BLUERUSH INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021
(Presented in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of BlueRush Inc.:

Opinion

We have audited the consolidated financial statements of BlueRush Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2022 and July 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2022 and July 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that during the year ended July 31, 2022, the Company had a loss from continuing operations of $3,519,951 and had an accumulated deficit of $16,708,240 as of July 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Murad Bhimani.

MNP LLP

Toronto, Ontario
November 30, 2022

Chartered Professional Accountants
Licensed Public Accountants

BLUERUSH INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JULY 31, 2022 AND 2021
(Presented in Canadian Dollars)

	Note	2022	2021
ASSETS			
Current Assets			
Cash		$1,247,831	$2,140,923
Short term investments	**4**	17,007	16,997
Accounts receivable	**23**	939,485	730,352
Prepaids & other assets	**5**	149,024	121,934
Investment tax credits	**21**	484,452	372,241
Unbilled revenue		56,708	18,687
Contract costs - current portion	**3**	25,773	25,773
Total Current Assets		$2,920,280	3,426,907
Non-Current Assets			
Equipment	**6**	67,387	82,040
Right of use assets	**7**	33,104	124,170
Intangible assets	**8**	-	16,698
Contract costs	**3**	-	25,773
Total Assets		**3,020,771**	**$3,675,588**
LIABILITIES & SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable & other current liabilities	**9,23**	1,894,769	1,683,898
Deferred revenue	**11**	1,317,964	979,963
Term loans - current portion	**12**	14,980	257,359
Lease liabilities - current portion	**13**	19,970	124,384
Total Current Liabilities		3,247,683	3,045,604
Non-Current Liabilities			
Term loans	**12**	-	11,414
Convertible debentures	**14**	769,929	728,799
Subscriptions - future issuance	**14**	1,620,194	-
Lease liabilities	**13**	-	214
Deferred taxes	**21**	-	1,853
Total Liabilities		5,637,806	3,787,884
Shareholders' Deficiency			
Share Capital	**15,16,17**	8,797,483	8,403,731
Contributed surplus		5,293,722	4,672,262
Deficit		(16,708,240)	(13,188,289)
Total Shareholders' Deficiency		(2,617,035)	(112,296)
Total Liabilities & Shareholders' Deficiency		**3,020,771**	**$3,675,588**

Approved on Behalf of the Board

Signed – "Larry Lubin", Director ***Signed – "Paul Smith", Director***

See Accompanying Notes

BLUERUSH INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021
(Presented in Canadian Dollars)

	Note	2022	2021
REVENUE			
Subscriptions & support	**18**	$2,330,737	$2,018,934
Services	**18**	2,438,505	1,656,174
		4,769,242	**3,675,108**
COST OF SALES			
Subscriptions & support	**20**	200,677	347,845
Services	**20**	1,034,200	1,098,891
		1,234,877	1,446,736
GROSS PROFIT		**3,534,365**	**2,228,372**
EXPENSES			
Sales & marketing	**20**	2,129,170	2,318,670
General & administrative	**20**	2,773,283	1,741,455
Research & development	**20**	1,295,079	1,401,850
Share-based payments	**16**	501,116	291,860
Interest & bank charges		157,598	894,084
Amortization of intangible assets	**8**	42,471	109,758
Depreciation of equipment & right-of-use assets	**6 , 7**	158,879	146,522
TOTAL EXPENSES		**7,057,596**	**6,904,199**
LOSS FROM OPERATIONS		**(3,523,231)**	**(4,675,827)**
Other income	**19**	1,427	517,638
LOSS BEFORE TAXES		(3,521,804)	(4,158,189)
Deferred income tax recovery	**21**	(1,853)	(29,618)
NET LOSS & COMPREHENSIVE LOSS		**($3,519,951)**	**($4,128,571)**
LOSS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC & DILUTED		**($0.02)**	**($0.03)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC & DILUTED		**164,167,805**	**119,986,045**

See Accompanying Notes

BLUERUSH INC.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
FOR THE YEARS ENDED JULY 31, 2022 AND 2021
(Presented in Canadian Dollars)

	Note	Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity (Deficit)
Balance - July 31, 2020		78,366,242	\$3,042,490	\$2,180,091	(\$9,059,718)	(\$3,837,137)
Conversion of certain 2018 convertible debentures	**14**	11,904,759	1,329,704	(223,467)	0	1,106,237
Conversion of all 2020 convertible debentures	**14**	24,166,664	1,453,113	(97,450)	0	1,355,663
Private placement	**15**	47,619,046	2,578,424	1,730,538	0	4,308,962
Broker warrants for private placement	**17**	0	0	259,750	0	259,750
Incentive warrants for 2018 convertible debts conversion	**17**	0	0	530,941	0	530,941
Share-based payments	**16**	0	0	291,860	0	291,860
Net loss		0	0	0	(4,128,571)	(4,128,571)
Balance - July 31, 2021		162,056,711	\$8,403,731	\$4,672,263	(\$13,188,289)	(\$112,295)
Exercise of stock options	**16**	10,000	1,966	(966)	0	1,000
Share-based payments	**16**	0	0	501,116	0	501,116
Broker warrants for private placement	**15**	0	0	312	0	312
Private placement	**15**	8,434,375	391,786	120,997	0	512,783
Net loss		0	0	0	(3,519,951)	(3,519,951)
Balance - July 31, 2022		**170,501,086**	**\$8,797,483**	**\$5,293,722**	**(\$16,708,240)**	**(\$2,617,035)**

See Accompanying Notes

BLUERUSH INC.0

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021
(Presented in Canadian Dollars)

	NOTES	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		($3,519,951)	($4,128,571)
Items not requiring an outlay of cash:			
Depreciation of equipment	6	29,769	18,326
Depreciation of right-of-use assets	7	129,110	128,196
Amortization of intangible assets	8	16,698	109,758
Bad debt expense	20	84,153	5,638
Share-based payments	16	501,116	291,860
Inducement expenses		0	530,941
Broker warrants	15	312	0
Accretion & accrued interest		41,130	60,581
Provision		0	(149,288)
Deferred income taxes	21	(1,853)	(29,618)
Short-term investments	4	(10)	
Changes in non-cash working capital:			
Accounts receivable	23	(293,286)	(472,665)
Prepaids & other assets	5	(27,090)	12,755
Unbilled revenue		(38,021)	75,624
Contract costs	5	25,773	(77,320)
Investment tax credits refundable	21	(112,211)	(82,467)
Accounts payable & accrued liabilities	9	210,871	556,724
Deferred revenue	11	338,001	(86,499)
Cash used in Operating Activities		**(2,615,488)**	**(3,236,025)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) proceeds from short-term debt		0	(165,500)
Repayment of lease liabilities	13	(104,628)	(145,428)
Proceeds from units issued in private placement, net of cash costs	14	512,783	4,568,712
Proceeds from future subscriptions	14, 24	1,620,194	0
Proceeds from exercise of stock options	16	1,000	0
Repayment of term loans	12	(253,793)	(178,900)
Cash provided by Financing Activities		**1,775,557**	**4,078,884**
CASH FLOWS FROM INVESTING ACTIVITIES			
Lease extension right-of-use asset	7	(38,044)	0
Purchase of equipment	6	(15,117)	(45,889)
Cash used in Investing Activities		**(53,161)**	**(45,889)**
Net (decrease) increase in cash		(893,092)	796,970
Cash, beginning of period		2,140,923	1,343,953
Cash, end of period		**$1,247,831**	**$2,140,923**

