

# **GENAI**

**GENERATIVE AI SOLUTIONS CORP.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED FEBRUARY 28, 2023**

**August 31, 2023**

## ITEM 1. ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form (this “AIF” or “Annual Information Form”), unless the context otherwise requires, the “Company”, “GenAI”, “we”, “us” and “our” refers to Generative AI Solutions Corp. (formerly Idle Lifestyle Inc.) together with its wholly-owned subsidiaries, as defined and set out below under “*Intercorporate Relationships*”.

All financial information in this Annual Information Form is prepared in Canadian dollars, except where otherwise indicated, and using IFRS as issued by the International Accounting Standards Board.

In this AIF, all references to “\$” refer to Canadian dollars, all references to “US\$” refer to U.S. dollars. The daily US/Canadian dollar exchange rate as reported by the Bank of Canada was US\$1.00 = C\$1.3609 on February 28, 2023.

This AIF applies to the business activities and operations of the Company for the fiscal year ended February 28, 2023, with certain information updated to reflect changes occurring subsequent to February 28, 2023, up to the date of this AIF. Unless otherwise indicated, the information in this AIF is given as of August 31, 2023.

This Annual Information Form contains company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners.

The information contained in this AIF, including news releases and other disclosure items of the Company, are available under the Company’s profile at [www.sedarplus.ca](http://www.sedarplus.ca). The Common Shares are traded on the CSE under the symbol “AICO”.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF, including information and documents incorporated by reference, contains certain information, forecasts, projections, and/or disclosures about the Company that may constitute “forward-looking information” and “forward-looking statements” under applicable securities laws (collectively, “**forward-looking statements**”). All such statements, forecasts, projections and/or disclosures included in this AIF and the documents and information incorporated by reference, other than those of historical fact, that address activities, events or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking statements. Forward-looking statements are based upon the Company’s current internal expectations, estimates, projections and assumptions about future events and financial trends that management believes may affect the Company’s financial condition, results of operations, business strategy and financial needs, as the case may be. The forward-looking statements are subject to significant known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, “believe”, “plan”, “forecast” and other words of similar import, understanding and meaning, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Actual results and developments may differ materially from those contemplated by these forward-looking statements.

Without limitation, this AIF may contain forward-looking statements pertaining to the following:

- the Company’s capital and organizational structure;
- the Company’s expected working capital;
- the Company’s business plans and strategies including targets for future growth;
- the development of the Company’s business;
- expansion, developments and production targets and growth profile;
- expectations with respect to future opportunities;
- capital expenditure programs and future capital requirements;

- the receipt of regulatory and stock exchange approvals;
- supply and demand fundamentals for products and services of the Company;
- the Company's plans regarding and composition of principal securityholders, directors, officers, Promoters and management;
- the Company's plans and funding for planned development activities and the expected results of such activities;
- the Company's treatment under governmental and international regulatory regimes and intellectual property laws;
- the Company's future general and administrative expenses;
- the Company's access to capital and overall strategy and development plans for all of the Company's assets;
- expectations on how the Company will manage production and marketing risks; and
- the business and strategic plans of the Company.

With respect to forward-looking statements and forward-looking information contained in this Annual Information Form, numerous assumptions have been made regarding, among other things:

- general business and economic conditions;
- current and future share prices;
- the future operational and financial activities of the Company generally;
- the Company's ability to obtain appropriate intellectual property applications and protections in a timely and cost-efficient manner;
- fluctuations in foreign currency exchange rates, business prospects and opportunities;
- the regulatory framework governing intellectual property in the jurisdictions in which the Company will conduct its business and any other jurisdictions in which the Company may conduct its business in the future;
- trade secrets, know-how, contractual provisions and confidentiality procedures to protect its intellectual property rights;
- the Company's ability to comply with the regulatory bodies governing its activities;
- future capital expenditures to be made by the Company;
- current and future sources of funding for capital programs and the Company's ability to obtain financing on acceptable terms;
- the impact of competition on the Company;
- the impact of SARS-CoV-2, the COVID-19 pandemic and other future viruses;
- the impact of the Business Combination on the Company;
- political developments and/or instability;
- changes in law; and
- anticipated and unanticipated costs.

The foregoing list of assumptions is not exhaustive. Actual results could differ materially from those anticipated in forward-looking statements as a result of various events and circumstances, including, among other things, the risk factors set forth under the heading "*Item 5.2 - Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this AIF. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this AIF. All subsequent forward-looking information of the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this AIF or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## MARKET AND INDUSTRY DATA

This AIF may contain market and industry data and forecasts obtained from third-party sources, industry publications and publicly available information. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF, or analyzed or verified the underlying information relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form. Terms and abbreviations used in the appendices to this Annual Information Form are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“**Affiliate**”, a company is an “Affiliate” of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“**AI**” means artificial intelligence;

“**Altria**” means Altria Client Services LLC;

“**Altria Sale**” means the purchase of the PODA Business by Altria pursuant to the terms of an asset purchase agreement entered into between the Company and Altria on May 13, 2022;

“**Amalco**” has the meaning ascribed to it in “*Item 4.2 – Significant Acquisitions – Business Combination*”;

“**Amalgamation**” has the meaning ascribed to it in “*Item 4.2 – Significant Acquisitions – Business Combination*”;

“**Associate**”, when used to indicate a relationship with a Person, means (a) an issuer of which the Person beneficially owns or controls directly, or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer; (b) any partner of the Person; (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; (d) in the case of a person who is an individual, (i) that Person’s spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person;

“**Audit Committee**” means the audit committee of the Board;

“**Auditor**” has the meaning ascribed to it in “*Item 16.1 – Interests of Experts*”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time;

“**Board**” or “**Board of Directors**” means the board of directors of the Company;

“**Business Combination**” means the acquisition of Ultron by the Company by way of a reverse takeover transaction pursuant to the terms and conditions of the Business Combination Agreement;

“**Business Combination Agreement**” means the business combination agreement dated effective February 16, 2023, between the Company, Ultron, and Subco and setting forth the terms and conditions of the Business Combination;

“**CAGR**” means compound annual growth rate;

“**CEO**” means the Chief Executive Officer of the Company;

“**CFO**” means the Chief Financial Officer of the Company;

“**Class B Shares**” means the Class B Shares in the capital of the Company;

“**Closing**” means the completion of the Business Combination;

“**Common Shares**” means at any particular time the issued and outstanding common shares in the authorized share structure of the Company with no par value in the capital;

“**Company**” means Generative AI Solutions Corp. (formerly Idle Lifestyle Inc.), a company incorporated under the BCBCA;

“**Consolidation**” means the share consolidation of the Company, effective February 13, 2023, whereby the Company consolidated its SV Shares and MV Shares on the basis of 30 pre-consolidation SV Shares and MV Shares for each post-consolidation SV Share and MV Share;

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange;

“**Eligible Persons**” has the meaning ascribed to it in “*Item 7.2 – Options to Purchase Securities*”;

“**Fundamental Change**” has the meaning ascribed to that term under the CSE policies pursuant to CSE policy 8 – “*Fundamental Changes & Changes of Business*”;

“**HNB**” means heat-not-burn technology;

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and Interpretations of the International Financial Interpretations Committee;

“**Insider**” if used in relation to an issuer, means: (a) a director or executive officer of the issuer; (b) a director or executive officer of a company that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; (d) the issuer itself if it holds any of its own securities; (e) a person that is designated as an insider by the British Columbia Securities Commission; or (f) a class of persons that are prescribed by applicable securities laws;

“**Investor Relations Activities**” has the meaning ascribed to it in the policies of the CSE;

“**Listing**” means the listing of the Common Shares on the CSE;

“**Listing Date**” means the date on which the Common Shares commenced trading on the CSE, which occurred on April 19, 2023;

“**Listing Statement**” means the listing statement of the Company dated as of April 17, 2023, together with all appendices attached thereto and including the summary thereof;

“**MD&A**” means management’s discussion and analysis;

“**MV Share Conversion**” has the meaning ascribed to it in “*Item 3.1 – Name, Address and Incorporation*”;

“**MV Shareholders**” means the holders of MV Shares;

“**MV Shares**” means the Multiple Voting shares in the capital of the Company;

“**NEO**” has the meaning ascribed to it in Form 51-102F6 – *Statement of Executive Compensation* under National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**Option**” means a stock option to acquire Shares pursuant to the Plan;

“**Person**” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns having a similar extended meaning;

“**Plan**” means the securities-based incentive compensation plan of the Company adopted by the Shareholders at the annual and special meeting of the Shareholders held on December 17, 2021 providing for the grant of incentive Options and RSUs to qualified directors, officers, employees and consultants;

“**PODA Assets**” means, all right, title and interest that the Company had (prior to the Altria Sale) in and to all of the assets, properties, rights, titles and interests of every kind and nature owned, licensed or leased by the Company, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than those excluded assets provided for in the Altria Sale), that related to, or were used or held for use in connection with, the PODA Business, including all right, title and interest in and to, among other things, the Company’s technology at the relevant time, as well as associated intellectual property, rights, inventory and equipment;

“**PODA Business**” means the business of the Company prior to the completion of the Altria Sale on June 24, 2022, namely the manufacturing, marketing, promoting, distributing, licensing, selling, acquiring, holding, designing, and developing of heat-not-burn and heat-not-burn related products and related accessories;

“**Poda Tech**” means Poda Technologies Ltd.;

“**Preferred Shares**” has the meaning ascribed to it in “*Item 3.1 – Name, Address and Incorporation*”;

“**Promoter**” has the meaning ascribed to it in the *Securities Act* (British Columbia);

“**Restricted Share Unit**” or “**RSU**” means a restricted share unit granted pursuant to the Plan;

“**RRD**” means R&R&D Solutions Inc.;

“**RRD Purchase Agreement**” means the share purchase agreement entered into on January 31, 2022 between Ultron, RRD and the RRD Shareholders;

“**RRD Shares**” means the issued and outstanding common shares in the capital of RRD;

“**RRD Shareholders**” mean the holders of the RRD Shares;

“**SARS-CoV-2**” means severe acute respiratory syndrome coronavirus 2;

“**SaaS**” means software-as-a-service;

“**Series 1 Shares**” has the meaning ascribed to it in “*Item 3.1 – Name, Address and Incorporation*”;

“**Shares**” means, at the specified time, the issued and outstanding shares, of all class, in the capital of the Company;

“**Shareholders**” means any holders of Common Shares following the completion of the Business Combination;

“**Subco**” has the meaning ascribed to it in “*Item 4.2 – Significant Acquisitions – Business Combination*”;

“**SV Shareholders**” means the holders of SV Shares;

“**SV Shares**” means the Subordinate Voting shares in the capital of the Company;

“**Transaction**” means the completion of the Amalgamation and the Business Combination, which constituted a Fundamental Change;

“**TSXV**” means the TSX Venture Exchange;

“**Ultron**” means Ultron Capital Corp.;

“**Ultron Shares**” means the issued and outstanding Common Shares in the capital of Ultron;

“**Ultron Shareholders**” means the holders of the Ultron Shares; and

“**United States**” or “**U.S.**” means the United States of America.

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### ITEM 3. CORPORATE STRUCTURE

#### 3.1 Name, Address and Incorporation

The full corporate name of the Company is Generative AI Solutions Corp. (formerly Idle Lifestyle Inc.) and the Company exists under the laws of the BCBCA. The Company's head office and its registered office is located at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, Canada, V6C 2B5.

The Company was incorporated as Gamora Capital Corp. under the BCBCA on July 6, 2018. On December 8, 2020, the Company, through a special resolution of all voting shareholders approved creation of a share structure consisting of (i) an unlimited number of preferred shares without par value (the "**Preferred Shares**") and (ii) an unlimited number of Series 1 Preferred shares without par value (the "**Series 1 Shares**").

On February 8, 2021, the Company and Poda Tech entered into an arrangement agreement. The Company, by way of a court approved plan of arrangement under the provisions of Division 5 of Part 9 of the BCBCA, acquired all of the issued and outstanding common and preferred shares of Poda Tech in exchange for Preferred Shares to be issued as consideration pursuant to the plan of arrangement.

On March 11, 2021, the Company changed its name to "*PODA Lifestyle and Wellness Ltd.*".

On April 27, 2021, the Notice of Articles were amended to change the authorized capital of the Company by: (i) redesignating the Common shares to be SV Shares; (ii) redesignating the Series 1 Preferred shares to be MV Shares; and (iii) removing the Preferred Shares, of which none were authorized.

On May 4, 2021, the SV Shares were approved for listing on the CSE and commenced trading at market open on May 4, 2021, under the symbol 'PODA'.

On June 26, 2021, the Company entered into a Management Services Agreement with Michael Nederhoff, to provide management and corporate advisory services, effective July 1, 2021.

On September 27, 2021, the Company changed its name to "*PODA Holdings Inc.*".

In January 2022, the Company began trading on the OTCQB exchange.

On February 28, 2022, an amalgamation application was filed to amalgamate the Company and Poda Tech. The amalgamated entity adopted the Notice of Articles of the Company. On March 1, 2022, the Company completed an amalgamation with Poda Tech under the name of "*Poda Holdings Inc.*".

On June 22, 2022, Notice of Articles and notice of alteration were issued.

On June 24, 2022, the Company changed its name to "*Idle Lifestyle Inc.*".

On February 4, 2023 the Company changed its name to "*Generative AI Solutions Corp.*".

On February 13, 2023, the Company Consolidated the SV Shares and the MV Shares on a 30:1 basis. For greater certainty, all securities of the Company are expressed in this AIF on a post-Consolidation basis.

On April 11, 2023, the MV Shareholders and SV Shareholders each approved, by way of special resolution of each class of Shareholders, to alter the Company's Notice of Articles and Articles to amend the Company's authorized capital by, (i) creating a new class of Common Shares in the capital of the Company; (ii) redesignating the SV Shares to be Class B Shares; (iii) amending the rights and restrictions of the Class B Shares so that the Class B Shares shall be converted into Common Shares, such that, on a per-holder basis, 10% of the issued and outstanding Class B Shares will be converted into Common Shares on a date that is 24 months after the Business Combination, and 15% will be converted every 3 months thereafter; and (iii) by amending the rights and

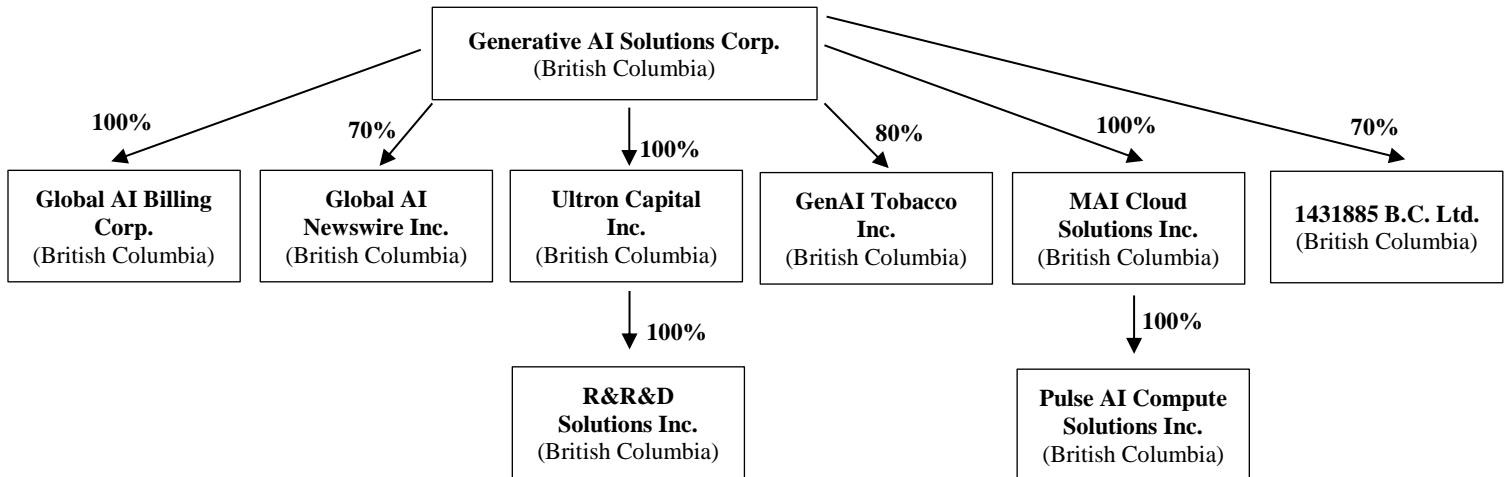
restrictions of the MV Shares such that they will be converted into Class B Shares immediately upon a resolution of the Board approving the conversion on a 1,000 Class B Shares for each MV Share basis (the “**MV Share Conversion**”).

On April 13, 2023, after giving effect to the MV Share Conversion, following which there were no longer any MV Shares issued and outstanding, the Company also altered its Notice of Articles and Articles to delete the MV Shares from the Company’s authorized share structure.

On April 17, 2023, the Business Combination was closed in full. See “*Item 4.2 – Significant Acquisitions – Business Combination*” below for further particulars on the Business Combination.

### 3.2 Intercorporate Relationships

The following diagram illustrates the current corporate structure of the Company and its material subsidiaries including jurisdictions of incorporation or existence and the percentage of voting securities beneficially owned, directly or indirectly, by the Company:



## ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

### 4.1 Three Year History

#### The Company

The Company was incorporated under the BCBCA on July 6, 2018 and engaged in the principal business of designing, developing and producing new and improved HNBT for the consumption of tobacco and other materials.

On October 31, 2019, the Company completed a working prototype and selected manufactures for the industrial design and manufacture of HNBT heating device and disposable pods.

