



IMAGINEAR INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2025 AND 2024

**(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

ImagineAR Inc.**Condensed Interim Consolidated Statements of Financial Position**
(Expressed in Canadian Dollars)
(Unaudited)

	As at November 30, 2025	As at August 31, 2025
ASSETS		
Current assets		
Cash	\$ 331,432	\$ 119,047
Receivable (note 4)	10,220	9,926
Prepaid expenses (note 5)	199,521	299,604
Total assets	\$ 541,173	\$ 428,577
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (notes 6 & 9)	\$ 2,916,078	\$ 2,216,097
Unearned revenue (note 13)	250,000	250,000
Total current liabilities	3,166,078	2,466,097
Non-current liabilities		
Convertible debentures - liability component (note 7)	360,926	346,158
Total liabilities	3,527,004	2,812,255
Shareholders' deficiency		
Capital stock (note 8)	37,222,657	36,930,979
Reserves (note 8)	8,974,353	8,916,018
Convertible debentures - equity component (note 7)	43,822	43,822
Deficit	(49,226,663)	(48,274,497)
Total shareholders' deficiency	(2,985,831)	(2,383,678)
Total liabilities and shareholders' deficiency	\$ 541,173	\$ 428,577

Nature of operations and going concern (note 1)**Commitment and contingency** (note 12)

(Signed) "Alen Paul Silverstieen"

Director

(Signed) "Mike Tunnicliffe"

Director

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ImagineAR Inc.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended November 30,	
	2025	2024
Gross Loss		
Licensing income	\$ -	\$ 7,500
Cost of sales	(7,756)	(23,503)
	(7,756)	(16,003)
Expenses		
Accretion interest on convertible debentures (notes 7 & 9)	14,768	13,615
Consulting, director and management fees (note 9)	92,364	158,904
Foreign exchange loss	98,055	33,518
Office and general	20,965	27,613
Professional fees (note 9)	602,098	52,606
Share-based compensation (notes 8 & 9)	86,895	16,367
Shareholder communications and promotion	6,575	5,648
Software (note 10)	8,286	8,002
Transfer agent and filing fees	14,404	8,894
Travel and accomodation	-	34
	(944,410)	(325,201)
Net loss and comprehensive loss for the period	\$ (952,166)	\$ (341,204)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding (basic and diluted)	288,004,797	269,568,654

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ImagineAR Inc.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended	
	November 30,	
	2025	2024
Operating activities		
Net loss for the period	\$ (952,166)	\$ (341,204)
Items not affecting cash:		
Accretion interest on convertible debentures	14,768	13,615
Foreign exchange	-	33,518
Share-based compensation	86,895	16,367
Changes in non-cash working capital items:		
Receivables	(294)	(1,374)
Prepaid expenses	13,188	12,701
Accounts payable and accrued liabilities	699,981	(72,308)
Net cash used in operating activities	(137,628)	(338,685)
Financing activities		
Proceeds from convertible debentures	-	975,000
Proceeds from private placement	350,013	-
Proceeds from exercise of warrants	-	131,500
Net cash provided by financing activities	350,013	1,106,500
Net change in cash	212,385	767,815
Cash, beginning of period	119,047	101,902
Cash, end of period	\$ 331,432	\$ 869,717

