Legible Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended June 30, 2024

(Expressed in Canadian dollars)

This Management Discussion & Analysis ("MD&A") of Legible Inc. and its subsidiary (referred to as the "Company" or "Legible") was prepared by management as of August 29, 2024 and was reviewed and approved by the Board of Directors of Legible. The following discussion of performance, financial condition, and future prospects should be read in conjunction with the condensed interim consolidated financial statements for the six months ended June 30, 2024 and the annual audited consolidated financial statements for the year ended December 31, 2023, and the notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This discussion covers the six months ended June 30, 2024, and the subsequent period up to the date of issue of this MD&A.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 ("NI-51-102"). These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in Canadian dollars, unless otherwise noted.

DESCRIPTION OF BUSINESS and CORPORATE INFORMATION

Legible is an eBook entertainment and media company that has developed a browser-first, globally distributed reading, and publishing platform and browser-based Bookstore that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing global access to literature without the need for eReaders and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new technological tools and digital publishing formats. Legible is positioned to offer delightful, accessible, and immersive reading and listening experiences, a full Membership Plan service, an AI-powered book discovery tool, and a diverse catalogue of compelling media-rich (video, audio, animation, augmented reality) "Living Books" - exclusive and original to Legible - which are designed to generate new partnerships and unique publishing opportunities.

Legible Inc. and its wholly owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The head office is located at 250 - 997 Seymour St., Vancouver, BC V6B 3M1. Legible's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "READ" and trading commenced on December 1, 2021. On January 10, 2022, Legible's common shares commenced trading on the Frankfurt Stock Exchange (FSE) under the trading symbol D0T (D/zero/T). On January 25, 2023, Legible began trading on the U.S. based OTCQB Venture Market under the symbol LEBGF.

BUSINESS HIGHLIGHTS

Business Approach

Legible seeks to be a key player in the digital publishing industry and gain market share through innovative, twenty-first century publishing and global reading experiences using any browser-enabled device. Legible is on a mission to provide delightful eBook and audiobook experiences to readers worldwide that value immersive entertainment experiences through well-constructed, content-dynamic books while promoting sustainability, accessibility, and global literacy, plus early adoption of technology advancements including AI.

Challenges

Due to an on-going challenging investment and economic environment for tech, small cap stocks, and general spending as high interest rates and increasing costs of living dampen both investor and consumer spending power, Legible continues to raise additional capital to complete development of its core products. Legible remains focused on keeping overheads as low as possible, operating with a small team and working to strategically invest in marketing initiatives for the year ahead.

Corporate Update

On April 26, 2024, Legible closed a convertible debenture private placement for gross proceeds of $1,103,262, which included $2,880 in finder's fees, and $527,262 in settlement of outstanding indebtedness.

On July 16, 2024, Legible closed a convertible debenture private placement for gross proceeds of $1,050,000, which included $420,000 in settlement of outstanding indebtedness.

On July 31, 2024, the Company issued 674,222 common shares at $0.05 per common share ($33,711), and paid cash of $4,797 in settlement of the first quarter interest indebtedness of $38,508 regarding the convertible debentures that were issued on April 26, 2024.

On August 16, 2024, the Company closed on its Warrant Incentive Program ("Incentive Program") that was applicable to six classes of warrants. Under this program, 3,374,936 warrants were exercised at $0.07 for proceeds of $236,245, of which $180,232 was for the settlement of indebtedness that included a loan from a director for $15,750. 3,374,936 shares were issued upon exercise of warrants under the Incentive Program at a reduced strike price of $0.07 per common share. Pursuant to the Incentive Program, an additional 3,374,936 replacement warrants were issued to all persons participating, with an exercise price of $0.10 and an expiry date of August 16, 2025.

11,116,709 warrants, with an original expiry date of July 28, 2024 (originally amended to August 12, and subsequently further amended to August 16), expired, unexercised.

42,117,657 warrants which remained unexercised as of the close of business on August 16, 2024, will remain, subject to the original terms and conditions pursuant to which they were issued.

Operations Update

Legible's first AI-powered Living Cookbook, *My Model Kitchen Volume 1: Pasta*, by former supermodel and celebrity chef Ms. Cristina Ferrare, was featured on the Drew Barrymore Show on April 22, as well as the LIFTOFF podcast and TV show with Jeanniey Walden, and Daily Blast LIVE on April 26. In July, My Model Kitchen Volume 1: Pasta was nominated for two Gourmand Awards, one for use of AI in a cookbook, and one for Italian heritage content (results to be announced in October 2024).

