

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: AlphaGen Intelligence Corp.  
(formerly) Alpha Metaverse Technologies Inc. (the “Issuer”)

Trading Symbol: AIC

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**Condensed Consolidated Interim Financial Statements for the six months ended December 31, 2023 (the “Interim Financial Statements”), as filed with the securities regulatory authorities are attached to this Form 5 as Appendix “A”.**

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

## 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**All related party transactions have been disclosed in the Interim Financial Statements - please refer to Note 8 - appended hereto as Appendix "A". For information supplementary to that contained in the Interim Financial Statements with respect to related party transactions, please refer to the Management's Discussion and Analysis ("MD&A") for the six months ended December 31, 2023, as filed with the securities regulatory authorities and attached to this Form 5 as Appendix "B".**

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

All securities issued and options granted, if any, by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended December 31, 2023.

- (a) summary of securities issued during the period.

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
No securities were issued during the period October 1, 2023, to December 31, 2023.								

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
No options were granted during the period October 1, 2023, to December 31, 2023.						

**3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Description	Number Authorized	Par Value
Common Shares	Unlimited	No Par Value

- (b) number and recorded value for shares issued and outstanding,

Description	Number Issued and Outstanding	Value
Common Shares	91,223,380	\$15,950,678

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Description	Number Outstanding	Exercise Price	Expiry Date
Stock Options	2,035,000	\$0.50	May 11, 2024
Stock Options	300,000	\$0.92	May 14, 2024
Stock Options	300,000	\$0.34	Oct 7, 2024
Stock Options	1,350,000	\$0.14	June 21, 2026
<b>TOTAL:</b>	<b>3,985,000</b>		

Description	Number Outstanding	Exercise Price	Expiry Date
Restricted Share Rights	9,575,000	N/A	N/A
<b>TOTAL:</b>	<b>9,575,000</b>		

Description	Number Outstanding	Exercise Price	Expiry Date
Investor Warrants	11,020,500	\$0.40	March 7, 2024
Broker Warrants	889,640	\$0.25	March 7, 2024
<b>TOTAL:</b>	<b>11,910,140</b>		

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Description	Number	Number Released During the Period
Escrowed Shares	Nil	Nil

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position
Brian Wilneff	Chief Executive Officer and Director
Eli Dusenbury	Chief Financial Officer and Director
Harwinder Parmar	Director
Mike Aujla	Director
Jonathan Anastas	Chairman, Director

#### SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

**Management Discussion and Analysis (“MD&A”) for the six months ended December 31, 2023, attached to this Form 5 as Appendix “B”.**

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## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: February 29, 2024

Eli Dusenbury

Name of Director or Senior Officer

/s/ Eli Dusenbury

Signature

Chief Financial Officer

Official Capacity

<i>Issuer Details</i>	For Quarter Ended	Date of Report
Name of Issuer		YYYY/MM/DD
AlphaGen Intelligence Corp.	December 31, 2023	2024/02/29
Issuer Address	Issuer Fax No.	Issuer Telephone No.
Suite 1930, 1177 West Hastings Street		
Vancouver, British Columbia, V6E 4T5	N/A	604-359-1256
Contact Name	Contact Position	Contact Telephone No.
Eli Dusenbury	Chief Financial Officer	604-359-1256
Contact Email Address	Web Site Address	
<a href="mailto:info@alphametaverse.com">info@alphametaverse.com</a>	<a href="https://www.alphagen.co/">https://www.alphagen.co/</a>	



**ALPHAGEN INTELLIGENCE CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

***In Canadian Dollars, unless noted  
(Unaudited)***

**NOTICE TO READER**

*Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.*

*The accompanying unaudited condensed consolidated interim financial statements of AlphaGen Intelligence Corp. have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the six months ended December 31, 2023, have not been reviewed or audited by the Company's independent auditors.*

**AlphaGen Intelligence Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**

Unaudited - In Canadian Dollars, unless noted

As at	Notes	December 31, 2023	June 30, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 405,586	\$ 154,356
Accounts receivable		10,446	465,027
GST receivable		9,303	19,549
Other receivable		144,086	140,899
		<b>570,421</b>	<b>779,831</b>
<b>Non-current Assets</b>			
Goodwill	4	2,425,425	2,425,425
<b>TOTAL ASSETS</b>		<b>2,995,846</b>	<b>3,205,256</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	8	582,948	428,713
Acquisition payable		-	65,000
		<b>582,948</b>	<b>493,713</b>
<b>Non-current Liabilities</b>			
Government loan	5	60,000	60,000
<b>TOTAL LIABILITIES</b>		<b>642,948</b>	<b>553,713</b>
<b>EQUITY</b>			
Share capital	6	15,950,678	15,950,678
Reserves	6	4,679,977	4,541,337
Accumulated other comprehensive income		(37,858)	(37,858)
Deficit		(18,239,899)	(17,802,614)
<b>TOTAL EQUITY</b>		<b>2,352,898</b>	<b>2,651,543</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,995,846</b>	<b>\$ 3,205,256</b>