See Accompanying Notes

1. NATURE OF BUSINESS

BlueRush Inc. ("BlueRush" or the "Company"), through its wholly owned subsidiary, BlueRush Digital Media Corp., offers a Software as a Service ("SaaS") based marketing and sales enablement platform that enables organizations to achieve greater engagement with their customers. Another key component of BlueRush is its services offerings, consisting of the creation of compelling personalized videos, as well as a full suite of customisable financial tools. The Company was incorporated on April 6, 2004 in the Province of Ontario. The Company is listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 5700 Yonge Street, Toronto, Ontario, Canada. On April 27, 2018, the Company changed its name from BlueRush Media Group Corp. to BlueRush Inc.

2. BASIS OF PREPARATION

Statement of Compliance and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Board of Directors approved these consolidated financial statements for issue on November 30, 2022.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of BlueRush and its wholly-owned subsidiary, BlueRush Digital Media Corp. All intercompany accounts and transactions have been eliminated on consolidation.

Going Concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. The Company has incurred losses from operations during the year ended July 31, 2022 of $3,519,951 (July 31, 2021 of $4,128,571) and has an accumulated deficit of $16,708,240 as at July 31, 2022 (July 31, 2021 - $13,188,289). The Company has funded its general working capital, research and development ("R&D") and sales & marketing needs principally through the issuance of securities and convertible debentures. There is no certainty that such funding will be available going forward.
As at July 31, 2022 the Company had current assets of $2,920,280 (July 31, 2021 - $3,426,907) and current liabilities of $3,247,683 (July 31, 2021 - $3,045,604). These conditions raise significant doubt about its ability to continue as a going concern and realize its assets and pay its liabilities as they become due.

2. BASIS OF PREPARATION (continued)

Going Concern (continued)

In order for the Company to continue and fund any expansion of its operations, the Company will require additional capital. The availability of equity or debt financing will be affected by, among other things, the results of the Company's continued transition to the SaaS model, sales efforts, the progress of IndiVideo's R&D, the state of the capital markets and strategic partnership agreements.

In addition, if the Company raises additional funds by issuing equity securities, then existing security holders will likely experience dilution, and the incurring of indebtedness would result in increased debt service obligations and could require the Company to agree to operating and financial covenants that would restrict its operations. Any failure on its part to raise additional funds on terms favourable to the Company or at all, may require the Company to significantly change or curtail its current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities.

Subsequently to the year end, the Company was successful in securing a significant cash injection into its operations. Please refer to the note 24 "Subsequent events" for further details.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company generates revenue from two sources: (1) subscription revenues, which are comprised of subscription fees from customers accessing the Company's SaaS based marketing and sales enablement platforms, and (2) professional services, including technological, graphical and consultative services related to the creation of rich media marketing solutions. Revenue is recognized when the promised services are transferred to customers, in an amount that reflects the consideration allocated to the respective performance obligation. If the consideration promised in a contract includes a variable amount, for example, fees for excess bandwidth usage, contingent fees or service level penalties, the Company includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur.

The Company determines the amount of revenue to be recognized through application of the following five-step process:

(i) Identification of the contract, or contracts with a customer;
(ii) Identification of the performance obligations in the contract;
(iii) Determination of the transaction price;
(iv) Allocation of the transaction price to the performance obligations in the contract; and
(v) Recognition of revenue when or as the Company satisfies the performance obligations.

Subscriptions

The Company offers a SaaS based marketing and sales enablement platform, which includes the development of personalized videos, delivery of in-depth customer analytics and conversion metrics and the provision of maintenance and support services over a defined term. Customers are offered a license to access the Company's platform and are billed on a subscription basis. Revenue is recognized when the promised services are transferred to customers, in an amount that reflects the consideration allocated to the respective performance obligation. Revenue related to services billed on a subscription basis is recognized ratably over the contract period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Professional services

The Company generates revenue from the creation of rich media marketing solutions. Each project requires a technological, graphical and consultative component. Professional services revenue is recognized on the basis of costs incurred relative to the total expected cost to satisfy the performance obligation (the "percentage of completion method"). The timing of revenue recognition may differ from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of contract liabilities.

Interest

Interest income is accounted for on an accrual basis using the effective interest method.

Contract Costs

(i) The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs.

(ii) Contract costs recognized as an asset are amortized rateably over the contract period, consistent with the transfer to the customer of the services to which the asset relates.

(iii) As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Right-of-Use Assets

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date for leases with terms of more than 12 months. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method.

The remaining lease term is 10 months for the facilities.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the statement of financial position date and any gains or losses are recognized in the consolidated statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized once the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. Expenditures recovered related to internally developed intangible assets are deducted from the capitalized development costs in the period in which they are recovered.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Once an internally generated intangible asset becomes available for use, expenditures are no longer capitalized to the intangible. Internally generated intangible assets that are available for use are amortized on a straight-line basis over their estimated useful life of five years, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount. Internally generated intangible assets that are under development are not amortized and are reviewed for impairment annually by comparing the carrying amount with its recoverable amount. An impairment loss is recognized in profit or loss when the recoverable amount is less than the net carrying amount.

Share-Based Payments

The Company operates a stock option plan as part of its compensation of directors, officers or employees. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase in stock-based compensation expense and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase in capital stock. In the event that the vested stock options expire, previously recognized stock-based compensation is not reversed. In the event that stock options are forfeited, previously recognized stock-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments are based on the fair value of the goods or services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the good or services.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable. A provision for impairment of trade accounts receivable is established based on a forward-looking “expected credit loss” impairment model. The carrying amount of the trade receivables is reduced through the use of the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the consolidated statement of operations and comprehensive loss. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of loss and comprehensive loss.

Convertible Debentures

The Company’s convertible debentures are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements.

The conversion feature of the convertible debentures is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument under IAS 32, Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed number of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the convertible debentures is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument, as a whole, the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

Transaction costs are allocated to the debt and equity components or derivative liability components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to equity components will be accounted for as a deduction from equity, net of any related income tax benefit; cost allocated to the derivative financial liability component are expensed; and cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate.

Earnings (Loss) Per Share

Basic earnings (loss) per common share is determined by dividing net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share is calculated by adjusting the weighted average number of shares outstanding, adjusted for any of its own shares held, for the effects of all dilutive potential common shares, which are comprised of outstanding warrants and vested stock options. Diluted earnings (loss) per common share assumes that any proceeds received from in-the-money options and warrants would be used to buy common shares at the average market price for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost and is depreciated over its estimated useful lives, at the following annual rates and methods:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

Impairment of Long-Lived Assets

At the end of each reporting date, the carrying amounts of the Company's long-lived assets, which are comprised of equipment and internally generated intangible assets that are available for use, are reviewed to determine whether there is any indication that those assets may be impaired. If such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The carrying amount of the Company's internally generated intangible assets that are not yet available for use are required to be reviewed for impairment annually by comparing the carrying amount with its recoverable amount.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case the individual assets are grouped together into cash generating units ("CGUs") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net earnings (loss) for the period.