On June 10, it was announced that Legible had won the e-Learning Innovation of the Year award from the EdTech Digest Breakthrough Awards program, beating out hundreds of other companies and positioning Legible in great company with fellow winners Kahoot!, PowerSchool, BrightCHAMPS, Carnegie Learning, LEGO Education, Ellucian, Cisco, Houghton Mifflin Harcourt, Degreed, Logitech, Boxlight, InStride, Promethean, Nelson Education, Anthology, Discovery Education, ViewSonic, and other top companies and startups in the industry.

Legible continued to develop its next three original Living Book/AI enhanced publications, releasing the second instalment in the *My Model Kitchen* Living Cookbook series - a Summer Supplement on smoothies called Soothies - in July, with the third volume: Volume 3 - The Garden of Earthly Delights, including training for the Sous Chef AI and its capability to provide personalized answers to customer queries on each recipe, released in late July, 2024. Legible continued to develop the verbal/audio version of the Sous Chef AI for use in the My Model Kitchen series, allowing readers to soon be able to ask the AI questions out loud and hear its responses.

The third Living Book in Legible's AI Classics series, FrankensteinAI, continued being developed in collaboration with artist/author Mr. Remo Camerota, who is producing original digital art for the publication, with release scheduled for late summer, 2024.

Legible's creative team produced a promotional video designed to be deployed widely as promotional collateral for investors and B2B partners, and the development team undertook extensive updates to the Legible site, catalogue, and web pages, implementing a rebrand, improving book delivery efficiency, and deploying innovative design, for the My Model Kitchen web page.

Legible launched an expanded catalogue of audiobook previews in nine categories in 1.5 million Teslas via its partnership with Slacker Radio, and in all of Slacker's apps for web and mobile.

Management focused significant effort on the development and launch of a major marketing campaign with an on-line marketing company with a proven track record. The campaign is designed to significantly boost subscriber numbers.

New Partnerships

Legible's publishing team secured a promotional catalogue selection of audiobooks from leading audiobook publisher RBmedia , and one from innovative audiobook publisher Blackstone Publishing that will be deployed into automotive market promotions.

On August 9, 2024, Legible announced a new collaboration with Krupp Kommunications, Inc., a renowned New York City-based public relations agency which aims to elevate Legible's presence in the digital reading market, enhance brand recognition, and expand its network of celebrity authors.

On August 15, Legible announced a strategic revenue-focused collaboration with LiveOne, Inc. and its premier personalized internet radio service, Slacker Radio, to accelerate subscriber and revenue growth by cross promoting Legible through free access to a 'Book of the Month' audiobook for Slacker Radio's members.

Publishers

Legible began onboarding audiobook content from the world's largest audiobook publisher, RBmedia, as well as from award-winning audiobook publisher Dreamscape Media.

Outlook

The Company's main focus for the coming months is to increase its user base and generate monthly recurring revenue, as well as consolidate and grow the significant partnerships it has forged. The Company is continuing to raise funds via equity and/or debt financings to strengthen its Balance Sheet and advance the remaining product development initiatives.

RESULTS OF OPERATIONS

FINANCIAL RESULTS for the THREE MONTHS ENDED JUNE 30, 2024

For the three months ended June 30, 2024, the Company recorded a net loss of $952,690, or $0.01 per share, compared with a net loss of $670,263, or $0.01 per share, for the three months ended June 30, 2023. Operating expenses for the three months ended June 30, 2024 decreased to $955,542, compared with $1,087,965 for the comparative period in 2023. Activities continue to be curtailed across the organization due to the lack of adequate funding and with minimal revenues being generated. Key changes from Q2 2023 to Q2 2024, include the following:

- **Revenues** - decreased to $9,220 (2023 - $18,352), which is comprised of Legible Publishing Services' ("LPS") revenues of $4,393 (2023 - $18,166), and subscriptions of Legible Unbound memberships and eBook sales of $4,827 (2023 - $186). The decrease in LPS revenues was due to clients not being as active, and the focus of staffing resources shifted more to supporting the subscriptions platform.

- **Cost of sales** - were $6,368 (2023 - $12,810), which included LPS production costs of $3,075 (2023 - $12,619); and royalties of $3,293 (2023 - $191) to publishers for subscriptions of Legible Unbound memberships and eBook sales.

