ImagineAR Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JANUARY 29, 2024

For the three months ended November 30, 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 three months ended November 30, 2023 and 2022 is supplementary to and should be read in conjunction with the condensed interim consolidated financial statements and related notes for the same period as well as the audited consolidated financial statements and related notes as at for the years ended August 31, 2023. 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 condensed interim consolidated financial statements were approved by the Board of Directors on January 29, 2024.

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 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 condensed interim 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 $441,091 at November 30, 2023 (August 31, 2023 - $110,750) and had a working capital deficit of $480,871 at November 30, 2023 (August 30, 2023 - $861,795).

These conditions result in a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The condensed interim 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.

Three months period ended November 30, 2023 and 2022

For the three months ended November 30, 2023, the Company had a net loss of $913,902 (with basic and diluted loss per share of $0.00) compared with a net loss of $571,835 (with basic and diluted loss per share of $0.00) in the comparative period. During the three months ended November 30, 2023, the Company had:

- loss of $2,655 (2022 - revenue of $3,005). Revenue was primarily generated from AR SDK licensing fees, professional services fees and for custom content to provide client augmented reality experiences.
- consulting, director and management fees of $60,744 (2022 - $142,360). The decrease is mainly due to a voluntary reduction in management fees by the CEO during the current period.
- foreign exchange loss of $10,437 (2022 - $1,468). The increase is primarily due to USD exchange fluctuation during the current period.
- professional fees of $37,707 (2022 - $99,644). The decrease is primarily due to reduction in legal services on patents and trademarks during the current period.
- share-based compensation of $3,002 (2022 - $31,789). The decrease is due to fewer stock options vested during the current period.
- shareholder communication and promotion of $198,316 (2022 - $13,712). The increase is due to the Company's efforts to increase market awareness during the current period.
- software costs of $31,237 (2022 - $188,495). The Company's technology was at a more advanced stage as compared to the comparative period therefore current year costs relate mainly to maintenance of the software compared to comparative period having incurred more development costs.
- transaction costs of $500,000 (2022 - $Nil) as a result of an agreement with a director of the Company, and an arm's length individual to which the Company issued 10,000,000 common shares (valued at $500,000) in consideration of a refundable deposit into escrow on behalf of the Company for the potential purchase of a property located in the Southern United States.

7. 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	**Nov. 30, 2023**	**Aug 31, 2023**	**May 31, 2023**	**Feb. 28, 2023**
	$	$	$	$
Revenue and other income	17,622	53,828	56,973	49,289
Loss and Comprehensive loss	(913,902)	(901,928)	(201,744)	(111,494)
Loss per Common Share	(0.00)	(0.00)	(0.00)	(0.00)

Three Months Ended	**Nov. 30, 2022**	**Aug. 31, 2022**	**May 31, 2022**	**Feb. 28, 2022**
	$	$	$	$
Revenue and other income	32,567	(247,021)*	93,097	96,119
Loss and Comprehensive loss	(571,835)	(971,201)	(1,050,113)	(1,058,071)
Loss per Common Share	(0.00)	(0.00)	(0.01)	(0.01)

*Revenue reversed

Fiscal 2024

During the quarter ended November 30, 2023, the Company's loss of $913,902 decreased from a loss of $901,928 incurred during the three months ended August 31, 2023. The decrease in loss is primarily due to lower share-based compensation during the three-month period ended November 30, 2023.

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.

8. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was $441,091 at November 30, 2023 compared to $110,750 at August 31, 2023. The Company had a working deficit of $480,871 at November 30, 2023 (August 31, 2023 –$861,795). During the period ended November 30, 2023, cash flow activities consisted of:

i) cash spent on operating activities of $434,143 (2022 - $338,932) consisting of operating expenses during the current period.

ii) cash received from financing activities of $764,484 (2022 - $Nil) primarily consists of cash received from private placements.

iii) cash spent on investing activities of $Nil (2022 - $3,664) primarily consists of cash used for lease obligations and purchase of intangible assets during the comparative period.

9. 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
January 17, 2026	0.05	3,000,000	1,000,000
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
		14,500,000	11,950,000

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

10. OFF-BALANCE SHEET ARRANGEMENTS

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

11. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. During the period ended November 30, 2023, the Company paid or accrued:

i) management and consulting fees of $Nil (2022 - $88,934), 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 $6,000 (2022 - $6,000) to the CFO of the Company, namely Leon Ho.

As of November 30, 2023, $13,100 (August 31, 2023 - $16,800) remained outstanding to related parties and is included in accounts payable and accrued liabilities.
During the period ended November 30, 2023, a director of the Company, namely Gurdip Panaich, received 5,000,000 shares (valued at $250,000) in consideration of a refundable deposit into escrow on behalf of the Company for the potential purchase of a property located in the Southern United States.

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 period ended November 30, 2023, the Company issued 4,800,000 stock options to an officer and directors of the Company, resulting in share-based compensation of $ $155,071. 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	33,989
Director, Gurdip Panaich	300,000	9,850
Total	4,800,000	$ 155,071

12. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND FUTURE ACCOUNTING CHANGES

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

13. FINANCIAL INSTRUMENTS

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

14. 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.

15. CONTINGENCIES

The Company is unaware of exposure to any contingent liabilities.

16. 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.