Supplemental disclosure with respect to Cash Flows (note 11)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ImagineAR Inc.**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares	Capital Stock	Share-based payment reserve	Warrant reserve	Convertible debentures - equity component	Shares to be issued	Deficit	Total
Balance, August 31, 2024	265,236,033	\$ 36,141,981	\$ 6,679,125	\$ 929,642	\$ -	\$ 180,800	\$ (45,432,710)	\$ (1,501,162)
Convertible debentures	-	-	-	-	141,777	-	-	141,777
Exercise of convertible debentures	9,103,904	453,664	-	-	(58,000)	-	-	395,664
Exercise of warrants	2,630,000	131,500	-	-	-	-	-	131,500
Share-based compensation	-	-	16,367	-	-	-	-	16,367
Net and comprehensive loss for the period	-	-	-	-	-	-	(341,204)	(341,204)
Balance, November 30, 2024	276,969,937	\$ 36,727,145	\$ 6,695,492	\$ 929,642	\$ 83,777	\$ 180,800	\$ (45,773,914)	\$ (1,157,058)
Balance, August 31, 2025	285,953,437	\$ 36,930,979	\$ 7,655,448	\$ 1,260,570	\$ 43,822	\$ -	\$ (48,274,497)	\$ (2,383,678)
Issued pursuant to private placement	11,667,112	291,678	-	58,335	-	-	-	350,013
Net and comprehensive loss for the period	-	-	-	-	-	-	(952,166)	(952,166)
Balance, November 30, 2025	297,620,549	\$ 37,222,657	\$ 7,655,448	\$ 1,318,905	\$ 43,822	\$ -	\$ (49,226,663)	\$ (2,985,831)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended November 30, 2025 and 2024

(Expressed in Canadian Dollars) (Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

ImagineAR Inc. ("the Company") is a public company domiciled in Canada incorporated in British Columbia under the laws of the Business Corporations 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 82 Richmond Street East, Toronto, ON, M5C 1P1.

The Company's core business is to deliver engaging and interactive content to users through a cloud-based augmented reality platform. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the ticker symbol "IP".

The unaudited condensed interim consolidated financial statements of the Company as at, and for the periods ended November 30, 2025 and 2024 comprise the Company and its subsidiaries (together referred to as the "Company").

The unaudited condensed interim consolidated financial statements have been prepared on 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 equity financing, support from existing creditors, and generating profitable operations in the future. Management believes it will be successful in raising 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 incurred a net loss and comprehensive loss of \$952,166 during the three months ended November 30, 2025 (2024 – \$341,204) and incurred negative operating cash flows of \$137,628 (2024 - \$338,685). As at November 30, 2025, the Company had an accumulated deficit of \$49,226,663 (August 31, 2025 - \$48,274,497).

There is a material uncertainty related to these conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The unaudited 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 and realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

2. BASIS OF MEASUREMENT AND PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended August 31, 2025, except as noted below under changes in accounting policies. These unaudited condensed interim consolidated financial statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2025 annual consolidated financial statements and the notes thereto. These unaudited condensed interim consolidated financial statements were approved by the Board of Directors of the Company on January 29, 2026.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value, as set out in the accounting policies in note 3 of the 2025 annual consolidated financial statements.

The preparation of consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended August 31, 2025.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

3. MATERIAL ACCOUNTING POLICIES

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the unaudited condensed interim consolidated financial statements and related notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

Critical accounting estimates

i) Share-based payments

Management measures share-based payments using the Black-Scholes Option Pricing Model. Assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, employee stock option exercise behaviors and discount rates. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could materially affect the fair value estimates.

ii) Provision for expected credit losses

The Company maintains a provision for expected credit losses that may arise if any of its customers are unable to make required payments. If the Company determines that the financial condition of any of its customers with outstanding accounts receivable has deteriorated significantly, increases in the provision may be made to reduce the Company's accounts receivable balance accordingly.

iii) Shares issued for non-cash consideration

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iv) Fair Value of Convertible Debentures

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible debentures. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, management's judgment is required to establish fair values. Management is required to make an estimate of the discount rate used in calculating the present value of the convertible debenture and related interest equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

v) Provisions

The Company recognizes a provision if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Critical accounting judgments

i) Research and development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets under IAS 38 – Intangible Assets, are met. Those criteria require that the product is technically, and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended November 30, 2025 and 2024

(Expressed in Canadian Dollars) (Unaudited)

3. MATERIAL ACCOUNTING POLICIES (continued)

Significant Accounting Judgments, Estimates and Assumptions (continued)

Critical accounting judgments (continued)

ii) Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning.

iii) Determination of Functional currency

Foreign currency translation under IFRS Accounting Standards requires each entity to determine its own functional currency, which becomes the currency that an entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labor, materials, and other costs for each consolidated entity.