- **Consultants** - fees decreased to $113,226 (2023 - $130,309) primarily due to reduced AI integration development work, but included business development focused on North America, UK and Europe; work on prospective business opportunities, and how to best penetrate the comic book industry; and capital markets advisory.

- **Directors' fees** - decreased to $nil (2023 - $18,000) as the independent directors agreed to terminate their fees as of November 1, 2023.

- **General and administrative** - increased to $119,584 (2023 - $51,894) predominantly due to directors' and officers' liability, commercial general liability, and cyber security insurance; license fees with a technology company that enhances the visual appeal and layout of digital books; eBook content development; attendance at investor meetings, and associated travel; and general office expenses.

- **Interest** - increased to $159,820 (2023 - $127,523), which primarily included $50,294 (2023 - $42,537) for the credit facility; convertible debentures - $45,695 (2023 - $14,529); bridge loans - $38,248 (2023 - $65,162); and promissory notes - $2,408 (2023 - $5,295).

- **Investor relations** - decreased to $53,260 (2023 - $57,082) predominantly due to a less expensive alternative for news release communications. The Company engaged Investor Cubed Inc. to provide investor relations and shareholder communications. On-going support, on a limited basis, for the business within the investment communities through communications with brokerage firms, institutions, portfolio managers, capital markets professionals, and the retail public continued. Costs also included OTCQB maintenance fees, and market liquidity services.

- **Marketing** - decreased to $3,339 (2023 - $16,035). Spending was reduced due to limited working capital. Work continued to strategize on ways to develop revenue streams that will be implemented through targeted and comprehensive marketing campaigns when funds are available.

- **Professional fees** - decreased to $64,375 (2023 - $157,253). The comparative period included an over-accrual and a timing discrepancy that was corrected in a subsequent period. Current year fees included an accrual for audit fees, and tax work; legal fees associated with the Company being public; fees associated with the filing of trademark applications in Canada and the US; and legal fees regarding on-going corporate matters.

- **Salaries, wages, and benefits** - decreased to $317,072 (2023 - $382,425) due to the downsizing of a part-time senior developer and an administrative assistant that resulted in a staff complement, as of June 30, 2024, of 9 employees, 8 of which are full-time.

- **Share-based compensation** - the Company uses stock options as a means for employee, director, consultant and advisor compensation, retention, and incentives. During the six months ended June 30, 2024, the Company recorded an expense of $26,076 (2023 - $76,769) for stock options granted to directors, officers, employees, consultants, and advisors.

(Expressed in Canadian Dollars)

- **Software development** - increased to $34,665 (2023 - $nil) as the Company invested in development of its mobile and web apps for Android and IOS, by a third-party technology partner, which allows for offline reading and listening of its eBooks and audiobooks library.

- **Software subscription and hosting fees** - decreased to $54,810 (2023 - $56,479) due to a reduction in subscription costs, but included website hosting fees; multiple software applications supporting the operations platform; data integrity protection; cybersecurity monitoring; and storage fees for audiobooks.

- **Transfer agent and filing fees** - decreased to $9,315 (2023 - $9,723) due to reduced regulatory activities.

Net operating cash outflows

For the three months ended June 30, 2024, the Company's net operating cash outflows were $827,005, compared to $601,939 for the comparable period in the previous year.

The increase was attributed to higher costs regarding consultants; general and administrative; software development; and software subscriptions and hosting fees; which were partially offset by decreased investor relations; marketing; professional fees; salaries, wages, and benefits; and transfer agent and filing fees.

SUMMARY OF QUARTERLY RESULTS

The following is summary of the Company's financial results for the eight most recently completed quarters:

	Three Months Ended Jun. 30, 2024 $	Three Months Ended Mar. 31, 2024 $	Three Months Ended Dec. 31, 2023 $	Three Months Ended Sep. 30, 2023 $	Three Months Ended Jun. 30, 2023 $	Three Months Ended Mar. 31, 2023 $	Three Months Ended Dec. 31, 2022 $	Three Months Ended Sep. 30, 2022 $ (1)
Revenue	9,220	19,949	14,154	10,356	18,352	10,583	7,031	11,612
Net loss	952,690	1,100,375	1,322,180	1,588,740	670,263	1,216,554	679,005	2,356,016
Basic & diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.04

(1) Included was interest of $1,039,959; investor relations expenses of $349,153; salaries, wages, and benefits of $369,999; and share-based compensation of $235,190.