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

Nature of operations (Note 1) and going concern (Note 2)

Approved on behalf of the Board of Directors:

"Brian Wilneff", Director

"Jonathan Anastas", Director

# AlphaGen Intelligence Corp.

## Condensed Consolidated Interim Statements of Comprehensive Loss

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

	For the Three Months ended December 31, 2023	For the Three Months ended December 31, 2022	For the Six Months ended December 31, 2023	For the Six Months ended December 31, 2022
<b>REVENUES (Note 9)</b>	\$ 132,142	\$ 166,958	\$ 521,824	\$ 275,532
Cost of Sales	(43,872)	(55,306)	(175,878)	(86,313)
<b>GROSS MARGIN</b>	<b>88,270</b>	<b>111,652</b>	<b>345,946</b>	<b>189,219</b>
<b>EXPENSES</b>				
Advertising and marketing	8,689	-	10,721	-
Consulting and payroll	200,413	233,369	345,729	480,331
Management fees (Note 8)	68,163	90,450	153,098	167,516
Office and miscellaneous	11,229	14,275	29,156	50,835
Professional fees	103,149	63,035	103,149	90,553
Share-based payments (Note 8)	46,862	-	138,640	-
Tournament prizes	-	7,924	-	12,437
Transfer agent and filing fees	7,129	10,878	12,721	31,944
<b>OPERATING EXPENSES</b>	<b>(445,634)</b>	<b>(419,931)</b>	<b>(793,214)</b>	<b>(833,616)</b>
<b>TOTAL OPERATING LOSS</b>	<b>(357,364)</b>	<b>(308,279)</b>	<b>(447,268)</b>	<b>(644,397)</b>
Foreign exchange gain (loss)	5,480	660	9,983	(1,686)
Interest	-	(3,439)	-	(3,439)
Bad debt	-	(62,702)	-	(62,702)
	5,480	(65,481)	9,983	(67,827)
<b>NET AND COMPREHENSIVE LOSS</b>	<b>(351,884)</b>	<b>(373,760)</b>	<b>(437,285)</b>	<b>(712,224)</b>
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of common shares outstanding – Basic and diluted</b>	<b>91,223,380</b>	<b>90,823,380</b>	<b>91,223,380</b>	<b>90,823,380</b>

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

**AlphaGen Intelligence Corp.****Condensed Consolidated Interim Statements of Changes in Equity**

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

	Common Shares	Share Capital	Reserves	Accumulated OCI	Deficit	Total Equity
	#	\$	\$	\$	\$	\$
<b>Balance, June 30, 2022</b>	<b>90,823,380</b>	<b>15,886,678</b>	<b>3,504,756</b>	<b>(37,858)</b>	<b>(16,753,036)</b>	<b>2,600,540</b>
Loss for the period	-	-	-	-	(712,225)	(712,225)
<b>Balance, December 31, 2022</b>	<b>90,823,380</b>	<b>15,886,678</b>	<b>3,504,756</b>	<b>(37,858)</b>	<b>(17,465,261)</b>	<b>1,888,315</b>
<b>Balance, June 30, 2023</b>	<b>91,223,380</b>	<b>15,950,678</b>	<b>4,541,337</b>	<b>(37,858)</b>	<b>(17,802,614)</b>	<b>2,651,543</b>
Share-based payment pursuant to options granted	-	-	105,509	-	-	105,509
Share-based payment pursuant to RSRs granted	-	-	33,131	-	-	33,131
Loss for the period	-	-	-	-	(437,285)	(437,285)
<b>Balance, December 31, 2023</b>	<b>91,223,380</b>	<b>15,950,678</b>	<b>4,679,977</b>	<b>(37,858)</b>	<b>(18,239,899)</b>	<b>2,352,898</b>

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

**AlphaGen Intelligence Corp.****Condensed Consolidated Interim Statements of Cash Flow**

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

For the Six Months Ended December 31,	2023	2022
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the period</b>	\$ (437,285)	\$ (712,224)
Items not affecting cash:		
Foreign exchange	(9,983)	1,686
Share-based payments (Note 6)	138,640	-
Interest expense	-	3,439
Bad debt expense	-	62,702
<b>Change in non-cash working capital items:</b>		
Accounts receivable	454,581	(45,365)
GST receivable	10,246	(3,171)
Prepays	(3,187)	-
Accounts payable and accrued liabilities	164,218	(55,689)
<b>Cash provided by (used in) operating activities</b>	<b>317,230</b>	<b>(748,622)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of Shape	(65,000)	(100,000)
<b>Cash used in investing activity</b>	<b>(65,000)</b>	<b>(100,000)</b>
Net change in cash	252,230	(848,622)
Cash, beginning of period	154,356	1,207,860
<b>Cash, end of period</b>	<b>406,586</b>	<b>359,238</b>