On January 7, 2020, the Company was granted Canadian utility patent number 3,039,570 by Innovation, Science and Economic Development Canada, Canadian Intellectual Property Office, for its primary technologies, and corresponding national phase applications were filed in over 60 countries. Additionally, the Company had multiple provisional and international Patent Cooperation Treaty patents pending.

On March 11, 2022, the Company announced that it had signed a purchase agreement with its Chinese manufacturing partner to acquire “Poda Pod” manufacturing equipment, 15 patent applications related to the “Poda Pod” technology, and three Chinese trademarks for approximately \$3,450,000 payable in cash. The manufacturing

equipment was comprised of all proprietary custom-built equipment for Poda Pods production capable of producing an estimated 5 million Poda Pods per annum. All manufacturing equipment was shipped to Vancouver, British Columbia. The 15 patent applications were filed in China and represent unique product design and manufacturing methods applicable to the development and large-scale production of Poda Pods.

On May 4, 2021, the Company completed a listing of its SV Shares on the CSE.

On May 13, 2022, the Company and Altria, an arm's length party, entered into Altria Sale pursuant to which the Company agreed to sell and Altria agreed to purchase, the PODA Assets. Prior to entering into the Altria Sale, the Company obtained a fairness opinion from Stifel Nicolaus Canada Inc. dated May 12, 2022 that confirmed the purchase price contemplated in the Altria Sale was fair, from a financial point of view. The Altria Sale closed on June 24, 2022, and a total of US\$100,500,000 was paid as cash consideration for the PODA Assets. Following the completion of the Altria Sale, the Company did not have any active business operations.

On July 26, 2022, the Company announced the payment of a special dividend, and approved the return of capital on its SV Shares and MV Shares, in an amount equal to \$12.30 per SV Share and \$12.30 per MV Share on a post-Consolidation and as-converted to SV Share basis (\$0.41 per SV Share and \$0.41 per MV Share on a pre-Consolidation basis and as-converted to SV Share basis).

On January 25, 2023, the Company entered into a letter of intent with Ultron proposing the Business Combination.

On February 10, 2023, in connection with the execution of the Business Combination Agreement, trading of the SV Shares was halted by the CSE.

On February 16, 2023, the Company entered into the Business Combination Agreement in respect of the Business Combination. For further information regarding the Business Combination, please see "*Item 4.2 – Significant Acquisitions – Business Combination*". Additionally, readers are encouraged to refer to the Business Combination Agreement, a copy of which has been filed by the Company with the Canadian securities regulatory authorities and is available at [www.sedarplus.ca](http://www.sedarplus.ca).

On April 11, 2023, the MV Shareholders and SV Shareholders each approved, by way of special resolution of each class of Shareholders, an alteration to the Company's authorized capital.

On April 13, 2023, the Company's Board converted all of the outstanding MV Shares into Class B Shares. For further information regarding the amendment to the Company's authorized capital and subsequent Share conversion, please see "*Item 3.1 – Name, Address and Incorporation*". Additionally, readers are encouraged to refer to the Company's management information circular dated March 10, 2023, a copy of which is available at [www.sedarplus.ca](http://www.sedarplus.ca).

On April 17, 2023, the Business Combination was closed in full. See "*Item 4.2 – Significant Acquisitions – Business Combination*" below for further particulars on the Business Combination.

The Company is a reporting issuer under the laws of the Provinces of Alberta, British Columbia, Manitoba, Newfoundland, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan and Quebec. On April 19, 2023, the Common Shares commenced trading on the CSE under the trading symbol "AICO".

## **Ultron**

Ultron was incorporated under the BCBCA on July 6, 2018.

On January 25, 2023, Ultron entered into a letter of intent with the Company proposing the Business Combination. On January 31, 2023, Ultron entered into the RRD Purchase Agreement, pursuant to which, Ultron agreed to purchase all of the issued and outstanding RRD Shares in consideration for 42,801,000 Ultron Shares. The RRD Purchase Agreement resulted in the change of business of Ultron to a company specializing in the development

and application of AI technology. For more information on the RRD Purchase Agreement, please see “*Item 4.1 – Three Year History – RRD*”. Additionally, readers are encouraged to refer to the RRD Purchase Agreement, a copy of which is available at [www.sedarplus.ca](http://www.sedarplus.ca).

On January 31, 2023, Ultron completed a non-brokered private placement of 200,000 special warrants at a price of \$0.05 per special warrant for aggregate gross proceeds of \$10,000.

On February 16, 2023, Ultron entered into the Business Combination Agreement. For further information regarding the Business Combination, please see “*Item 4.2 – Significant Acquisitions – Business Combination*”. Additionally, readers are encouraged to refer to the Business Combination Agreement, a copy of which has been filed by the Company with the Canadian securities regulatory authorities and is available at [www.sedarplus.ca](http://www.sedarplus.ca).

On March 7, 2023, Ultron completed a non-brokered private placement of Ultron Shares, issuing an aggregate of 8,175,000 Ultron Shares at a price of \$0.15 per Ultron Share for aggregate gross proceeds of \$1,226,250.

On April 17, 2023, the Business Combination was closed in full. See “*Item 4.2 – Significant Acquisitions – Business Combination*” below for further particulars on the Business Combination.

## **RRD**

RRD was incorporated under the BCBCA on January 17, 2022.

On November 15, 2022, RRD completed a non-brokered private placement of RRD Shares, issuing an aggregate of 428,000 RRD Shares at a price of \$0.01 per RRD Share for aggregate gross proceeds of \$428,000.

On January 31, 2023, RRD and its shareholders entered into the RRD Purchase Agreement, pursuant to which Ultron agreed to purchase all of the issued and outstanding RRD Shares from RRD Shareholders as consideration for 42,801,000 Ultron Shares. The deemed purchase price was \$0.15 per RRD Share for an aggregate deemed purchase price of \$6,420,150. The primary asset of RRD was certain intellectual property rights which will ultimately be used for the development of Classmate. Such intellectual property rights were acquired by RRD pursuant to an Asset Sale and Purchase Agreement dated December 31, 2022 entered into between RRD and SevenEight Limited (the “**SevenEight Purchase**”). The intellectual property rights acquired pursuant to the SevenEight Purchase are not currently subject to any patents and were acquired for a purchase price of \$150,000. For more information on the RRD Purchase Agreement, readers are encouraged to refer to the RRD Purchase Agreement, a copy of which is available at [www.sedarplus.ca](http://www.sedarplus.ca).

## **4.2 Significant Acquisitions**

### **Business Combination**

On January 25, 2023, the Company entered into a letter of intent with Ultron proposing the Business Combination. On February 16, 2023, the Company entered into the Business Combination Agreement with Ultron providing for the definitive terms and conditions of the reverse takeover of the Company by the Ultron Shareholders and the change of the Company’s business to the business of Ultron.

On April 17, 2023 the Company completed the Business Combination, which was effected by way of a three-cornered statutory amalgamation under the BCBCA (the “**Amalgamation**”) involving the Company, Ultron and a wholly-owned subsidiary of the Company, 1399318 B.C. Ltd. (“**Subco**”) Conditional to the completion of the Business Combination, the Company exchanged the MV Shares on a 1:1000 basis for Class B Shares and created a new class of Common Shares. For additional information on the share exchange, please see “*Item 3.1 – Name, Address and Incorporation*”. In accordance with the terms of the Amalgamation, Ultron Shareholders received one Common Share for each Ultron Share held. The Company received one (1) common share in the amalgamated entity (each an “**Amalco Common Share**”), Ultron Capital Inc. (“**Amalco**”), for each common share of Subco held. As consideration for the issuance of the Common Shares to the Ultron Shareholders to effect the

Amalgamation, Amalco issued to the Company one (1) additional Amalco Common Share for each Common Share so issued. An aggregate of 51,176,001 Common Shares were issued to former holders of Ultron Shares resulting in former Ultron Shareholders holding approximately 90.2% of the issued and outstanding Common Shares, on a non-diluted basis, following the Business Combination.

The Board was reconstituted to be comprised of Ryan Selby, Aaron Bowden, and Patrick Gray. Ryan Selby was also appointed as CEO of the Company and Paul Ciullo was appointed as CFO of the Company. For additional information on the directors and officers of the Company, please see “*Item 10 – Directors and Officers*”.

For more information on the outstanding capital of the Company, please see “*Item 7 – Description of Capital Structure*” and “*Item 8 – Market for Securities*”.

### **Post-Business Combination Developments**

On April 25, 2023 the Company announced that it signed a non-binding letter of intent on April 24, 2023, to acquire all outstanding securities of Global AI Billing Corp. (“**Global AI Billing**”) in exchange for an aggregate of 7.5 million Common Shares at a deemed price of \$0.72 per Common Share and the assumption of US\$1.25 million in Global AI Billing’s existing liabilities (the “**Global AI Billing Transaction**”).

On May 2, 2023, the Company also announced that it had engaged Gold Standard Media LLC (“**Gold Standard**”) and its affiliates to provide certain marketing services to the Company, including online marketing and advertising, for a term of 24 months commencing May 4, 2023, in exchange for a fee of US\$500,000 payable within 60 days of the commencement of the term.

On May 5, 2023, the Company announced the incorporation of Global AI Newswire Inc. (“**Global AI Newswire**”), of which the Company owns a 70% ownership interest, and the engagement of Metachain Technologies Inc. (“**Metachain**”) to perform the AI development services. In addition to an hourly fee to be determined by the parties, acting reasonably, additional Common Shares may be issued to Metachain in the event that Metachain achieves specific business milestones related to the newswire service, based on the closing market price on the day immediately before the applicable business milestone being achieved.

On May 10, 2023, the Company announced that it had entered into a definitive agreement with Global AI Billing and completed the Global AI Billing Transaction. In accordance with the definitive agreement, the Company issued a total of 7.5 million Common Shares at a deemed price of \$0.72 per Common Share and assumed \$1.25 million of Global AI Billing’s existing liabilities, US\$500,000 of which was reorganized as a convertible debenture (the “**Convertible Debenture**”). The Convertible Debenture bears 5% interest per year, is convertible into Common Shares at a conversion price of \$0.72 per Common Share (subject to applicable securities laws and the policies of the CSE), has a term of 12 months and is secured against Global AI Billing’s 10% ownership interest in Remitz, Inc. (“**Remitz**”), a medical billing provider that has developed proprietary AI technology to efficiently collect outstanding receivables on behalf of medical organizations in the U.S. The Company may also elect to satisfy the Convertible Debenture in full without payment by transferring 6.7% of its 10% ownership interest in Remitz.

On May 15, 2023, the Company announced that Global AI Newswire successfully completed beta version testing of its AI newswire service.

On May 23, 2023, the Company announced the incorporation of GenAI Tobacco Inc. (“**GenAI Tobacco**”), in which the Company holds an 80% ownership interest, which aims to develop a large language model tobacco product under the brand name **TOBACCO TITAN™**. Using various proprietary and public datasets, **TOBACCO TITAN™** is being built with the goal of providing, among other valuable intelligence, product information, regulatory and compliance requirements, health and safety insights, and marketing and branding support to companies and individuals in relation to the tobacco industry.

On May 29, 2023, the Company announced its intention to complete a non-brokered private placement of up to 9,000,000 units of the Company (each, a “Unit”) at a price of \$0.56 per Unit, for aggregate gross proceeds of up to \$5,040,000 (the “Private Placement”). Each Unit will consist of one Common Share and one Common Share purchase warrant entitling the holder to acquire one additional Common Share at a price of \$1.00 for a period of two years from the date of issuance.

On June 2, 2023, the Company announced that it had not yet commenced using services provided by Gold Standard, and to date, Gold Standard has not provided any investor relations or other services to the Company. The Company intends to begin using Gold Standard’s services in the third quarter of 2023.

On June 5, 2023, the Company announced amended terms of its previously announced Private Placement, pursuant to which the Company in its sole discretion may increase the size of the Private Placement to up to 12,500,000 Units for gross proceeds of up to \$7,000,000, and an amended warrant exercise price from \$1.00 to \$1.65.

On June 6, 2023, the Company announced the closing of the Private Placement of a total of 9,595,531 Units at a price of \$0.56 per Unit for aggregate gross proceeds of \$5,373,497.36. Each Unit consists of one Common Share and one Common Share purchase warrant, with each warrant entitling the holder to acquire one additional Common Share at a price of \$1.65 for a period of two years from the date of issuance. The Common Shares issued pursuant to the Private Placement are subject to a statutory hold period of four months and a day from the date of issuance, and as applicable, hold periods under applicable U.S. securities laws. The Company intends to use the gross proceeds of the Private Placement for general working capital purposes.

On June 12, 2023, the Company announced the creation of **MAI CLOUD™**, an AI cloud service that will provide high-performance computing power for AI computing requirements. The Company incorporated a wholly-owned subsidiary, MAI Cloud Solutions Inc. (“**MAI Cloud**”), through which the **MAI CLOUD™** platform would be launched. The Company intends to use the **MAI CLOUD™** platform to perform AI computing tasks and hosting for its existing internal projects, including GenAI Tobacco, Remitz, Classmate and Global AI Newswire.

On June 13, 2023, the Company announced that it had entered into a share purchase agreement dated June 13, 2023 with Minework Technologies Pte Ltd. (“**Minework**”), pursuant to which, subject to the satisfaction of certain closing conditions, MAI Cloud has agreed to purchase all of the issued and outstanding shares in the authorized share structure of Pulse AI Compute Solutions Inc. (“**Pulse AI**”) held by Minework for an aggregate purchase price of \$1,500,000 (the “**Pulse AI Transaction**”). In accordance with the terms and conditions of the definitive agreement, the purchase price is payable to Minework upon closing through the issuance of 1,630,435 Common Shares (the “**Consideration Shares**”) at a deemed price of \$0.92 per Consideration Share, which Consideration Shares would be subject to a contractual restriction whereby Minework may not trade such Consideration Shares for a period of 12 months following the closing. In addition, the Company has agreed to pay Minework additional consideration in the event that Minework achieves specific business milestones.

On June 14, 2023, the Company announced that its Common Shares became eligible for electronic clearing and settlement through the Depository Trust Company (“**DTC**”) in the U.S. DTC eligibility is expected to simplify the process of trading and to enhance liquidity of the Common Shares in the U.S.

On June 19, 2023, the Company announced the completion of the Pulse AI Transaction. The Company also announced that it had amended the conversion price of the Convertible Debenture from \$0.72 per Common Share to \$0.79 per Common Share (subject to applicable securities laws and the policies of the CSE).

On July 10, 2023, the Company announced that Pulse AI had been approved to join the NVIDIA Inception Program.

On July 13, 2023, the Company announced that MAI Cloud had entered into a purchase agreement dated July 12, 2023 with an arm’s length third party customer headquartered in Silicon Valley (the “**Customer**”), pursuant to which MAI Cloud has agreed to provide the Customer with access to approximately 350,000 hours per year of AI

compute services using H100 graphics processing units for a period of up to seven years, for a fee of approximately \$70,000 per month, subject to the terms and conditions of the definitive agreement.

On August 15, 2023, the Company announced that its wholly-owned subsidiary 1431885 B.C. Ltd. (“**143**”) had entered into an asset purchase agreement dated August 14, 2023 with Metachain to acquire certain intellectual property assets from Metachain, including all intellectual property rights, source code, interface and other elements of a software package required to operate an AI asset that will function as a virtual assistant mobile application expected to be marketed under the name “SpeakGPT”, in exchange for US\$60,000 to be settled through a cash payment of US\$50,000 and the issuance of 300 common shares of 143 at a deemed price of US\$33.33 per share, representing 30% of the issued and outstanding equity securities of 143 upon closing.

On August 25, 2023, the Company announced that it had entered into a memorandum of understanding dated August 24, 2023 with the Customer (the “**Memorandum of Understanding**”) that is expected to result in the addition of approximately 17 million hours per year of AI compute time resources to be sold as services to an arm’s length third party resulting in the sale of approximately 85 million AI compute hours over the next five years. Pursuant to the terms of the Memorandum of Understanding, the Company and the Customer will use commercially reasonable efforts to negotiate a form of definitive agreement, and the Company and MAI Cloud will use commercially reasonable efforts to obtain the required Graphics Processing Units within six months of the date of the Memorandum of Understanding.

## **ITEM 5. DESCRIPTION OF THE BUSINESS**

### **5.1 General**

#### **(a) Summary**

Following the Transaction, the Company became an artificial intelligence technology company focused on developing and scaling artificial intelligence technology-based solutions across various industries. Initially, the Company focused on the education industry and working with schools and students to leverage the power of machine learning and natural language processing to improve efficiency, accuracy and decision-making in studying. The Company initially focused on the education industry because this industry is facing significant challenges as the result of the increased volume and complexity of data required to aid students in crafting efficient and effective study plans.

The Company’s technology is uniquely positioned to improve the issues in the education industry by (i) allowing students the opportunity to save time and resources spent on deciding which areas of study they need improvement in; (ii) reducing the risk of misdiagnosing problem areas; (iii) providing real-time insights and recommendations to enable more efficient decision-making in the area; and (iv) providing the opportunity to leverage the full potential of the data collected to drive innovation and learning.

The Company’s team is comprised of experienced AI researchers and engineers who are dedicated to creating innovative solutions that are both technically advanced and ethically responsible. The Company is committed to transparency and accountability in its work, and prioritizes diversity and inclusivity in its hiring and business practices.

Through collaboration with partners and customers, the Company aims to create solutions that are scalable, sustainable, and accessible to all. The Company is committed to continuous learning and improvement, to explore the limitless possibilities of AI.

#### **(b) Production and Services**

The Company’s principal product is its proprietary **MAI CLOUD™** platform, through which the Company is developing a vertically integrated AI solutions business, with the development and commercialization of AI-powered tools and solutions for businesses and consumers across multiple industries. By leveraging our **MAI**



**CLOUD™** platform and our expertise in machine learning, natural language processing and data analytics, we build versatile, high-performance tools that redefine efficiency, productivity and user experience.