At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company will estimate the recoverable amount of that asset, and reverse the impairment loss recognized in prior periods. The reversal of an impairment loss will not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying value if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in net earnings (loss).

Investment Tax Credits

An estimate of investment tax credits ("ITC") on scientific research and experimental development ("SRED") expenditures is recorded in the year the expenditures are incurred provided there is reasonable assurance that the ITC will be recovered or realized. The expenditures are reduced by the amount of the estimated investment tax credit. SRED ITCs include refundable and non-refundable tax credits. Refundable ITCs are refunded to the Company once assessed by the government agency. Unused non-refundable ITCs are carried forward to reduce taxes payable of future years and expire 20 years from the year they were granted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in net earnings (loss) except to the extent that it relates to items in equity, in which case it is recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize that excess.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in contributed surplus. Unit proceeds are allocated to common shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. Upon expiration of warrants, the amount applicable to expired warrants is left in contributed surplus.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Financial Instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Assets

The Company classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (“FVTOCI”) – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss.

The cumulative fair value gains or losses recognized in other comprehensive income ("OCI") are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss (“FVTPL”) - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial Liabilities

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Company’s classification and measurements of financial assets and liabilities are summarized below:

Financial Instrument	Classification Under IFRS 9
Cash	Amortized cost
Short term investments	Amortized cost
Accounts receivable	Amortized cost
Investment tax credits refundable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term loans	Amortized cost
Convertible debentures	Amortized cost
Lease liabilities	Amortized cost

Allowance for expected credit losses

IFRS 9 provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets. The credit loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate bad debt expenses. The Company assesses the lifetime expected credit loss related to its sales receivables and re-assesses the provision each reporting period. When measuring the expected credit loss, the Company considers a variety of factors including: evidence of the debtor's financial condition, the term of the receivable and any changes in economic conditions.

Financial Instruments - Fair Value Hierarchy

The Company has a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Company's investments. The hierarchy of inputs is summarized below:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis (the Company has included cash under this category);

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Level 3 - inputs for the asset or liability that are not based on observable market data.

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. There was no movement between different Levels for the year ended July 31, 2022 and 2021.

The fair value of cash, accounts receivables, short-term investments, accounts payable and accrued liabilities, customer deposits, deferred revenues, term loans, lease liabilities, future subscriptions, and convertible debentures approximates their carrying values due to their short-term nature.

Critical Accounting Estimates and Judgments

Preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Although these estimates and assumptions are based on management's best knowledge of current events, actual results may be different.

Certain estimates depend on subjective or complex judgments about matters that may be uncertain and changes in these estimates could materially impact the financial statements.

The key sources of estimation uncertainty at statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below:

Revenue Recognition

The Company’s contracts with customers often include promises to transfer multiple services. In determining how revenue should be recognized, a five-step process is used, which requires judgment and estimates. These judgments and estimates include identifying performance obligations in the contract, determining whether the performance obligations are distinct, determining the stand-alone selling price (“SSP”) for each distinct performance obligation, determining the timing of revenue recognition for distinct performance obligations and estimating the amount of variable consideration to include in the transaction price.

In assessing whether the Company’s promises to transfer services to the customer are separately identifiable, the objective is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those services individually or, instead, to transfer a combined item or items to which the promised services are inputs. To the extent that the promised services are highly interrelated, those services are considered not distinct and accounted for as single, combined performance obligation. Judgment is required to determine whether the services transferred to a customer are considered distinct and accounted for separately, or not distinct and accounted for together with the related subscription for licensing, customer analytics and support recognized over time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

Expected Credit Losses ("ECLs")

The Company performs impairment testing of accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs. The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Investment Tax Credits Recoverable and Deferred Tax Assets

Investment tax credits are claimed on the Company's research and development activities and are based on a percentage of employee wages. Management is required to make judgments of the amount of investment tax credits that the Company will be able to claim. In order to make this estimate, management utilizes a specialist consultant to prepare the appropriate claim forms. These judgments will affect the reported amounts of investment tax credits refundable, intangible assets and salaries and wages expense. Management also exercises judgment in the utilization of non-refundable ITCs recorded as an asset which have not yet been applied to reduce taxes payable and in determining the portion of ITCs the Company expects will be received within one year of the statement of financial position date.

The Company estimates the probability that taxable profits will be available to offset against deductible temporary differences which give rise to deferred tax assets and the utilization of non-refundable ITCs. The ultimate realization of the deferred tax assets and non-refundable ITCs is dependent on the generation of future taxable income during the year in which the temporary differences and non-refundable ITCs are deductible.

Capitalization of Development Costs

Management exercises judgment when establishing whether the criteria under IAS 38, Intangible Assets, for development costs have been met, specifically the technical feasibility of the products in development and the ability to generate probable economic future benefits.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount of the asset. The recoverable amount is determined with reference to the fair value of the asset less costs of disposal or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise. Management exercises significant judgment and assumptions when determining the recoverable amount of long-lived assets

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments

Share-Based Payments and Warrants

Share-Based payments and warrants are calculated utilizing the Black-Scholes option pricing model to determine the value of options and warrants as of their grant date. Management is required to estimate the volatility of the price of its shares, the amount of future dividends that will be paid, the market's risk-free interest rate, the expected life of the options and warrants, and the expected forfeiture rate for options. These estimates will affect the reported amount of share-based payments and warrants in contributed surplus.

Going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes would materially impact the validity of such an assessment.

Convertible Debentures

Convertible debentures are compound financial instruments which components are accounted for separately as financial liabilities or equity instruments. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires management judgment. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

4. SHORT TERM INVESTMENTS

As at July 31, 2022, short term investments consist of Guaranteed Investment Certificates ("GICs") in the amount of $17,007 (2021 - $16,997), which bear a nominal interest rate and mature on November 2, 2022. The GICs were obtained as letters of credit for financing received as discussed in note 9.

5. PREPAIDS & OTHER ASSETS

The main component of prepaids balance is the cost of software subscriptions and software licences necessary for the product development as well as for the proper functioning of the business. As of July 31, 2022, the unamortised value of subscriptions and licences, included in the prepaids balance, was $113,988 (2021 - $119,942).

