IMAGINE AR

ImagineAR Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 29, 2023

For the years ended August 31, 2023 and 2022

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1. INTRODUCTION

The Management's Discussion and Analysis ("MD&A") of operating results and financial position for the year ended August 31, 2023 is supplementary to and should be read in conjunction with the audited consolidated financial statements and related notes as at for the years ended August 31, 2023 and 2022. Copies of these documents can be found on the SEDAR+ website at www.sedarplus.ca. The MD&A is intended to help readers understand the dynamics of our business and the key factors underlying our financial results. The MD&A and the consolidated financial statements were approved by the Board of Directors on December 29, 2023.

2. FORWARD-LOOKING INFORMATION

This document contains forward-looking statements which reflect management's current expectations about future events and financial and operating performance of the Company. Words such as "may", "will", "should", "could", "anticipate", "believe," "expect, "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. Forward-looking statements contained in this document may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements reflect management's current views with respect to future events or conditions, including prospective financial performance, financial position, and predictions of future actions, plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making these forward-looking statements. These statements reflect management's current views, beliefs and assumptions and are subject to certain inherent risks and uncertainties. Factors that could cause actual performance to differ materially include, but are not limited to:

- *ability to develop or acquire new technology;*
- *competition in the market;*
- *development of new software products;*
- *economic growth and fluctuations;*
- *proper performance of our applications;*
- *the protection and privacy of personal information which we hold;*
- *the risks associated with credit extended;*
- *capital expenditures;*
- *changes in accounting policies and estimates;*
- *exchange rate fluctuation between the US and Canadian dollar;*
- *human resource matters, including recruitment and retention of competent personnel; and*
- *the ability to raise capital.*

The above (and other) factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements. See "Risks and Uncertainties" below and the section entitled "Risk Factors". Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking statements prove incorrect, our actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. We do not intend and do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise, unless required by law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

3. COMPANY OVERVIEW

ImagineAR Inc. ("the Company") is a public company domiciled in Canada incorporated in British Columbia under the laws of the Business Corporation Act (BC, Canada) on October 11, 2011. On April 17, 2019, the Company was continued under the Canadian Business Corporations Act. The Company's head office is located at #250 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

The Company's core business is to deliver engaging and interactive digital content to users through a cloud-based enterprise augmented reality ("AR") platform with a brand name of ImagineAR™. The self-publishing AR cloud platform can integrate into both IOS & Android native mobile apps as a Software Development Kit ("SDK") or provided as a white-label mobile app.

In calendar year 2022-2023, the Company focused on selling SDK integrations with existing mobile apps, white label mobile app, and custom WebAR solutions. Unfortunately, Covid-19 negatively impacted the global sports and live events marketplace and therefore greatly reduced the Company revenue expectations for 2021-2022. With this new pandemic paradigm continuing through 2022, the Company continued to receive requests for demonstrations from organizations in brands, sports, and the entertainment marketplace but final purchase decisions were postponed. The Company has been focusing on the global sports marketplace, especially the soccer leagues, and was a winner of the STA 2021 Category Award Winner – Fan Engagement. The Company continues to market its SDK solution to professional and college sports teams with primary geographic focus on the United States. The Company has secured a number of professional sports teams in 2023 and plans to leverage the success into additional professional and collegiate sports teams.

About ImagineAR™ Product Suite

ImagineAR™ is the free generic consumer AR mobile app that allows the user to visualize the AR content once it is activated through the ImagineAR™ Client Web Dashboard. The activated content can be in the form of a 2D/3D image, text or video. ImagineAR**™** can also deliver AR rewards, sweepstakes and create AR scavenger hunts. The mobile app is available for free in both the IOS and Android mobile app stores and is used for proof of concept and demonstration purposes.

ImagineAR™ Cloud - Centralized content management system where the content is securely stored and managed. This past year, the Company made significant upgrades and enhancements to the Cloud to provide for true globalization of AR immersive activations.

The ImagineAR product suite bridges the gap between the upcoming Metaverse digital world and real-world experiences. The SDK integrated into mobile apps allow the users to scan real-world objects, enjoy immersive holograms and unlock useful and entertaining content. The self-publishing platform allows users to generate their own AR content using existing content assets. The Company also provides professional content services that can take the form of gaming content (scavenger hunts, score boards, sweepstakes etc.) or custom content (3D modelling, video animation, brand logo imaging etc.)