Formerly, the Company was focused on the development of Classmate, an online artificial intelligence program that uses machine learning algorithms to analyze and interpret education data which is entered into its chat-style interface, with the objective of providing virtual machine-interface tutoring to high-school (grades 9-12) age, as well as junior-level university students. Classmate was acquired as part of the RRD Purchase Agreement and is currently under development. The development of Classmate began in the second calendar quarter of 2022. Currently, there is a beta version of Classmate that the Company expects to reasonably demonstrate the anticipated functionality of the final product in the fourth calendar quarter of 2023 or the first calendar quarter of 2024. The final version of Classmate is expected to analyze data works to provide real-time insights and recommendations to its users, enabling them to make data-driven decisions quickly and accurately.

As the Company continues to develop the Classmate product for the education industry, it will consider other industries or applications of its AI technology, primarily its **MAI CLOUD™** platform, which enables access to high-performance computing for a diverse range of AI applications across various sectors. In particular, the Company intends to use the **MAI CLOUD™** platform to perform AI computing tasks and hosting for its existing internal projects, including **TOBACCO TITAN™**, Global AI Newsire and Remitz, and for external projects and third-party organizations and customers.

**MAI CLOUD™**

Our proprietary **MAI CLOUD™** service is a culmination of advanced computing capabilities integrated seamlessly into a cloud-based solution designed to cater to a diverse range of AI applications.



The Classmate application uses the latest advances in natural language processing to understand questions and provide users with the most accurate and relevant answers to educational questions in every category.



**Tobacco Titan™**

**TOBACCO TITAN™** is being developed by GenAI Tobacco to deliver an AI-powered large language model for the tobacco industry. **TOBACCO TITAN™** will partner with select companies in the industry with access to various proprietary datasets, giving **TOBACCO TITAN™** a competitive advantage based on data uniqueness.



Global AI Newsire was created with the intention of developing a newswire analysis service that uses AI to efficiently deliver real-time information of publicly-listed companies to users, based on condensed summarized formats of press releases created using AI.



As the leading provider of automated revenue recovery services, Remitz has leveraged data-driven analytics and industry-changing technologies to develop a unique approach to medical billing.

## ***Operations***

The Company's core operations are based in Canada. The Company's operations are focused on research and development, product development, marketing and sales of the **MAI CLOUD™** platform and Classmate.

## ***Marketing Plans and Strategies***

The Company has engaged Gold Standard and its affiliates to provide certain marketing services to the Company, including online marketing and advertising. Please see "*Item 4.2 – Significant Acquisitions – Post-Business Combination Developments*" for further information.

### **(c) Specialized Skill and Knowledge**

The Company believes that its success is largely dependent on the performance of its management and key employees, many of whom have specialized experience relating to our industry, products, regulatory environment, customers and business. The assembled management team and Board has experience in the management and growth of successful emerging enterprises.

The Company believes that it has adequate personnel with the specialized skills and knowledge to successfully carry out the Company's business and operations.

See also "*Item 5.2 – Risk Factors – The Company will rely on the experience of management and consultants*".

### **(d) Competitive Conditions**

The market for AI technology in the education market is growing rapidly, with a current global value of US\$4 billion and an anticipated 10% CAGR from 2023 to 2034.<sup>1</sup> There is a strong demand for solutions that can help businesses in education improve their operations and gain a competitive edge through the use of AI. The Company believes its unique AI technology and experienced team will position them to capture a significant share of this growing market.

There are many companies that compete in the AI market, offering a range of products and solutions across various industries. Some examples of AI competitors include:

- Google, which offers a range of AI products and services, including machine learning platforms, natural language processing tools, and automated decision-making systems;
- IBM, which offers a range of AI products and services that leverage its Watson AI platform, including chatbots, machine learning tools, and natural language processing solutions;
- Microsoft, which offers a range of AI products and services, including machine learning platforms, natural language processing tools, and image recognition systems;
- Amazon, which offers a range of AI products and services that leverage its AWS cloud platform, including machine learning tools, natural language processing solutions, and image recognition systems; and
- Intel, which offers hardware and software for AI, including machine learning platforms, natural language processing tools, and image recognition systems.

The target market of these competitors is generally large-scale enterprises, with consumer products, including education, taking a lower priority. The Company anticipates that larger competitors such as Google, IBM, Microsoft, Amazon and Intel will increase awareness for the products which the Company anticipates developing,

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<sup>1</sup> AI in Education Market Size & Share, Forecast Report 2023-2032 (gminsights.com)

while leaving certain sectors such as direct-to-student education products such as Classmate and customer AI compute delivery services such as those provided by **MAI CLOUD™** as lucrative markets that the Company can capitalize on.

### ***Revenue Model***

The Company has not yet developed a revenue model, and is considering ways in which it can derive revenue from its products. The final revenue model may consist of one or more of the following, which will be determined prior to commercialization of the products:

<b>Revenue Model</b>	<b>Description</b>	<b>Example</b>
Subscription	Charge customers a regular fee to access the company's AI technology	SaaS platform
License	Charge customers a one-time fee to use the company's AI technology	On-premises software
Pay-per-use	Charge customers based on their usage of the company's AI technology	Cloud-based AI platform
Services	Provide AI-powered services to customers on a project or hourly basis	Consulting or custom development services
Revenue share	Share a portion of the revenue generated by the company's AI technology with the customer	AI technology used to drive sales or increase efficiency for the customer
Time lease	Charge customers a fee for the use of AI computer time	AI compute time is leased for use by third parties on MAI Cloud owned hardware

### ***Milestones***

The following table sets out the Company's business milestones, as well as the expected timeframe for, and cost of, achieving same:

<b>Milestone</b>	<b>Estimated Completion Date</b>	<b>Estimated Cost (\$)</b>
Finalize back end development of artificial intelligence engine related to Tobacco Titan, Global AI and Classmate	December 31, 2023	450,000
Expand on Classmate subjects to include all major high school disciplines	December 31, 2023	50,000
Commercialize Classmate including deploying sales and marketing plan	May 30, 2024	40,000
Complete commercialization of Tobacco Titan and Global AI, and deploying sales and market plans	May 30, 2024	200,000
<b>Total</b>		<b>740,000</b>

### ***Available Funds and Principal Purposes***

The Company has approximately \$2,269,354 in working capital available to it as of the date of this AIF. The Company is expected to use the funds available to it in furtherance of its stated business objectives for the 12 months which are summarized in the table appearing below. The intended uses of funds may vary based upon a number of factors and such variances may be material. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Item 5.2 – Risk Factors*".

The amounts shown in the table are estimates only and are based upon the information available to the Company as of the date hereof:

	<b>Estimated Amount (\$)</b>
<b>Total working capital of the Company as at August 31, 2023</b>	<b>2,269,354</b>
Uses of Funds:	
General and administrative <sup>(1)</sup>	671,000
Product development <sup>(2)</sup>	500,000
Sales and marketing <sup>(3)</sup>	200,000
Professional fees <sup>(4)</sup>	125,000
Unallocated working capital <sup>(5)</sup>	773,354
<b>Total Uses of Funds:</b>	<b>2,269,354</b>

Notes:

- (1) Includes management and consultant fees (\$216,000), advisory (\$120,000) and contractor fees (\$180,000), general office expense (\$20,000), rent (\$60,000) and professional fees (\$75,000). For greater certainty, as of the date hereof the Company does not intend to allocate any of its available funds for investor relations or similar purposes.
- (2) Includes the design and mockup of additional functionality within the application; performance testing and revisions; writing code for the final version of the application; and modifications and maintenance after release.
- (3) Includes brand development activities (\$50,000), search engine optimization (\$50,000) and expenses related to the sales team (\$100,000).
- (4) Includes unpaid professional fees for the completion of the Business Combination. Ongoing professional fees are included under the general and administrative heading.
- (5) As a result of the Company's business model, the Company does not believe that it can allocate all of its cash with certainty. As such, the Company has not specifically allocated all of its available funds. Decisions on the allocation of unallocated funds will depend on the development and evolution of the Company's products and services, continuing market research on the best way to deploy the technology and underlying product and market conditions, all of which may evolve over time and may include unplanned costs and expenses. Until such unallocated proceeds are used, the Company intends to invest available cash in short-term, investment grade, interest bearing instruments or hold them as cash.

Notwithstanding the proposed uses of available funds set out above, there may be circumstances where, for sound business reasons, a reallocation of funds or additional funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Company. For these reasons, management of the Company consider it to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed amongst the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Item 5.2 – Risk Factors*".

**(e) Components**

The Company relies on third-party manufactures and suppliers to source inputs and manufacture products used in its business. See also "*Item 5.2 – Risk Factors*".

**(f) Intangible Properties**

The intellectual property acquired by the Company and used for the Company's products, including its **MAI CLOUD™** platform, is proprietary and protected by copyright and trade secret, but at this time no patents exist in respect of the Company's products, and the Company does not expect to seek patents in respect of its products.

Artificial intelligence is an umbrella term that refers to computers that exhibit any form of human cognition. It is a term used to describe the way computers mimic human intelligence. Even by this definition of 'intelligence', the way AI functions is inherently different from the way humans think.

AI algorithms require substantial computational power and large datasets for training and inference, which can be efficiently hosted and managed in the cloud. **MAI CLOUD™** provides scalable and on-demand computing resources, allowing organizations to easily scale up or down based on their AI needs, enabling faster and more efficient training and inference processes.

Machine learning is the basis of artificial intelligence and uses algorithms that are built into computer programs that can learn from data. They gather information from the data presented to them and use it to make themselves

better at a given task. Classmate uses online information from various sources on the internet to compare and distill information in order to prepare a response to a question that is input based on an aggregation of online data.

The algorithm is trained enough to ensure a high degree of accuracy by distilling information which appears in multiple sources of content, even if the material is not identical. Any new input that is processed also contributes towards enhancing the accuracy of the algorithm to aggregate information.

There are many benefits to using artificial intelligence in various industries. Five core benefits include:

- 1) **Increased efficiency:** AI can automate tasks and processes, freeing up human workers to focus on higher-level tasks and decision-making. This can lead to faster and more accurate results, as well as cost savings.
- 2) **Enhanced decision-making:** AI can analyze large amounts of data and identify patterns and trends that may not be immediately apparent to humans. This can help organizations make more informed and accurate decisions.
- 3) **Improved customer experience:** AI can be used to personalize customer interactions, providing personalized recommendations and support in real-time. This can lead to increased customer satisfaction and loyalty.
- 4) **Greater accuracy:** AI algorithms can be trained to perform tasks with a high degree of accuracy, reducing the likelihood of errors.
- 5) **Innovation and new opportunities:** AI can help organizations discover new insights and opportunities that were previously hidden, leading to innovation and growth.

The Company intends to use the **MAI CLOUD™** platform to perform AI computing tasks and hosting for its existing internal projects, including **TOBACCO TITAN™**, Global AI Newsire and Remitz, and for external projects and third-party organizations and customers in various industries.

### ***Other Intellectual Property***

Trademarks are also important to the overall marketing and branding of our products and services. The Company has filed trademark applications for the marks **TOBACCO TITAN™**, **MAI™**, **MAI CLOUD™** and **GENAI™** in Canada and the U.S.

The Company is the registered holder of the following domain names:

- <https://www.genai-solutions.com>
- <https://www.generativeaisolutionscorp.com>
- <https://www.classmateapp.ai>
- <https://www.maicloud.com>
- <https://www.pulseaicompute.com>
- <https://www.tobaccotitan.com>

The Company also expects to rely on trade secrets, know-how, contractual provisions and confidentiality procedures to protect its intellectual property rights. The Company enters into proprietary information and invention assignment agreements or similar agreements with its employees, consultants and contractors. The

Company controls the use of its proprietary technology and intellectual property rights through provisions in our agreements with customers.

The Company intends to pursue additional intellectual property protection to the extent it believes it would be beneficial and cost-effective. However, despite the Company's efforts to protect and enforce our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged.

For additional information on intellectual property risks, see "*Item 5.2 – Risk Factors*".

**(g) Cycles**

The business of the Company is neither cyclical nor seasonal.

**(h) Regulatory Environment**

We operate in a complex legal and regulatory environment and are subject to a number of federal, state, provincial and foreign laws and regulations that affect companies conducting business on the internet. Our business, and the communities, services and platform that we offer are subject to a variety of laws and regulations in Canada and the U.S. and other jurisdictions in which we may operate. As described more fully below, failure to comply with the laws and regulations in the jurisdictions in which we operate may result in regulatory or other fines, sanctions, or measures being imposed on us or our subsidiaries, and may result in constraints on our ability to continue to operate or to continue to grow our business. We are subject to risks relating to the regulatory environment in which we operate. For more information, see "*Risk Factors – Risks Relating to Regulation*".

The Company has added legal and regulatory experts to assist with the Company's compliance team.

***Privacy and Data Protection Laws and Regulations***

In connection with the various solutions we provide to our customers in several jurisdictions, including Canada and the U.S., we collect, transfer and process the personal data provided by our customers and, in some cases through providing our solutions to our customers, their customers, that include all types of personal data, with some limited exceptions, such as personal health data other than for customers subscribing to our HIPAA (as defined below) compliant solution, credit card information, and other categories of personal data that may be restricted under specific laws. In connection with the solutions we offer, we host our customers' data in the cloud using our authorized sub-processors, as required by applicable privacy and data protection laws.

Accordingly, we are subject to federal, state, provincial, territorial, local and foreign laws regarding privacy and the protection of personal data, which, among other things, restrict the processing, including collection and transfer, of such personal data, require us to rely on assurances from our customers that they have obtained all necessary consents, and provide notices to individuals about certain rights to prevent the use and disclosure of protected information. Further, most jurisdictions in which we operate have enacted laws requiring companies to notify governmental authorities, individuals, and/or other third parties of certain types of privacy or security breaches, such as those involving certain types of personal data or those giving rise to significant risk of harm to an individual.

For more information, see "*Risk Factors – Risks Relating to Regulation*".

***Unfair or Deceptive Acts or Practices***

We and our partners are subject to U.S. and Canadian federal, state, and provincial laws, as well as the laws in other jurisdictions in which we operate, prohibiting unfair or deceptive trade practices enforced by various regulatory agencies, including, in the U.S., Federal Trade Commission ("**FTC**") and U.S. state attorneys general, and in Canada, the Competition Bureau. These agencies and regulators may take actions that affect the activities of certain of our customers, and in some cases may subject us to investigations or enforcement actions if we are deemed to have aided and abetted or otherwise facilitated illegal or improper activities.

### ***Anti-Bribery, Sanctions, and Counter-Terrorist Regulations***

We are also subject to various anti-corruption and anti-money laundering laws in countries in which we conduct activities. These laws and regulations require businesses to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and maintain transaction records. The broad reach of such laws as well as accounting provisions enforced by various regulatory agencies require us to maintain appropriate records and adequate internal controls to prevent and detect possible violations. We have policies, procedures, systems, and controls designed to identify and address potentially impermissible transactions under such laws and regulations.

We are also subject to certain economic and trade sanctions programs administered by the U.S. Treasury Department's Office of Foreign Assets Control in the U.S., and the Global Affairs Canada in Canada. These programs prohibit or restrict transactions to or from, or dealings with, specified countries, their governments, and in certain circumstances, their nationals. Transactions or dealings with individuals and entities that are specially designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations are also prohibited or restricted. Although we do not currently perform any business in these jurisdictions, if we do so in the future, we will be subject to those data retention obligations.

(i) **Economic Dependence**

The Company's business is not substantially dependent on any particular agreements.

(j) **Changes to Contracts**

There are no renegotiations or terminations of contracts or otherwise that the Company expects will affect any aspect of its business in the current financial year.

(k) **Employees**

As of the financial year ended February 28, 2023 and the date of this AIF there are no employees of the Company.

(l) **Foreign Operations**

The Company does not intend at this time to expand sales of its products or services outside of Canada and the United States.

(m) **Lending**

The Company does not currently have any investment policies or lending and investment restrictions.

(n) **Bankruptcy and Similar Procedures**

There have been no bankruptcy or receivership proceedings against the Company or any of its subsidiaries within the three most recently completed financial years or the current financial year.

(o) **Reorganizations**

On April 17, 2023, the Company completed the Business Combination. See "*Item 4.2 – Significant Acquisitions – Business Combination*" above for further particulars on the Business Combination.

(p) **Social or Environmental Policies**

There are no social or environmental policies that are fundamental to the operations of the Company.

## 5.2 **Risk Factors**

There are a number of risk factors associated with the Company and its business. Investment in the Company must be considered highly speculative due to the nature of the Company's business. An investment in any securities of the Company should only be considered by those persons who can afford a significant or total loss of their investment. Investors should carefully consider the following risk factors and other information contained in this AIF before making an investment in the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that the Company currently deem immaterial, may also impair the business or operations of the Company and cause the trading price of the Common Shares to decline. If any of the following or other risks occur, the Company's business, prospects, financial condition, liquidity, results of operations and cash flows could be materially adversely affected. In that event, the trading price of the Common Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

### **Risks Relating to the Business and Industry**

***The Company has negative operating cash flow and may be unable to achieve or sustain profitability in the future.***

The Company has not generated profits following the Altria Sale and there is no assurance that it will earn profits in the future, or that profitability, if achieved, will be sustained. The Company expects to continue to incur significant expenses including sales and marketing expenses, product development, research and development costs and other expenses. In addition, the Company expects that its general and administrative expenses will increase due to the additional costs associated with being a public company. These efforts and additional expenses may be more costly than the Company expects, and the Company cannot guarantee that it will be able to increase its revenue to offset such expenses. The Company's revenue may decline or its revenue growth may be constrained for a number of reasons, including reduced demand for the Company's products and services, increased competition or failure to capitalize on growth opportunities. The Company will need to generate significant additional revenue to achieve and sustain profitability and, even if it achieves profitability, the Company cannot be sure that it will remain profitable for any substantial period of time. The Company's failure to achieve or sustain profitability could negatively impact its ability to obtain financing, pursue its business objectives and have a material adverse effect on the value of the Common Shares.