(Presented in Canadian Dollars)

6. EQUIPMENT

The components of equipment are as follows as of July 31, 2022:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2021	$90,080	$205,396	$295,476
Additions	$0	$15,117	$15,117
Closing balance - July 31, 2022	$90,080	$220,513	$310,593

Accumulated Depreciation			
Opening balance - August 1, 2021	$73,963	$139,473	$213,436
Amortization	$3,735	$26,034	$29,769
Closing balance - July 31, 2022	$77,698	$165,507	$243,205

Carrying Value			
Balance - August 1, 2021	$16,117	$65,923	$82,040
Balance - July 31, 2022	**$12,382**	**$55,005**	**$67,387**

The components of equipment are as follows as of July 31, 2021:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2020	$88,805	$160,782	$249,587
Additions	1,275	44,614	45,889
Closing balance - July 31, 2021	90,080	205,396	295,476

Accumulated Depreciation			
Opening balance - August 1, 2020	70,505	124,607	195,112
Amortization	3,458	14,866	18,324
Closing balance - July 31, 2021	73,963	139,473	213,436

Carrying Value			
Balance - August 1, 2020	18,300	36,175	54,475
Balance - July 31, 2021	**$16,117**	**$65,923**	**$82,040**

(Presented in Canadian Dollars)

7. RIGHT-OF-USE ASSETS

The Company recognized the right-of-use assets for its two office space leases as follows:

Costs or Deemed Cost	
Opening Balance - August 1, 2021	$380,562
Additions	$38,044
Closing balance - July 31, 2022	**$418,606**
Accumulated Depreciation	
Opening balance - August 1, 2021	$256,392
Depreciation	$129,110
Closing balance - July 31, 2022	**$385,502**
Carrying Value	
Balance - August 1, 2021	$124,170
Closing balance - July 31, 2022	**$33,104**

The components of right-of-use assets are as follows as of July 31, 2021:

Costs or Deemed Cost	
Right-of-use assets on transition to IFRS 16-August 1, 2019 additions	$380,562
Additions	0
Closing balance - July 31, 2021	**$380,562**
Accumulated Depreciation	
Opening balance - August 1, 2020	$128,196
Depreciation	128,196
Closing balance - July 31, 2021	**$256,392**
Carrying Value	
Balance - August 1, 2020	$252,366
Closing balance - July 31, 2021	**$124,170**

(Presented in Canadian Dollars)

8. INTANGIBLES

The components of internally generated intangible assets are as follows as of July 31, 2022:

Cost	
Opening balance - August 1, 2021	$419,923
Additions	$0
Disposals	$0
Closing Balance - July 31, 2022	**$419,923**
Accumulated Amortization	
Opening balance - August 1, 2021	$403,225
Amortization	$16,698
Disposals	$0
Closing Balance - July 31, 2022	**$419,923**
Carrying Value	
Balance - August 1, 2021	$16,698
Balance - July 31, 2022	**$0**

The components of internally generated intangible assets are as follows as of July 31, 2021:

Cost	
Opening balance - August 1, 2020	$419,923
Additions	0
Disposals	0
Closing Balance - July 31, 2021	**$419,923**
Accumulated Amortization	
Opening balance - August 1, 2020	$319,241
Amortization	83,984
Disposals	0
Closing Balance - July 31, 2021	**$403,225**
Carrying Value	
Balance - August 1, 2020	$100,682
Balance - July 31, 2021	**$16,698**

(i) Included in the amortisation balance for 2021, as presented on the income statement, is $25,773 related to the contract costs.

(Presented in Canadian Dollars)

9. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	July 31, 2022	July 31, 2021
Trade accounts payable	$465,800	$517,893
Accrued liabilities	300,844	192,095
Accrued vacation payable and other employee benefits	629,292	485,590
Provision	42,703	42,703
Customer deposits	456,130	445,617
	$1,894,769	**$1,683,898**

10. SHORT TERM DEBT

During the year ended July 31, 2019, the Company received approval for new bridge loans from Investissement Quebec ("IQ") of up to $337,900 by way of two separate loans based on the Company's eligibility of their 2018 and 2019 Scientific Research and Experimental Development ("SRED") claims ($172,400 and $165,500, respectively). The Company received total advances from IQ in the amount of $284,020, being $118,520 for the 2018 SRED claim and $165,500 for the 2019 SRED claim. The loans will be used to fund working capital requirements and are secured against the expected refundable portion of the Company's fiscal 2018 and 2019 SRED claims. The loans bear interest at prime rate plus 2.25% per annum, where prime rate is the rate used by the majority of six Canadian Chartered banks as chosen by IQ.

The loans are repayable on the earlier of the following dates:

- the date the Company files its corporate income tax return and the SRED claim is deducted from income taxes payable at that time;
- the date the Company is required to file its corporate income tax return if the return is not filed;
- the date a refund is received from the relevant authorities regarding the refundable SRED claims; or
- January 31, 2020 with respect to the 2018 advances and January 31, 2021 with respect to the 2019 advances.

The loans are secured granting IQ a senior-ranking hypotec in the amount of $337,900 and an additional hypotec in the amount of $67,580 (being $34,480 related to the 2018 SRED claim advances and $33,100 related to the 2019 SRED claim advances) charging the universality of the Company's present and future claims and accounts receivable, giving priority to the Company's present and future tax credits. In addition, the Company must maintain an irrevocable standby letter of credit in favour of IQ representing an amount of 10% of the loans guaranteeing all the Company's obligations under the loans, with maturity dates of February 21, 2020 for the 2018 SRED claim advances and February 19, 2021 for the 2019 SRED claim advances. As discussed in note 4, the Company has secured letters of credit totaling $16,965 plus any accrued interest (July 31, 2020 - $16,550) with one year GICs at a nominal interest rate. The GIC of matures on November 2, 2021. The Company will renew the GICs to maintain them in accordance with the required maturity dates of the advances.

During the year ended July 31, 2021, the Company repaid the full amount of the fiscal 2019 SRED advances to IQ in the amount of $165,500.

(Presented in Canadian Dollars)

11. DEFERRED REVENUE

The following table represents changes in deferred revenues for the years ended July 31, 2022 and 2021:

Balance, July 31, 2020	**$1,066,461**
Invoices during the period, excluding amount recognized as revenue	3,306,788
Amount recognized as revenue included in the balance at the beginning of the period	(3,393,286)
Balance, July 31, 2021	$979,963
Invoices during the period, excluding amount recognized as revenue	4,309,825
Amount recognized as revenue included in the balance at the beginning of the period	(3,971,824)
Balance, July 31, 2022	**$1,317,964**

12. TERM LOANS

	2022	2021
Investissement Quebec (i)	$0	$185,319
Business Development Bank of Canada (ii)	14,980	87,020
	14,980	272,339
Transaction costs	0	(3,566)
	14,980	**268,773**
Current portion	(14,980)	(257,359)
	$0	**$11,414**

(i) In June and July 2015, the Company received a term loan from Investissement Quebec ("IQ") in the amount of $1,000,000 to fund working capital requirements. The term loan is interest bearing at prime rate plus 3.15% per annum. Interest only payments were required until June 2016 (12 months); thereafter monthly principal payments of $16,667 plus interest were paid until January 2020. During the year ended July 31, 2020, the Company both renegotiated the payment terms of the remaining balance of $283,319 ($383,321 as at July 31, 2019) while also receiving a moratorium on all outstanding principal for 6 months due to COVID-19 beginning March 2020. Monthly principal payments of $3,000 plus interest are due from September 2020 to January 2021. Following this, the Company's monthly principal payments will be $12,000 plus interest from February 2021 to June 2021, thereafter $20,000 plus interest until November 2021 with the final payment of $105,319 due in December 2021. The loan is secured by a universal mortgage on all present and future assets, including a first ranking on tax credits. Two current directors/officers of the Company have personally guaranteed a total of $50,000 of the loan.