The AR experiences could be self-published to the ImagineAR™ mobile app, ImagineAR™ SDK. The Company will charge users a Software as a Service ("SaaS") recurring monthly licensing fee for the use of the ImagineAR™ mobile app or an annual recurring licensing fee for the SDK and white-label mobile app. Alternatively the Company will enter a revenue sharing agreement with clients depending upon specific agreed upon key performance indications.

The Company has been marketing the ImagineAR™ platform to the sports industry, music, brands live events, and the retail marketplace.

FameDays.com is the next generation patented Metaverse e-greeting card platform focusing on virtual celebrations with celebrities, sports stars, entertainers and influencers. Retail Prices range from $5USD - $20USD per each greeting message including Birthday, Anniversary, Thanksgiving, Christmas, Newborn Baby, New Year, SuperFan and many more. FameDays.com is one of the first-ever celebrity hologram e-greeting platforms in the world and is based upon the patented ImagineAR™ platform for global sports teams and brand clients delivering immersive AR consumer and fan engagements. Initial Talent includes Baseball Hall of Fame Member David Ortiz, Football Superstar Von Miller, Pro Wrestler & Strongman World Champion Adam Scherr, TV Star Blake Hortsmann, Denver Broncos Football Stars Brandon McManus & Courtland Sutton, and Baseball SuperStars Pete Alonso and Johnny Damon.

This platform went live April 2022 and the Company plans to focus on marketing the platform to the NIL Collegiate Market in 2024.

Recent client agreements and news include:

On September 28, 2021, the Company was named as a respondent in a Notice of Hearing by the B.C. Securities Commission. The B.C. Securities Commission has begun administrative proceedings against investor relations company Stock Social Inc. and its principal, West Vancouver's Kyle Alexander Johnston, for multiple disclosure failures in its advertising. The BCSC claims that Stock Social posted favourable material on-line for several companies, but did not clearly state that the postings were disseminated on behalf of the companies. Mr. Johnston also arranged for several social media "influencers" to promote the stocks, the BCSC claims.

The allegations are contained in a brief notice of hearing that the BCSC released on Tuesday, Sept. 28. In addition to Mr. Johnston, the BCSC has named five public companies as respondents as well as representatives of those companies, including the Company.

The case centres around investor relations work that Stock Social did for the five companies between August, 2016, to March, 2018. It prepared advertising that went out through several websites, generally written in the style of a news article, the BCSC says. The material appeared on Stock Social's website and other sites affiliated with it, according to the hearing notice.

The problem, as set out by the BCSC, is that the material did not follow the rules for promotional publications. It did not "clearly and conspicuously" state that the companies themselves were behind the advertising (such disclosure is mandatory for stock market advertising in most jurisdictions). Some of the advertising did contain disclaimers, but the print of those disclaimers was in a small font, the BCSC contends.

On April 5, 2022, the Company announced a multi-year ImagineAR SDK licensing agreement with Fanmaker to integrate SDK into the Professional Bull Riders' (“PBR”) mobile app, PBRewards. PBR would utilize the technology to engage with both fans and partners. Using the PBR Mobile app, fans would have the opportunity take pictures and videos with holograms of riders, appearing as if they are really standing next to these athletes, and instantly share the content in social media. Fanmaker integration did not meet the expectations of both PBR and ImagineAR and therefore did not launch. But the Company was paid the annual license fee by PBR.

On April 7, 2022, the Company announced an ImagineAR SDK licensing agreement with ArcTouch to integrate the AR Platform into an immersive app experience for a Fortune 500 consumer products company - McCormick.

ArcTouch designs and develops lovable apps, websites and smart products to help companies forge meaningful connections with their customers. Every day, hundreds of millions of people engage with the digital experiences we help create. ArcTouch works with companies of all sizes, from the Fortune 500 to influential startups, including 3M, Hawaiian Airlines, McCormick, Lucid Motors, Quizlet, and more. Our client's apps have been featured by Apple and Google and have received numerous awards.

On April 12, 2022, the Company announced the live launch of FameDays.com and the FameDays app, a new e-greeting hologram platform that allows fans to virtually meet and interact with their favorite stars by stepping into the metaverse. FameDays instantly delivers life-size holograms of famous athletes and other celebrities to any location, anywhere in the world to deliver celebratory greetings for life's special moments.

