
Within one year	\$ 254,605	\$ 291,280

**11. Share Capital****(a) Authorized Share Capital**

As at March 31, 2024, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

**(b) Issued Share Capital**

During the period ended March 31, 2024, share activity was as follows:

- (i) On December 14, 2023, the Company closed a private placement by issuing 2,000,000 common share units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.10 for a period of three years. The Company allocated \$90,000 to share capital for the common shares with the residual value of \$10,000 for the warrants to reserves.
- (ii) On December 14, 2023, the Company issued 1,000,000 common share units with a fair value of \$45,000 to settle accounts payable of \$50,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.10 for a period of three years. The Company recognized a gain of \$5,000 on settlement.

The Company did not issue any shares during the year ended June 30, 2023.

**12. Warrants**

Details regarding warrants issued and outstanding are summarized as follows:

	<b>Weighted average exercise price</b>	<b>Number of warrants</b>
Balance – June 30, 2022	\$0.25	37,341,920
Expired	\$0.25	(37,341,920)
Balance – June 30, 2023		-
Issued	\$0.10	3,000,000
Balance – March 31, 2024	\$0.10	3,000,000

The details of outstanding share purchase warrants are as follows:

	<b>Exercise price</b>	<b>Number</b>	<b>Expiry date</b>
Share purchase warrants	\$0.10	3,000,000	December 14, 2026
		3,000,000	

**infiniti ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

**13. Share-Based Payments**

During the year ended June 30, 2023, the shareholders of the Company adopted an Omnibus Equity Incentive Plan to replace the stock option plan originally adopted on January 22, 2015 and updated in December 2021. Under the terms of this plan, the Company has the flexibility to grant equity-based incentive awards in the form of Options and Restricted, Performance or Deferred Share units. The total number of incentive awards 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. Stock 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 are granted, have a minimum price of \$0.10 per share and expire no later than five years from the date of grant. Other incentive awards may be awarded as determined by the Board of Directors of the Company.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of Options
Balance – June 30 2022	\$0.23	8,437,247
Cancelled	\$0.31	(3,300,000)
Expired	\$0.14	(4,187,247)
Granted	\$0.10	17,420,000
Balance – June 30, 2023	\$0.11	18,370,000
Granted	\$0.10	500,000
Expired	\$0.32	(950,000)
Balance, March 31, 2024	\$0.10	17,920,000

Incentive share options outstanding and exercisable at March 31, 2024 are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.10	17,420,000	3.97 years	\$0.10	17,420,000	\$0.10
\$0.10	500,000	4.71 years	\$0.10	500,000	\$0.10
	17,920,000	3.99 years	\$0.10	17,920,000	\$0.10

During the period ended March 31, 2024, the Company granted 500,000 (June 30, 2023 – 17,420,00) stock options with a weighted average fair value of \$0.04 (June 30, 2023 - \$0.06). Total share-based payments recognized in the condensed consolidated interim statements of changes in shareholders' deficiency for the period ended March 31, 2024, was \$18,807 (2023 - \$1,012,307) for incentive options vested and was recognized in profit or loss. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	March 31, 2024	June 30, 2023
Weighted average share price	\$0.05	\$0.07
Weighted average exercise price	\$0.10	\$0.10
Risk-free interest rate	3.24%	2.96%
Expected life of option	5 years	5 years
Expected annualized volatility	138.67%	139.11%
Expected dividend rate	0.00%	0.00%

**infinitii ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

---

**13. Share-Based Payments (continued)***Deferred Share Units*

During the year ended June 30, 2023, the Company granted 4,720,000 deferred share units (each a “DSU”) to Directors, 3,520,000 on March 20, 2023 and 1,200,000 on May 30, 2023. DSUs entitle holders to common shares of the Company upon retirement or termination. The DSUs vested immediately and were valued at \$0.065 per DSU. The Company recognized share-based payments of \$300,800 in profit or loss, and commitment to issue shares within shareholders’ deficiency for the year ended June 30, 2023.

**14. Management of Capital**

The capital managed by the Company includes the components of shareholders’ deficiency as described in the condensed consolidated interim statements of changes in shareholders’ deficiency, which totals \$1,051,846 at March 31, 2024 (June 30, 2023 - \$598,185). The Company is not subject to externally imposed capital requirements.

The Company’s objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of funds for growth and development of its projects, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company’s overall strategy with respect to management of capital at March 31, 2024 remains fundamentally unchanged from the year ended June 30, 2023.

**15. Supplemental Cash Flow Information**

During the period ended March 31, 2024, the Company:

- a) issued 1,000,000 common share units with a fair value of \$45,000 to settle accounts payable of \$50,000; and
- b) recognized \$157,670 to the equity conversion feature on convertible notes on the issuance of new convertible notes.

During the period ended March 31, 2023, the Company:

- a) Reclassified \$1,155 from the equity conversion feature on convertible notes to reserves on settlement of convertible notes.