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

*No interest paid during the six months ended December 31, 2023 and 2022.*

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

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### 1. NATURE OF OPERATIONS

AlphaGen Intelligence Corp. (Formerly: Alpha Metaverse Technologies Inc.) (the "Company" or "Alpha") was incorporated under the laws of British Columbia on March 1, 2019. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 13, 2020, the Company completed the Share Exchange Agreement ("Agreement") with Esports Enterprises Inc. ("Esports"), a private company. Pursuant to the terms of the Agreement, the shareholders of Esports transferred all of their issued and outstanding shares to the Company in exchange for a pro-rated number of shares of the Company. Consequently, the transaction constitutes control of Esports by the Company, with Esports representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") and now trade under the symbol, "AIC".

The Company is a technology-driven organization specializing in the creation of immersive content for the metaverse and augmented reality landscapes. Our expertise extends to various domains, including gaming and gaming-as-a-service (GaaS) applications, as well as the implementation of generative artificial intelligence (AI). We are dedicated to metaverse development and offer services aimed at enhancing the profitability and engagement within esports and gaming ecosystems.

These condensed consolidated interim financial statements (the "financial statements") were approved by the Board of Directors on February 29, 2024.

### 2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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 as they come due. During the six months ended December 31, 2023, the Company realized a net loss of \$437,285 (2022 - \$712,224), and as of December 31, 2023, has an accumulated deficit of \$18,239,899 (June 30, 2023 - \$17,802,614) and working capital deficit of \$12,527 (June 30, 2023 - working capital of \$286,118). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Although the Company has increased its revenues and net income during the year ended June 30, 2023, and six months ended December 31, 2023, there is no assurance that the Company will continue to do so as the Company remains in the start-up phase on its business cycle. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

### 3. BASIS OF PRESENTATION

#### a) Basis of preparation

These financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2023.

#### b) Basis of consolidation

These financial statements include the operations of the Company and its subsidiaries, as follows:

Subsidiary	Country	Ownership Percentage
Esports Enterprises Inc.	USA – Delaware	100%
GamerzArena LLC	USA – Delaware	100%
Shape Immersive Entertainment Inc. ("Shape")	Canada – British Columbia	100%

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances have been eliminated.

#### c) Foreign currencies

The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

#### d) Significant accounting judgements and estimates

The timely preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at December 31, 2023, management has identified the following material estimates:

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

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- i) **Share-based payments**  
Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- ii) **Estimated lives – tangible and intangible assets**  
Amortization of tangible assets is dependent upon estimates of useful lives based on management's judgment. Determination must be made by management whether the gaming platform or gaming license has an indefinite life or if not, management determines its lifespan. In management's view, the gaming platform and gaming license will have a finite life.
- iii) **Impairment considerations**  
Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired.
- Determining whether any charge to impairment against the Company's tangible and finite lived intangible assets requires management to estimate the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. Impairment is reviewed on an annual basis or as events and conditions change.
- The recoverable value of goodwill and tangible and intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.
- In the preparation of these financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the financial statements:
- i) **Business combinations**  
Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.
- The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. The excess of the aggregate of the consideration transferred over the net assets of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recognized as goodwill as of the acquisition date.
- ii) **Functional currency**  
Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to each individual entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which each entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.
- iii) **Reversal of liabilities**  
In determining whether to reverse certain liabilities, management is required to make judgements about whether a sufficient period of time has passed since the specified vendors have requested payment. After a sufficient amount of time has passed without contact, the Company elects to reverse the associated liabilities and record a recovery on the statement of comprehensive loss.

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

### iv) **Revenue recognition – performance obligations**

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

## 4. **GOODWILL**

As of December 31, 2023 and June 30, 2023, goodwill of \$2,425,425 arose on the acquisition of Shape due to the benefit of expected revenue growth and future market developments. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

## 5. **GOVERNMENT LOAN**

Prior to its acquisition by the Company, Shape entered into an agreement with Western Economic Diversification Canada to receive a term loan of \$60,000 under the Regional Relief and Recovery Fund program (the “Government Loan”). The Government Loan was used to pay for operating costs during a period where the Company’s revenues were temporarily reduced due to economic impacts of the COVID-19 virus. Under the terms of the agreement, provided that 67% (\$40,000) of the Government Loan is repaid on or before March 31, 2024, the remaining 33% (\$20,000) will be forgiven. The outstanding amount of the Government Loan that is not repaid by March 31, 2024 becomes immediately repayable in 24 consecutive monthly instalments beginning April 1, 2024.