***The Company has a limited operating history which makes it difficult to evaluate its future prospects for success.***

Ultron had a limited history of operations prior to the Business Combination and consequently, the Company's current operations inherited from Ultron are subject to all of the business risks and uncertainties associated with any early-stage enterprise, including possible under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of significant revenue. The limited operating history may also make it difficult for investors to evaluate the Company's prospects for success. There can be no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the risks, expenses and difficulties frequently encountered in early stages of operations.

***Public health crises, such as COVID-19, may have a material adverse impact on the Company's operations.***

The Company's business, operations, financial condition and operating results could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 or a resurgence thereof. Such public health crises can result in reduction in demand for the Company's products and services, unwillingness to subscribe or renew subscriptions, global stock market and financial market volatility, declining trade and market sentiment, labour shortages and travel and shipping disruptions and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing.



***The Company may be affected by catastrophic events.***

Events beyond the control of the Company may damage its ability to accept customer orders, maintain its platform or perform its servicing obligations. Such events include, but are not limited to pandemics, fires, earthquakes, terrorist attacks and natural disasters. In addition, these catastrophic events may negatively affect customers' demand for the Company's products.

***Implementation of Bill C-27 or the Digital Charter Implementation Act, 2022.***

On June 16, 2022 the federal government introduced Bill C-27, also known as the Digital Charter Implementation Act, 2022. Bill C-27 proposes to establish Canada-wide requirements for the design, development, use, and provision of AI systems and prohibit certain conduct in relation to these systems that may result in serious harm to individuals. The enactment of Bill C-27 could potentially result in a significant regulatory burden on the Company's business, leading to additional operational costs or the Company's business becoming cost or regulatory prohibitive. Furthermore, Bill C-27 could potentially impose additional privacy obligations on behalf of the Company through the utilization of its technology, the extent of which are not currently known. Similarly, these could result in a significant regulatory burden on the Company's business, leading to additional operational costs or the Company's business becoming cost or regulatory prohibitive.

***The Company faces technologic risks which may impact its innovation abilities.***

The Company's success may depend upon its ability to design, develop, test, market, license and support new products and enhancements of its current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. If new industry standards emerge that the Company does not anticipate or adapt to, its products could be rendered obsolete and, as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed.

There can be no assurance that the Company will be successful in the introduction, marketing and production of any new products or product innovations or develop and introduce in a timely manner updates to its existing products which satisfy customer needs or achieve market acceptance. The Company's failure to develop new products and introduce them successfully and in a timely manner could harm its ability to grow its business and could have a material adverse effect on its business, results of operations and financial condition.

***The Company's ability to acquire and maintain intellectual property may affect its revenue and profitability.***

The Company's success will depend, in part, on its ability to obtain patents, or licenses to patents, maintain trade secret protection and enforce its rights against others. The Company may be unable to obtain adequate patent protection or any patent protection for its products or such patent protection may not be obtained quickly enough to meet its business needs. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. There can be no assurance that: patent applications will result in the issuance of patents; additional proprietary products developed will be patentable; patents issued will provide adequate protection or any competitive advantage; patents will not be successfully challenged by any third parties; or the patents of others will not impede the Company's ability to commercialize its technology.

Frequent claims and related litigation concerning infringement of proprietary rights are common in many technology fields. The Company expects that its products and methods could be increasingly subject to third-party infringement claims as the number of competitors grows and the functionality of products and technology in different industry segments overlap. Third parties may also legitimately and independently develop products, services, and technology similar to, or duplicative of, the Company's products and services. Despite the Company's best efforts, third parties may attempt to disclose, obtain, copy, or use the Company's intellectual property rights or other proprietary information or technology without authorization. Efforts to protect intellectual property and other proprietary rights may not prevent such unauthorized disclosure or use, misappropriation, infringement, reverse engineering or other infringement of these rights.

The Company may initiate claims or litigation against third parties for infringement, misappropriation or other violation of its intellectual property rights or other proprietary rights or to establish the validity of its intellectual property rights or other proprietary rights. Any such litigation, whether or not it is resolved in its favor, could be time-consuming, result in significant expense to and divert the efforts of technical and management personnel. Furthermore, attempts to enforce intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property rights or other claims against the Company or result in a holding that invalidates or narrows the scope of the Company's rights, in whole or in part.

In addition to protection under intellectual property laws, the Company will rely on confidentiality or license agreements that it will generally enter into with corporate partners, employees, consultants, contractors, advisors, vendors and customers. The Company will generally limit access to and distribution of its proprietary information. However, the Company cannot be certain that it will have entered into such agreements with all parties who may have or had access to confidential information or that the agreements have entered into will not be breached or challenged or that such breaches will be detected. Furthermore, non-disclosure provisions can be difficult to enforce, and even if successfully enforced, may not be entirely effective. The Company cannot guarantee that any of the measures it will have taken will prevent infringement, misappropriation, or other violation of its technology or other intellectual property or proprietary rights. The Company also may be a target for a cyberattack, which poses a risk of unauthorized access to, and misappropriation of, its proprietary and competitively sensitive information.

***Intellectual property infringement assertions by third parties could result in significant costs and adversely affect the Company's business, financial condition, results of operations, and reputation.***

The Company's success and ability to compete also depends in part on its ability to operate without infringing, misappropriating or otherwise violating the intellectual property or other proprietary rights of third parties. These third-party rights may preclude the Company from making, using or selling its commercial products and services. Current and potential competitors may own patents, copyrights, trademarks and trade secrets and may pursue litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. The Company may receive notices that claim the Company infringed, misappropriated, misused or otherwise violated other parties' intellectual property rights. These other parties may have the capability to dedicate substantial resources to enforce their intellectual property rights and to defend claims that may be brought against them. Although to-date, the Company has not received any notices that it has violated intellectual rights of any third party, to the extent the Company gains greater commercial visibility, the Company faces a higher risk of being the subject of intellectual property infringement, misappropriation or other violation claims. Any intellectual property litigation initiated against the Company may involve non-practicing patent assertion entities or companies who use their patents as a means to extract license fees by threatening costly litigation or that have minimal operations or relevant product revenue. The Company's licensed patent rights may provide little or no deterrence or protection against such non-practicing patent assertion entities. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments in any dispute involving intellectual property rights. If securities analysts or investors perceive these announcements or results to be negative, it could have a substantial adverse effect on the price of the Common Shares.

There may be third-party intellectual property rights, including issued patents or pending patent applications that cover significant aspects of the Company technologies, products, services or business methods. There may also be third-party intellectual property rights, including trademark registrations, pending trademark applications and non-registered common law use, which covers the way the Company markets its goods and services. The Company may also be exposed to increased risk of being the subject of intellectual property infringement, misappropriation, or other violation claims as a result of acquisitions and/or its incorporation of third-party products and services (e.g., hardware and software) into its product and service offerings. The Company has a lower level of visibility into the development process with respect to such third-party products and services or the care taken by any third-party to safeguard their products and services against infringement, misappropriation, or other intellectual property violation risks.

In addition, former employers of the Company's current, former or future employees may assert claims that such employees have improperly disclosed confidential or proprietary information of these former employers. Any intellectual property claims, with or without merit, are difficult to predict, could be very time-consuming and expensive to settle or litigate, could divert the management's attention and other resources and may not be covered by insurance. These claims could subject the Company to significant liability for damages, potentially including treble damages if the Company is found to have willfully infringed a third-party's intellectual property rights. These claims could also result in having to stop using technology, or product branding found to be in violation of a third-party's rights. As a result of any such allegations of intellectual property infringement, the Company may need to redesign or rebrand its products and services. This may include developing alternative non-infringing technology or branding, which could require significant effort and expense. If the Company cannot license rights or develop alternative technology for any infringing aspect of its business, it would be forced to limit or stop sales of one or more of its products or services, it could lose existing customers, and it may be unable to compete effectively. Any of these results would harm the Company's business, financial condition, and results of operations.

***Online security breaches and service disruption.***

The Company receives, transmits and stores data as part of its business. These activities are subject to laws and regulations in several jurisdictions in which the company's services will be available. These requirements, which often differ materially among the jurisdictions, are designed to protect the privacy of consumers' personal information and to prevent that information from being inappropriately disclosed. The Company develops and maintains technical and operational safeguards designed to comply with applicable legal requirements; however, it cannot guarantee absolute protection against unauthorized attempts by third parties or current or former employees to access its systems or databases. If third parties gain improper access to its systems or databases or those of the Company's service providers or partners, they may improperly obtain, disclose, delete or modify confidential data about the Company's customers. An information breach in the Company's systems and loss of confidential information such as credit card numbers and related information, or interruption in the operation of the Company's apps, could have a longer and more significant impact on its business operations than a hardware failure. A compromise in the Company's security system could severely harm the Company's business by the loss of the Company's customers' confidence in the Company and thus the loss of their business. The Company may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Any failure to adequately comply with necessary protective measures could result in fees, penalties and/or litigation. Concerns regarding the security of e-commerce and the privacy of users may also inhibit the growth of the Internet as a means of conducting commercial transactions. This may result in a reduction in revenues and increase the Company's operating expenses, which would prevent the Company from achieving profitability.

Any breach of security policies or applicable legal requirements resulting in a compromise of consumer data could expose the Company to regulatory enforcement action, limit its ability to provide services, subject the Company to litigation and/or damage its reputation. In addition, certain Canadian provinces have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause the Company's customers to lose confidence in the effectiveness of its data security measures. Moreover, if a high profile security breach occurs with respect to a competitor, customers may lose trust in the security of the Company and its business generally, which could adversely impact the Company's ability to conduct business. Any security breach, whether actual or perceived, could harm the Company's business.

***The Company's dependence on software and device updates.***

Changes to the Company's products' infrastructure or software updates could render the products and other platforms and services of the Company inoperable and could result in decreased user engagement and customers. This could have a material adverse effect on the Company's business, financial condition and results of operation.

***The Company may not be able to establish or strengthen its brand.***

The Company's principal product to date is its **MAI CLOUD™** platform, which is designed to cater to a diverse range of AI applications across various industries. Promoting and positioning the Company's brand will depend largely on the success of the Company's sales and marketing efforts. Additionally, the Company believes the quality and reliability of its **MAI CLOUD™** platform and other products and services, and any negative publicity regarding their quality or reliability, could significantly damage its reputation in the market. These brand promotion activities may not yield increased sales and, even if they do, any sales increases may not offset the expenses incurred to promote the Company's brand. If the Company fails to successfully promote and maintain its brand, or if the Company was to incur substantial expenses in an unsuccessful attempt to promote and maintain its brand, it would adversely affect the Company's business, results of operations and financial condition.

***The success of the Company's Classmate product are dependent on student performance.***

The success of the Company's Classmate product depends on its ability to deliver a satisfactory learning experience and interpret education data. The Company's product may fail to interpret some students' academic performance and provide the relevant recommendation. As a result, student and parent satisfaction with the Company could decline. If a significant number of students fail to improve their academic performance after using Classmate or find the real-time insights and recommendations to be unsatisfactory, then students may decide to stop using the Company's products. Student dissatisfaction may adversely impact the Company's business, financial condition, results of operations and reputation.

***Failure to retain existing customers or add new customers.***

The financial performance of the Company will be significantly determined by its success in adding, retaining, engaging and monetizing active customers of its products. If people do not perceive the Company's products as insightful, reliable, relevant and trustworthy it may be unable to attract or retain customers or otherwise maintain or increase the frequency and duration of their engagement. If the Company is unable to maintain or increase its customer base or engagement, or effectively monetize its customer base's use of its products, its revenue and financial results may be adversely affected. Any decrease in customer retention, growth or engagement could render the Company's products less attractive to customers.

**Risks Relating to Insurance**

The Company intends to insure its operations in accordance with technology industry practice. However, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. Further, the Company may not insure against cyber theft or hacking attacks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

**Risks Relating to Regulation**

The Company will be subject to a variety of laws and regulations across all jurisdictions in which it operates, including but not limited to, intellectual property, advertising, marketing, distribution, data and information security, electronic communications, competition, consumer protection, privacy laws, unfair commercial practices, taxation, securities law compliance, online payment and payment processing services. These laws, regulations and legislation, along with other applicable laws and regulations, which in some cases can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations could have a material adverse impact on the Company and lead to increases in costs and expenditure as well as restrict its existing operations and ability to expand.

These laws and regulations, as well as any changes to the same and any related inquiries, investigations or any other government actions, may be costly to comply with and may delay or impede new product development,

result in negative publicity, increase the Company's operating costs, require significant management time and attention, and subject it to remedies that may harm its business including fines or demands or orders that modify, or cease certain or all existing business practices, or implement costly and burdensome compliance measures. Any such consequences could adversely affect the Company's business, results of operations or financial condition.

***We are subject to costs and risks associated with new or changing laws and regulations and governmental action affecting our business.***

We operate in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which we operate. Some of the laws and regulations in Canada and the U.S. and other jurisdictions in which we may decide to operate that affect or may affect us include: privacy, data protection and data transfer laws and regulations; those relating to the manner in which we advertise, market and sell solutions; labor and employment laws, including wage and hour laws; tax laws or interpretations thereof; potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems and restrictions on the repatriation of earnings; and securities and exchange laws and regulations. The laws and regulations specifically applicable to us may also change on the basis of a change in the nature of our solutions, or a change in the jurisdictions in which those solutions are being offered, including, but not limited to, as a result of acquisitions. We do not have the ability to ensure that our customers are using our solutions in a manner that complies with all applicable laws and regulations in all jurisdictions where they use them. There can be no guarantee that we will have sufficient resources to comply with new laws, regulations, or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and/or social events.

In addition, as with many innovations, machine learning and AI present additional risks and challenges that could affect their adoption and therefore our business. For example, the development of machine learning and AI present emerging governance and transparency issues, including with respect to ethics and human rights, and if we enable or offer solutions on this front that are controversial, due to their impact, or perceived impact, on human rights, privacy, employment, or in other social contexts, we may experience brand or reputational harm, competitive harm, or legal liability. New regulations or standards have been or may be adopted in the space of AI such as the Draft Bill C-27 (Canada), which includes the Artificial Intelligence and Data Act (“AIDA”) in Canada (June 2022). In the U.S., the National Institute for Standards and Technology (NIST) has released on January 26, 2023 the non-binding AI Risk Management Framework in the design, development, use, and evaluation of AI products, services, and systems. In addition, the FTC issued several publications to set forth ground rules for AI development and can use its existing authority under various existing consumer protection laws to expand AI enforcement. The growing focus on AI regulations and guidelines may increase the burden and cost of research and development in this area, including by causing us to incur significant costs in order to adapt our platform to the requirements for the use of AI systems, subjecting us to brand or reputational harm, competitive harm, or legal liability. We may also be restricted in our ability to fully utilize AI and machine learning technologies as a result of legal and regulatory restrictions on data governance, including data collection and processing. Also, our positions on social and ethical issues may impact our ability to attract or retain employees, customers, and other users. In particular, our brand and reputation are associated with our public commitments to sustainability, equality, inclusivity, accessibility, and ethical use, and any perceived changes in our dedication to these commitments could impact our relationships with potential and current customers and other users.

***Changes in laws or regulations relating to privacy and data protection, or any actual or perceived failure by us to comply with such laws and regulations, or contractual or other obligations relating to privacy and data protection could adversely affect our business.***

We receive from, and process for, our customers, a significant and increasing volume of data which includes personal data. We also collect, use, and disclose personal data belonging to our employees. As we expand our network of clients, including in new jurisdictions, we are and will increasingly be subject to a variety of laws, directives, and regulations, as well as contractual obligations, relating to the collection, use, retention, security, disclosure, transfer, destruction, de-identification, and other processing of such personal data in the jurisdictions

in which we and or our customers operate. The regulatory framework for privacy, data protection and data transfers worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Applicable privacy laws, courts and supervisory authorities' decisions could impact our ability to transfer personal data internationally.

We publicly post documentation regarding our data privacy practices. Although we endeavor to comply with our published policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies that provide promises and assurances about privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Any failure, real or perceived, by us to comply with our posted privacy policies, any internal and/or corporate policies, or with any regulatory requirements, certifications or orders or other privacy or consumer protection-related laws and regulations applicable to us could cause customers and potential customers to reduce their use of our solutions and could materially and adversely affect our business. In many jurisdictions, enforcement actions and consequences for non-compliance can be significant and are rising. In some cases, we may enter into Data Processing Addendums (“**DPAs**”) (or other similar agreements) with our customers, a copy of which we make available on our website. The specific terms of these DPAs may vary from one customer to another and may impose additional obligations and liabilities that may not be stipulated in the version available on our website.