As of July 31, 2021, the Company was offside on both financial covenants relating to these term loans. The Company obtained a waiver of these financial covenants from IQ such that the term loan did not become payable on demand and the terms of the loan remained unchanged as at and subsequent to July 31, 2021. The entire balance of the loan as at July 31, 2022 is due within one year and has been classified as current.

(Presented in Canadian Dollars)

12. TERM LOANS (continued)

(ii) Two current directors / officers of the Company have personally guaranteed 64% of the outstanding balance of the loan, and the Company has guaranteed the full amount of the outstanding commitment of the loan. In October 2016, the Company received an additional $100,000, less transactions costs of $2,000, with the same terms and conditions stated above except the first monthly principal payment of $2,060 plus interest was paid in September 2017, thereafter monthly principal payments of $1,660 plus interest were paid until January 2019. In February 2019, the Company renegotiated the payment terms of the remaining balance of $71,380. In March 2020, the Company again renegotiated the payment terms of the remaining balance of $63,280. Monthly principal payments of $2,100 plus interest are due from September 2020 to January 2023, with the final payment of $2,380 due in February 2023.

Remaining principal scheduled repayments under the term loans of $14,980 are due in 2023.

13. LEASE LIABILITIES

On August 1, 2019, the Company measured its lease liabilities and discounted the remaining lease payments of $418,150 using the incremental borrowing rate which is between 8.86% to 9.96% per annum. The interest costs incurred in connection with the lease during 2022 are $6,189 (2021 – 17,799)

	Year ended July 31, 2022	Year ended July 31, 2021
Balance - beginning of period	$124,598	$252,227
Interest payable on lease liabilities		17,799
Repayments during the period	(104,628)	(145,428)
	19,970	124,598
Current portion	(19,970)	(124,384)
	$0	**$214**

The following table presents the contractual undiscounted cash flows for lease liabilities as of July 31, 2022:

Less than one year	$19,970
Two to five years	$0
	$19,970

(Presented in Canadian Dollars)

14. CONVERTIBLE DEBENTURES

	Debentures I	Debentures II	Total
Balance at July 31, 2020	**$1,877,569**	**$1,307,737**	**$3,185,306**
Accrued interest	136,849	71,904	**208,753**
Interest Payment	(297,883)	(83,479)	**(381,363)**
Accretion expenses	70,451	25,488	**95,939**
Conversion of convertible debentures	(1,058,186)	(1,321,650)	**(2,379,836)**
Balance at July 31, 2021	**$728,799**	**$0**	**$728,799**
Accrued interest	75,000	0	**75,000**
Interest Payment	(75,000)	0	**(75,000)**
Accretion expenses	41,130	0	**41,130**
Conversion of convertible debentures	0	0	**0**
Balance at July 31, 2022	**$769,929**	**$0**	**$769,929**

On October 31, 2018, the Company issued convertible debentures ("Debentures I") for total gross proceeds of $2,000,000. The Debentures I have the following terms:

(i) Mature on October 31, 2023.

(ii) Bear interest at 10% per annum and will be payable quarterly starting in year two being January 31, 2020. The Company has the option to pay all or a portion of interest in kind by way of common shares in the Company at a deemed price equal to the volume-weighted average trading price of the common shares for the period of ten (10) days prior to the interest payment date. In the event the Company elects to convert accrued interest into common shares, the interest rate for the amount to be converted into common shares shall be based on 12%. Accrued interest for year one will be paid on the maturity date.

(iii) In the event the volume-weighted average trading price of the common shares is greater than $0.25 for 20 consecutive trading days at any time following October 31, 2019, the Company shall have the option to invite holders of Debentures I to convert the then outstanding principal of the Debentures I into Common Shares at $0.105 per share (the "Conversion Price"). In the event a holder does not elect to convert the Conversion Price shall increase to $0.15. Subject to the foregoing, the principal of the Debentures I may be converted at any time in whole or in part at the holder's option into common shares at the Conversion Price in effect at such time. On the maturity date, the principal of the Debentures I may be converted in whole or in part at the Company's option into common shares at the Conversion Price in effect at such time.

(iv) The principal of the Debentures I is redeemable in whole or part by the Company at any time following twelve (12) months from the closing date plus a 25% premium on the principal.

In April 2020, the Company obtained an interest deferral from one of the Debentures I holders. The Company will therefore defer the interest payments due to this holder for April and July 2020 till the maturity of the Note, totaling $37,295.

The conversion feature of the Debentures I meets the fixed for fixed criteria and is therefore presented as an equity instrument in accordance with IAS 32. The debt component of the Debentures I was measured at fair value at initial recognition. To determine the initial amount of the respective debt and equity components of the Debentures I issued, the carrying amount of the financial liability was first calculated by discounting the stream of future principal and interest payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk, which the Company has estimated as 16.5%.

14. CONVERTIBLE DEBENTURES (continued)

The debt component was then deducted from the total carrying amount of the compound instrument to derive the equity component. The debt component was assigned a value of $1,499,653 and the equity component was assigned a value of $500,347 (less deferred income taxes of $120,243). The debt component is subsequently accounted for at amortized cost using the effective interest rate method. Transaction costs of $33,986 were paid related to the Debentures I, of which $25,484 was deducted from the value of the debt component and $8,502 was deducted from the residual value of the equity component.

On July 30, 2020, the Company completed an issuance of convertible debentures ("Debentures II") for the total gross proceeds of $1,450,000. The Debentures II have the following terms:

(i) Mature on May 31, 2023.
(ii) Bear interest at 10% per annum and will be payable annually. At the option of the Subscribers, the interest will be convertible into Common Shares based on the volume-weighted average trading price of the Common Shares for the ten (10) days prior to the interest payment date.
(iii) The Debentures II shall be convertible into Common Shares at the option of the Subscribers at $0.06 per share during the first 12 months of the term and $0.10 per share in the final 24 months of the term.
(iv) The Debenture II have a hold period of 4 months from the Closing Date
(v) The conversion feature of the Debentures II meets the fixed for fixed criteria and is therefore presented as an equity instrument in accordance with IAS 32. The debt component of the Debentures II was measured at fair value at initial recognition. To determine the initial amount of the respective debt and equity components of the Debentures issued, the carrying amount of the financial liability was first calculated by discounting the stream of future principal and interest payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk, which the Company has estimated as 14.26%. The conversion feature of the Debentures II meets the fixed for fixed criteria and is therefore presented as an equity instrument in accordance with IAS 32. The debt component of the Debentures II was measured at fair value at initial recognition.
(vi) To determine the initial amount of the respective debt and equity components of the Debentures issued, the carrying amount of the financial liability was first calculated by discounting the stream of future principal and interest payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk, which the Company has estimated as 14.26%. The debt component was then deducted from the total carrying amount of the compound instrument to derive the equity component. The debt component was assigned a value of $1,307,372 and the equity component was assigned a value of $142,628 (less deferred income taxes of $43,026). The debt component is subsequently accounted for at amortized cost using the effective interest rate method. Transaction costs of $21,886 were paid related to the Debentures II, of which $19,733 was deducted from the value of the debt component and $2,153 was deducted from the residual value of the equity component.