New accounting standards and interpretations

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these unaudited condensed interim consolidated financial statements. The following accounting standards and amendments are effective for future periods:

- i) IFRS 18 - Presentation and Disclosure in Financial Statements - IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.
 - a) Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
 - b) Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
 - c) Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of the above standard on its consolidated financial statements.

4. AMOUNTS RECEIVABLE

The receivables balance is comprised of the following items:

	As at November 30, 2025	As at August 31, 2025
Sales tax receivable from the Canadian Federal Government	\$ 10,220	\$ 9,926
	\$ 10,220	\$ 9,926

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

5. PREPAID EXPENSES

The prepaid expenses balance is comprised of the following items:

	As at November 30, 2025	As at August 31, 2025
Advertising and promotion	\$ 12,416	\$ 18,149
Advanced commission	87,500	87,500
Advisory services	89,284	176,179
Insurance	10,321	17,776
	\$ 199,521	\$ 299,604

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance is comprised of the following items:

	As at November 30, 2025	As at August 31, 2025
Trade payables	\$ 2,429,820	\$ 1,771,307
Related parties (note 9)	451,831	385,374
Accrued liabilities	31,769	56,803
Payroll liabilities	2,658	2,613
	\$ 2,916,078	\$ 2,216,097

7. CONVERTIBLE DEBENTURES

On September 9, 2024, the Company issued unsecured convertible debentures in the principal amount of \$125,000, which was received during the year ended August 31, 2024. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of \$0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.07 for a period of three years from the date of the issuance. During the three months ended November 30, 2025, the Company recorded accretion of interest of \$Nil (2024 - \$2,945) for the debentures.

During the year ended August 31, 2025, the Company issued 74,301 common shares and 2,500,000 units valued at \$127,945 pursuant to the conversion of the debentures in settlement of liabilities of \$111,834, of which \$2,945 was accrued interest, and accordingly, the Company reallocated \$16,111 of convertible debenture equity portion to capital stock.

	Liability	Equity	Total
Balance at August 31, 2024	\$ -	\$ -	\$ -
Issuance of convertible debentures	108,889	16,111	125,000
Accretion of interest	2,945	-	2,945
Issuance of 2,574,301 shares/units	(111,834)	(16,111)	(127,945)
Balance at August 31, 2025 and November 30, 2025	\$ -	\$ -	\$ -

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

7. CONVERTIBLE DEBENTURES (continued)

On October 22, 2024, the Company issued unsecured convertible debentures in the principal amount of \$385,000. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of \$0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.07 for a period of three years from the date of the issuance. During the three months ended November 30, 2025, the Company recorded accretion of interest of \$6,515 (2024 - \$3,296) for the debentures.

During the year ended August 31, 2025, the Company issued 16,154 common shares and 4,700,000 units valued at \$235,504 pursuant to the conversion of the debentures in settlement of liabilities of \$205,215, of which \$504 was accrued interest, and accordingly, the Company reallocated \$30,289 of convertible debenture equity portion to capital stock.

	Liability		Equity		Total
Balance at August 31, 2024	\$	-	\$	-	\$ -
Issuance of convertible debentures		335,378		49,622	385,000
Accretion of interest		22,914		-	22,914
Issuance of 4,716,154 shares/units		(205,215)		(30,289)	(235,504)
Balance at August 31, 2025	\$	153,077	\$	19,333	\$ 172,410
Accretion of interest		6,515		-	6,515
Balance at November 30, 2025	\$	159,592	\$	19,333	\$ 178,925

On October 31, 2024, the Company issued unsecured convertible debentures in the principal amount of \$590,000. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of \$0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.07 for a period of three years from the date of the issuance. During the three months ended November 30, 2025, the Company recorded accretion of \$8,253 (2024 - \$7,374) for these debentures.