The U.S. federal and various state government bodies and agencies have adopted or are considering adopting laws and regulations limiting or otherwise regarding, among others, the collection, processing, and security of personal information. For example, the state of California passed the *California Consumer Privacy Act* (“**CCPA**”), which became effective on January 1, 2020 and imposes stringent data privacy and data protection requirements for the protection of the personal information of California residents. Among other things, it requires companies subject to these laws to provide new disclosures to California consumers and afford such consumers new data protection rights, including the ability to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain personal information breaches that result in the loss of personal information that may increase the likelihood of, and risks associated with, data breach litigation. The *California Privacy Rights Act of 2020* (“**CPRA**”), which fully applies to businesses since January 2023, broadly amends the CCPA. The CPRA shares many attributes with the European Union *General Data Protection Regulation*. In particular, it strengthens consumer privacy rights, proposes a broad definition of sensitive personal data and outlines new requirements regarding the sale and share of personal information of California consumers. The effects of this legislation are potentially far-reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Comprehensive privacy laws inspired by the CCPA have also been signed in a number of other U.S. states. It includes the states of Virginia (the *Virginia Consumer Data Protection Act*, which became effective on January 1, 2023), Colorado (the *Colorado Privacy Act*, which became effective on July 1, 2023), Connecticut (the *Connecticut Personal Data Privacy and Online Monitoring Act*, which became effective on July 1, 2023), Utah (the *Utah Consumer Privacy Act*, which will become effective on December 31, 2023) and Iowa (the *Iowa Consumer Data Protection Act*, which will become effective on January 1, 2025). Other U.S. states, including New Hampshire, Washington, Illinois, New York, and Vermont have also introduced data privacy bills. While U.S. states with comprehensive consumer privacy laws have similarities regarding the defined terms, data subject rights or accountability obligations for covered entities, each law has specificities and provides its own interpretation of the law. As we receive and process personal data from U.S. based customers, we are potentially subject to a variety of U.S. state laws but there can be no guarantees that we will have sufficient resources to comply with all of these laws while providing our solution to our customers.

Internationally, laws and regulations in many jurisdictions apply broadly to the collection, processing and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, internet protocol, or IP addresses. For example, we are subject to Canada's *Personal Information Protection and Electronic Documents Act* (Canada) (“**PIPEDA**”), and the analogous provincial laws, which similarly impose data privacy and security obligations on our processing of personal data. On June 16, 2022, the Canadian government tabled a second attempt to reform Canadian privacy law in Bill C-27, the Digital Charter Implementation Act, 2022. Bill C-27 is the successor of the former Bill C-11. Bill C-27 would repeal parts of PIPEDA and replace them with a new legislative regime governing the collection, use, and disclosure of personal

data for commercial activity in Canada. As the core of this regime, the *Consumer Privacy Protection Act* (the “**CPPA**”) would be enacted to maintain, modernize, and extend existing rules and to impose new rules on private sector organizations for the protection of personal data. The CPPA would also continue and enhance the role of the Privacy Commissioner in overseeing organizations’ compliance with these measures. The Personal Information and Data Protection Tribunal Act would be enacted to create a Tribunal to hear appeals of orders issued by the Privacy Commissioner and apply a new administrative monetary penalty regime created under the CPPA. It also contemplates a right of private action which may result in more litigation. In addition, the Digital Charter Implementation Act 2022 would enact AIDA to regulate artificial intelligence systems and the processing of data in connection with artificial intelligence systems. We anticipate that upon Bill C-27 coming into force, it will result in us reviewing our privacy compliance programs that may materially increase compliance costs, and potentially restrict our ability to conduct our business as it is presently conducted.

In Québec, we are also subject to the Private Sector Act. On September 21, 2021, Québec National Assembly adopted Bill 64, which proposes major amendments to the Private Sector Act, notably, to impose new obligations on Québec businesses while significantly increasing the powers of its supervisory authority. New obligations include: the requirement to conduct a privacy impact assessment for all transfers of personal information outside of Québec province and prior to the acquisition, development or redesign of an information system or electronic service delivery project involving personal information, enhanced data privacy rights for data subjects or the requirement to implement data protection by default, all effective on September 22, 2023. New proposed penal provisions introduce fines for non-compliance of either up to \$25,000,000 or 4% of worldwide turnover for the preceding fiscal year, whichever sum is greater. Given that Bill 64 introduces a number of new concepts into Québec’s data protection framework, it is likely that it will require interpretations and will raise new challenges for us. While some provisions of the Bill have come into effect in September 2022, most of its provisions will come into effect in September 2023.

In the U.S., the U.S. Department of Health and Human Services promulgated patient privacy rules under the Health Insurance and Accountability Act of 1996 (“**HIPAA**”), that cover protected health information (“**PHI**”) by limiting use and disclosure, giving individuals the right to access, amend, and seek accounting of their PHI, and limiting most use and disclosures of their PHI to the minimum amount reasonably necessary to accomplish the intended purposes. Certain of our customers may be either business associates or covered entities under HIPAA. Therefore, we must comply with HIPAA to the extent that PHI is introduced into our solutions by our customers and maintain a HIPAA compliance program. Certain states have signed into law or are intending to enact laws regarding requirements on de-identified information, and there is some uncertainty regarding those laws’ conformity with the HIPAA de-identification standards. Compliance with state laws could require additional investment and management attention and may subject us to significant liabilities if we do not comply appropriately with new and potentially conflicting regulations.

Many regulations worldwide also regulate the use of tracking technologies, on which our products rely to gather analytics data about the end-users of its customers, but also to perform its sales and marketing campaigns. In Canada, tracking technologies are regulated by CASL (as defined below) and PIPEDA. In Québec, Bill 64 introduces new transparency and consent requirements for technologies that include functions that allow an individual to be identified, located, or profiled. The notions of identification and profiling are particularly broad and as such will likely include tracking technologies. In the U.S., the FTC addresses tracking technologies when they constitute “unfair or deceptive” practices and recent enforcement actions, particularly for healthcare organizations, demonstrate that it’s a priority for the FTC. Likewise, a Bulletin issued by the U.S. Department of Health and Human Services clarified that the use of tracking technologies by regulated entities under HIPAA, particularly on authenticated pages, generally qualify as PHI. It therefore increases the HIPAA related obligations for covered entities using tracking technologies. All those regulations set out clear transparency obligations and, in some cases, impose express consent (opt-in) from the end-user before tracking them. In addition, many browsers are now disabling third party cookies by default or deprecating them, following a trend towards more privacy-friendly practices. These data privacy laws and regulations are complex, continue to evolve, and on occasion may be inconsistent between jurisdictions leading to uncertainty in interpreting such laws and it is possible that these laws, regulations, and requirements may be interpreted and applied in a manner that is inconsistent with our

existing information processing practices, and many of these laws are significantly litigated and/or subject to regulatory enforcement. Given this ever changing technical and legal landscape, combined with an increase in the public awareness, towards the use of tracking technologies to collect behavioral data, our ability to use data events from end-user activities on the websites of our customers might be significantly affected, which in turn may decrease the efficiency of our cloud services. We may therefore have to quickly evolve and refrain from using some tracking technologies if they are not fully compliant, not privacy-friendly or deprecated by browsers operators. We might also have to adapt to new or yet to come tracking technologies that will be available on the technical landscape and widely used in our industry, which could be time consuming or costly to adapt to, less effective, and subject to additional regulation. Since there are still a lot of uncertainties surrounding the use of those technologies and the impact it can have on the privacy of individual persons, we are at risk of acting in non-compliance with one of the above-mentioned regulations and being required to drastically change the architecture of our platform which might incur substantial costs and a potential loss of efficiency. Using a non-compliant technology might also cause our customers, particularly in the healthcare sector, to act in breach of those laws and, therefore, subject us to contractual remedies or non-renewals from our customers. These regulations or their construction by customers of ours could materially adversely affect our ability to leverage data to provide and improve our services. More generally, new laws, regulations, or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Canada's Anti-Spam Legislation ("CASL") is the federal law dealing with spam and other electronic threats. It is meant to protect Canadians while ensuring that businesses can continue to compete in the global marketplace. The Office of the Privacy Commissioner of Canada shares responsibility for enforcing CASL with the Canadian Radio-television and Telecommunications Commission and the federal Competition Bureau. CASL applies to a commercial electronic message that is sent to an electronic address. There are three general requirements for sending a commercial electronic message to an electronic address: (1) obtain consent, (2) provide identification information, and (3) provide an unsubscribe mechanism. CASL also describes the means by which consent can be obtained in order to send a commercial electronic message.

Complying with CCPA, CPRA, PIPEDA, the Private Sector Act (and other Canadian provinces' private sector privacy laws), CASL, HIPAA or other laws, regulations or other obligations relating to privacy, data protection, data transfers, data localization, anti-spam, or information security may cause us to incur substantial operational costs or require us to modify our data practices. We endeavour to comply with the most stringent privacy, data protection and data transfer laws and regulations and ensure compliance with global privacy standards. We may be subject to data residency requirements that may require us to incur costs to hire and maintain local employees in particular jurisdictions. Non-compliance could result in proceedings against us by governmental entities, private actions, or others, could result in substantial fines or other material liabilities, and may otherwise adversely affect our business, financial condition, and results of operations.

Additionally, some statutory requirements in Canada, the U.S. and abroad include obligations for companies to notify individuals of security breaches involving particular personal information, which could result from breaches experienced by us or our service providers for which we are accountable under most applicable data protection laws. For example, laws in all 50 U.S. states require businesses to provide notice to customers whose personal information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. States are also frequently amending existing laws, requiring attention to frequently changing regulatory requirements. PIPEDA also contains data breach notification requirements, and the Private Sector Act in Quebec has also been amended to provide for a similar mandatory mechanism. Any actual or perceived security breach could jeopardize our ability to conduct our operations, harm our reputation and brand, expose us to potential legal liability (including multiple litigation and regulatory investigations) or require us to expend significant resources on data security in responding to any such actual or perceived breach. We note specifically the increase in recent years in the number of class action litigation following data security incidents and we expect this trend to continue for the foreseeable future. Any contractual protections we may have from our service providers or under our insurance policies may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.



In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards and voluntary codes from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply, or facilitate our customers' compliance, with such standards. Additionally, our customers and prospective customers have required, and may in the future require, us to comply with certain privacy, data protection and information security standards, including with respect to our data encryption practices, and we may undertake contractual commitments to adhere to such standards. We expect that there will continue to be new proposed laws and regulations and guidance concerning privacy, data protection and information security, and we cannot yet determine the impact such future laws, regulations, standards, and guidance may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, industry standards, guidance, contractual obligations, customer expectations and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of laws, standards, contractual obligations, and other obligations relating to privacy and data protection are still uncertain, it is possible that these obligations may be interpreted and applied in a manner that varies by jurisdiction and/or that is inconsistent with our data privacy policies and procedures. If so, we may face multiple fines, lawsuits, regulatory investigations, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation. We could also be required to fundamentally change our business activities and practices, which could adversely affect our business. We may be unable to make such changes and modifications in a commercially reasonable manner, or at all. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, policies, and guidance that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our solutions. Any inability to adequately address privacy, data protection, or information security-related concerns, even if unfounded, or to successfully negotiate related contractual terms with customers, or to comply with applicable laws, regulations, policies, standards and guidance relating to privacy, data protection and information security, including those with which we elect to comply, could result in additional cost and liability to us, harm our reputation and brand, damage our relationship with important providers and adversely affect our business, financial condition, and results of operations.

***Failure to comply with the Corruption of Foreign Public Officials Act (Canada), the U.S. Foreign Corrupt Practices Act, anti-money laundering economic and trade sanctions regulations, and similar laws and regulations could subject us to penalties and other adverse consequences.***

We are subject to anti-corruption laws and regulations, including the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act* (United States), the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001* and other laws that prohibit the making or offering of improper payments, including anti-bribery provisions in the Criminal Code of Canada and those enforced by the U.S. Department of Justice. These laws prohibit improper payments or offers, including payments to governments, officials, and business entities for the purpose of obtaining or retaining business. There can be no assurance that our employees, consultants, and agents will not take actions in violation of our policies for which we may be ultimately responsible. While we have policies and provide employee training to address compliance with such laws, we cannot be certain that our employees, consultants, or agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. In addition, we are subject to certain anti-money laundering laws and regulations.

Failure to comply with any of these laws or regulations or changes in the legal or regulatory environment, including changing interpretations and implementations of new or varying regulatory requirements, may result in financial fines or other penalties. We may also face criminal and civil lawsuits, forfeiture of assets or other enforcement actions, or reputational damage, which could cause us to lose existing clients or prevent us from obtaining new clients or otherwise adversely affect our business, financial condition, or results of operations. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations.

***We are subject to export and import controls and economic sanctions laws that could impair our ability to offer our platform internationally or subject us to liability if we are not in compliance with applicable laws.***

If we decide to commence international operations, we may be subject to a number of Canadian and foreign laws relating to economic sanctions and to export and import controls which could limit our ability to offer our platform in certain jurisdictions or to certain customers. In addition, the export of our technology, hardware or software in certain jurisdictions may require governmental authorizations. For example, the *Canadian Export and Imports Permits Act* may apply, which requires that a permit be obtained by any person or entity seeking to export or transfer goods and technology. Since there is currently no significant guidance on cloud access and cloud computing, it is possible that future regulations may seek to clarify the use of any backup or storage servers or facilities that are outside of Canada. Various jurisdictions also regulate the import of certain encryption technology, including imposing import permitting and licensing requirements, and have enacted laws that could limit our ability to offer our platform in those countries. Complying with export or import controls and economic sanctions may be time-consuming and result in the delay or loss of business opportunities.

Any change in export or import controls, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such restrictions or legislation, could result in decreased use of our platform by customers or in our decreased ability to offer our platform internationally, which would harm our business, operating results, and financial condition. Furthermore, failure to comply with export or import controls or with economic sanctions may expose us to government investigations and penalties, which could harm our business, operating results and financial condition.

***Changes in tax laws and regulations or trade rules may impact our effective tax rate and may adversely affect our business, liquidity, and operating results.***

With sales in various countries, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain and complex. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or regulations or revised interpretations of existing tax laws, regulations, and precedents, which could have an adverse impact on our business, liquidity, and results of operations.

New tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business. The application of federal, state, provincial, local and foreign tax laws to solutions provided over the internet is evolving. New income, sales, use or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to solutions provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent, and could ultimately result in a negative impact on our results of operations and cash flows.

In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest, and penalties, which could have an impact on our business, liquidity, and results of operations. Our capacity to hire the engineers and data scientists required to support our growth in research and development, which is essential to remain competitive and innovative, is contingent to some extent on qualifying and maintaining such assistance. If authorities successfully challenge any expenses or the correctness of any income tax credits claimed, our historical operating results could be adversely affected.

### **Risks Relating to Litigation**

The Company may, from time to time, become involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or the outcome of these actions. Adverse outcomes in some, or all of these, claims may result in significant monetary damages or injunctive relief that could adversely affect the Company's ability to conduct its business. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Company's operations.

## **Risks Relating to the Industry**

### ***Changes in technology.***

The Company's ability to compete in the markets it serves may be threatened by change, including changes in technology, changes with respect to consumer needs, competition and industry standards. The Company will actively seek solutions that respond (in a timely manner) to geospatial data development and client needs, however its failure to respond well to these challenges could adversely impact the Company's business, financial position and results of operations. New product development or modification is costly, involves significant research, development, time, and expense, and may not necessarily result in the successful commercialization of any new products.

***The Company faces technology and development risks, including the ability to successfully engage in research and development at requisite levels, develop and introduce new products and services and continuously develop and enhance its existing products and services.***

The Company's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services, and technologies developed by others may render the Company's products and services obsolete or non-competitive.

The Company's products are the subject of continuous development and needs to be substantially developed further in order to gain and maintain competitive and technological advantage, and to improve the products' and services' usability, scalability and accuracy. There are no guarantees that the Company will be able to undertake such development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability. The Company intends to expand and diversify its offerings and features, but there is no guarantee that such activities will be successful, failing which operating results and revenue growth rates could be adversely impacted. These activities can involve significant expenditure of time, capital, and resources, including development, design, management, and marketing, with no guarantees that such new products or features will ultimately generate revenue or be profitable in the future.

### ***Ability to form strategic alliances.***

The Company's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships with third parties. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor can there be any assurance that new relationships, if any, will afford the Company the same flexibility under which it currently operates. If the Company is unsuccessful in establishing or maintaining its relationship with these third parties, the Company's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results could suffer.

### ***Impact of system interruptions.***

The Company's ability to provide reliable service largely depends on the efficient and uninterrupted operation of its intelligence platform. Any significant interruptions could harm its business and reputation and result in a loss of consumers. The Company's systems and operations could be exposed to damage or interruptions from fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses or other causes, many of which may be beyond its control. Although the Company will have taken steps to prevent a system failure, the measures taken may not be successful and the Company may experience problems other than system failures. The Company may also experience software defects, development delays, installation difficulties and other systems problems, which would harm its business and reputation and expose it to potential liability which may not be fully covered by business interruption insurance. The Company's data

applications may not be sufficient to address technological advances, changing market conditions or other developments.

***The Company is subject to competition and may not be able to compete successfully with new or existing competitors.***

The industries within which the Company operates are rapidly evolving and intensely competitive, and are subject to changing technology, shifting user needs, and frequent introductions of new offerings. The Company's potential competitors include large and established companies as well as other start-up companies. Such competitors may have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Certain technological advancements across many industries have in many ways reduced the barriers to entry for new competitors, including start-ups and early-stage companies, who may be able to bring competitive products to market more quickly and with less resources than in the past.

The Company's ability to compete will depend on the success of its plans to improve its existing products, to develop and commercialize new products, to effectively respond to consumer preferences and to manage the complexity of its intellectual property and technologies. Some of the Company's competitors have substantially greater financial resources, higher revenues and greater economies of scale. These advantages may allow competitors to implement their operational strategies more quickly or effectively than the Company can, or benefit from changes in technologies, which could harm its competitive position. These competitive advantages may be exacerbated in a difficult economy, thereby permitting competitors to gain market share. There can be no assurance that the Company will be able to successfully respond to changing consumer preferences, including with respect to new developing technologies and acquiring and developing intellectual property. If the Company is unable to maintain its competitive position, the Company could experience lower demand for products, downward pressure on prices, reduced margins, an inability to take advantage of new business opportunities, a loss of market share, reduced profitability and an inability to attract consumers or business partners in the future.