**16. Related Party Transactions**

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 period ended March 31, 2024, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Chief Executive Officer	\$ 135,000	\$ -	\$ 135,000
Chief Financial Officer	90,000	-	90,000
President	120,000	-	120,000
Total	\$ 345,000	\$ -	\$ 345,000

## infitii ai inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

### 16. Related Party Transactions (continued)

During the period ended March 31, 2023, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Chief Executive Officer	\$ 135,000	\$ 323,673	\$ 458,673
Chief Financial Officer	90,000	42,596	132,596
President	120,000	67,257	187,257
Non-executive Directors	-	137,150	137,150
Total	\$ 345,000	\$ 570,676	\$ 915,676

Included in accounts payable and accrued liabilities as at March 31, 2024 is \$24,842 (June 30, 2023 - \$17,556) due to officers and directors and their related organizations.

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 \$79,650 (2023 - \$79,650) recorded in profit or loss is from RA for the period ended March 31, 2024. As at March 31, 2024, \$65,048 (June 30, 2023 - \$37,170) was owed from RA.

#### *Kerr Wood Leidal Associates Ltd. (“KWL”)*

KWL, a consulting engineering company, founded and created infitii ai corporation and is related through a director of the Company. During the period ended March 31, 2024, the Company earned data services revenue from KWL of \$75,912 (2023 – \$148,702) and incurred expenses from KWL of \$6,951 (2023 – \$6,634), which are recorded in office and miscellaneous, and consulting expenses. Included in accounts receivable as at March 31, 2024 is a balance owing from KWL of \$60,911 (June 30, 2023 - \$71,477).

### 17. Financial 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.

Cash is classified as being at FVTPL. The fair value of cash as recorded in the condensed consolidated interim 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, 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:



## infinitii ai inc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

### 17. Financial Risk Management (continued)

#### Financial and capital risk management (continued)

##### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of foreign currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at March 31, 2024 and 2023, the Company was not subject to material other price risk. The Company's foreign currency risk and interest rate risks are as follows:

##### *Foreign currency risk*

Foreign 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. As at March 31, 2024 and 2023 the Canadian dollar equivalent carrying values of the financial assets and liabilities denominated in foreign balances were as follows (presented in their Canadian dollar equivalent values):

March 31,	US Dollars		Polish Zloty	
	2024	2023	2024	2023
Financial Assets				
Cash	\$ 176,354	\$ 400,538	\$ 52,193	\$ 62,047
Accounts receivable	501,402	457,133	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	\$ 25,633	\$ 98,592	\$ 68,313	\$ 32,482

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 period ended March 31, 2024, infinitii ai corporation has revenue of \$1,673,382 (2023 - \$1,461,695) (Canadian dollar equivalent). A 10% change in the foreign exchange rate would result in a \$167,000 (2023 - \$146,000) (Canadian dollar equivalent) change in profit or loss. The Company's approach to management of foreign currency risk has not changed materially from that of the year ended June 30, 2023.

##### *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 March 31, 2024 and June 30, 2023, 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. A 10% change in interest rates would not result in a material change in profit or loss. The Company's approach to management of interest rate risk has not changed materially from that of the year ended June 30, 2023.

##### 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 mitigates this risk by holding 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 35% of its trades account receivable is owing from three customers (June 30, 2023 - 29% from two customers), with more than 10% owing from three of those customers (June 30, 2023 - two).

## **infiniti ai inc.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
Presented in Canadian Dollars - unaudited

---

### **17. Financial Risk Management (continued)**

#### **Financial and capital risk management (continued)**

The Company applies the simplified approach to providing for expected credit losses, 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 March 31, 2024 of \$21,600 (June 30, 2023 - \$27,804) (note 4).

The Company's approach to management of credit risk has not changed materially from that of the year ended June 30, 2023.

#### 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. 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 maturities of loans payable and convertible notes are disclosed in notes 8 and 9, respectively. The Company has limited working capital as at March 31, 2024 and will need to raise further financing to meet its financial obligations. The Company's approach to management of liquidity risk has not changed materially from that of the year ended June 30, 2023.

### **18. Segmented Information**

#### *Geographic Regions*

The Company operates in one reportable segment, comprised of data services, for which information is regularly reviewed by the Company's CEO, being the chief operating decision-maker. Revenue is earned in two main regions, being Canada and United States. All of the Company's \$38,237 in non-current assets were located in Canada as at March 31, 2024 and June 30, 2023. The following is a breakdown of revenue by geographic area based on each customer's location for the period ended March 31, 2024 and 2023:

	<b>2024</b>		<b>2023</b>	
<b>Revenue</b>				
Canada	\$	914,373	\$	695,356
United States		868,659		766,339
	\$	1,783,032	\$	1,461,695

#### *Major Customers*

The Company had two customers (June 30, 2023 – three customers) which individually represented more than 10% of total revenue for the period ended March 31, 2024.