Using FameDays.com or the FameDays app, fans can instantly deliver an e-greeting from top stars in sports and entertainment. Recipients can then take their photo or record a video with the virtual version of their favorite star as if they were standing alongside them in real life, and instantly share the content on social media. FameDays greetings are available for a variety of occasions including birthdays, anniversaries, holidays, gender reveals and much more, all at an affordable price ($20 or under).

On August 3, 2022, the Company launched the soccer legend Ronaldinho's new AR experience. The R10 Lens, developed by Jet Media Network and powered by the technology of ImagineAR, allows Ronaldinho's fans to access AR filters via the Brazilian star's official app and create shareable videos with their hero.

On August 18, 2022, the Company signed a three year partnership agreement with Hip Hop Hall of Fame Inc. to provide a Custom Mobile App delivering Immersive Metaverse Experiences. The three-year custom mobile app licensing agreement includes minimum revenue of US$95,000 per year.

On October 21, 2022, the Company announced the premiere of the NFL's Baltimore Ravens immersive fan experiences fully integrated into their mobile app this Sunday, October 23, 2022. Fans around the world can share in the celebration of the 10-year anniversary of the team's Super Bowl XLVII Championship with a Virtual Ravens 2012 Championship Ring, Super Bowl Trophy and exclusive highlight video.

On November 14, 2022, the Company partnered with SIDEARM Sports, the nation's leading digital fan engagement platform and a LEARFIELD company, to deliver immersive college football AR experiences starting in January 2023.

On November 18, 2022, the Company announced the NFL's Baltimore Ravens' new Ravens in Reality will include authentic, virtual players integrated into their mobile app. Fans around the world can take videos and pictures with some of their favorite Ravens using the official team app. QB Lamar Jackson, OLB Tyus Bowser, S Kyle Hamilton, and Ravens mascot Poe will be available at launch, with new players added before each week's game.

On December 14, 2022, the Company announced that College Football Playoff to Deliver Mobile Augmented Reality Experience for Fans Via Technology from ImagineAR, SIDEARM Sports.

On February 13, 2023, the Company announced to be selected by SPORTFIVE Hungary kft to deliver immersive AR experiences fully integrated with the official team mobile app for Ferencvárosi Torna Club in Spring 2023. This opportunity was spearheaded by Hype Sports Innovation in their current GVA3 program. Once the experiential proof of concept is successfully delivered, it is expected to lead to a multi-year SDK license agreement.

On February 17, 2023, the Company signed an annual SDK platform license agreement with Canadian event production agency HUMANCONTACT Inc. to deliver immersive AR experiences in their mobile app.

On March 1, 2023, the Company executed a non-binding Memorandum of Understanding with a global digital publishing company to purchase a minimum of 10 and a maximum of 25 three-year SDK mobile app licenses in 2023 for top global icons in sport, music, entertainment and gaming. Once the formal contract is signed, the SDK licenses are expected to generate revenue in the range between $200,000 CDN - $414,000 CDN per year for three years.

On May 1, 2023, the Company announced that it continues to commercialize its leading Augmented Reality solutions with $535,000 in contracts booked to date for this fiscal year.

On May 29, 2023, the Company announced that it is launching a new release of the "Drop-In" Native SDK (Software Development Kit) integration for IOS and Android mobile apps. This major release, currently scheduled for summer launch with the NFL Baltimore Ravens, will feature many new features/functions and an enhanced AR Scavenger Hunt.

On November 13, 2023, the Company announced that its first UK Soccer Team client, the Queens Park Rangers of the EFL Championship League, will integrate AR Fan Engagement Campaigns this season focused in their Fan zone. This revenue-sharing agreement makes the Queens Park Rangers the first UK Professional Soccer team to integrate the ImagineAR Augmented Reality SDK Platform to deliver fan immersive experiences.

The Company signed a media service agreement with Sully Entertainment Group LLC dated August 23, 2023, to provide national/international communications services and broadcast services. In consideration for the services provided by Sully, the company will make an initial cash payment of $20,000 USD, and $6,000 USD monthly payments for a six-month period. The Company will also issue 1,400,000 restricted common shares of the Company at a deemed price of CAD $0.05 in two allotments, one for 700,000common shares (issued) at the end of the first three months on December 1, 2023, and the remaining 700,000 at the end date of the agreement term being March 1st, 2024. The stock restriction period is four months hold upon issuance.

Concurrently, the Company has entered into an agreement with Gurdip Panaich, a director of the Company, and another individual pursuant to which the Company will issue 5,000,000 shares to each of them at a deemed price of $0.05 per share for them providing a refundable deposit into escrow on behalf of the Company for the potential purchase of a property located in the Southern United States.

