



**infiniti ai inc.**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

## **infinittii ai inc.**

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### **General**

This Management's Discussion and Analysis ("MD&A") of infinittii ai inc. ("infinittii ai" or the "Company") is dated October 28, 2024, and provides a review of the Company's financial results, from the viewpoint of management, for the year ended June 30, 2024 ("F2024") as compared to the year ended June 30, 2023 ("F2023").

The following information should be read in conjunction with the Company's audited consolidated financial statements with accompanying notes as at and for the year ended June 30, 2024 and 2023, which were prepared in accordance with IFRS Accounting 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.sedarplus.ca](http://www.sedarplus.ca).

#### **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. 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 and related professional services 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.

The Company's customers include cities and municipalities including Toronto, Seattle, Miami-Dade County, Montreal, Boston, Dallas, Region of Peel, York Region and Los Angeles County, among others.

infinittii ai services these customers through direct sales and via a trusted partner network that includes engineering and IT companies like AECOM, Core & Main Inc., Kerr Wood Leidal Associates Ltd., SCG Flowmetrix Technical Services Inc. and TREKK Design Group, LLC ("TREKK").

infinittii ai 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 (what will happen) and prescriptive (what should happen) analytics. Whether it's real-time, historic, wireless, satellite, SCADA or public data sets including USGS, NOAA and weather forecasts – it doesn't matter where the data originates, infinittii ai transforms raw data into actionable information.

The Company is a public company that is listed on the Canadian Securities Exchange (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 1540 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

The Company's consolidated financial statements include the financial statements of the following subsidiaries:

<b>Company</b>	<b>Place of Incorporation</b>	<b>Effective Interest</b>
Extend to Social Media Inc. ("ETS")	British Columbia	100%
infinittii ai corporation	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%

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### **Going Concern**

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

With its proven Smart City wastewater flow monitoring products and AI-enabled Machine Learning ("ML") software applications offering real-time predictive analytics, the Company is in a good position for consistent revenue growth. Professional services engagements with new and existing customers create additional revenues while contributing to intellectual property that is part of a growing number of solution-specific software applications.

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, 2024, the Company had not achieved profitable operations, had accumulated a deficit of \$31,133,067 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 expand its business development initiatives, continue to build market awareness for its software products and professional services, secure more customers in its market segment, increase the value of ongoing recurring revenue contracts with existing customers and obtain the necessary financing to carry out this strategy while meeting 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.

### **Recent and Subsequent Events & Overall Performance**

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

During and subsequent to the year ended June 30, 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.
- (iii) On July 5, 2024, 277,000 common shares were issued to a former Director upon the exercise of Deferred Share Units (each a "DSU").

#### ***Convertible notes***

During and subsequent to the year ended June 30, 2024, convertible note activity was as follows:

- (i) 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 semi-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 \$156,014 to the equity component of the notes.
- (ii) On July 9, 2024, the Company issued multiple convertible notes with an aggregate value of \$1,024,997, an expiration date of July 9, 2027, an interest rate of 10% compounded semi-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.
- (iii) Subsequent to the year ended June 30, 2024, the Company settled an aggregate of \$580,997 in existing convertible debentures, inclusive of interest, by payment of cash.

**infinitii ai inc.**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**Share-based payments**

During the year ended June 30, 2024, the Company issued 500,000 stock options to a consultant with a life of five years and exercise price of \$0.10. All options vested immediately.

**Organization Structure Changes**

During and subsequent to the year ended June 30, 2024, the Company did not complete any changes to its organizational structure.

**Selected Annual 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.

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Total revenue	\$ 2,406,442	\$ 2,052,475	\$ 1,617,758
Total expenses	3,424,988	4,589,662	3,920,058
Net loss	(1,013,546)	(2,619,541)	(2,458,135)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)
Total assets	952,661	1,071,422	1,728,139
Non-current financial liabilities	417,059	78,608	219,516

**Summary of Quarterly Results**

Key financial information for the quarters spanning the two most recent twelve-month periods is summarized as follows, reported in Canadian dollars:

	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Revenue	\$ 623,410	\$ 675,484	\$ 573,404	\$ 534,144
Operating expenses	847,302	864,412	927,435	785,839
Loss for the period	(223,892)	(188,928)	(349,031)	(251,695)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Assets	952,661	1,000,899	907,853	729,640
Liabilities	2,228,335	2,052,745	1,781,400	1,569,848
Shareholders' Equity (Deficiency)	(1,275,674)	(1,051,846)	(873,547)	(840,208)
	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Revenue	\$ 511,130	\$ 591,873	\$ 523,446	\$ 426,026
Operating expenses	929,235	1,926,900	850,197	883,330
Loss for the period	(418,105)	(1,335,027)	(326,751)	(457,304)
Basic and Diluted Loss per share	(0.00)	(0.01)	(0.00)	(0.00)
Assets	1,071,422	1,369,040	928,267	1,251,068
Liabilities	1,669,607	1,608,402	1,048,616	1,041,125
Shareholders' Equity (Deficiency)	(598,185)	(239,362)	(120,349)	209,943

## **infinittii ai inc.**

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### **Discussion of Operations**

##### ***Overview***

Continuing a trend established in F2023 that saw double-digit software license revenue gains alongside decreasing cash expenses, in F2024 the Company made continued progress on revenue increases and operating expense decreases for the year ended June 30, 2024.