YEAR to DATE - FINANCIAL RESULTS for the SIX MONTHS ENDED JUNE 30, 2024

For the six months ended June 30, 2024, the Company recorded a net loss of $2,053,065, or $0.02 per share, compared with a net loss of $1,886,817, or $0.02 per share, for the six months ended June 30, 2023. Operating expenses for the six months ended June 30, 2024 decreased to $2,062,292, compared with $2,379,867 for the comparative period in 2023. Activities continue to be limited across the organization due to the lack of adequate funding and with negligible revenues being generated. Key changes from Q2 2023 to Q2 2024, include the following:

- **Revenues** - increased to $29,169 (2023 - $28,935), which is comprised of LPS revenues of $20,277 (2023 - $28,344), and subscriptions of Unbound memberships and eBook sales of $8,892 (2023 - $591).

- **Cost of sales** - were $19,942 (2023 - $20,194), which included LPS production costs of $14,244 (2023 - $19,746) and royalties paid to publishers of $5,698 (2023 - $448).

- **Consultants** - increased to $261,885 (2023 - $226,267) mainly due to work on prospective business opportunities and penetration into international markets and the comic book industry; capital markets advisory; development of data analytics infrastructure; work on Stan Lee comic book writing and planned production; business development in the UK and Europe; and AI development work.

- **Directors' fees** - decreased to $nil (2023 - $36,000). Independent directors agreed to terminate their fees as of November 1, 2023.

- **General and administrative** - increased to $187,948 (2023 - $131,797) primarily due to corporate insurance; social media work; reading platform license fees; eBook content development; and general office expenses.

- **Interest** - increased to $297,046 (2023 - $243,793) primarily due to commitment fees and interest on bridge loans. Further details are as follows: bridge loans - $98,208 (2023 - $65,162); credit facility - $98,528 (2023 - $84,516); promissory notes - $15,942 (2023 - $10,630); and convertible debentures - $51,705 (2023 - $75,447).

- **Investor relations** - decreased to $86,795 (2023 - $152,108) primarily due to the reduction of investor relationship management services due to a lack of funding and the Company implementing a less expensive alternative for news release communications. Costs included OTCQB maintenance fees, and market liquidity services.

- **Marketing** - decreased to $16,542 (2023 - $99,835). The comparative period included a targeted marketing campaign with its GO READ partnership with Metrolinx. Activity continued to be limited due to a shortage of working capital. Work continued to strategize on ways to develop revenue streams that will be implemented through targeted and comprehensive marketing campaigns when funds are available.

- **Professional fees** - decreased to $137,824 (2023 - $210,371). Current year fees included an audit accrual, tax work; legal fees associated with the Company being public; fees associated with the maintenance of trademark applications; and legal fees regarding on-going corporate matters. The comparative period included an over-accrual and a timing discrepancy that was corrected in a subsequent period.

- **Salaries, wages, and benefits** - decreased to $664,247 (2023 - $777,534). The Company reduced its staff complement to 9 employees, down from 11 in the comparative period.

- **Share-based compensation** - a non-cash share-based compensation expense of $144,352 (2023 - $289,117) was recorded for stock options granted to directors, officers, employees, consultants, and advisors.

- **Software development** - increased to $131,010 (2023 - $67,706) as the Company continued to invest in development of its mobile and web apps for Android and IOS, by a third-party technology partner, which allows for offline reading and listening of its eBooks and audiobooks library.

- **Software subscriptions and hosting fees** - increased to $118,105 (2023 - $117,987) mainly due to increased hosting fees, but included multiple software applications supporting the operations platform; data integrity protection; cybersecurity monitoring; storage fees for audiobooks; and software for improved data analytics.

- **Transfer agent and filing fees** - increased to $16,538 (2023 - $17,430) predominantly due to decreased regulatory and administrative activities.

Net operating cash outflows

For the six months ended June 30, 2024, the Company's net operating cash outflows were $1,288,501, compared to $1,112,118 for the comparable period in the previous year.

The increase was mainly attributed to higher costs regarding consultants; general and administrative; software development; and software subscriptions and hosting fees; which were partially offset by decreased investor relations; marketing; professional fees; salaries, wages, and benefits; and transfer agent and filing fees.

CONTINGENCIES

The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes that adequate provisions have been made in the financial statements, and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Company.

SUBSEQUENT EVENTS

On July 13, 2024, 7,088,753 warrants with an exercise price of $0.12, expired, unexercised.