4. NATURE OF CONTINUANCE OF OPERATIONS AND GOING CONCERN

The consolidated financial statements were prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete additional debt or equity financing, or generate profitable operations in the future. The Company believes it will be able to raise the necessary funding to continue operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

The Company's cash position was $110,750 at August 31, 2023 (2022 - $481,242) and had a working capital deficit of $853,241 at August 31, 2023 (2022 – working capital of $56,503).

These conditions result in a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

5. OUTLOOK

The Company will continue to generate awareness for its platform by marketing its technology in various verticals including retail, sports and live entertainment, education, and fundraising. As announced, the Company has established a number of strategic partnerships and alliances and performed numerous demonstrations to chief marketing officers and chief decision makers.

As the Company cycles through the sales funnel, feedback has been encouraging and a robust pipeline of new prospective opportunities is emerging. Over the next twelve months, management expects to convert these potential opportunities into revenue growth and expects to realize revenue in the form of monthly recurring revenues from licensing fees and upfront professional services fees from gaming and custom content.

6. DISCUSSION OF OPERATIONS

The results of operations reflect the overhead costs incurred to provide an administrative infrastructure to manage the business and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity of Management and Directors.

Year ended August 31, 2023 and 2022

For the year ended August 31, 2023, the Company had a net loss of $1,787,001 (with basic and diluted loss per share of $0.01) compared with a net loss of $4,067,061 (with basic and diluted loss per share of $0.02) in the comparative period. During the year ended August 31, 2023, the Company had:

- revenue of $192,657 (2022 - $61,346). Revenue was primarily generated from AR SDK licensing fees, professional services fees and for custom content to provide client augmented reality experiences.

- bad debt expense of $173,547 (2022 - $39,952). The increase is primarily due to write-off of uncollectible receivables during the current year.

- consulting, director and management fees of $250,421 (2022 - $1,218,954). The decrease is mainly due to a voluntary reduction in management fees by the CEO during the current year.

- office and miscellaneous of $170,550 (2022 - $192,421). The increase is primarily due to deferred contract costs expensed during the current year.

- professional fees of $259,267 (2022 - $366,818). The decrease is primarily due to reduced legal services on patents and trademarks during the current year.

- share-based compensation of $272,545 (2022 - $229,478). The increase is due to stock options granted and vested during the current year.

- shareholder communication and promotion of $234,784 (2022 - $300,737). The decrease is due to the Company’s cost-saving efforts during the current year.

- software costs of $434,662 (2022 - $1,567,360). The Company’s technology was at a more advanced stage as compared to the comparative year therefore current year costs relate mainly to maintenance of the software compared to comparative year having incurred more development costs.

- travel and accommodation of $Nil (2022 - $32,462) as a result of no trips taken during the current year.

- recovery of accounts payable of $133,034 (2022 - $146,667) as a result of certain outstanding amounts exceeding the statute of limitations during the current year.

Three month period ended August 31, 2023 and 2022

For the three months ended August 31, 2023, the Company had a net loss of $901,928 (with basic and diluted loss per share of $0.00) compared with a net loss of $1,093,439 (with basic and diluted loss per share of $0.01) in the comparative period. During the three months ended August 31, 2023, the Company had:

- revenue of $53,828 (2022 - reversal of $67,185). Portion of the revenue was deemed not earned due to termination of contracts during comparative year, which resulted in the reversal of the amounts.

- bad debt expense of $173,547 (2022 - $39,952). The increase is primarily due to write-off of uncollectible receivables during the current year.

- consulting, director and management fees of $78,420 (2022 - $206,500). The decrease is mainly due to a voluntary reduction in management fees by the CEO during the current period.

- share-based compensation of $215,635 (2022 - $18,777). The increase is due to stock options granted and vested during the current year.

- shareholder communication and promotion of $126,803 (2022 - $223,241). The decrease is due to the Company's cost-saving efforts during the current period.

- software costs of $79,759 (2022 - $190,826). The Company's technology was at a more advanced stage as compared to the comparative period therefore current period costs relate mainly to maintenance of the software compared to comparative period having incurred more development costs.

