

ImagineAR Responds to Continuous Disclosure Review

Vancouver, British Columbia--(Newsfile Corp. - February 7, 2025) - [ImagineAR](#) (CSE: IP) (OTCQB: IPNFF) (FSE: GMS1), As a result of a review by the British Columbia Securities Commission, we are issuing the following press release to correct and clarify our disclosure.

The Company will amend and re-file the interim financial statements and corresponding management discussion and analysis where revenue figures did not conform with International Financial Reporting Standards and were materially misstated for the periods ending November 30, 2022, February 28, 2023, and May 31, 2023. The revenue figures were adjusted in the company's annual audited financial statements for the year ended August 31, 2022. The Company's 2023 interim financial statements incorporated the prior 2022 interim financial statements as comparatives and, as a result, the company's 2023 interim financial statements and management discussion and analysis that contain comparative interim 2022 information will also be amended and re-filed. At the time the 2023 interim financial statements were certified by the CEO and CFO, the Company determined that the year end financial statements were adjusted so there was no need to adjust the comparable 2022 interim statements.

The statement disclosed in the August 31, 2023 annual financial statements, "Management does not consider the Company to have significant concentrations of credit risk", will be revised in the amended and re-filed financial statements as there was concentration and credit risk with one customer. The Company's major customer contributed to 52% and 66% of revenue during the year ended August 31, 2022 and August 31, 2023, respectively. Accounts receivables due from the company's major customer of \$39,952 and \$173,547 were written off during the year ended August 31, 2022 and August 31, 2023, respectively. The Company determined that further action to collect the receivables was not warranted.

With respect to the disclosure in paragraph 2 on page 5 of the management discussion and analysis for the above periods, the shares were issued on November 22, 2023. The potential purchase of a property located in the Southern United States ("Project") was not successful and the refundable deposit was returned to Gurdip Panaich and the other individual. The Company previously disclosed that a director and another individual provided a refundable deposit escrow on behalf of the Company. The Company would like to clarify that the refundable deposit was not owned by the Company, and it was not refunded to the Company when the Project did not proceed. The Company issued 10,000,000 common shares in consideration for funding committed and services provided for the Company to meet competitive bidding requirements for the Project detailed on June 25, 2023. The Company initially recorded the consideration as a transaction cost of the Project in the Company's financial statements during the period ended November 30, 2023. During the year ended August 31, 2024, an audit adjustment was made to correct the fair value of the shares to \$400,000, and it was reclassified as a share-payment compensation. The Company has revised the errors contained in the interim financial statements for the period ended November 30, 2024 and will revise the errors contained in the interim financial statements for the periods ended February 28, 2025, and May 31, 2025 by restating the comparative figures presented. The company will also revise the errors contained in the interim MD&As for the periods ended February 28, 2025, and May 31, 2025 relating to the restated comparatives and references to the fair value of the 10,000,000 facilitation shares. In determining the reasonableness of the consideration, the board considered the opportunity to be significant but did not have the funds available to proceed, therefore it determined it was in the best interest of the Company to proceed with the share issuance as a facilitation fee.

The quantitative forward-looking information below was based on the following:

i. The interim May 31, 2024 MD&A discloses the Company signed a license agreement with S3iai and that the "*total value for this license agreement is \$203,397*".

- The contract valuation of \$203,397 was calculated based on the USD \$150,000 over three years converted into Canadian Dollars.
- No revenue was recorded to date

ii. On May 1, 2023, the Company announced contracts worth \$533,000 were booked to date for the fiscal year.

- The amount of \$533,000 was the total bookings, which was the aggregation of all the executed contracts, of which \$192,000 was recognized as revenue during the year ended August 31, 2023. However, due to unfavorable market conditions, the majority of the customers were not able to make payments, and ultimately the Company wrote off accounts receivable of \$173,000 as bad debt expenses during the year ended August 31, 2023.

iii. On March 1, 2023 the Company executed a MoU with a global digital company to provide SDK licenses "*expected to generate revenue in the range between \$200,000 CDN - \$414,000 CDN per year for three years*".

- The estimated revenue amounts were based the potential consideration to be received (translated to Canadian Dollars) in accordance with a non-binding Memorandum of Understanding with a global digital publishing company to purchase a range of minimum of 10 and a maximum of 25 three-year SDK mobile app licenses,
- No revenue was recorded

iv. The August 18, 2022 partnership with Hip Hop Hall of Fame Inc. was disclosed to provide the Company with "*minimum revenue of US\$95,000 per year.*"

- The amount disclosed was based on the consideration to be received in accordance to the executed agreement with Hip Hop Hall of Fame Inc.
- During the year ended August 31, 2023, the Company recorded revenue for the first year, which was \$127,982 (US \$95,000).
- The Company collected \$10,124 (US \$7,472), but unfortunately had to write off the remaining accounts receivable of \$118,596 (US \$87,528) due to uncertainty with collectability.

At the start of fiscal 2024, the Company decided to remove the "Non-GAAP Measures" section from the MD&A. Given all the multi-year contracts that the Company previously entered into were terminated, there was no longer any important backlog information to disclose.

About ImagineAR

ImagineAR Inc. (CSE: IP) (OTCQB: IPNFF) (FSE: GMS1) is an augmented reality (AR) platform, ImagineAR.com, that enables businesses of any size to create and implement their own AR campaigns with no programming or technology experience. Every organization, from professional sports franchises to small retailers, can develop interactive AR campaigns that blend the real and digital worlds. Customers simply point their mobile device at logos, signs, buildings, (products, landmarks and more to instantly engage videos, information, advertisements, coupons, 3D holograms and any interactive content all hosted in the cloud and managed using a menu-driven portal. Integrated real-time analytics means that all customer interaction is tracked and measured in real-time. The AR Enterprise platform supports both IOS and Android mobile devices and upcoming wearable technologies. The AR Platform is available as an SDK Plug-in for existing mobile apps.

For more information or to explore working with ImagineAR, please email info@imaginear.com, or visit www.imagineAR.com.

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ON BEHALF OF THE BOARD

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The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release

Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such information and statements.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws.



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