## 6. **SHARE CAPITAL**

### a) **Authorized and Issued Share Capital**

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the six months ended December 31, 2023, the Company had had no common shares transactions.

### b) **Share Purchase Warrants**

A summary of the changes in the Company’s share purchase warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
<b>Balance, December 31 and June 30, 2023</b>	<b>11,910,140</b>	<b>0.39</b>

  

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Number of Warrants</b>
March 7, 2024	0.40	11,020,500
March 7, 2024	0.25	889,640
<b>Balance, December 31, 2023</b>	<b>0.39</b>	<b>11,910,140</b>

As at December 31, 2023, the weighted average remaining life of these outstanding warrants was 0.39 years (June 30, 2023 – 0.69 years).

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

### c) Performance Warrants

On September 1, 2020, the Company granted an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. These warrants were to become exercisable subject to the Company achieving certain milestones.

During the year ended June 30, 2022, 50% of the performance warrants (3,500,000 performance warrants) vested and became exercisable. As a result, the Company recognized the fair value of the performance warrants in share-based payments, which was measured at \$317,144 using the Black-Scholes pricing model based on the following assumptions: risk-free interest rate of 2.61%, expected stock price volatility of 100%, expected life of 1.33 years, and expected dividend yield of \$nil.

On September 1, 2023, the 3,500,000 unvested performance warrants expired unexercised.

### d) Options

A summary of the changes in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
<b>Balance, June 30, 2023</b>	<b>6,785,000</b>	<b>0.38</b>
Expired	(2,800,000)	0.35
<b>Balance, December 31, 2023</b>	<b>3,985,000</b>	<b>0.40</b>

As at December 31, 2023, the Company held the following options:

Expiry date	Options outstanding	Options exercisable	Exercise Price
May 11, 2024	2,035,000	2,035,000	\$ 0.50
May 14, 2024	300,000	300,000	0.92
October 7, 2024	300,000	300,000	0.34
June 21, 2026	1,350,000	675,000	0.14
	<b>3,985,000</b>	<b>3,310,000</b>	<b>\$ 0.40</b>

On November 22, 2023, 500,000 options expired unexercised and on December 1, 2023, 2,300,000 options expired unexercised.

At December 31, 2023, the weighted-average remaining life of the options was 1.11 years (June 30, 2023 – 1.12 years).

During the six months ended December 31, 2023, the Company recognized \$105,509 in share-based payment expense related to the granting and vesting of options. These amounts were valued using the Black-Scholes Option Pricing Model based on the following assumptions:

December 31, 2023	
Risk-free interest rate	4.22%
Expected life	3 years
Expected volatility	140%
Expected dividend yield	Nil

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

### e) Restricted Share Rights ("RSUs")

A summary of the changes in the Company's RSUs:

	Number of Units
Balance, December 31 and June 30, 2023, Outstanding	9,575,000
Balance, December 31, 2023, Exercisable	8,850,000

During the six months ended December 31, 2023, the Company recognized \$33,131 in share-based payments related to the RSUs granted (2022 - \$nil).

## 7. REVENUES AND SEGMENTED DISCLOSURES

During the six months ended December 31, 2023 and 2022, the Company recognized revenue from the following segmented revenue streams:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Product development – United States based	519,811	271,723
Monthly online subscriptions	2,013	3,809
<b>Total</b>	<b>521,824</b>	<b>275,532</b>

The Company's major customers for its product development revenues are as follows:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Customer 1	519,811	-
Customer 2	-	181,611
Customer 3	-	54,608

The Company's cost of sales consists of cost of direct labour related to the creation of product development. All of the Company's assets and labour is located in Canada.

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which the amount agreed to by the related parties.

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

The aggregate value of transactions relating to key management personal during the six months ended December 31, 2023 and 2022 were as follows:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Management fees <sup>(1)(2)(3)(4)</sup>	153,098	167,516
Share-based payments	78,155	-
<b>Total</b>	<b>231,253</b>	<b>167,516</b>

Notes for the six months ended December 31, 2023, the Company incurred:

- 1) \$84,535 (2023 - \$99,501) of management fees in provision of CEO services from the CEO of the Company.
- 2) \$36,000 (2023 - \$36,000) of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
- 3) \$32,563 (2023 - \$32,015) of management fees in provision of director services from a company controlled by Director of the Company.