On January 15, 2021, the Company announced non-brokered private placement financing pursuant to which the Company proposed to raise gross proceeds of a minimum of $2,000,000 and a maximum of $5,000,000 through the issuance of a minimum of 19,047,619 and a maximum of 47,619,046 units of the Company at $0.105 per Unit.

Subject to the conditions set out, the registered holder of a three year 10% unsecured convertible Debentures II elected to convert principal amount of Debenture II into common shares in the capital of the Company at $0.06 per share in accordance with the terms of the Debenture (the "Conversion") with a minimum of 90% ($1,305,000) of the Company's outstanding Debentures II.

(Presented in Canadian Dollars)

14. CONVERTIBLE DEBENTURES (continued)

The holder of Debenture I, a five-year 10% unsecured convertible debenture issued by the Company elected to convert principal amount of the Debenture I into common shares in the capital of the Company at $0.105 per share in accordance with the terms of the 2018 Debenture (the "Conversion") with a minimum of 50% ($1,000,000) of the Company's outstanding Debenture I. The issuance by the Company to the undersigned one-half of one warrant for each share issued upon Conversion, with each whole warrant entitling the undersigned to acquire one additional common share of the Company at a price of $0.18 per share until January 29th, 2024, subject to acceleration. The expiry of the warrants may be accelerated by the Company, if the volume-weighted average trading price of the Company's common shares on the TSX Venture Exchange is greater than $0.22 for any twenty (20) consecutive trading days, at which time the Company may, within ten (10) business days, accelerate the expiry date of the warrants and applicable holds. The Company recognized warrant inducement expenses related to the conversion of convertible debt of $530,941 during the year ended July 31, 2021.

On January 29, 2021, as part of the private placement, a conversion of the gross proceeds of $1,450,000 convertible Debentures II resulted in issue of 24,166,664 common shares in the capital of the Company. For Debenture I, there were partial conversions of the gross proceeds of $1,250,000 convertible debenture resulting in issue of 11,904,759 shares with 5,952,378 warrants exercisable at $0.18 to January 29, 2024 and reduction in the debenture outstanding to $750,000. All interest owing on the principal amount of these debentures was paid to the debenture holders in cash concurrently with the issuance of the common shares.

Scheduled interest payments under the Debentures are due as follows:

	Debentures 1	Debentures 2	Total
2021	18,904	-	18,904
2022	75,000	-	75,000
2023	75,000	-	75,000
2024	75,000	-	75,000
	243,904	-	243,904

During the year, the Company received portion of the financing round of $1,620,194 in future subscriptions, which were executed subsequent to the year end, on August 9, 2022. Further details are described in note 24 "Subsequent events".

15. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and has 170,501,086 (2021 - 162,056,711) common shares issued and outstanding as at July 31, 2022. During the year ended July 31, 2022, warrant holders did not exercise any warrants (2021 - NIL).

In April 2022, the company recorded the net proceeds of $512,783, on a relative fair value basis with $391,786 being recorded under share capital for the value of the common shares and $120,997 being recorded under contributed surplus for the value of warrants issued as part of the non-brokered private placement.

In fiscal 2021 the Company recorded the net proceeds of $4,308,962 on a relative fair value basis with $2,578,424 being recorded under share capital for the value of the common shares and $1,730,538 being recorded under contributed surplus for the value of warrants issued as part of the non-brokered private placement.

(Presented in Canadian Dollars)

15. SHARE CAPITAL (continued)

On January 29, 2021, certain convertible debenture holders exercised an accelerated conversion to convert their debentures for common shares. There were partial conversions of the gross proceeds of $1,250,000 at a price of $0.105 on Debenture 1 resulting in issue of 11,904,759 common shares and on Debenture II, a conversion of the gross proceeds of $1,450,000 at a price of $0.06 resulted in issue of 24,166,664 common shares in the capital of the Company. All shares issued in connection with the conversion are subject to a statutory four-month hold period in accordance with applicable securities law legislation.

16. SHARE-BASED PAYMENTS

The Company grants stock options to eligible directors, officers, key employees and consultants under its stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares which may be issued pursuant to the exercise of options granted under the plan may not exceed 20% (2021 - 20%) of the number of common shares outstanding at the time of grant. As at July 31, 2022, the maximum number of common shares available under the plan was 34,100,217 (2021 - 32,411,342) of which 11,681,905 (2021 - 11,968,030) remain available for grant thereunder.

The exercise price of an option granted under the plan cannot be less than the closing price of the common shares on the last day on which the common shares trade prior to the grant date of the option. An individual can receive grants of no more than 5% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding ten years. Options vest according to the discretion of the board which range from immediate to five years.

A summary of the status of the Company's stock options as at July 31, 2022 and 2021 and changes during the years then ended is presented below:

	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	20,443,312	$0.115	12,892,754	$0.090
Granted	1,975,000	$0.109	8,700,000	$0.150
Exercised	(10,000)	$0.100	-	$0.000
Expired	(5,583,591)	$0.070	(1,149,442)	$0.100
Outstanding - end of period	16,824,721	$0.129	20,443,312	$0.110
Exercisable - end of period	10,587,221	$0.121	8,858,289	$0.100

The weighted average remaining contractual life of stock options as of July 31, 2022 is 2.47 years (2021 - 3.37 years).

(Presented in Canadian Dollars)

16. SHARE-BASED PAYMENTS (continued)

The Company had the following stock options outstanding as of July 31, 2022:

Expiry fiscal year	Name	# of options	Exercise Price		Remaining Life (years - average)
			from	to	
Jul 31, 2022		575,000	$0.150	$0.150	(0.22)
Jul 31, 2023		5,240,000	$0.100	$0.120	0.48
Jul 31, 2024		1,325,000	$0.080	$0.150	1.71
Jul 31, 2025		38,888	$0.080	$0.080	2.28
Jul 31, 2026		7,695,833	$0.120	$0.160	3.59
Jul 31, 2027		1,950,000	$0.050	$0.125	4.42
		16,824,721	**$0.097**	**$0.131**	

On January 13, 2021, the Company granted 1,450,000 options to employees. Each stock option is exercisable into common shares of the Company at an exercise price of $0.12. One third of the options vest on January 13, 2022 and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

On April 23, 2021, the Company granted 7,250,000 options to employees. Each stock option is exercisable into common shares of the Company at an exercise price of $0.16. One third of the options vest on April 23, 2022 and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

The estimated fair value of the stock options granted for the year ended July 31, 2021 was estimated at values between $0.09 to $0.12 by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility 96%; risk free interest rate between 0.44% to 0.93%; forfeiture rate of 0%, share price between $0.12 to $0.16; and expected life of five years.