During the year ended August 31, 2025, the Company issued 214,092 common shares and 8,000,000 units valued at \$418,348 pursuant to the conversion of the debentures in settlement of liabilities of \$366,793, of which \$18,348 was accrued interest, and accordingly, the Company reallocated \$51,555 of convertible debenture equity portion to capital stock.

	Liability		Equity		Total
Balance at August 31, 2024	\$	-	\$	-	\$ -
Issuance of convertible debentures		513,956		76,044	590,000
Accretion of interest		45,918		-	45,918
Issuance of 8,214,092 shares/units		(366,793)		(51,555)	(418,348)
Balance at August 31, 2025	\$	193,081	\$	24,489	\$ 217,570
Accretion of interest		8,253		-	8,253
Balance at November 30, 2025	\$	201,334	\$	24,489	\$ 225,823

For accounting purposes, these convertible debentures were separated into their liability and equity components. The fair value of the liability component at the time of issuance was calculated with the discounted cash flows for the convertible notes, assuming a 20% effective interest rate which was the management estimated rate for convertible notes without a conversion feature. The fair value of the equity component was determined at the time of issuance as the difference between the face value of the convertible debentures and the fair value of the liability component.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

8. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital stock

The Company has authorized an unlimited number of common shares without par value.

During the three months ended November 30, 2025, the Company:

- i) Closed the first tranche of its non-brokered private placement and issued 11,667,112 units at a price of \$0.03 per unit for gross proceeds of \$350,013. 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. Warrants were fair valued at \$58,335 using the residual value method.

During the three months ended November 30, 2024, the Company:

- i) Issued 2,630,000 common shares pursuant to the exercise of warrants for proceeds of \$131,500.
- ii) Issued 9,103,904 common shares valued at \$453,664 pursuant to the exercise of the convertible debentures in settlement of \$395,664, and accordingly, the Company reallocated \$58,000 of convertible debentures - equity portion to share capital.

Share purchase warrants

At November 30, 2025, the following warrants were outstanding:

Expiry Date	Exercise Price(\$)	Number of Warrants Outstanding
May 29, 2026	0.05	12,905,315
October 31, 2026	0.05	34,366,000
September 9, 2027	0.07	2,500,000
October 22, 2027	0.07	4,700,000
October 31, 2027	0.07	8,000,000
November 14, 2028	0.05	11,667,112
	0.05	74,138,427

The 15,200,000 warrants issued pursuant to convertible debenture conversions into units comprising one common share and one warrant (see note 7) were valued at \$337,543 using the relative fair value method.

The following is a summary of the warrant transactions:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, August 31, 2024	49,901,315	0.05
Granted	9,103,904	0.07
Exercised	(2,630,000)	0.05
Balance, November 30, 2024	56,375,219	0.05
Balance, August 31, 2025	62,471,315	0.05
Granted	11,667,112	0.05
Balance, November 30, 2025	74,138,427	0.05

The outstanding warrants on November 30, 2025, had a weighted average remaining life of 1.36 years (August 31, 2025 – 1.32 years).

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

8. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options

The Company grants stock options pursuant to its stock option plan. The Board of Directors administers the plan, pursuant to which the Board of Directors may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants and advisors. The options can be granted for a maximum of ten years.

As at November 30, 2025, the following incentive stock options were outstanding:

Expiry Date	Exercise Price(\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
June 5, 2026	0.05	0.51	900,000	900,000
June 27, 2026	0.05	0.57	5,700,000	5,700,000
January 17, 2027	0.07	1.13	3,000,000	3,000,000
February 25, 2027	0.075	1.24	500,000	500,000
August 20, 2027	0.05	1.72	750,000	750,000
January 16, 2028	0.075	2.13	5,000,000	5,000,000
February 28, 2028	0.065	2.25	7,650,000	7,650,000
March 4, 2028	0.055	2.26	50,000	50,000
February 28, 2030	0.065	4.25	3,000,000	3,000,000
	0.063	1.87	26,550,000	26,550,000

The following is a summary of the option transactions:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, August 31, 2024 and November 30, 2024	12,500,000	0.06
Balance, August 31, 2025 and November 30, 2025	26,550,000	0.06

The outstanding options at November 30, 2025, had a weighted average remaining life of 1.87 years (August 31, 2025 – 2.12 years).