As at December 31, 2023, a balance of \$197,814 was owing to key management personnel for fees incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at December 31, 2023, the Company had a balance of \$40,000 of loan payable owing to a director of the Company with this amount included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

## 9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

## 10. RISK MANAGEMENT

### a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

#### i. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

#### ii. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash is held in large Canadian financial institutions. Accounts receivable are nominal in nature and does not expose the Company to credit risk.

# AlphaGen Intelligence Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Unaudited - In Canadian Dollars, unless noted

### iii. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2023, the Company's working capital deficit is \$12,527 (June 30, 2023 – working capital of \$286,118) and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had cash of \$406,586 (June 30, 2023 - \$154,356).

### iv. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

### v. Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies, stated at the Canadian dollar equivalent:

	December 31, 2023	June 30, 2023
Cash - \$USD	130,000	100,000
Accounts receivable - \$USD	5,000	465,000
Accounts payable and accrued liabilities - \$USD	-	(108,000)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in a \$18,000 increase or decrease in the Company's net loss (June 30, 2023 – \$46,000).

## b) Fair Values

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2** – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3** – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments classified as at fair value.



**ALPHAGEN INTELLIGENCE CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2023**

This Management's Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed consolidated interim financial statements and notes thereto for the six months ended December 31, 2023 of AlphaGen Intelligence Corp. (Formerly: Alpha Metaverse Technologies Inc.) (the "Company"). Such condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this MD&A, reference is made to adjusted EBITDA which does not have any standardized meaning under IFRS and is not a measure of financial performance under IFRS, and therefore, may not be comparable to similar measures presented by other companies. Management believes this measure provides useful information to investors as it is a commonly used measure in the capital markets and as management believes that it is a close proxy for repeatable cash generated by operations. While management believes EBITDA is a useful measure, it has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other IFRS financial measures. Some of the limitations of EBITDA are that it does not reflect the dilution that results from share-based compensation, does not reflect the cost to replace amortized property and equipment and right-of-use assets and does not reflect income tax payments.

The Company calculates adjusted EBITDA as follows: Net income (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) losses, interest (income) expense, tax (recovery) expense, depreciation expense, share-based payments, gain on debt settlements/ extinguishments, and certain one-time non-operating expenses, as determined by management.

All dollar amounts are expressed in Canadian Dollars, the reporting and functional currency of the Company, unless otherwise indicated.

The board of directors of the Company has approved this MD&A on February 29, 2024.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company's operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the *Risk Factors* section of this MD&A. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

## **DESCRIPTION OF BUSINESS**

Alpha Metaverse Technologies Inc. was incorporated under the laws of British Columbia on March 1, 2019. The Company's registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8. On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") which now trade under the symbol, "AIC".

The Company is a technology-driven organization specializing in the creation of immersive content for the metaverse and augmented reality landscapes. Our expertise extends to various domains, including gaming and gaming-as-a-service (GaaS) applications, as well as the implementation of generative artificial intelligence (AI). We are dedicated to metaverse development and offer services aimed at enhancing the profitability and engagement within esports and gaming ecosystems.

## EXTERNAL MARKET FACTORS

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

## HIGHLIGHTS

On October 30, 2023, the Company announced its audited financial results and notes its largest revenue performance yet, surpassing \$949,000 in revenues for the three months ended June 30, 2023, and reaching \$2 million for the year ended June 30, 2023. A significant contributor to the Company's financial success is the successful acquisition of a large retail metaverse contract with a multinational brand pursuant to the development of Sephora Universe. In addition, the Company has expanded its offerings into additional verticals, including generative AI and its gaming-as-a-service ("GaaS") "Mana" platform ("Mana"). Mana being a powerful gaming platform which has the capability to enable customers to enhance user engagement and monetization.

## CORPORATE TRANSACTIONS

There were no corporate transactions in the six months ended December 31, 2023.

## OVERALL PERFORMANCE

The Company recognized revenues from its wholly owned subsidiaries and continues pursuing esports and technology related operating activities.

At December 31, 2023, the Company was in a net asset position of \$2,352,898. The assets consisted of the following:

As at	December 31, 2023	June 30, 2023
Cash	405,586	154,356
Accounts receivable	10,446	465,027
GST receivable	9,303	19,549
Prepaid	144,086	140,899
Goodwill	2,425,425	2,425,425
<b>TOTAL ASSETS</b>	<b>2,995,846</b>	<b>3,205,256</b>

The liabilities consisted of the following:

As at	December 31, 2023	June 30, 2023
Accounts payable and accrued liabilities	582,948	428,713
Acquisition payable	-	65,000
Government loan	60,000	60,000
<b>TOTAL LIABILITIES</b>	<b>642,948</b>	<b>553,713</b>

## RESULTS OF OPERATIONS

The following highlights the key operating expenditures for the three months ended December 31, 2023 compared to 2022:

<b>For the Three Months Ended December 31,</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	132,142	166,958	(33,816)
Cost of Sales	(43,872)	(55,306)	11,434
<b>GROSS MARGIN</b>	<b>88,270</b>	<b>111,652</b>	<b>(23,382)</b>
<b>EXPENSES</b>			
Advertising and marketing	8,689	-	8,689
Consulting	200,413	233,369	(32,956)
Management fees	68,163	90,450	(22,287)
Office and miscellaneous	11,229	14,275	(3,046)
Professional fees	103,149	63,035	(40,114)
Share-based payments	46,862	-	46,862
Tournament prizes	-	7,924	(7,924)
Transfer agent and filing fees	7,129	10,878	(3,749)
<b>OPERATING EXPENSES</b>	<b>(445,634)</b>	<b>(419,931)</b>	<b>(25,703)</b>
<b>TOTAL OPERATING LOSS</b>	<b>(357,364)</b>	<b>(308,279)</b>	<b>(49,085)</b>

- Revenues and cost of sales increased from the prior year from comparable periods as a result of the revenues arising from the business of Shape Immersive Entertainment ("Shape") and the milestone metaverse contract to develop content for Sephora Universe. The Company's primary focus has been on operational success and revenue growth.
- Consulting and salary costs decreased from the prior year comparable periods, as the prior year included consulting costs related to learning and growing with the newly acquired Shape business.
- Office and miscellaneous decreased from the prior year comparable periods due to realizing synergies and application of cash conservation activities.
- Share-based payments increased due to the vesting of equity awards granted at the end of last year, compared to none in the comparative period.
- Professional fees Increased due to increased costs associated with the audit due to increased activities, higher revenues, etc.
- Tournament prizes and transfer agent and filing fees all decreased due to using less of these services and no longer hosting paid for tournaments.

The following highlights the key operating expenditures for the six months ended December 31, 2023 compared to 2022:

For the Six Months Ended December 31,	2023	2022	Change
	\$	\$	\$
<b>Revenues</b>	521,824	275,532	246,292
Cost of Sales	(175,878)	(86,313)	(89,565)
<b>GROSS MARGIN</b>	<b>345,946</b>	<b>189,219</b>	<b>156,727</b>
<b>EXPENSES</b>			
Advertising and marketing	10,721	-	10,721
Consulting	345,729	480,331	(134,602)
Management fees	153,098	167,516	(14,418)
Office and miscellaneous	29,156	50,835	(21,679)
Professional fees	103,149	90,553	12,596
Share-based payments	138,640	-	138,640
Tournament prizes	-	12,437	(12,437)
Transfer agent and filing fees	12,721	31,944	(19,223)
<b>OPERATING EXPENSES</b>	<b>(793,214)</b>	<b>(833,616)</b>	<b>40,402</b>
<b>TOTAL OPERATING LOSS</b>	<b>(447,268)</b>	<b>(644,397)</b>	<b>197,129</b>

- Revenues and cost of sales increased from the prior year from comparable periods as a result of the revenues arising from the business of Shape Immersive Entertainment (“Shape”) and the milestone metaverse contract to develop content for Sephora Universe. The Company’s primary focus has been on operational success and revenue growth.
- Consulting and salary costs decreased from the prior year comparable periods, as the prior year included consulting costs related to learning and growing with the newly acquired Shape business.
- Office and miscellaneous decreased from the prior year comparable periods due to realizing synergies and application of cash conservation activities.
- Share-based payments increased due to the vesting of equity awards granted at the end of last year, compared to none in the comparative period.
- Tournament prizes and transfer agent and filing fees all decreased due to using less of these services and no longer hosting paid for tournaments.

## REVENUES AND SEGMENTED DISCLOSURES

During the six months ended December 31, 2023 and 2022, the Company recognized revenue from the following segmented revenue streams:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Product development – United States based	519,811	271,723
Monthly online subscriptions	2,013	3,809
<b>Total</b>	<b>521,824</b>	<b>275,532</b>

The Company’s major customers for its product development revenues are as follows:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Customer 1	519,811	-
Customer 2	-	181,611
Customer 3	-	54,608

The Company's cost of sales consists of cost of direct labour related to the creation of product development. All of the Company's assets and labour is located in Canada.

## SUMMARY OF QUARTERLY RESULTS

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

In Canadian dollars	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Revenue	132,142	389,682	949,546	839,104
Net income (loss)	(351,884)	(85,401)	(837,122)	499,768
(Loss) Income per share, basic and diluted	(0.00)	(0.00)	(0.01)	0.01

In Canadian dollars	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Revenue	166,958	108,574	102,242	51,413
Net loss	(373,760)	(338,464)	(2,084,891)	(1,614,804)
Loss per share, basic and diluted	(0.04)	(0.00)	(0.03)	(0.02)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a company in its development phase.