The Company generated \$2,406,442 in revenues in the year ended June 30, 2024, compared to \$2,052,475 for the year ended June 30, 2023. Monthly average revenue from contracted and subscription customers for the year ended June 30, 2024, increased by 17% compared to the year ended June 30, 2023. Overall customer renewals based on regular monthly billing rates were at a rate of 96% for the year ended June 30, 2023, compared to 95% in the year ended June 30, 2023.

Operating expenses of \$3,424,988 for F2024, declined 25% compared to \$4,589,662 in F2023. During the year ended June 30, 2024, the cash required by the Company's operating activities of \$661,804 decreased by 46% compared to the same period in the previous year.

The operating loss for the year ended June 30, 2024, was \$1,018,546, compared to \$2,537,187 in F2023, a decline of 60%, as management continued to make judicious use of cash to focus on capturing revenue opportunities from product, professional services and reseller partner expansion initiatives aimed at complementary opportunities in the Company's target market segment.

##### ***Revenue***

For the year ended June 30, 2024, the Company generated \$2,406,442 in revenues (2023 - \$2,052,475) of which \$2,251,792 (2023 - \$1,946,275) related to revenue generated by infinittii ai corporation, \$94,650 (2023 - \$106,200) related to revenue generated by ETS, and \$60,000 (2023 - \$nil) related to revenue generated by infinittii ai inc. 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.

##### ***Expenses***

Expenses for the year ended June 30, 2024, of \$3,424,988 were lower than the comparable year's operating expenditures of \$4,589,662 primarily due to \$1,313,107 in non-cash share-based payments expenses in the comparative year. Other expenses were quite similar from year to year with small decreases in filing fees, foreign exchange, investor relations, marketing and professional fees with small offsetting increases in accretion, computer hosting, consulting, interest, office expenses, salaries and wages and travel. Taken together, salaries and wages and consulting of \$2,079,202 in the year ended June 30, 2024, were slightly higher than the \$1,967,391 in the year ended June 30, 2023, as the reliance on outside consultants for industry business development consulting increased and some staff costs increased slightly. Accelerated sales activity caused an increase in travel and computer hosting expenses.

Management continues to monitor expenses closely to ensure that the Company can capitalize on updating current software products and develop new solution-specific real-time ML predictive analytics applications resulting from completion ongoing professional services contracts won since the creation of its professional services initiative announced on December 6, 2023.

##### ***Operating Expenses and Other Items***

Total comprehensive loss for the year decreased by \$1,591,071 from \$2,588,381 in the year ended June 30, 2023, to \$997,310 in the year ended June 30, 2024, primarily due to the increase in sales and the decrease in share-based payments. Operating expenses and other items with significant variances and balances include:

##### ***Computer Hosting Costs***

Computer hosting costs for the year ended June 30, 2024, were \$308,610 (2023 - \$279,091). Computer hosting costs are primarily needed for the provision of services provided by infinittii ai corporation and remained consistent with a slight increase from F2023 to F2024 as a result of increased sales.

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### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### *Consulting Fees*

Consulting fees for the year ended June 30, 2024, were \$791,474 (2023 - \$712,844). Consulting fees are primarily used for management and external sales and business development consultants. This expense increased based on the recent temporary addition of a key business development consultant.

#### *Depreciation*

Depreciation for the year ended June 30, 2024, was \$702 (2023 - \$1,003) and related to a small amount of computer equipment that was acquired in 2017.

#### *Interest*

Interest for the year ended June 30, 2024, was \$60,997 (2023 - \$26,881). Interest is charged on convertible notes and loans payable and increased as a result of convertible notes reaching maturity and becoming interest bearing.

#### *Investor Relations*

Investor relations expenses for the year ended June 30, 2024, were \$14,233 (2023 - \$34,960). Investor relations fees have been comparatively low in preparation of future marketing and public relations expenditure targeted at upcoming sales based on anticipated new projects.

#### *Office and Miscellaneous*

Office and miscellaneous costs for the year ended June 30, 2024, were \$196,928 (2023 - \$184,359). The costs increased mostly as the Company saw increases in the monthly costs of various third-party software and other supplies that it uses for sales, operations and marketing.