On July 16, 2024, the Company closed its non-brokered convertible debenture private placement for gross proceeds of $1,050,000, which included $420,000 in settlement of outstanding indebtedness. Legible issued 150 convertible debenture units. Each debenture unit consists of: (i) a 15% unsecured convertible debenture of the Company in the principal amount of $7,000; and (b) 100,000 common share purchase warrants for two years.

On July 31, 2024, the Company issued 674,222 common shares at $0.05 per common share ($33,711) and paid cash of $4,797 in settlement of the first quarter interest indebtedness of $38,508 regarding the convertible debentures that were issued on April 26, 2024.

In July and August, 2024, an aggregate of 500,000 options, were forfeited.

On August 16, 2024, the Company closed on its Warrant Incentive Program ("Incentive Program") that was applicable to six classes of warrants. Under this program, 3,374,936 warrants were exercised at $0.07 for proceeds of $236,245, of which $180,232 was for the settlement of indebtedness that included a loan from a director for $15,750. 3,374,936 shares were issued upon exercise of warrants under the Incentive Program at a reduced strike price of $0.07 per common share. Pursuant to the Incentive Program, an additional 3,374,936 replacement warrants were issued to all persons participating, with an exercise price of $0.10 and an expiry date of August 16, 2025.

11,116,709 warrants, with an original expiry date of July 28, 2024 (originally amended to August 12, and subsequently further amended to August 16), expired, unexercised.

42,117,657 warrants which remained unexercised as of the close of business on August 16, 2024, will remain, subject to the original terms and conditions pursuant to which they were issued.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company had a working capital deficit of $3,349,081 (December 31, 2023 - $2,867,303), with cash of $36,658 (December 31, 2023 - $74,831).

All cash is held with Schedule A banks in deposit accounts, and the Company has no joint ventures with any parties that may potentially create derivative, or hedge risk.

The Company has insufficient working capital to meet its ongoing operating and general administrative expenditures over the next twelve months and will need to rely on debt and/or equity financings and revenue generation.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of June 30, 2024, the Company has limited revenue and generated negative cash flows from operating activities. The continued operations of the Company depends on its ability to generate future cash flows or obtain additional financing. The Company has a working capital deficit of $3,709,081 (December 31, 2023 - $2,867,303) and an accumulated deficit of $29,418,209 (December 31, 2023 - $27,365,144) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern depends on its ability to generate product sales, complete additional financings, and ultimately, attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern.

OPERATING ACTIVITIES

For the six months ended June 30, 2024, the Company's operating activities used cash of $1,288,501 compared with cash used of $1,112,118 for operating activities for the six months ended June 30, 2023.

These cash outflows are attributable to the general operations of the Company relating to the Company's net loss as well as the Company's changes in working capital items.

FINANCING ACTIVITIES

For the six months ended June 30, 2024, the Company's financing activities provided the Company with $1,250,328, compared to cash provided of $991,453 for the six months ended June 30, 2023.

For the six months ended June 30, 2024, the Company received bridge loans for $603,208, with 10% commitment fees and 15% annual interest, and $576,000 from convertible debentures.

(Expressed in Canadian Dollars)

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel consists of the Company's Board of Directors, corporate officers, and certain members of the senior executive team.

Key management personnel appointed were as follows:

- Chief Executive Officer ("CEO") - Kaleeg Hainsworth.
- Chief Operations Officer ("COO") and Chief Publishing Officer ("CPO") - Angela Doll.
- Chief Financial Officer - Ed Duda ("CFO").
- Board of Directors - Kaleeg Hainsworth; and current independent directors - David Van Seters and Shannon Kaustinen.

Transactions with related parties that are included in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2024, and 2023, were made in the normal course of operations and are summarized as follows:

	June 30, 2024	June 30, 2023
	$	$
Directors' fees	**-**	36,000
Salaries, wages, and benefits	**241,573**	238,006
Share-based compensation	**53,912**	134,092
	295,485	408,098

As of June 30, 2024, $44,145 (2023 - $11,130) was outstanding to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the six months ended June 30, 2024, and 2023, the Board of Directors were issued nil (2023 - 496,970) shares for services at $0.09 and $0.11 for $48,000 that covered the period October 2022 to May 2023.

The Company had the following related party transactions for the six months ended June 30, 2024, and 2023:

(1) During the six months ended June 30, 2024, and 2023, the Company incurred $80,525 (2023 - $80,189) to the CEO; $80,524 (2023 - $77,659) to the COO/CPO; and $80,524 (2023 - $80,158) to the CFO.