***Impact of the economic environment.***

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

***Growth may place significant demands on the Company's internal systems and controls.***

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Company's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its personnel. The inability of the Company to manage growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company's inability to implement its business strategy.***

There is no assurance that the Company's business plan will succeed in whole or in part. The success of the Company's development strategy will depend on a number of factors and there is no assurance that the Company will be able to achieve planned growth, that modifications to its strategy will not be required, or that the Company will be able to effectively market or manage expanded operations and enhance profitability. The Company's ability to manage growth effectively will require the development of management information systems capabilities and improvement of operational and financial systems. Any failure to expand these areas and implement and improve such systems, procedures, and controls in an efficient manner at a pace consistent with the Company's business could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company will rely on the experience of management and consultants.***

The Company will be dependent on the skills and experience of its executives and consultants whose contributions to the immediate and future operations of the Company and the implementation of the Company's business plan are of great importance. The loss of services of any key management personnel or consultants may have an adverse effect on the Company's business and prospects. The Company may not be able to retain some or all of its key management personnel and consultants and, even if replaceable, it may be time consuming and costly to recruit qualified replacements.

***Information technology systems, cyber-attacks and security breaches.***

The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or malfunctioning technology. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, increase in capital expenses, financial losses, the inability to process transactions, the unauthorized release of customer information and reputational risk. If there was a breach in security or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact the Company's reputation, business continuity and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

**Risks Relating to the Ownership of Shares**

***Additional funding may be required.***

Capital expenditures and related costs with growing the Company's business may necessitate external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost under reasonable conditions, if at all. Additional equity financing could be dilutive to Shareholders and could substantially decrease the trading price of the Common Shares. The Company may issue securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of the Company operations or anticipated expansion, or involve forfeiting its interest in some or all of its assets, incurring financial penalties, or reducing or terminating its operations.

***Shareholders may become diluted.***

The Company is authorized to issue an unlimited number of Common Shares. If the Company raises additional financing through the issuance of Common Shares (including securities convertible or exchangeable into Common Shares) or completes an acquisition or merger by issuing additional Common Shares, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. Shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of future issuances and the market price of the Common Shares could decline as a result of issuances

of new Common Shares. Moreover, additional Common Shares may be issued by the Company upon the exercise of Options and RSUs and upon the exercise of outstanding Warrants.

***Future acquisitions could disrupt the Company's business and harm the Company's financial condition and operating results.***

The Company's success will depend, in part, on the Company's ability to expand the Company's markets and grow the Company's business in response to intellectual property protection, changing technologies, customer needs and competitive pressures. The Company may seek to grow the Company's business by acquiring complementary intellectual property, businesses, solutions or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming and costly and the Company may not be able to successfully complete identified acquisitions. In addition, the Company may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of any company the Company acquires. Acquisitions may also involve the entry into geographic or business markets in which the Company has little or no prior experience.

Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or the Company may be exposed to unknown liabilities. For one or more of those transactions, the Company may:

- issue additional equity securities that would dilute the holders of Common Shares;
- use cash that the Company may need in the future to operate its business;
- incur debt on terms unfavorable to the Company or that the Company is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- encounter difficulties retaining key employees of the acquired companies or integrating technologies; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Any of these risks could harm the Company's business and operating results.

***Conflicts of interest may occur.***

Certain directors and officers may also from time to time become involved with potential competitors of the Company. As a result, situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and are expected to follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Volatile market price of the Common Shares.***

The Company's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry related developments, results of product development or commercialization, departure of key personnel, changes in government regulations or other material public announcements by the Company or its competitors, along with a variety of additional factors may adversely affect the market price of the Common Shares.

Furthermore, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced

wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market price for the Common Shares will be subject to similar market trends and conditions generally. Consequently, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Once the escrow restrictions applicable to certain of the Common Shares have expired, sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell, could reduce the market price of the Common Shares.

There can be no assurance that material adverse fluctuations in the trading price of the Common Shares will not occur. A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares or a reduction in the Company's ability to raise capital. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations.

***Lack of active public market for the Common Shares.***

An active public market for the Common Shares may not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a Shareholder's investment may be limited and the price of the Common Shares may decline. Investors may find it difficult to resell any securities of the Company.

***The Company may not pay dividends.***

The Company is unlikely to pay any dividends in the foreseeable future as it may employ available funds for the expansion of the business. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board then deems relevant.

**ITEM 6. DIVIDENDS AND DISTRIBUTIONS**

**6.1 Dividends and Distributions**

On July 26, 2022, the Board declared the payment of a special dividend and approved the return of capital, on its SV Shares and MV Shares for a total aggregate distribution of approximately \$68,200,000. The distribution comprised \$12.30 per SV Share and \$12.30 per MV Share on a post-Consolidation and as if converted to SV Shares basis (\$0.41 per SV Share and \$0.41 per MV Share on a pre-Consolidation and as if converted to SV Shares basis).

There are no restrictions in the Company's Notice of Articles or Articles that could prevent the Company from paying dividends. The payment of any dividends on the Shares is not anticipated in the foreseeable future. Any decision to pay dividends on the Shares will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

**ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE**

**7.1 Share Capital**

**Class B Shares**

The holders of Class B Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company, except a meeting of which only the holders of another particular class or series of shares of the Company shall have the right to vote, and will be entitled to one vote in respect of each Class B Share held at such meetings. The holders of Class B Shares will be entitled to receive dividends if, as and when declared by the Board. In the

event of liquidation, dissolution or winding-up of the Company, the holders of Class B Shares will be entitled to share rateably in any distribution of the property or assets of the Company, subject to the rights of holders of any other class of securities of the Company entitled to receive assets or property of the Company upon such distribution in priority or rateably with all holders of Common Shares (on an as-converted basis).

The Class B Shares shall be converted to Common Shares, such that, on a per-holder basis, 10% of the issued and outstanding Class B Shares will convert to Common Shares on a date that is 24 months after the Business Combination, and 15% will be converted every 3 months thereafter.

As of the date hereof, there are 5,549,341 Class B Shares issued and outstanding.

## **Common Shares**

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company, except a meeting of which only the holders of another particular class or series of shares of the Company shall have the right to vote, and will be entitled to one vote in respect of each Common Share held at such meetings. The holders of Common Shares will be entitled to receive dividends if, as and when declared by the Board. In the event of liquidation, dissolution or winding-up of the Company, the holders of Common Shares will be entitled to share rateably in any distribution of the property or assets of the Company, subject to the rights of holders of any other class of securities of the Company entitled to receive assets or property of the Company upon such distribution in priority or rateably with all holders of Class B Shares (on an as-converted basis).

As of the date hereof, there are 71,532,402 Common Shares issued and outstanding.

## **7.2 Options to Purchase Securities**

### **Options**

On April 28, 2021, the Company adopted the Plan, which was adopted by the Shareholders at the annual and special meeting of Shareholders held on December 17, 2021. The Plan provides for the grant of Options and RSUs to qualified directors, officers, employees and consultants (the “**Eligible Persons**”). The purpose of the Plan is to, among other things: (i) ensure that the interests of Eligible Persons are aligned with the interests of the Company; (ii) encourage stock ownership by Eligible Persons; and (iii) to provide compensation opportunities to attract, retain and motivate Eligible Persons.

The Plan is a rolling incentive stock optioning plan. The maximum number of Shares available for issuance under the Plan will not exceed 20% of the issued and outstanding Shares. The maximum exercise terms of Options and RSUs granted under the plan is 10 years from the date of grant. The vesting terms of the Options and RSUs are determined at the time of grant by the Board.

As of the date hereof, an aggregate of 4,772,899 Options are outstanding, with each Option entitling the holder thereof to purchase one Common Shares. Of the Options outstanding, 400 Options were issued on March 15, 2019 and are exercisable at a price of \$4.80 per Share (on a post-Consolidation basis); 6,666 Options were issued on January 15, 2021 and are exercisable at a price of \$3.00 per Share (on a post-Consolidation basis); 2,500 Options were issued on March 30, 2021 and are exercisable at a price of \$3.00 per Share (on a post-Consolidation basis); 13,333 Options were issued on November 1, 2021 and are exercisable at a price of \$16.80 per Share (on a post-Consolidation basis); and 4,750,000 Options were issued upon the closing of the Business Combination on April 17, 2023 and are exercisable at a price of \$0.15 per Share. All Options outstanding expire on the date that is 5 years from the date of issue.

The following table sets forth certain information for each category of compensation plan described below as at of the end of the fiscal year ended February 28, 2023:



Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,772,899 Common Shares	\$0.20	9,533,581 Common Shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>			9,533,581 Common Shares

## Warrants

As of the date hereof, there are 9,863,031 warrants of the Company (each, a “**Warrant**”) issued and outstanding. Of the Warrants outstanding, 9,595,531 Warrants were issued pursuant to the Private Placement that closed on June 6, 2023, with each such Warrant entitling the holder to acquire one Common Share at an exercise price of \$1.65 for a period of two years from the date of issuance, and 267,500 Warrants were issued on August 4, 2021 with each such Warrant entitling the holder to acquire one Common Share at an exercise price of \$75 on a post-Consolidation basis (\$2.50 on a pre-Consolidation basis)) for a period of three years from the date of issuance.

## ITEM 8. MARKET FOR SECURITIES

### 8.1 Trading Price and Volume

The Common Shares trade on the CSE under the symbol “AICO”.

The Company is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

The following table sets forth, for the periods indicated, the marketplace, reported high and low trading prices (in the currencies in which such securities were listed and posted for trading) and the volume traded for the Shares on the CSE on a post-Consolidation basis:

Period	High (\$)	Low (\$)	Volume
January 2022	12.60	8.25	38,287
February 2022	9.90	5.70	59,391
March 2022	7.80	3.60	155,344
April 2022	7.50	4.50	39,834
May 2022	10.95	4.20	215,056
June 2022	11.10	7.50	196,556
July 2022	12.30	6.00	218,282
August 2022	0.45	0.30	389,286
September 2022	0.60	0.15	250,604
October 2022	0.75	0.30	135,817
November 2022	0.45	0.15	116,458
December 2022	0.30	0.15	32,651
January 2023	0.75	0.15	158,971
February 2023 <sup>(1)</sup>	0.60	0.45	45,293

**Note:**

- (1) Trading of the SV Shares on the CSE was voluntarily halted at the request of the Company on February 10, 2023 in connection with the Company’s announcement of the Business Combination.

## 8.2 Prior Sales

The following table sets forth securities issued by the Company during the year ended February 28, 2023 and to the date of this AIF.

Date Issued	Post-Consolidation Number of and Type of Security <sup>(1)</sup>	Issue Price or Deemed Issue Price Per Security (\$)	Aggregate Issue Price (\$)
March 3, 2022	173,849 SV Shares <sup>(2)</sup>	-	-
May 4, 2022	191,980 SV Shares <sup>(2)</sup>	-	-
May 13, 2022	601,667 SV Shares <sup>(4)</sup>	3.00	1,805,000
May 13, 2022	519,671 SV Shares <sup>(6)</sup>	1.16	604,507
May 25, 2022	10,000 SV Shares <sup>(3)</sup>	3.00	30,000
May 25, 2022	132,501 SV Shares <sup>(3)</sup>	4.44	588,007
May 27, 2022	2,500 SV Shares <sup>(3)</sup>	3.00	7,500
June 10, 2022	20,000 SV Shares <sup>(4)</sup>	3.00	60,000
June 14, 2022	66,667 SV Shares <sup>(4)</sup>	3.00	200,000
June 20, 2022	124,439 SV Shares <sup>(2)</sup>	-	-
June 27, 2022	40 SV Shares <sup>(2)</sup>	-	-
June 27, 2022	3,667 SV Shares <sup>(3)</sup>	4.80	17,600
June 28, 2022	33,667 SV Shares <sup>(5)</sup>	-	-
July 4, 2022	90,000 SV Shares <sup>(4)</sup>	3.00	270,000
July 7, 2022	267 SV Shares <sup>(3)</sup>	4.79	1,280
July 18, 2022	80,000 SV Shares <sup>(4)</sup>	3.00	240,000
July 19, 2022	3,333 SV Shares <sup>(3)</sup>	3.00	10,000
July 20, 2022	7,000 SV Shares <sup>(3)</sup>	1.37	9,600
July 20, 2022	5,000 SV Shares <sup>(3)</sup>	3.00	15,000
August 4, 2022	176,566 SV Shares <sup>(2)</sup>	-	-
August 5, 2022	36,670 SV Shares <sup>(2)</sup>	-	-
August 22, 2022	681 SV Shares <sup>(2)</sup>	-	-
November 4, 2022	342,319 SV Shares <sup>(2)</sup>	-	-
November 7, 2022	33,164 SV Shares <sup>(2)</sup>	-	-
November 8, 2022	12,281 SV Shares <sup>(2)</sup>	-	-
April 11, 2023	815,677 Class B Shares <sup>(7)</sup>	-	-
April 17, 2023	51,176,001 Common Shares <sup>(8)</sup>	0.15	7,676,400
April 25, 2023	7,500,000 Common Shares <sup>(9)</sup>	0.72	5,400,000
June 6, 2023	9,595,531 Common Shares <sup>(10)</sup>	0.56	5,373,497
June 6, 2023	9,595,531 Warrants <sup>(10)</sup>	-	-
June 19, 2023	1,630,435 Common Shares <sup>(11)</sup>	0.92	1,500,000
July 21, 2023	1,630,435 Common Shares <sup>(12)</sup>	1.02	1,663,044

**Notes:**

- (1) All shares referenced in this section are on a post-Consolidation basis. On April 11, 2023, the share structure of the Company was updated to amend the share terms of the SV Shares and redesignate the SV Shares as Class B Shares. SV Shares and Class B Shares represent the sale class of share, prior to and after the amendment of the share terms and the redesignation of the class.
- (2) MV Shares converted into SV Shares.
- (3) Issued pursuant to a stock option exercise.
- (4) Issued pursuant to a warrant exercise.
- (5) Issued pursuant to an RSU conversion.
- (6) On May 25, 2022, the Company issued 519,671 SV Shares at a price of \$1.16 per share to extinguish \$604,507 of a convertible promissory note.
- (7) MV Shares converted into Class B Shares. For further information regarding the conversion, see “Item 3.1 – Name, Address and Incorporation”.
- (8) Issued to former shareholders of Ultron on the closing of the Business Combination.
- (9) Issued pursuant to the completion of the Global AI Billing Transaction.
- (10) Issued pursuant to the completion of the Private Placement.
- (11) Issued pursuant to the completion of the Pulse AI Transaction.
- (12) Issued as additional consideration upon the completion of certain specific milestones in connection with the Pulse AI Transaction.

## ITEM 9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

### 9.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

Under the terms of the escrow agreement dated April 16, 2021 between the principals, the Company and Endeavor Trust Corporation (the “**Escrow Agreement**”), an aggregate of 35,954 Class B Shares are currently held in escrow and to be released as follows:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class <sup>(1)</sup>	Release Schedule
Class B Shares	35,954	0.65%	1/2 of the remaining escrowed securities to be released in November of 2023; and the remainder of the escrowed securities to be release in May of 2024.

Note:

(1) Based on 5,549,341 Class B Shares issued and outstanding.

The following table sets out, as at the date of this AIF, all of the holders of the Class B Shares that are subject to the Escrow Agreement:

Name of Shareholder	Number of Class B Shares held pursuant to the Escrow Agreement	Percentage of class <sup>(1)</sup>
Ryan Karkairan	11,716	0.21%
Ryan Selby	10,886	0.20%
Emerald Innovations Ltd.	13,230	0.24%
Paul Ciullo	122	0.002%

Note:

(1) Based on 5,549,341 Class B Shares issued and outstanding.

Under the terms of the escrow agreement dated April 17, 2023 between the Selby Family Trust 2022, the Company and Endeavor Trust Corporation, an aggregate of 8,640,000 Common Shares are currently held in escrow and to be released as follows:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class <sup>(1)</sup>	Release Schedule
Common Shares	8,640,000	12.08%	1/6 of the remaining escrowed securities to be released 6 months after the Business Combination; 1/5 of the remaining escrowed securities to be released 12 months after the Business Combination; 1/4 of the remaining escrowed securities to be released 18 months after the Business Combination; 1/3 of the remaining escrowed securities to be released 24 months after the Business Combination; 1/2 of the remaining escrowed securities to be released 30 months after the Business Combination; the remaining escrowed securities to be released 36 months after the Business Combination.

Note:

(1) Based on 71,532,402 Common Shares issued and outstanding.

## ITEM 10. DIRECTORS AND OFFICERS

### 10.1 Name, Occupation and Security Holding

The following table lists the names and municipalities of residence of the directors, officers, and promoters of the Company, their current positions and offices with the Company, respectively, their principal occupations during the last five years and the number and percentage of Shares owned, directly or indirectly, or over which control or discretion is exercised by each, as at the date of this AIF. Each of the directors of the Company will hold office until the next annual meeting of the shareholders or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the Company's Articles or Notice of Articles.