An analysis of the quarterly result from inception shows that the Company has incurred mostly expenses as follows:

- During fiscal 2022, the net and comprehensive loss included costs similar to 2021, but decreased significantly due to no equity award issuances and no impairment of intangible assets. The Company has shifted focus to build and focus on Shape operations;
- During the first two quarters of 2023, the net and comprehensive loss improved over 2022 due in part to the increased revenues, but also as a result of a decrease in advertising, office, share-based payments and depreciation.
- During the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2023, the Company was awarded a significant retail metaverse contract with a multinational leading Brand. Revenues and margins increased as a result. The Company also greatly reduced expenses through write-offs of accounts payable totalling \$257,953. The Company also granted 9.45M equity incentives and recognized \$1,100,581 in share-based payment expense for the period.
- During the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2024, the Company completed its phase I with its largest customer for the development of Sephora Universe. During this time, the Company's billings are slightly down as the launch of the product publicly has occurred. Following this down period, the Company expects to work on a consistent budget and quarterly billing amounts as work programs are built out.

The Company's primary focus is to continue increasing revenues through its Shape operations.

## Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes this measure provides useful information to investors as it is a commonly used measure in the capital markets and as management believes that it is a close proxy for repeatable cash generated by operations. While management believes EBITDA is a useful measure, it has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other IFRS financial measures. Some of the limitations of EBITDA are that it does not reflect the dilution that results from share-based compensation, does not reflect the cost to replace amortized property and equipment and right-of-use assets and does not reflect income tax payments.

The Company calculates adjusted EBITDA as net income (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) losses, interest (income) expense, tax (recovery) expense, depreciation expense, share-based payments, gain (loss) on settlement/ extinguishment of debt and one-time non-operating expenses, impairments and disposals of assets as determined by management as follows:

		For the Three months Ended December 31,	
		2023	2022
<b>Net Income</b>	<b>\$</b>	<b>\$ (351,884)</b>	<b>\$ (373,760)</b>
Share-based payments		46,862	-
Foreign exchange		(5,480)	(660)
Interest		-	3,439
Bad debt		-	62,702
<b>EBITDA (Non-IFRS)</b>	<b>\$</b>	<b>\$ (310,502)</b>	<b>\$ (308,279)</b>

EBITDA for the three months ended December 31, 2023, was \$310,502 (2022 - EBITDA loss \$308,279). The change was primarily due to significant decrease in spending and significant increase in revenues through its 3D content production contract with a multinational-brand. The company primarily reduced spending over consulting, office and professional to fees reflect its focus on operations and focus on conservation of cash.

		For the Six months Ended December 31,	
		2023	2022
<b>Net Income</b>	<b>\$</b>	<b>\$ (437,285)</b>	<b>\$ (712,224)</b>
Share-based payments		138,640	-
Foreign exchange		(9,983)	1,686
Interest		-	3,439
Bad debt		-	62,702
<b>EBITDA (Non-IFRS)</b>	<b>\$</b>	<b>\$ (308,628)</b>	<b>\$ (644,397)</b>

EBITDA for the six months ended December 31, 2023, was \$308,628 (2022 - EBITDA loss \$644,397). The change was primarily due to significant decrease in spending and significant increase in revenues through its 3D content production contract with a multinational-brand. The company primarily reduced spending over consulting, office and professional to fees reflect its focus on operations and focus on conservation of cash.

## LIQUIDITY

As at December 31, 2023, the Company had cash of \$405,586 (June 30, 2023 - \$154,356) and working capital deficit of \$12,527 (June 30, 2022 – \$286,118).

There were no equity financings during the six months ended December 31, 2023.

If additional funds are required, the Company plans to raise capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

## Operating Activities

The Company provided net cash of \$317,230 (December 31, 2022 – used cash of \$748,622) in operating activities during the six months ended December 31, 2023.

## Investing Activities

During the six months ended December 31, 2023, the Company paid cash of \$65,000 toward the final acquisition payment of Shape. Of the final \$500,000 acquisition payment, a total of \$nil remains as of the date of this MD&A.

The Company used net cash of \$65,000 (December 31, 2022 – \$nil) in investing activities during the six months ended December 31, 2023.

### Acquisition of Shape Immersive Entertainment Inc. (“Shape”)

The Company completed the acquisition of Shape on May 5, 2022, pursuant to the following consideration (with acquisition shares subject to certain escrow restrictions):

- a) Payment of an aggregate of \$500,000 in cash to the Shape shareholders on the closing date of the acquisition (paid);
- b) Issuance of an aggregate of 14,000,000 common shares in the capital of the Company to the Shape shareholders on the closing date (issued);
- c) Payment of an aggregate of \$500,000 in cash to the Shape shareholders by November 1, 2022 (paid); and
- d) Issuance of an aggregate of 840,000 common shares to certain individuals for services rendered in connection with the successful completion of the transaction (issued).