(2) During the six months ended June 30, 2024, and 2023, the Company incurred $nil (2023 - $36,000) in directors' fees for standing independent directors. The directors were issued nil (2023 - 496,970) shares for services at $0.09 and $0.11 for $48,000 that covered the period October 2022 to May 2023.

(3) The fair value of share-based compensation is measured at the grant date using the Black Scholes option valuation model and is recorded as an expense in the consolidated statement of loss and comprehensive loss over the vesting period of the options. During the six months ended June 30, 2024, the Company incurred $26,956 (2023 - $58,025) to the CEO; $26,956 (2023 - $48,023) to the COO/CPO; $nil (2023 -

$nil) to the CFO; and $nil (2023 - $28,044) to the Board of Directors.

During the six months ended June 30, 2024, a total of nil options (2023 - 300,000, at an exercise price of $0.20) were granted to key management personnel with an aggregate fair value of $ nil (2023 - $24,120).

FINANCIAL RISK MANAGEMENT OBJECTIVES and POLICIES

The risk exposure arising from financial instruments is summarized as follows:

(a) Credit risk - The Company's financial assets are cash, and amounts receivable. The maximum exposure to credit risk, as at the period end, is the carrying value of their financial assets. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore, minimizing the Company's credit risk in respect to its cash.

(b) Liquidity risk - The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors its forecasted and actual cash flows as well as any anticipated investing, and financing activities. The Company, currently, does not have recurring revenue, and is working diligently on securing additional funding to meet short-term financial obligations after considering its operating obligations and cash on hand.

Six months ended June 30, 2024	On Demand $
Accounts payable and accrued liabilities	**2,239,848**
Credit facility	**533,060**
Loans payable	**514,637**
Due to related parties	**44,145**

(c) Market risk - Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's main activities have been transacted in Canadian dollars for the six months ended June 30, 2024. As such, the Company has minimal market risks.

(d) Concentration risk – The risk occurs when the revenue has a significant exposure to a particular customer that contributes more than 10% of total revenues. During the six months ended June 30, 2024, the Company had two major customers contributing more than 10%, as noted below:

	June 30, 2024	**June 30,** 2023
Customer A	**54%**	53%
Customer B	**15%**	-
Customer C	**-**	16%

CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share or debt issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year. These objectives and strategies are reviewed on a continuous basis.

FUTURE ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations are not yet effective and have not been adopted early in preparing these Financial Statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's Financial Statements.

OTHER MD&A REQUIREMENTS

Disclosure Controls and Procedures

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures, and controls to ensure that information used internally and disclosed externally is complete and reliable. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52- 109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements for the period ended June 30, 2024, and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its Filings on SEDAR+ at Sedarplus.ca.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The Company will face a number of challenges in the development of its business.

Prospects for companies in the technology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in technology companies should be regarded as highly speculative. An investor should carefully consider the risks and uncertainties described below. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's shares could decline.

If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. Potential investors should consult with their professional advisors to assess an investment in the Company.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Risks Related to Capitalization and Commercial Viability

The Company will require additional capital to continue to develop its platform, obtain further content licensing, and secure revenue. Should further financing not be completed, there is a risk that the Company will not have the capital required to expand the business and further develop the platform and obtain content. If the Company does not obtain additional capital for investment, then there is a presumed risk to the commercial viability of its platform. Further, if further financing is not completed, the Company may be required to raise additional capital from existing and new sources through private placements.

Risks Related to Additional Financing

The Company will require additional equity and/or debt financings and revenue generation to execute the Company's growth strategy. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially acceptable to the Company. The Company's growth may be limited if it is unable to raise financing in order to support ongoing operations and therefore will have an adverse impact on the financial results of the Company.

Should the capital obtained upon completion of future financings be sufficient to fund the Company's current operations, there is no guarantee that the Company will be able to achieve its business objectives. There is no assurance that the capital used to invest in the Company's personnel, systems, procedures, and controls will ensure the Company's objectives. The Company may require additional financings beyond that acquired previously and if so, there is no assurance that the financing obtained will be on terms that are favourable to the Company.

Risks Related to Growth Strategy Execution

The execution of the Company's growth strategy has significant dependence on managerial, financial, and human resources. The Company's ability to grow depends on a number of factors, including the availability of capital, existing, and emerging competition, and the ability to recruit and train additional qualified personnel. Moreover, as the Company's business grows, the Company will need to devote additional resources to improving its operational infrastructure and enhance its scalability to maintain its business performance.