Each tranche of an award with a different vesting date is considered a separate grant of the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. During the year ended July 31, 2022, 5,583,591 (2021 - 1,149,442) options expired due to the cancellation of agreements, termination of employees and resignation of officers. The Company reversed the cumulative expenses previously recognized for expired and unvested options and resulted share-based payments (recovery) in the current period.

The total value of options granted under the Company's option plan for the year ended July 31, 2022 was $622,427 (2021 - $963,699). The weighted average grant date fair value of options granted during the year ended July 31, 2022 was $0.109 (2021 - $0.15).

Share-based payments for all vested options for the year ended July 31, 2022 was $501,116 (2021 - $291,860), which was credited to contributed surplus and expensed to share-based payments.

(Presented in Canadian Dollars)

17. SHARE PURCHASE WARRANTS

During the year ended July 31, 2022, warrant holders did not exercise any warrants.

On February 11, 2021, the Company completed a private placement for gross proceeds of $5 million. The terms were: 47,619,046 units at a price of $0.105 per unit. All units consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share for three years at price of $0.18 per share with conditions to accelerate. The expiry of the warrants may be accelerated by the Company at any time following the four (4) month hold and prior to the expiry date of the warrants by announcing the reduced warrant term, whereby if the VWAP of common shares is greater than $0.22 for any 20 consecutive trading days, the Company may accelerate the expiry and exercise conversion at $0.18 per warrant. The number of warrants issued as part of the tranche was 47,619,046 at the exercise price of $0.18 per warrant. In connection with the offering, the Company issued 3,574,952 broker warrants exercisable to purchase the same number of common shares, at a price of $0.105 per share, for a period of three years from issuance date of the warrants. All securities issued in connection with private placement are subject to a statutory four-month hold period in accordance with applicable securities law legislation. The estimated fair value of the broker warrants granted was estimated by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility of 104%; risk free interest rate of 0.18%; forfeiture rate of 0%, share price of $0.15 – $0.20; exercise price of $0.105 and expected life of three years.

On January 29, 2021, as part of private placement, for Debenture I, there were partial conversions of the gross proceeds of $1,250,000 convertible debenture resulting in issue of 11,904,759 shares with 5,952,378 incentive warrants as an early conversion inducement valued at $530,941. Each full warrant entitles the holder to purchase one additional common share for three years at an exercisable price of $0.18 to expire on January 29, 2024. The Company paid $6,750 in issuance cost related to the incentive warrants related to early conversion of Debentures I as part of the private placement. The estimated fair value of the inducement warrants granted for the year ended July 31, 2021 was estimated by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility of 102%; risk free interest rate of 0.18%; forfeiture rate of 0%, share price of $0.15- $0.20; exercise price of $0.18 and expected life of three years. The inducement expense is included in share-based payment expenses in the condensed consolidated statements of comprehensive loss for the year ended July 31, 2021, net of issuance costs.

	2022		2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	57,146,376	$0.175	370,000	$0.102
Granted	4,260,937	$0.096	57,146,376	$0.175
Exercised	0	$0.000	0	$0.000
Expired	0	$0.102	(370,000)	$0.102
Outstanding - end of period	**61,407,313**	**$0.175**	**57,146,376**	**$0.175**

(Presented in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (continued)

The Company had the following warrants outstanding as at July 31, 2022:

Number of warranrts outstanding	Number of warrants exercisable	Exercise Price	Expiry Date	Remaining Life (Years)
37,130,238	37,130,238	$0.180	January 29, 2024	1.50
5,952,378	5,952,378	$0.180	January 29, 2024	1.50
80,000	80,000	$0.105	January 29, 2024	1.50
2,741,200	2,741,200	$0.105	February 9, 2024	1.53
6,050,904	6,050,904	$0.180	February 9, 2024	1.53
408,720	408,720	$0.105	February 9, 2024	1.53
125,000	125,000	$0.180	February 10, 2024	1.53
4,312,904	4,312,904	$0.180	February 11, 2024	1.53
345,032	345,032	$0.105	February 11, 2024	1.53
4,217,187	4,217,187	$0.096	April 5, 2026	3.68
43,750	43,750	$0.064	April 5, 2027	4.68
61,407,313	**61,407,313**			

18. DISAGGREGATION OF REVENUE

The Company has one reportable segment, which is providing interactive personalized video and marketing software to financial institutions, insurance services and pension funds. This single reportable operating segment derives its revenues from the sale of software-as-a-service (SaaS) products and related professional services are transacted. The disaggregated revenue from contracts with customers by product line or geographic location shows how the nature, amount and timing of revenue and cashflows could be affected by economic factors.

	2022	2021
Subscription and Support	$2,330,737	$2,018,934
Services	$2,438,505	$1,656,174
	$4,769,242	**$3,675,108**

The Company generates revenues in three principal geographical regions: Canada, United States of America (USA), and outside of North America (Other). In presenting the geographic information, segment revenue has been based on the geographic location of customers:

(Presented in Canadian Dollars)

18. DISAGGREGATION OF REVENUE (continued)

	2022	**2021**
Canada	$1,758,338	$1,446,388
USA	$2,565,851	$1,812,416
Other	$445,053	$416,304
	$4,769,242	**$3,675,108**

19. OTHER INCOME

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Various levels of government and the Bank of Canada have responded with significant monetary and fiscal interventions designed to stabilize economic conditions. The efficacy of the government and the Bank of Canada's intervention to support business has come in various forms including Canada Emergency Wage Subsidy (CEWS) as a temporary measure. The CEWS program provides government assistance in the form of wage subsidy for qualifying businesses faced with specified levels of revenue decline designed to either retain workforce on payroll or to re-hire furloughed employees.

The CEWS program is applicable from March 2020 to October 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program. The Company has elected to compare the revenue during the availability period to the average of January and February 2020 revenues and are being calculated on accrual basis and included on a gross basis.

	2022	**2021**
Canada Emergency Wage Subsidy	$0	$488,804
Canada Emergency Rent Subsidy	$0	$27,487
Other	$1,427	$1,347
Total	$1,427	$517,638

The assistance received from CEWS reduced the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration, such as Scientific Research & Experimental Development (SR&ED) investment tax credits for the Company. The Company continues to monitor proposed legislative changes to determine their effects on the Company at such time.