#### *Professional Fees*

Professional fees for the year ended June 30, 2024, were \$243,992 (2023 - \$266,019). Professional fees have been comparative to the prior year and are based on paying for the annual audit and keeping the Company in good standing.

#### *Share-based Payments*

Share-based payments for the year ended June 30, 2024, were \$18,807 (2023 - \$1,313,107) and related to stock options granted during the year.

#### *Salaries and Wages*

Salaries and wages for the year ended June 30, 2024, were \$1,287,728 (2023 - \$1,254,547). The higher level of salaries and wages is primarily a result of small increases in some staffing costs. Most recently, upon market acceptance of its new products, related salaries and wages are essentially flat as the Company streamlines to control expenses in development support roles.

#### *Travel*

Travel expenses for the year ended June 30, 2024, were \$259,449 (2023 - \$247,286). Travel increased slightly from the previous year but is essentially unchanged. The activity of executives visiting the Company's head office in Vancouver from their residences across Canada and for in-person sales meetings and tradeshows within North America has been comparable to the previous year.

## **infinittii ai inc.**

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### **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 1075 West Georgia Street.
- 2) The Company also maintains an address in Seattle, Washington in support of its U.S. sales team.
- 3) Data science developers with the data science expertise required by the Company are located in Gdansk, Poland.

#### ***Moving Forward***

On July 10, the Company announced it had closed an oversubscribed private placement. Led by ThreeD Capital Inc. ("**ThreeD**") alongside other long-time shareholders, the Company issued convertible debentures with a face value of \$1,024,997 versus the original fundraising goal of \$875,000. The proceeds are being used for working capital and payment of outstanding convertible debts.

On July 16, with its partner AECOM, the Company announced it had won a second competitive bid in 2024 in the City of Hamilton. The latest sales achievement installed infinittii flowworks data monitoring software at 112 sites as part of the City of Hamilton's Wastewater Quality Management System. The Company's software now serves a population of 6.6 million, or 90% of the Greater Toronto and Hamilton Area, Canada's largest urban area.

On August 15, the Company announced it had won a new competitive bid with the City of Vancouver, an existing customer for infinittii flowworks. This sales achievement provides the City with access to infinittii flowworks data monitoring software as part of a three-year contract. With a population of 631,000, Vancouver is one of Canada's fast-growth cities and British Columbia's largest municipality.

On September 26, the Company announced that TREKK increased its infinittii ai install base beyond Kansas City, MO, Omaha, NE, Cedar Hill, MO and St. Louis, MO, to a total of 11 clients including municipalities and other engineering services companies across the U.S. Midwest. Further, TREKK stated that it has branded its data services offering for its patented PreView underground storm and sanitary sewer pipe viewing technology as "Waterspout powered by infinittii ai". TREKK's new infinittii ai-branded offering will be profiled in an upcoming 2024 editorial published by U.S.-based Municipal Sewer and Water Magazine and a 2025 editorial in Modern Pumping Today Magazine.

With a strong foundation of innovation, a skilled development team and a seasoned business development team, the Company is focused on revenue growth in fiscal year F2025 by expanding its U.S. market presence through strategic partnerships with American engineering services and hardware firms. These new partners will take advantage of the Company's proven expertise in flow monitoring and real-time predictive machine learning applications and its leadership in serving award-winning municipal customers.

In addition, the Company is executing on its upsell strategy with customers that are keen to further harness the power of real-time ML predictive analytics applications. These higher-value applications increase revenue and build intellectual property.

### **Liquidity and Capital Resources**

Cash on hand decreased by \$147,650 from \$474,342 at June 30, 2023 to \$326,692 on June 30, 2024. During the year ended June 30, 2024, the Company's operating activities required cash of \$661,804 (2023 - \$1,226,858), a decrease of \$565,054 from the year ended June 30, 2023. The Company had a working capital deficiency of \$896,676 as at June 30, 2024 (June 30, 2023 - \$558,340).

#### ***Financing Activities***

During the year ended June 30, 2024, the Company had cash inflows of \$499,060 from financing activities (2023 - \$469,060) related to proceeds of \$100,000 (2023 - \$nil) from private placements, \$400,000 (2023 - \$525,000) from convertible notes issued, \$50,000 (2023 - \$nil) from convertible note subscriptions received in advance, less \$nil (2023 - \$5,000) in convertible note repayments and \$50,940 (2023 - \$50,940) in payments towards loans.

Loans payable and convertible notes together increased by \$371,751 from a total of \$1,013,606 on June 30, 2023 to \$1,385,357 on June 30, 2024 due to additions to convertible notes of \$400,000 less the equity component of \$156,014 and accretion and interest on the convertible notes and loans of \$178,705 less payments of \$50,940 towards loans payable.

## **infinitii ai inc.**

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### ***Investing Activities***

The Company did not have any investing activities for the year ended June 30, 2024, or 2023.