Name and Municipality of Residence	Position or Office	Director or Officer Since	Principal Occupation During Past 5 Years	Number and Percentage of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)(2)</sup>
<b>Ryan Selby</b> <sup>(3)</sup> <i>Richmond, British Columbia, Canada</i>	CEO, Corporate Secretary and a director	April 17, 2023 <sup>(4)</sup>	Director, President and CEO of the Company from September 10, 2018 to August 23, 2022; Research and Development Contractor, Invictus MD Strategies Corp. from August 1, 2015 to November 8, 2018; director and president of Emerald Innovations Ltd. from November 1, 2006 to present; President and Director of Camerico Giftwares Inc. from November 1, 2011 to October 31, 2017.	117,513 Class B Shares <sup>(5)(6)(7)</sup> (2.12%)  500 Common Shares <sup>(6)</sup> (0.0006%)
<b>Paul Ciullo</b> <i>Niskayuna, New York, U.S.</i>	CFO	April 17, 2023 <sup>(8)</sup>	CFO of the Company from March 1, 2019 to August 23, 2022; CFO of MYND Life Sciences from December 2020 to February 2022; CFO of CannAmerica Brands Corp from February 2019 to July 2021; CFO of Hashchain Technology Inc. from February 2018 to February 2020; CFO of sCube, Inc. from May 2019 to present.	9,162 Class B Shares (0.17%)  500 Common Shares (0.0006%)
<b>Aaron Bowden</b> <sup>(3)(11)</sup> <i>Calgary, Alberta, Canada</i>	Director	March 1, 2022 <sup>(9)</sup>	Finance leader at West Jet Airlines Ltd. since July 2011; Tax Manager at Deloitte & Touche LLP from September 2004 to June 2011; Director of Invictus MD Strategies Corp. from July 2016 to June 2019; Director of Hashchain Technology Inc. from February 2018 to January 2019.	6,950 Class B Shares (0.13%)  1,000 Common Shares (0.001%)
<b>Patrick Gray</b> <sup>(3)</sup> <i>New York, New York, United States</i>	Director	March 1, 2022 <sup>(10)</sup>	Director of the Company from November 2018 to present; President & Founder of SCube Inc. from July 15th, 2013 to present; CEO of High Standard Health Care Ltd. from March 1, 2020 to present; CEO & Founder of HashChain Technology from July 2017 to February 14, 2020; Chairman of Mega Blockchain from November 2017 to present; Director of CannAmerica Brands Inc. from January 21, 2019 to February 28, 2020.	10,000 Class B Shares (0.18%)  500 Common Shares (0.0006%)
				143,625 Class B Shares (2.59%)  2,500 Common Shares (0.0035%)

#### Notes:

- (1) Based on 5,549,341 Class B Shares issued and outstanding.
- (2) Based on 71,532,402 Common Shares issued and outstanding.
- (3) Member of the Audit Committee.
- (4) Mr. Selby was first appointed as a director and the CEO on March 1, 2022. Mr. Selby resigned from these positions on August 23, 2022 and was re-appointed to both positions upon the closing of the Business Combination.
- (5) 10,886 Class B Shares are currently being held in escrow.
- (6) 19,845 Class B Shares are held through Emerald Innovations Ltd.

- (7) In addition to the securities held by Ryan Selby, Kelly Selby, Mr. Selby's spouse, controls 8,640,000 Common Shares (representing 12.08% of the issued and outstanding Common Shares on an undiluted basis and 8.80% of the Common Shares on a fully diluted basis) through the Selby Family Trust 2022.
- (8) Mr. Ciullo was appointed as the CFO on March 1, 2022 and resigned on August 23, 2022. Mr. Ciullo was re-appointed as the CFO upon the closing of the Business Combination.
- (9) Mr. Bowden was appointed as a director of the Company on March 1, 2022.
- (10) Mr. Gray was appointed as a director of the Company on March 1, 2022. Mr. Gray was then re-appointed to be the CEO on August 23, 2022. Mr. Gray resigned as CEO upon the closing of the Business Combination.
- (11) Chair of the Audit Committee.

As at the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 143,625 Class B Shares, representing approximately 2.59% of the issued and outstanding Class B Shares, and 2,500 Common Shares, representing approximately 0.0035% of the issued and outstanding Common Shares, based on 5,549,341 Class B Shares and 71,532,402 Common Shares issued and outstanding. The information as to the Common Shares beneficially owned or controlled or directed, directly or indirectly, by the directors and executive officers, not being within the knowledge of the Company, has been furnished by such directors and executive officers.

## **10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

### **Cease Trade Orders and Bankruptcies**

To the knowledge of the Company, no director or executive officer of the Company, or personal holding company of any of them is, as of the date of this AIF, or was within ten (10) years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including this Company) that:

- i. was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- ii. was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that Person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any of them is, as at the date of this AIF, or has been within the ten (10) years before the date of this AIF, a director or executive officer of any company (including this Company) that, while that Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any of them has, within the ten (10) years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that Person.

## Penalties and Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any of them, has been subject to:

- i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### 10.3 Conflicts of Interest

Certain of the directors and/or officers of the Company serve as directors and/or officers of other companies or have shareholdings in other companies. Such associations may give rise to conflicts of interest from time to time. To the knowledge of the Company, as of the date of this AIF, there are no known existing or potential material conflicts of interest between the Company and any director or officer of the Company.

Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest and fiduciary duties, including the procedures prescribed by the BCBCA respecting disclosable interests. The BCBCA requires, among other things, that directors and officers of the Company, who are also directors or officers of, or who have a material interest in, a party which enters into a material contract or transaction with the Company, or otherwise have a material interest in a material contract or transaction entered into by the Company, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Board to approve the contract or transaction.

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Company that are, or have within the preceding five year period been directors of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Term (From/To)
<b>Ryan Selby</b>	Generative AI Solutions Corp. (formerly, Idle Lifestyle Inc.)	CSE; OTCQB	September 2018 to August 2022
	Invictus MD Strategies Corp.	TSXV	August 2015 to November 2018
<b>Paul Ciullo</b>	Cannamerica Brands Corp. <sup>(1)</sup>	CSE; OTC	February 2019 to July 2021
	Digihost Technology Inc. (Formerly Haschain Technology Inc.) <sup>(1)</sup>	TSXV; NASDAQ	February 2018 to February 2020; May 2021 to Present
	MYND Life Sciences Inc. <sup>(1)</sup>	CSE; OTCBB	December 2020 to February 28, 2022
	Revitalist Lifestyle and Wellness Ltd. <sup>(1)</sup>	CSE; OTCQB	December 2020 to February 28, 2022
<b>Aaron Bowden</b>	Generative AI Solutions Corp. (formerly, Idle Lifestyle Inc.)	CSE; OTCQB	December 2020 to Present
	Invictus MD Strategies Corp.	TSXV	July 2016 to June 2019
	Digihost Technology Inc. (Formerly Haschain Technology Inc.)	TSXV; NASDAQ	February 2018 to January 2019
	MYND Life Sciences Inc.	CSE; OTCBB	November 2020 to October 2021
	Revitalist Lifestyle and Wellness Ltd.	CSE; OTCQB	February 2021 to August 2022

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Term (From/To)
<b>Patrick Gray</b>	Generative AI Solutions Corp. (formerly, Idle Lifestyle Inc.)	CSE; OTCQB	November 2018 to Present
	Cannamerica Brands Corp.	CSE; OTC	January 2019 to February 2020
	Digihost Technology Inc. (Formerly Haschain Technology Inc.)	TSXV; NASDAQ	July 2017 to February 2020
	Revitalist Lifestyle and Wellness Inc.	CSE; OTCQB	February 2021 to August 2022

Note:

(1) Mr. Ciullo served as Chief Financial Officer of these companies.

## 10.4 Executive Compensation

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to its NEOs and directors, in any capacity, for the two most recently completed financial years ending February 28, 2023 and 2022.

**Table of Compensation Excluding Compensation Securities**

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all Other compensation (\$)	Total compensation (\$)
<b>Ryan Selby</b> <i>CEO,</i> <i>Corporate Secretary and director</i> <sup>(1)(2)</sup>	2023	123,000	2,352,000	-	-	-	2,475,000
	2022	203,000	432,021	-	-	9,650	644,671
<b>Patrick Gray</b> <i>Director and Former CEO</i> <sup>(3)</sup>	2023	-	70,000	-	-	-	70,000
	2022	-	-	-	-	3,000	3,000
<b>Paul Ciullo</b> <i>CFO</i> <sup>(4)</sup>	2023	78,261	94,745	-	-	-	173,006
	2022	76,218	-	-	-	-	76,218
<b>Aaron Bowden</b> <i>Director</i> <sup>(5)</sup>	2023	-	70,000	-	-	-	70,000
	2022	-	-	-	-	-	-
<b>Jordan Crockett</b> <i>Former Director</i> <sup>(6)</sup>	2023	-	-	-	-	-	-
	2022	-	-	-	-	-	-
<b>Ryan Karkairan</b> <i>Former Director</i> <sup>(2)(7)</sup>	2023	81,000	384,000	-	-	-	465,000
	2022	143,000	150,000	-	-	7,000	300,000

Notes:

- (1) Mr. Selby was first appointed as a director and the CEO on March 1, 2022. Mr. Selby resigned from these positions on August 23, 2022 and was re-appointed to both positions upon the closing of the Business Combination.
- (2) No fees paid to Mr. Selby or Mr. Karkairan are attributable to their roles as directors.
- (3) Mr. Gray was appointed as a director of the Company on March 1, 2022. Mr. Gray was then appointed to be the CEO on August 23, 2022. Mr. Gray resigned as CEO upon the closing of the Business Combination.
- (4) Mr. Ciullo was appointed as the CFO on March 1, 2022 and resigned on August 23, 2022. Mr. Ciullo was re-appointed as the CFO upon the closing of the Business Combination.
- (5) Mr. Bowden was appointed as a director of the Company on March 1, 2022.
- (6) Mr. Crockett resigned as a director of the Company upon the closing of the Business Combination.

(7) Mr. Karkairan resigned as a director of the Company on August 23, 2022.

The following table sets out all compensation securities granted or issued by the Company to its NEOs and directors, in any capacity, for the most recently completed financial year ending February 28, 2023.

**Compensation Securities**

<b>Name and Position</b>	<b>Type of compensation security</b>	<b>Type of compensation securities, number of underlying securities and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Ryan Selby</b> <i>CEO, Corporate Secretary and director</i>	-	-	-	-	-	-	-
<b>Patrick Gray</b> <i>Director and Former CEO</i>	Options	1,500,000 Options 31% <sup>(1)</sup>	(2)	0.15	-	-	5 years from the issue date
<b>Paul Ciullo</b> <i>CFO</i>	Options	750,000 Options 16% <sup>(1)</sup>	(2)	0.15	-	-	5 years from the issue date
<b>Aaron Bowden</b> <i>Director</i>	Options	1,500,000 Options 31% <sup>(1)</sup>	(2)	0.15	-	-	5 years from the issue date
<b>Jordan Crockett</b> <i>Former Director</i>	-	-	-	-	-	-	-
<b>Ryan Karkairan</b> <i>Former Director</i>	-	-	-	-	-	-	-

Notes:

- (1) Percentage of the class of compensation securities, calculated based on an aggregate of 4,772,899 Options outstanding.
- (2) Options to purchase Common Shares, which were granted at the closing of the Business Combination.



The following Options have been exercised by a NEO or director of the Company during the most recently completed fiscal year ended February 28, 2023:

**Exercise of Compensation Securities**

<b>Name and Position</b>	<b>Type of compensation security</b>	<b>Number of underlying securities exercised<sup>(1)</sup></b>	<b>Exercise price per security (\$)<sup>(1)</sup></b>	<b>Date of exercise</b>	<b>Posing price per security on the date of exercise (\$)<sup>(1)</sup></b>	<b>Difference between the exercise price and closing price on the date of exercise (\$)<sup>(1)</sup></b>	<b>Total value on exercise date (\$)</b>
<b>Ryan Selby</b> <i>CEO,</i>	Options	17,006 Class B Shares	4.80	May 24, 2022	7.119	2.319	39,436.91
<i>Corporate Secretary and director</i>	Options	54,216 Class B Shares	4.80	May 24, 2022	7.119	2.319	125,726.90
<b>Patrick Gray</b> <i>Director and Former CEO</i>	Options	2,218 Class B Shares	4.80	May 24, 2022	7.119	2.319	5,143.54
	Options	7,781 Class B Shares	4.80	May 24, 2022	7.119	2.319	18,044.13
<b>Paul Ciullo</b> <i>CFO</i>	Options	4,000 Class B Shares	4.80	May 24, 2022	7.119	2.319	9,276.00
	Options	1,666 Class B Shares	4.80	May 24, 2022	7.119	2.319	3,863.45
	Options	3,333 Class B Shares	3.00	May 24, 2022	7.119	4.119	13,728.62
<b>Aaron Bowden</b> <i>Director</i>	Options	6,666 Class B Shares	3.00	May 24, 2022	7.119	4.119	27,457.25
<b>Jordan Crockett</b> <i>Former Director</i>	-	-	-	-	-	-	-
<b>Ryan Karkairan</b> <i>Former Director</i>	Options	8,503 Class B Shares	4.80	May 24, 2022	7.119	2.319	19,718.45
	Options	27,108 Class B Shares	4.80	May 24, 2022	7.119	2.319	62,863.45

Note:

(1) Expressed on a post-Consolidation basis.

**Compensation Program**

The Company's compensation program will be based on a "pay-for-performance" philosophy which supports its objective of developing its business. The Company's compensation policies will be founded on the principle that compensation should be aligned with the interests of the Shareholders, while also recognizing that the Company's corporate performance is dependent upon the recruitment and retention of highly trained, experienced and dedicated directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required in the Company's business.

The components of the Company's executive compensation program is being finalized, however it is anticipated that the executive compensation program will be comprised of the following principal components: (i) base salary,

(ii) short term incentive compensation comprised of cash bonuses or share options and (iii) long term incentive compensation comprised of share options. Together, these components support the Company’s long-term development strategy and will be designed to address the following key objectives of its compensation program:

- align executive compensation with the interests of the Shareholders;
- attract and retain highly qualified management; and
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of the Company’s executive compensation package.

The following is the anticipated compensation, as known, for certain of the NEOs of the Company for the fiscal year ending February 29, 2024.

Name and principal position	Annual Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Annual Incentive Plans (\$)	Long-term incentive plans (\$)	Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
<b>Ryan Selby</b> <i>CEO, Corporate Secretary and a director</i>	180,000	-	-	-	-	-	-	180,000
<b>Paul Ciullo</b> <i>CFO</i>	US\$ 36,000	-	-	-	-	-	-	US\$ 36,000

## Incentive Plan Awards

### *Option-based Awards*

The Company will likely grant future option-based awards, being Options granted under the Plan, including, for greater certainty, by granting Options to its directors, officers, employees and consultants. The timing, amounts, exercise price of these future option-based awards are not yet determined. For further information regarding the Plan, see “*Item 7.2 – Options to Purchase Securities*”.

### *Share-based Awards*

The Company will likely grant future share-based awards, being RSUs granted under the Plan, including, for greater certainty, by granting RSUs to its directors, officers, employees and consultants. The timing, amounts, exercise price of these future share-based awards are not yet determined. As of the date hereof, the Company has not awarded any RSUs. For further information regarding the Plan, see “*Item 7.2 – Options to Purchase Securities*”.

During the fiscal year ending February 29, 2024, it is not expected that the Company will provide for any pension plans to NEOs that provide for payments or benefits in connection with retirement or provide NEOs with any deferred compensation plans.

## **Compensation of Directors**

The directors of the Company may be paid fees for their services. However, it is expected that the Company will grant option-based awards and share-based awards to the majority of the directors in recognition of the time and effort that such directors devote to the Company. The timing, amounts, exercise price of these future option-based awards, share-based awards and any paid fees for service are not yet determined.

## **Employment, Consulting and Management Agreements**

Other than as set out herein, the Company has no agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO, or performed by any other party but are services typically provided by a director or NEO.

### ***Ryan Selby***

Mr. Selby serves as the Company's CEO pursuant to the terms and conditions of an executive employment agreement made effective upon closing the Business Combination. Mr. Selby serves as CEO on a full-time basis for an indefinite period of time unless terminated in accordance with the terms of his employment agreement. Under the agreement, Mr. Selby will receive (i) a base salary of \$180,000 plus GST, (ii) annual cash bonus(es) to be determined by the Board; and (iii) RSUs and Options pursuant to the Plan.

In the event that Mr. Selby is terminated without cause by the Company, or is found by a court of competent jurisdiction to have been constructively dismissed by the Company, then Mr. Selby will receive the greater of: (i) the minimum payments and entitlement prescribed under applicable statutory employment standards in the Province of Ontario; and (ii) twenty four months of his base salary plus any accrued obligations. In the event of a change of control, Mr. Selby will receive a termination fee equal to thirty months of this base salary plus an amount that is the equivalent of all cash bonuses paid by the Company to Mr. Selby in the thirty months prior to the change of control.

Mr. Selby's employment agreement includes a customary non-disclosure provision.

In the event of Mr. Selby's termination, outstanding Options and RSUs would be settled with the terms of the applicable Options and RSU grant agreements and the Plan.

### ***Paul Ciullo***

Mr. Ciullo serves as the Company's CFO pursuant to the terms and conditions of an executive employment agreement made effective upon closing the Business Combination. Mr. Ciullo serves as CFO on a part-time basis for an indefinite period of time unless terminated in accordance with the terms of his employment agreement. Under the agreement, Mr. Ciullo will receive (i) a base salary of US\$36,000, (ii) annual cash bonus(es) to be determined by the Board; and (iii) RSUs and Options pursuant to the Plan.

In the event that Mr. Ciullo is terminated without cause by the Company, or is found by a court of competent jurisdiction to have been constructively dismissed by the Company, then Mr. Ciullo will receive the greater of: (i) the minimum payments and entitlement prescribed under applicable statutory employment standards in the Province of Ontario; and (ii) six months of his base salary plus any accrued obligations. In the event of a change of control, Mr. Ciullo will receive a termination fee equal to twelve months of this base salary plus an amount that is the equivalent of all cash bonuses paid by the Company to Mr. Ciullo in the twelve months prior to the change of control.