Risks Related to Uncertainty and Adverse Changes in Consumer Reading Habits

The success of the Company is contingent on its consumer base perceiving more value in the Company's platform compared with existing eBook and audiobook platforms and physical books. While the eBook and audiobook market and its sales compared with physical books continue to increase, should consumer reading habits shift away from eBooks and audiobooks, demand for the Company's platform may decrease.

Risks Related to the Ability to Attract New Customers, Retain Existing Customers and Grow Revenues

To achieve profitability and increase revenues, the Company must regularly obtain new customers or increase the scope of services provided to existing customers. A variety of factors may impede these efforts including ineffective marketing campaigns, lack of content to market to new and existing customers, lack of perceived value of the Company's platform by potential customers or the Company being unable to attract and retain quality sales and marketing personnel.

Risks Related to Increased Competition

As market demand for eBooks and audiobooks grows, publishers and existing eBook and audiobook platforms will seek ways to increase market share and provide their customers with sought-after digital media content. As such, existing companies and new entrants will continue to create and refine technology to provide this content. The increase in market entrants may decrease the market share for the Company, which may have an adverse impact on the Company's operations. The creation or refinement of digital technology that consumers view as more cost efficient or superior to the Company's platform will also impact the Company adversely.

Risks Related to Cyber Security and Data Protection

As an online platform, there is risk of cyber-attacks, technology issues, and changes to global legislation for data management. To mitigate cyber risks, the Company has engaged, and will continue to regularly engage with, third-party security partners to conduct penetration and other testing/auditing of the Company's platform, and to act on the recommendations provided. In preparation to expand outside of North America, the Company has also engaged third-party services to audit General Data Protection Regulation (GDPR) and other data protection mechanisms to ensure compliance and provide recommendations for improvements.

Risks Related to Limited History of Operations

The Company is in an early stage of development, has a limited history of operations, and operates in a new and rapidly-evolving market. As such, the Company is subject to many risks common to start-up enterprises and its viability must be viewed against the background of such risks. Such risks include under-capitalization, cash shortages, limitations with respect to personnel, and lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations.

Risks Related to Changing Technology

The Company's ability to attract new users of its software and increase revenue from existing users depends in large part on its ability to enhance and improve its products, introduce new features and services in a timely manner, sell into new markets, and further penetrate existing markets. If the Company is unable to do so, its revenue will not grow as expected. Moreover, the Company is required to enhance and update its products and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and forces the Company to continually qualify new features with its users.

Risks Related to Defects, Bugs, or Errors

The Company has quality controls in place to detect defects, bugs, or other errors in its products and services before they are released, however, these quality controls are subject to human error, overriding, and resource or technical constraints. As such, these quality controls and preventative measures may not be effective in detecting all defects, bugs, or errors in its products and services before they are released into the marketplace. The release of products or services with significant defects, bugs, or errors could damage the Company's reputation, brand, and sales.

Risks Related to Reliance on Key Personnel

Given the complex nature of the technology on which the Company's business is based and the speed with which such technology advances, the Company's future success is dependent, in large part, on its ability to attract and retain highly qualified managerial, technical, and sales personnel. Competition for talented personnel is intense, and no assurance can be given that the Company will retain its managerial, technical, and marketing personnel or that it can attract, assimilate, or retain such personnel in the future. As the Company's business grows, it will require additional key financial, administrative, marketing, and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Risks Related to Inability to Protect Technology

There can be no assurance that the steps taken by the Company to protect its technology will be adequate to prevent misappropriation or independent third-party development of the Company's technology. It is possible that other companies could duplicate an eBook and/or audiobook platform similar to that of the Company.

Risks Related to Potential Intellectual Property Claims

The Company may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle, and could divert management resources and attention. An adverse determination, also, could prevent the Company from offering its products and services to others and may require that it procure substitute products or services for these members or obtain additional licenses. The Company may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively.

Risks Related to Market Trends and Global Political Issues

Changing broader financial conditions including the market's expectations for continued rising interest rates fueled by the continued rise in inflation, along with the Russian invasion of Ukraine and the Israeli/Hamas conflict has continued to drive a rotation by investors into value versus growth-oriented equities. The best performing sectors in Canada were energy and materials, and the worst performing sectors were information technology, commodities, and metals. Under the current uncertain and fast-changing macroeconomic, financial, and geopolitical environment, investor sentiment and appetite for technology companies, especially those not yet reporting free cash flows, have been negatively impacted as reflected in their lower market valuation, resulting in a more difficult capital raising environment and a higher cost of capital.