#### **Capital Structure**

As at the date of this MD&A, the Company has 129,701,783 common shares, 3,000,000 warrants, 17,920,000 stock options and 4,443,000 deferred share units outstanding. The Company also has convertible debentures outstanding which are convertible in full into 61,976,104 common shares.

Overall, shareholder deficiency increased by \$677,489 from \$598,185 at June 30, 2023 to \$1,275,674 at June 30, 2024.

#### **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 accounts and other receivables and accounts payable and accrued liabilities approximate their fair values because of their relatively short maturity dates or durations. The carrying values of loans payable and convertible notes also approximates their fair values since they are discounted using market rates.

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. 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 June 30, 2024 and June 30, 2023, the Company was not subject to material other price risk.



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As at June 30, 2024 and 2023, the Canadian dollar equivalent carrying values of the balances of financial assets and liabilities denominated in foreign currencies are as follows:

June 30,	US Dollars		Polish Zloty	
	2024	2023	2024	2023
Financial Assets				
Cash	\$ 181,064	\$ 354,296	\$ 36,136	\$ 40,812
Accounts receivable	482,482	459,063	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	\$ 21,591	\$ 36,002	\$ 51,799	\$ 58,372

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, 2024, infinitii ai corporation had revenue of \$2,251,792 (2023 - \$1,946,275) (Canadian dollar equivalent). A 10% change in the foreign exchange rate would result in a \$225,000 (2023 - \$195,000) (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 June 30, 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. 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*

The Company is exposed to credit risk on its trade accounts receivable. The Company's credit risk for accounts receivable is concentrated as 28% of its trades account receivable is owing from two customers (2023 - 29% from four customers), with more than 10% owing from one of those customers (June 30, 2023 - three).

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 June 30, 2024 of \$24,212 (2023 - \$27,804).

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 the 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 low working capital as at June 30, 2024 and has recently undertaken a financing to increase its working capital so that it can meet its financial obligations in the future as required. The Company's approach to management of liquidity risk has not changed materially from that of the year ended June 30, 2023.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## infitii ai inc.

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

#### 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 year ended June 30, 2024, the Company paid or accrued, to key management personnel and their related companies:

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

(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, 2023, the Company paid or accrued, to key management personnel and their related companies:

	Consulting Fees	Share-based payments	Total
Jean Charles Phaneuf, CEO <sup>(1)</sup>	\$ 180,000	\$ 376,050	\$ 556,050
Cale Thomas, CFO	120,000	42,560	162,560
Greg Johnston, President <sup>(2)</sup>	160,000	67,200	227,200
Non-executive Directors	-	194,750	194,750
Total	\$ 460,000	\$ 680,560	\$ 1,140,560

(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.

Included in accounts payable and accrued liabilities as at June 30, 2024 is \$19,577 (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 \$94,650 (2023 - \$106,200) recorded in profit or loss is from RA for the year ended June 30, 2024. As at June 30, 2024, \$15,750 (June 30, 2023 - \$37,170) was owed from RA.

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

KWL, a consulting engineering company, founded and created infinitii ai corporation and is related through a director of the Company. During the year ended June 30, 2024, the Company earned data services revenue from KWL of \$179,967 (2023 - \$170,727) and incurred expenses from KWL of \$8,952 (2023 - \$8,686), which are recorded in office and miscellaneous, and consulting expenses. Included in accounts receivable as at June 30, 2024 is a balance owing from KWL of \$71,454 (June 30, 2023 - \$71,477).

#### Proposed Transactions

There are no proposed transactions for the year ended June 30, 2024 outside of those identified in this document.

#### 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.

#### *Share-based payments*

The Company measures the value of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. share-based payments 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.

## **infinitii ai inc.**

MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

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### **New accounting standards, amendments and interpretations issued**

In the current year, the Company has applied the below amendment to IFRS Standards and Interpretations issued by the IASB that was effective for annual periods that begin on or after January 1, 2023.

#### ***Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment was applied effective July 1, 2023 and did not have a material impact on the Company's financial statements.

#### ***Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***

Effective April 1, 2023, the Company adopted the amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted.

The adoption of the amendment did not result in any impact to the Company's financial statements.

### **New Standards not yet Adopted**

#### ***IFRS 18 - Presentation and Disclosure in Financial Statements***

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

#### ***Amendment to IAS 1 – Non-current liabilities with covenants***

These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. These amendments are effective for annual periods beginning on or after January 1, 2024, and are not expected to have a material impact on the Company's future reporting periods.

### **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.

## **infinitii ai inc.**

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### *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, 2024, of \$31,133,067. The deficit may increase in the near term as the Company continues its product development and establishes additional 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.

#### *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 engineering services firms, water infrastructure hardware vendors and other 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.

## **infiniti ai inc.**

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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#### *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 its 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.