Mr. Ciullo's employment agreement includes a customary non-disclosure provision.

In the event of Mr. Ciullo's termination, outstanding Options and RSUs would be settled with the terms of the applicable Options and RSU grant agreements and the Plan.

## **ITEM 11. PROMOTERS**

### **11.1 Promoters**

Ryan Selby, who is the CEO, Corporate Secretary and a director of the Company, is considered to be a promoter of the Company, as the term is contemplated under the BCBCA and applicable securities laws, as he took the initiative in founding an organizing the business of the Company.

See "*Item 10 – Directors and Officers*" for the beneficial ownership of Shares over which Ryan Selby exercises control.

## **ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **12.1 Legal Proceedings**

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings. To the knowledge of the Company, there are no existing or contemplated legal proceedings to which the Company is or was a party, or to which any of its property is or was the subject, during the financial year ended February 28, 2023 or during the period commencing March 1, 2023 to the date of this AIF.

### **12.2 Regulatory Actions**

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended February 28, 2023, or during the period commencing March 1, 2023 to the date of this AIF. There have been no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during the financial year ended February 28, 2023, or during the period commencing March 1, 2023 to the date of this AIF.

## **ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **13.1 Interest of Management and Others in Material Transactions**

Except as disclosed in this AIF, no director or executive officer of the Company or a Person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities, nor any of their respective associates or Affiliates have any material interest, direct or indirect, in any transaction within the last three (3) years before the date of this AIF, or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

### **13.2 Indebtedness of Directors and Executive Officers**

No individual who: (a) is a director or officer of the Company; (b) at any time during the most recently completed financial year of the Company, was a director or officer of the Company; or (c) is an Associate of any of the foregoing, is either: (i) indebted to the Company or any of its subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## **ITEM 14. TRANSFER AGENTS AND REGISTRARS**

### **14.1 Transfer Agents and Registrars**

The transfer agent and registrar of the Company is Endeavor Trust Corporation located at 777 Hornby Street, Suite 702, Vancouver, British Columbia, Canada, V6Z 1S4.

## **ITEM 15. MATERIAL CONTRACTS**

### **15.1 Material Contracts**

Except for material contracts entered into in the ordinary course of business, the only material contracts entered into by the Company within the most recently completed financial year and through to the date of this AIF, or prior thereto and that are still in effect as of the date hereof, are set forth below:

- 1) the Business Combination Agreement dated February 16, 2023; and
- 2) the Escrow Agreement dated April 16, 2021.

Additional details with respect to the terms of these contracts are included elsewhere in this AIF. Copies of any material contracts are available under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **ITEM 16. INTERESTS OF EXPERTS**

### **16.1 Interests of Experts**

Manning Elliott LLP (the "**Auditor**") prepared the auditor's report for the consolidated financial statements of the Company for the financial years ended February 28, 2022, 2021 and 2020. The Auditor was appointed as auditor of the Company on March 28, 2019.

As of the date of this AIF, Manning Elliott LLP and Hay & Watson Chartered Professional Accountants have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

In addition, none of the aforementioned Persons or companies, nor any director, officer or employee of any of the aforementioned Persons or companies, holds any securities of the Company is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any Associate or Affiliate of the Company. See "*Cautionary Note Regarding Forward-Looking Statements*".

## **ITEM 17. ADDITIONAL INFORMATION**

### **17.1 Audit Committee Information**

The following information regarding the Audit Committee is required to be disclosed pursuant to NI 52-110.

Pursuant to applicable laws, the policies of the Exchange and NI 52-110, the Company is required to have an audit committee composed of a minimum of three (3) members, each of whom must be a director of the Company, and a majority of whom are not officers, employees or control persons of the Company or of an Affiliate of the Company.

The overall purpose of the Audit Committee is to provide oversight of the Company's financial management and the design and implementation of an effective system of internal financial controls, to review and report to the Board on the integrity of the financial statements of the Company, and to oversee, report on and make

recommendations to the Board in respect of financial and non-financial risks faced by the Company. The Audit Committee has specific responsibilities relating to the Company’s financial reports, external auditors, internal controls, regulatory reports and returns, and legal and compliance matters that have a material impact on the Company. In fulfilling its responsibilities, the Audit Committee meets regularly with the external auditors and members of management.

### **Audit Committee Charter**

The Board has adopted a written charter for the Audit Committee, which is disclosed in Appendix “A” to this AIF.

### **Composition of the Audit Committee**

As at the date of this AIF, the following are the members of the Audit Committee. Also indicated is whether such members are “independent” and “financially literate” within the meaning of NI 52-110.

<b>Name of Audit Committee Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Aaron Bowden <sup>(3)</sup>	Yes	Yes
Ryan Selby	No	Yes
Patrick Gray	Yes	Yes

Notes:

- (1) A member of the Audit Committee is independent if he or she has no direct or indirect material relationship with the Company. A “material relationship” is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment. Due to Mr. Selby’s position as the CEO and Corporate Secretary of the Company, Mr. Selby is not considered an independent member of the Audit Committee.
- (2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
- (3) Chair of the Audit Committee.

### **Relevant Education and Experience**

Each member of the Audit Committee is financially literate and, collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The following is a description of the education and experience of each member of the Audit Committee that is, in addition to such member’s general business experience, relevant to the performance of his or her responsibilities as a member of the Audit Committee.

#### ***Aaron Bowden (Age: 45) – Audit Committee Chair***

Mr. Bowden specializes in taxation and currently manages all areas of domestic and international tax for a large Canadian company with over 10,000 employees and \$4 billion in sales. In addition to acting as a Finance Leader at WestJet Airlines Ltd. since July 2011, Mr. Bowden currently serves as a director of GenAI and served as the Chair of the Special Committee at Poda that led to the sale of substantially all of Poda’s assets in 2022 to Altria for US\$100.5 million. Mr. Bowden also served as a director for Revitalist Lifestyle and Wellness Ltd. from February 2021 to August 2022, and for Invictus MD Strategies Corp. from July 2016 to June 2019, a Canadian cannabis company with a focus on licensed producers as well as fertilizer and nutrients. Further, Mr. Bowden also served as a director for Hashchain Technology Inc. (now Digihost Technology Inc.) from February 2018 to January 2019, a blockchain technology company dedicated to blockchain-related business and services such as the mining of various cryptocurrencies, and for Mynd Life Sciences Inc. Prior to this, Mr. Bowden also worked at Deloitte, advising clients on assurance and tax matters with a focus on the technology industry. In addition to receiving his Chartered Accountant designation in 2007 from the Canadian Institute of Chartered Accountants in 2007, Mr. Bowden holds a Bachelor of Technology in Information Technology from Kwantlen Polytechnic University in Richmond B.C. and has previously served as a director for TSX Venture Exchange listed emerging industry companies.

***Ryan Selby (Age: 40) – Audit Committee Member***

Mr. Selby was a director, President and Chief Executive Officer of Poda Holdings Ltd. (“**Poda**”) from September 10, 2018 to August 23, 2022. He was the inventor of intellectual property licensed to Poda, which sold to Altria Client Services LLC (“**Altria**”), a subsidiary of Altria Group, Inc. (NYSE:MO), one of the world’s largest tobacco companies, for US\$100.5 million in 2022. From March to August of 2022, Mr. Selby also served as a director, Chairman and Chief Executive Officer of Generative AI Solutions Corp. (“**GenAI**”), a company that specializes in the development and application of artificial intelligence to solve complex problems in a variety of industries. Mr. Selby has also owned and operated his own private company, Emerald Innovations, since November 2006. Further, he was the President and Director of Camerico Giftwares Inc. from November 2011 to October 2017. Mr. Selby also acted as a Research and Development Contractor for Invictus MD Strategies Corp. from August 1, 2015 to November 8, 2018. Mr. Selby received a Bachelor of Commerce, International Business from the University of Victoria in 2006. This has provided Mr. Selby with general financial literacy, a basic understanding of accounting principles, and an ability to read and comprehend financial statements. Mr. Selby has successfully employed these skills as he was directly involved with the daily bookkeeping requirements of Emerald Innovations Ltd., Camerico Giftwares Inc., and Poda Technologies Ltd., while also working closely with accounting professionals for the preparation of annual financial statements and tax filings. A multi-patented inventor, Mr. Selby also brings expertise gained from over 16 years of industry experience designing, developing, patenting, commercializing, and distributing innovative products and accessories for the smoking industry.

***Patrick Gray (Age: 42) – Audit Committee Member***

Mr. Gray has acquired significant experience and exposure to accounting and financial management through his business career, while also serving as a director and officer for several public and private companies. Mr. Gray has served as a director of GenAI since November 2018, while also serving as the company’s Chief Executive Officer since August 2022. Mr. Gray also currently serves as the President and Founder of SCube Inc., a private company providing IT services, where he is closely involved in monitoring the daily financial affairs of the company, while also currently serving as the Chief Executive Officer of High Standard Health Care Ltd. He was also the former Chief Executive Officer of Hashchain Technology Inc. from July 2017 to February 2020, a company which was subject to public reporting and disclosure requirements. Mr. Gray currently serves as the Chairman of a blockchain technology and cryptocurrency mining company Mega Blockchain, while also serving as a director for CannAmerica Brands Inc., a U.S. marine veteran founded and operated portfolio of cannabis brands with licensing agreements in the United States and Canada, from January 2019 to February 2020. Mr. Gray completed a bachelor’s degree in Computer Science with a minor in Business from Siena College in 2004.

**Reliance on Certain Exemptions**

Since the commencement of the financial year ended February 28, 2023, and to the date of this AIF, the Company has not relied on:

- i. the exemption in section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*),
- ii. the exemption in subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*),
- iii. the exemption in subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*),
- iv. the exemption in subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*), or
- v. an exemption from the requirements of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

The Company is a “venture issuer” for the purposes of NI 52-110. The Company is relying upon the exemption in section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Audit Committee Oversight

Since the commencement of the financial year ended February 28, 2023, and to the date of this AIF, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### Pre-Approval Policies and Procedures

The Audit Committee will pre-approve all non-audit services to be provided to the Company by the external auditors, as required by the Audit Committee Charter. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

### External Auditor Service Fees

	Fiscal Year Ended February 28, 2023 (\$)	Fiscal Year Ended February 28, 2022 (\$)
Audit Fees <sup>(1)</sup>	81,500	66,150
Audit-Related Fees <sup>(2)</sup>	3,000	Nil
Tax Fees <sup>(3)</sup>	28,250	21,000
All Other Fees <sup>(4)</sup>	267,500 <sup>(5)</sup>	8,500 <sup>(6)</sup>
	<b>380,250</b>	<b>29,500</b>

Notes:

- (1) “**Audit Fees**” include fees necessary to perform the annual audit of the Company’s consolidated financial statements and for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “**Audit-Related Fees**” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “**Tax Fees**” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.
- (4) “**All Other Fees**” include all other non-audit services.
- (5) Fees charged by Stifel GMP for the provision of a fairness opinion in connection with the Altria Sale.
- (6) Fees charged for review of interim financial statements.

## 17.2 Principal Shareholders

To the knowledge of the Company, except as noted below, no person will beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the Shares:

Name	Number of Shares	Percentage of class (undiluted / diluted) <sup>(1)(2)</sup>	Aggregate percentage (undiluted)
Selby Family Trust 2022 <sup>(3)</sup>	8,640,000 Common Shares	12.08% / 9.33%	8.80%
Haywood Securities Inc.	7,235,860 Common Shares	10.12% / 7.81%	7.37%

Notes:

- (1) Based on 5,549,341 Class B Shares issued and outstanding.
- (2) Based on 71,532,402 Common Shares issued and outstanding.
- (3) The principal shareholder of the Selby Family Trust 2022 is Kelly Selby, who is the spouse of Ryan Selby, the CEO of the Company.

To the knowledge of the Company, no voting trust exists such that more than 10% of any class of voting securities of the Company are held, or are to be held, subject to any voting trust or similar agreement.



### **17.3 Additional Information**

Additional information relating to the Company may be found under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under the Plan is contained in the Company's management information circular for the annual and general meeting of its shareholders held on April 11, 2023. Additional information is also provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year ended February 28, 2023.

## APPENDIX A

### AUDIT COMMITTEE CHARTER

#### GENERATIVE AI SOLUTIONS CORP.

This charter (“**Charter**”) sets out the purpose, composition, member qualification, roles and responsibilities, manner of reporting to the board of directors (the “**Board**”) of Generative AI Solutions Corp. (“**GenAI**”), and the general objectives and operation of GenAI’s audit committee (the “**Committee**”).

#### **Mandate of the Committee**

The primary mandate of the Committee is oversight of GenAI’s external auditors (“**Auditors**”), financial reporting and continuous disclosure, financial risk management, GenAI’s whistleblower and fraud function, and compliance with tax and securities laws.

#### **Roles & Responsibilities**

In executing its mandate, the Committee shall have the following roles and responsibilities:

##### *External Auditor*

The Committee will: (a) select, evaluate and recommend to the Board, for shareholder approval, the Auditors and, if necessary, the replacement of the Auditor; (b) prior to the annual audit, evaluate the scope of the Auditor’s review, including the Auditor’s engagement letter and the annual audit plan, fee schedule and any related services proposals; (c) recommend to the Board the Auditors’ compensation; (d) pre-approve all non-audit services to be provided by the Auditors; (e) directly oversee the work of the Auditor; (g) assist with resolving any disputes between GenAI’s management and the Auditors regarding financial reporting; (h) ensuring that the Auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm’s internal quality control processes and procedures; and (i) performing other audit, review or attestation services.

##### *Financial Reporting*

The Committee will: (a) review the audited consolidated financial statements of GenAI, discuss those statements with management and with the Auditor, and recommend their approval to the Board; (b) review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board; (c) review GenAI’s management discussion and analysis, interim and annual press releases, and audit committee reports before GenAI publicly discloses this information; (d) review and consider any significant reports and recommendations issued by the Auditor, together with management’s response, and the extent to which recommendations made by the Auditor have been implemented; and (e) reviewing and approving GenAI’s hiring policies with respect to partners or employees (or former partners or employees) of a current or former auditor.

##### *Financial Risk Management*

The Committee will: (a) review with the Auditors and with management, the general policies and procedures used by GenAI with respect to internal accounting and financial controls and remain informed of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of AI or from applicable laws or regulations; (b) periodically review activities, organizational structure, and qualifications of the CFO and the staff in the financial reporting area, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions, and ensure that matters related to succession planning within GenAI are raised for consideration at the Board; (c) review

management plans regarding any changes in accounting practices or policies and the financial impact thereof; and (d) establishing procedures for: reviewing the adequacy of GenAI's insurance coverage, including the Directors' and Officers' insurance coverage.

#### *Fraud & Whistleblower Program*

The Committee will: (a) establish procedures for the confidential, anonymous submission by employees of GenAI of complaints regarding questionable accounting or auditing matters and the receipt, retention and treatment of any such complaints; and (b) review fraud prevention policies and programs, and monitor their implementation.

#### *Compliance with Laws*

The Committee will: review regular reports from management and others (e.g., external auditors, legal counsel) with respect to GenAI's compliance with laws and regulations relating to financial controls, records and reporting including: (a) tax and financial reporting laws and regulations; (b) legal withholding requirements; (c) laws and regulations which expose directors to liability; and (d) orientation of new members and continuous education of all members.

The Committee is also responsible for the other matters as set out in this Charter and/or such other matters as may be directed by the Board from time to time.

#### **Composition**

The Committee must be comprised of a minimum of three directors of GenAI. All members of the Committee must be financially literate as defined in NI 52-110. If upon appointment a member of the Committee is not financially literate, the person will be given a reasonable period of time to acquire the required level of financial literacy.

The Board will appoint a chair of the Committee (the Chair) to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Committee for any number of consecutive terms. The Chair shall be responsible for leadership of the Committee, including scheduling and chairing meetings, preparing agendas and briefing documents, and making regular reports to the Board. The Committee may form and delegate authority to subcommittees where appropriate.

The members of the Committee will be appointed by the Board annually, and from time to time to fill vacancies, as required. A Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Committee on ceasing to be an independent director.

#### **Meetings & Minutes**

The Committee shall meet as necessary, at a minimum at least four (4) times per year, to enable it to fulfill its responsibilities and duties as set forth herein.

The quorum required to constitute a meeting of the Committee is set at a majority of members. The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Committee members prior to the meeting for members to have a reasonable amount of time to review the materials.

The external auditors (Auditors), will be provided with notice as necessary of any Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.

The Committee will meet in camera separately with each of the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) at least annually to review the financial affairs of GenAI. The Committee will meet with the Auditor in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor’s examination and report.

Each of the Chair of the Committee, members of the Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

The Committee will keep minutes of its meetings which accurately recording the decisions reached by the Committee, and which minutes are filed with the minutes of the meetings of the Board.

### **Reporting**

The Committee will report, at least annually, to the Board regarding the Committee’s examinations and recommendations.

### **Express Authority**

The Committee shall have unrestricted access to GenAI’s officers and employees. The Committee may conduct or authorize investigations into or studies of matters within the Committee’s scope of responsibilities and duties. In addition to all authority required to carry out the duties and responsibilities included in this Charter, the Committee has specific authority to: (a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Committee will report directly to the Committee; (b) communicate directly with management and any internal auditor, and with the Auditors without management involvement; and (c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by GenAI.

### **Annual Review**

The Committee shall review and assess the adequacy of this Charter periodically as conditions dictate, but at least annually, to ensure compliance with any rules or regulations and recommend any modifications to this Charter if and when appropriate to the Board for its approval.

The Board will conduct an annual performance evaluation of the Committee, taking into account the Charter, to determine the effectiveness of the Committee