Risks Related to Evolving Business Model and its Services and Products Could Change

To stay current with the industry, the Company's business model may need to evolve as well. From time to time, it may modify aspects of the Company's business model relating to Company's product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage the Company's reputation, limit the Company's growth, and negatively affect its operating results.

Risks Related to Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting a transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC and Alberta) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director is in such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter, unless otherwise permitted by the Corporations Act. In accordance with the laws of the Provinces of British Columbia and Alberta, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

In the future, the Company may invest in new business strategies, acquisitions and/or joint ventures. New ventures are inherently risky and may not be successful. In evaluating such endeavours, the Company must make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. Furthermore, acquisitions and investments involve certain other risks and uncertainties, including the risks involved with entering new competitive categories or regions, the difficulty in integrating newly-acquired businesses, the challenges in achieving strategic objectives and other benefits expected from acquisitions, investments or joint ventures, the diversion of the Company's attention and resources from its operations and other initiatives, the potential impairment of acquired assets and liabilities, the performance of underlying products, capabilities or technologies and the potential loss of key employees and customers of the acquired businesses.

Risks Related to Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, and other factors could have a significant effect on the share price or trading volumes for the Company shares. The Company has not paid dividends to date and the Company does not expect to pay dividends in the near future.

Risks Related to No Assurance of an Active Trading Market

There can be no assurances that an active trading market in the Company shares on the CSE will be sustained.

Risks Related to Equity Dilution to Shareholders

The issuance of any equity securities could, and the issuance of any additional shares will, cause the Company's existing shareholders to experience dilution of their ownership interests. Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's shares.

Risks Related to Value of Securities

The value of the Company's shares may be reduced for a number of reasons, some of which are outside the control of the Company, including:

- General economic conditions in Canada, the United States and globally;
- Failure to achieve desired outcomes by the Company;
- Failure to obtain industry partners and other third-party consents and approvals, when required;
- Stock market volatility and market conditions;
- Competition for, among other things, capital, and skilled personnel;
- The need to obtain required approvals from regulatory authorities;
- Revenue and operating results failing to meet expectations in any particular period;
- Investor perception;
- Limited trading volume of the Company's shares;
- Announcements relating to the Company's business or the businesses of the Company's competitors; and
- The Company's ability or inability to raise additional funds.

Risks Related to Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and operational results. The Company may need to hire additional employees to comply with these requirements, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information.

All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intends”, “plan”, “forecast”, “budget”, “schedule”, “project”, “estimate”, “outlook”, or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties, and other factors that may cause actual future performance, achievement, or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement, or realities. Although the forward-looking statements and information contained in the MD&A reflect management’s current beliefs based on information currently available to management and based on what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events, or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. All forward-looking statements and information disclosed in this MD&A, are qualified by this cautionary statement.

CORPORATE GOVERNANCE

The Company’s board of directors and its committees adhere to recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current board of directors is comprised of three individuals, two of whom are independent of management as they are neither executive officers nor employees of the Company. The audit committee is currently comprised of three directors, two of which are independent of management and have strong financial backgrounds.

The audit committee’s role is to ensure the integrity of the Company’s reported financial results through its review of the interim and audited annual financial statements prior to their submission to the board of directors for approval. The audit committee meets with management, at least quarterly, to review the consolidated financial statements, as well as the management’s discussion and analysis, and to discuss financial, operational, and other important matters.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common shares (Class A)

As at August 29, 2024, the Company had 137,456,880 common shares issued and outstanding (December 31, 2023 - 133,407,722).

Warrants

As at August 29, 2024, the Company had 42,117,657 warrants outstanding (December 31, 2023 - 50,617,796).

Options

As at August 29, 2024, the Company had 9,888,750 stock options outstanding (December 31, 2023 - 9,308,750).

Convertible debenture shares

As at August 29, 2024, the Company has reserved 28,485,121 shares to be issued should the holders elect to convert the convertible debentures into common shares (December 31, 2023 - 1,226,650).

Fully diluted

As at August 29, 2024, on a fully diluted basis, the share capital outstanding was 217,948,408 (December 31, 2023 - 194,560,918).

APPROVAL

The Board of Directors of the Company have approved the condensed interim consolidated Financial Statements, and the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.legible.com.