7. SELECTED ANNUAL INFORMATION

The following summary of selected audited financial information is derived from, and should be read in conjunction with, the Company's audited consolidated financial statements, including the notes thereto, for the financial years ended August 31, 2023, 2022, and 2021:

	2023	2022	2021
	$	$	$
Revenue	192,657	61,346	353,766
Loss and comprehensive loss for the year	1,787,001	4,067,061	6,105,050
Basic and diluted net loss per common share	0.01	0.02	0.03
Working capital (deficit)	(861,795)	56,503	3,875,754
Total assets	209,425	643,130	4,328,856
Long-term debt	-	40,000	40,000

A discussion of significant changes in revenue and loss and comprehensive loss for the years ended August 31, 2023 and 2022 is disclosed in Section 9, below.

As at August 31, 2023, the Company had assets of $209,425 (2022 - $643,130) and liabilities of $1,068,317 (2022 - $602,241). The decrease in assets of $433,705 can be primarily attributed to changes in working capital items.

8. FOURTH QUARTER

There were no significant transactions during the quarter ended August 31, 2023.

9. SUMMARY OF QUARTERLY RESULTS

The following table contains selected consolidated financial information for the Company, prepared in accordance with IFRS, for the eight most recently completed quarters:

Three Months Ended	**Aug 31, 2023**	**May 31, 2023**	**Feb. 28, 2023**	**Nov. 30, 2022**
	$	$	$	$
Revenue and other income	53,828	56,973	49,289	32,567
Loss and Comprehensive loss	(901,928)	(201,744)	(111,494)	(571,835)
Loss per Common Share	(0.00)	(0.00)	(0.00)	(0.00)

Three Months Ended	**Aug. 31, 2022**	**May 31, 2022**	**Feb. 28, 2022**	**Nov. 30, 2021**
	$	$	$	$
Revenue and other income	(247,021)*	93,097	96,119	119,151
Loss and Comprehensive loss	(971,201)	(1,050,113)	(1,058,071)	(987,676)
Loss per Common Share	(0.00)	(0.01)	(0.01)	(0.00)

*Revenue reversed

Fiscal 2023

During the quarter ended August 31, 2023, the Company's loss of $901,928 increased from a loss of $201,744 incurred during the three months ended May 31, 2023. The increase in loss is primarily due to share-based compensation, bad debt and deferred contract cost expense during the three-month period ended August 31, 2023.

During the quarter ended May 31, 2023, the Company's loss of $201,744 increased from a loss of $111,494 incurred during the three months ended February 28, 2023. The increase in loss is primarily due to higher cost of goods sold and shareholder communication during the three-month period ended May 31, 2023.

During the quarter ended February 28, 2023, the Company's loss of $111,494 decreased from a loss of $571,835 incurred during the three months ended November 30, 2022. The decrease in loss is primarily due to the decrease of consulting expense, professional, software, and share-based payments during the three-month period ended February 28, 2023.

During the quarter ended November 30, 2022, the Company's loss of $571,835 decreased from a loss of $971,201 incurred during the three months ended August 31, 2022. The decrease in loss is primarily due to the decrease of consulting expense, shareholder communication, software, and share-based payments during the three-month period ended November 30, 2022.

Fiscal 2022

During the quarter ended August 31, 2022, the Company's loss of $971,201 decreased from a loss of $1,050,113 incurred during the three months ended May 31, 2022. The decrease in loss is primarily due to the decrease of consulting expense, shareholder communication, and share-based payments during the three-month period ended August 31, 2022. The Company also reversed certain revenue amounts due to termination of contracts.

During the quarter ended May 31, 2022, the Company's loss of $1,050,113 decreased from a loss of $1,058,071 incurred during the three months ended February 28, 2022. The decrease in loss is primarily due to the decrease of share-based payments during the three-month period ended May 31, 2022.

During the quarter ended February 28, 2022, the Company's loss of $1,058,071 increased from a loss of $987,676 incurred during the three months ended November 30, 2021. The increase in loss is primarily due to the increase of consulting, share-based payments, and write-off of reclamation bond during the three-month period ended February 28, 2022.

During the quarter ended November 30, 2021, the Company's loss of $987,676 decreased from a loss of $1,093,439 incurred during the three months ended August 31, 2021. The decrease in loss is primarily due to the decrease of consulting, legal services, shareholder communication, and software expenses during the three months period ended November 30, 2021.

10. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was $110,750 at August 31, 2023 compared to $481,242 in 2022. The Company had a working deficit of $853,241 at August 31, 2023 (2022 – working capital of $56,503). During the year ended August 31, 2023, cash flow activities consisted of:

i) cash spent on operating activities of $791,482 (2022 - $3,707,241) consisting of operating expenses during the current period.

ii) cash received from financing activities of $425,875 (2022 - $20,000) primarily consists of cash received from private placements and proceeds from warrants exercised.

iii) cash spent on investing activities of $4,885 (2022 - $36,879) primarily consists of cash used for lease obligations and purchase of intangible assets during the comparative period.

During the period from September 1, 2022 to December 29, 2023, the Company:

i) closed a non-brokered private placement financing for aggregate gross proceeds of $425,875. The Company issued 12,905,315 units at a price of $0.033 per unit. Each unit comprised of one common share and one non-transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.05 for a period of up to thirty-six months from the date of issue. Warrants were valued at $Nil using the residual value method.

ii) issued 584,936 common shares valued at $72,320 for consulting services. Fair value of the common shares was determined using the cost of the services provided.

iii) closed a non-brokered private placement and issued 36,700,000 units at a price of $0.021 per unit for gross proceeds of $770,700. Each unit is comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of $0.05 for a period of thirty-six months from the closing of the offering. A total of $6,216 cash finder's fees were paid and 296,000 broker's warrants were issued in connection with the private placement.

iv) under a previous third-party agreement to receive promotional services, issued 700,000 common shares. An additional 700,000 common shares are required to be issued on March 1, 2024, under the same agreement.

11. NON-GAAP MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of the Company's operating performance and financial position. These non-GAAP financial measures are provided to enhance the user's understanding of the Company's historical and current financial performance and its prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of the Company's core operating results and ongoing operations and provide a more consistent basis for comparison between quarters and years. Details of such non-GAAP financial measures and how they are derived are provided in conjunction with the discussion of the financial information reported.

Since non-GAAP financial measures do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and our non-GAAP financial measures may not be comparable to similar titled measures of other companies. Accordingly, investors are cautioned not to place undue reliance on them and are also urged to read all IFRS accounting disclosures presented in the audited consolidated financial statements and the accompanying notes for years ended August 31, 2023 and 2022.

The non-GAAP measures presented in this MD&A are as follows:

Total Bookings: the total dollar value of technology services and license services included in contracts with our customers. This measure provides the user with information on the performance of our sales efforts in the period as there is a timing difference between when a transaction is closed and when the revenue is ultimately 'earned' as defined in IFRS for revenue due to the term of our contracts and delivery timelines.

Backlog: the estimated unearned portion of technology services and license services in customer contracts that are in process and have not been completed as at the specified date. This includes billed and unbilled amounts within each contract. Since our revenue is recognized as earned or over the life of the executed contracts, this will translate to total bookings to date less earned revenue recognized on the financial statements. This information provides the user with an estimate of the work expected to be completed and earned in the future at a given point in and is used by management to allocate resources to our revenue delivery team.

General length of time required to complete a contract depends on the services (may vary):

- Provision of White Label SaaS license –provides SDK for customer to customize branding and color of their mobile app. The standard contract is generally 36 months, and revenue is recognized over the term of the contract.
- Interactive marketing promotion ("WebAR") –creates promotional materials with augmented reality technology for a standard fee. Revenue is recognized once deliverables are complete.
- Content management and distribution system – to manage and distribute the customer's content through the Company's mobile app. Revenue is earned dependent on the number of subscribers.
- Influencer and membership system management – to assist with creation of influencer's platform and manage membership subscriptions. A percentage of revenue generated by the customer's white-label mobile app program is recognized when incurred. Monthly statements (provided by the customer) are used to determine the amount.

Reconciliation of Non-IFRS measures (rounded to the nearest thousandth)

	Year ended August 31, 2023	Year ended August 31, 2022
Total Booking	$ 538,500	$ 488,250
Total Revenue	(192,700)	(61,000)
Backlog	$ 345,800	$ 427,250

Contracts may be terminated by either the Company or the customer by providing fifteen days prior written notice of termination to the other party. However, immediate termination of the agreement upon a material breach by the other party. Termination of the contracts will be adjusted from the total booking.

Revenue backlog can and does include contracted or committed revenue that is not yet recognizable due to pending customer acceptance criteria or incomplete delivery of professional services. Revenue backlog can include the future subscription and licensing income, and provision of technology services.

12. SHARE CAPITAL

As at the date of this report, the Company had 264,536,033 common shares.