On December 28, 2022, the Company amended the acquisition agreement (“Amended Agreement”), deferring payment of the second \$500,000 (“Second Payment”) until September 24, 2023, provided, however, that:

- i) Shape has positive net income (adjusted for certain non-cash items) during a calendar month, in which case the Company will pay down all or part of the Second Payment; or
- ii) The Company raises sufficient debt or equity financing to satisfy any remaining amount due, in which case the Company will pay the Second Payment.

As of December 31, 2023 and the date of this MD&A, the Company has fully paid the acquisition payable of \$500,000 through positive EBITDA earned through Shape operations.

## RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions relating to key management personal during the six months ended December 31, 2023 and 2022 were as follows:

For the Six Months Ended December 31,	2023	2022
	\$	\$
Management fees <sup>(1)(2)(3)(4)</sup>	153,098	167,516
Share-based payments	78,155	-
<b>Total</b>	<b>231,253</b>	<b>167,516</b>

Notes for the six months ended December 31, 2023, the Company incurred:

- 1) \$84,535 (2023 - \$99,501) of management fees in provision of CEO services from the CEO of the Company.
- 2) \$36,000 (2023 - \$36,000) of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
- 3) \$32,563 (2023 - \$32,015) of management fees in provision of director services from a company controlled by Director of the Company.

As at December 31, 2023, a balance of \$197,814 was owing to key management personnel for fees incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at December 31, 2023, the Company had a balance of \$40,000 of loan payable owing to a director of the Company with this amount included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## SUBSEQUENT EVENTS & PROPOSED TRANSACTIONS

There are no subsequent events or proposed transactions.

## CHANGES IN ACCOUNTING POLICIES

There were no changes to accounting policies for the six months ended December 31, 2023.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 10.5 of the Company's condensed consolidated interim financial statements for the six months ended December 31, 2023.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's expenses is disclosed in the "Overall Performance" section above.

## DISCLOSURE OF OUTSTANDING SHARE DATA

### a) Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the six months ended December 31, 2023, the Company issued no common shares.

As at December 31, 2023 and the date of this MDA, the Company has 91,223,380 common shares outstanding.

### b) Share Purchase Warrants

As at December 31, 2023 and the date of this MDA, the Company had 11,910,140 warrants outstanding with a weighted average exercise price of \$0.39, and remaining life of 0.39 years.

Expiry Date	Exercise Price (\$)	Number of Warrants
March 7, 2024	0.40	11,020,500
March 7, 2024	0.25	889,640
	<b>0.39</b>	<b>11,910,140</b>

### c) Performance Warrants

On September 1, 2020, the Company granted an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. These warrants were to become exercisable subject to the Company achieving certain milestones.

During the year ended June 30, 2022, 50% of the performance warrants (3,500,000 performance warrants) vested and became exercisable. As a result, the Company recognized the fair value of the performance warrants in share-based payments, which was measured at \$317,144 using the Black-Scholes pricing model based on the following assumptions: risk-free interest rate of 2.61%, expected stock price volatility of 100%, expected life of 1.33 years, and expected dividend yield of \$nil.

On September 1, 2023, the remaining 3,500,000 performance warrants expired unexercised.

#### d) Options

As of the date of this MDA the Company had 3,985,000 stock options (December 31, 2023 – 3,985,000), the Company had with a weighted-average outstanding life of 1.11 years as follows:

Expiry date	Options outstanding	Options exercisable	Exercise Price
May 11, 2024	2,035,000	2,035,000	\$ 0.50
May 14, 2024	300,000	300,000	0.92
October 7, 2024	300,000	300,000	0.34
June 21, 2026	1,350,000	675,000	0.14
	<b>3,985,000</b>	<b>3,310,000</b>	<b>\$ 0.40</b>

#### Restricted Share Rights

As at December 31, 2023 and the date of this MDA, the Company had 9,575,000 RSRs outstanding.

#### RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

##### Risks Related to the Company's Business

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

*The Company has minimal operating history*

The Company has minimal operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the

problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

#### *History of losses*

The Company has incurred losses during the nine months ended March 31, 2023. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

#### *Reliance on management*

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

#### *Insurance and uninsured risks*

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

#### *The Company will be an entrant engaging in a new industry*

The esports technology industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop, and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

#### *Dependence on suppliers and skilled labour*

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

#### *Difficulty to forecast*

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the e-gaming industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### *Management of growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to

deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### *Internal controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

#### *Liquidity*

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

#### *Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.