Total share-based compensation for options vested during the three months ended November 30, 2025 was \$86,895 (2024 – \$16,367).

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related parties include key management personnel and any companies owned or controlled by key management personnel. Key management personnel include the Board of Directors and Executive Officers.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements Three Months Ended November 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

9. RELATED PARTY TRANSACTIONS (continued)

Amounts paid or accrued to key management personnel are as follows.

	Three Months Ended November 30,	
	2025	2024
Consulting, director, and management fees	\$ 61,508	\$ 96,836
Professional fees	13,385	-
	\$ 74,893	\$ 96,836

The table above includes:

- i) Accrued management and consulting fees of \$61,508 (2024 - \$90,836), to the CEO of the Company.
- ii) Accrued consulting fees of \$Nil (2024 - \$6,000) to the former CFO of the Company.
- iii) Accrued professional fees of \$13,385 (2024 - \$Nil) to a company that employs the CFO of the Company.

During the three months ended November 30, 2025, the Company paid the CEO of the Company \$33,550 (2024 - \$37,848) for outstanding payables on account.

As of November 30, 2025, \$451,831 (August 31, 2025 - \$385,374) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

During the three months ended November 30, 2024, the Company issued 1,090 common share and 2,100,000 units valued at \$105,150 to a director of the Company and his son for the settlement of convertible debentures of \$91,617, of which \$150 was accrued interest, and accordingly, the Company reallocated \$13,533 of convertible debenture equity portion to capital stock. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.07 for a period of three years from the date of the issuance.

10. SOFTWARE

	Three Months Ended November 30,	
	2025	2024
Research	\$ 2,072	\$ 2,000
Development of new features, architecture, and functions	6,214	6,002
	\$ 8,286	\$ 8,002

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions for the three months ended November 30, 2025.

Significant non-cash investing and financing transactions for the three months ended November 30, 2024 consisted of:

- i) Issuance of 9,103,904 common shares valued at \$453,664 pursuant to the exercise of convertible debentures.

ImagineAR Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended November 30, 2025 and 2024

(Expressed in Canadian Dollars) (Unaudited)

12. COMMITMENT AND CONTINGENCY

During the year ended August 31, 2024, the Company entered into a Funding Agreement with a private company whereby financing of up to USD\$850,000 would be provided to the Company to support litigation of a legal claim submitted by the Company against a private company for patent infringement. The Funding Agreement was financed by way of the convertible debenture financing that was completed during the three months ended November 30, 2024 (note 7). Pursuant to the terms of the Funding Agreement, should the Company receive any proceeds from the claim, 17.5% of the proceeds will be paid to the private company and distributed on a prorated basis to the individuals who participated in the convertible debt financing. The full amount of financing of \$1,100,000 (USD \$850,000) was received during the three months ended November 30, 2024.

13. DESIGN AND INSTALLATION AGREEMENT

On February 21, 2025, the Company executed a Design and Project Installation Agreement ("DPIA") by its wholly-owned subsidiary, FameDays Inc., to develop a 25,000 square foot immersive experience center in Niagara Falls, Ontario in consideration of \$10,000,000.

The Company granted 2,000,000 stock options to the arm's length customer and received a non-refundable deposit of \$250,000 for future services upon execution of the Agreement.

The construction of the immersive experience center remains in the planning phase, and as a result, no work has started and the balance of the unearned revenue is \$250,000 as of November 30, 2025.

On December 8, 2025, the Company announced that it has received formal written notice from 1000005450 Ontario Inc. regarding the termination of the DPIA and the Master Services Agreement ("MSA") associated with the planned Niagara Immersive Center project. The termination is effective immediately.

The \$250,000 paid non-refundable deposit will be credited toward a potential future engagement, subject to negotiation and execution of a new written agreement. No outstanding obligations remain under the terminated agreements.