As at the date of this report, stock options were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Exercisable
April 1, 2024	0.41	1,000,000	1,000,000
April 11, 2024	0.60	1,000,000	1,000,000
April 13, 2024	0.405	250,000	250,000
May 14, 2024	0.90	500,000	500,000
January 13, 2025	0.10	200,000	200,000
January 23, 2025	0.035	250,000	250,000
February 22, 2025	0.05	500,000	500,000
April 25, 2025	0.050	250,000	200,000
June 5, 2025	0.05	200,000	200,000
June 9, 2025	0.065	200,000	200,000
June 5, 2026	0.05	900,000	900,000
June 27, 2026	0.05	5,750,000	5,250,000
February 25, 2027	0.075	500,000	500,000
		11,500,000	10,950,000

As at the date of this report, warrants were outstanding enabling holders to acquire shares as follows:

Expiry Date	Exercise price ($)	Number of Warrants Outstanding	Exercisable
May 29, 2026	0.05	12,905,315	12,905,315
October 31, 2026	0.05	36,700,000	36,700,000
October 31, 2026	0.05	296,000	296,000
		49,901,315	49,901,315

13. OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements or transactions.

14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the year ended August 31, 2023, the Company paid or accrued:

i) management and consulting fees of $148,703 (2022 - $335,819), to the CEO of the Company, namely Alen Paul Silverrstieen, of which the compensation was approved by Compensation Committee of the Board of Director.

ii) consulting fees of $24,000 (2022 - $24,000) to the CFO of the Company, namely Leon Ho.

As of August 31, 2023, $16,800 (2022 - $16,356) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

During the year ended August 31, 2023, accounts payable of $32,474, owed to the CEO, namely Alen Paul Silverrstieen, were written off.

During the year ended August 31, 2023, the Company issued 4,800,000 (2022 – 750,000) stock options to an officer and directors of the Company, resulting in share-based payments of $155,071 (2022 - $53,007). The details of the share-based payments are as follows:

For the year ended August 31, 2023	*Number of Stock Options*	*Fair Value of Stock Options*
CEO and Director, Alen Paul Silverrstieen	3,300,000	$ 106,404
Director, Leon Ho	150,000	4,828
Director, Mike Tunnicliffe	1,050,000	33,988
Director, Gurdip Panaich	300,000	9,850
Total	4,800,000	$ 155,071

For the year ended August 31, 2022	*Number of Stock Options*	*Fair Value of Stock Options*
CEO and Director, Alen Paul Silverrstieen	250,000	$ 17,669
Director, Tristram Coffin	250,000	17,669
Director, Mike Tunnicliffe	250,000	17,669
Total	750,000	$ 53,007

15. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND FUTURE ACCOUNTING CHANGES

Please refer to the consolidated financial statements on www.sedarplus.ca.

16. FINANCIAL INSTRUMENTS

Please refer to the consolidated financial statements on www.sedarplus.ca.

17. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company’s capital structure to consist of the components of shareholders’ equity.

The Company is dependent on external financing to fund its activities. In order to carry out future transactions and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess additions to its media business if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period presented. The Company and its subsidiaries are not subject to externally imposed capital requirements.

18. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

19. RISKS AND UNCERTAINTIES

The Company's financial condition, results of operations and business are subject to risks. The following are identified as the main risk factors:

Financing

The Company is reliant upon financing in order to continue its operations because it does not derive any income from its assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations.

Key Personnel

The future of the Company is dependent on the management of the Company. The departure of any of operations or management personnel or their inability to continue being functional could have an adverse impact on the Company’s growth, business, financial position, and operating results.

Competition

The Company will compete with many larger companies and newcomers to the industry that will have greater financial and technical resources than the Company for the development of its applications as well as the recruitment and retention of qualified consultants and employees.

20. CHANGE IN MANAGEMENT

On September 19, 2022, the Company announced Bill Priakos has joined the Company as an advisor to the CEO for the purposes of launching Immersive AR engagements in the global sports and retail marketplace.

On February 23, 2023, the Company announced Steve Ziff, former chief marketing and sales executive for multiple NFL, MLB and NHL Clubs and John Torris, current Head of Sales & Vertical Partnerships at Bold Commerce and former NFL and NBA executive, have joined the Company as Advisors to the CEO for the purposes of launching Immersive AR partnerships in the North American sports, entertainment and retail marketplace.

On June 5, 2023, the Company appointed Gurdip (Gary) Panaich as a new Director of the Company.