(Presented in Canadian Dollars)

20. EXPENSES BY NATURE

Cost of Sales - Subscriptions and Support

The components of cost of sales - subscription and support are as follows:

	2022	2021
Salaries and benefits	$2,517	$81,824
Subcontracting	1,552	55,501
Hosting	196,608	210,520
	$200,677	**$347,845**

Cost of Sales - Services

The components of cost of sales services are as follows:

	2022	2021
Salaries and benefits	$365,102	$610,859
Subcontracting Fees	621,004	470,869
Other	48,094	17,163
	$1,034,200	**$1,098,891**

Sales and Marketing Expenses

The components of sales and marketing expenses are as follows:

	2022	2021
Salaries and benefits	$1,649,144	$1,639,070
Consulting Fees	185,456	165,166
Advertising and promotion	246,814	506,569
Travel, meals and entertainment	44,877	7,590
Other	2,879	275
	$2,129,170	**$2,318,670**

(Presented in Canadian Dollars)

20. EXPENSES BY NATURE (continued)

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	2022	2021
Salaries and benefits	$1,291,655	$953,426
Consulting fees	442,179	228,936
Professional fees	329,413	111,763
TMI and occupancy costs	75,181	73,039
Computer and software	249,487	143,796
Stock exchange expense	64,234	98,474
Other office and administrative	224,193	26,403
Travel	19,615	7,866
Insurance	37,903	29,782
Bad debt expense	84,153	5,638
Foreign exchange (gain) loss	(44,730)	62,332
	$2,773,283	**$1,741,455**

Research and Development Expenses

The components of research and development expenses are as follows:

	2022	2021
Salaries and benefits	$1,252,419	$1,383,086
Consulting fees	160,668	133,031
ITC claims	(171,966)	(155,089)
Other	53,958	40,822
	$1,295,079	**$1,401,850**

(Presented in Canadian Dollars)

21. INCOME TAXES

The following table reconciles income taxes calculated at the applicable tax rates of 26.50% (2021 – 26.50%) with the income tax expense in the consolidated financial statements. The applicable tax rate is based on the weighted Federal, Ontario and Quebec statutory rates.

	2022	**2021**
Income tax expense at statutory rate	($933,278)	($1,101,920)
Permanent differences	2,204	1,872
Tax on benefit of investment tax credits and other	(126,819)	(109,996)
Warrant inducements	0	140,699
Stock-based compensation	132,796	77,343
Share issuance costs	(12,277)	(222,522)
Change in deferred tax assets not recognized	915,180	1,180,869
Prior year adjustments and other	20,341	4,037
	($1,853)	**($29,618)**

The Company's income tax (recovery) is allocated as follows:

	2022	**2021**
Current tax (recovery)	$0	$0
Deferred tax (recovery)	(1,853)	(29,618)
	($1,853)	**($29,618)**

The Company claims research and development ("R&D") deductions and related ITCs for tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency ("CRA") and Revenue Quebec and any adjustments that results could affect ITCs recorded in the consolidated financial statements. In the opinion of management, the treatment of R&D for income tax purposes is appropriate. During the year, the Company recognized $171,966 (2021 - $173,401) of ITCs which were presented as a reduction of R&D expense. The Company expects to recover $484,452 (2021 - $289,774) of refundable ITCs within the next fiscal year. Due to the uncertainty of utilization of non-refundable ITCs, the Company has not recognized the non-refundable ITCs. These non-refundable ITCs will not be recognized until the Company has income tax liabilities.

(Presented in Canadian Dollars)

21. INCOME TAXES (continued)

As at July 31, 2022, the Company has unused non-refundable ITCs of $1,667,293 which are available to reduce future taxes payable. These non-refundable ITCs expire as follows:

	Federal	Ontario	Total
2031	$5,576	$0	$5,576
2032	85,050	0	85,050
2033	128,021	9,650	137,671
2034	167,842	24,739	192,581
2035	89,699	20,206	109,905
2036	116,292	22,987	139,279
2037	124,332	17,958	142,290
2038	179,959	28,679	208,638
2039	161,768	20,725	182,493
2040	137,499	12,570	150,069
2041	163,415	11,785	175,200
2042	134,656	3,885	138,541
	$1,494,109	**$173,184**	**$1,667,293**

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below at the expected future tax rate of 26.50% (2021 - 26.50%):

	2022	2021
Non-capital losses available for carry-forward	$3,660,740	$3,028,124
Equipment	28,200	20,311
Intangibles	149,590	145,164
Leases	(3,480)	113
Convertible debentures	(14,590)	(25,493)
Transaction Costs	147,370	183,185
Provision	35,700	11,316
Federal and Provincial ITCs	1,728,310	1,458,075
	5,731,840	4,820,796
Deferred tax assets not recognized	**(5,731,840)**	**(4,822,649)**
Deferred tax liabilities	**$0**	**($1,853)**

(Presented in Canadian Dollars)

21. INCOME TAXES (continued)

Movement in net deferred tax liabilities:

	2022	2021
Balance at beginning of the year	($1,853)	($114,795)
Recognized in equity	0	83,324
Recognized in profit/loss	1,853	29,618
Deferred tax assets not recognized	$0	($1,853)

As at July 31, 2022, the Company has income tax losses which are available to reduce future taxable income. These losses expire as follows:

	Federal	Quebec
2034	$336,954	$730,292
2036	194,552	540,210
2037	980,014	980,014
2038	2,310,685	1,731,666
2039	3,187,078	3,233,129
2040	1,628,468	1,628,468
2041	2,708,024	2,708,024
2042	2,490,944	2,490,944
	$13,836,719	**$14,042,747**

These non-capital losses were not recognized in the current and prior year consolidated financial statements due to the uncertainty of realizing them in future years.

22. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's related party transactions for the for the year ended July 31, 2021, were all paid to key management personnel and were as follows:

	July 31, 2022	July 31, 2021
Salaries and benefits	$947,239	$1,245,694
Stock-based compensation (i)	0	212,852
	$947,239	**$1,458,545**

i) Stock based compensation for officers/directors is comprised of the vested value of stock options granted during the year.

(Presented in Canadian Dollars)

23. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Company is exposed to credit risk on its trade receivables. Credit risk is minimized by ensuring the credit worthiness of the entities with which it carries on business. The Company's clients predominantly consist of financial institutions and large public companies, many of whom are repeat clients and have long term relationships with the Company. The amounts reported for trade receivables in the consolidated statement of financial position is net of allowances for credit losses and the net carrying value represents the Company's maximum exposure to credit risk.

Management regularly reviews the credit terms and monitors the age and balances outstanding. Payment terms with customers are normally 30 days from invoice date. For the year ended July 31, 2022, the Company has recorded a provision for Expected Credit Losses of $84,153 (2021 - $7,868).

During the COVID-19 pandemic, financial instruments that potentially subject the Company to credit risk consist of trade receivables. The Company has reviewed its credit policy in light of the current environment and regularly conducts business with financial institutions with external credit ratings of 'investment grade' or maintain high liquidity.

As at July 31, 2022, approximately 49% of the Company's accounts receivable (2021 – 36%) are due from one significant customer and represents 44% (2021 - 10%) of the Company's sales.

An analysis of the credit quality of the Company's trade receivables is as follows:

	ECL %	July 31, 2022	July 31, 2021
Current	0.5%	$369,609	$485,916
Up to 30 days past due	1.0%	213,247	216,452
Over 60 days past due	2.5%	193,967	15,658
Over 90 days past due	5.0%	254,684	20,193
Less: Provision for ECLs		(92,021)	(7,868)
		$939,485	**$730,351**

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they fall due. The Company currently settles its financial obligations such as accounts payable out of cash. The Company’s future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

The Company is exposed to liquidity risk on accounts payable to its suppliers, which arise in the normal course of operations and are due in less than one year, lease liabilities, its term loans and convertible debentures, which are repayable in various monthly and quarterly installments as discussed in note 11 & 13. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows and budgets on all contracts, while maintaining adequate working capital on hand to meet its future obligations. As of July 31, 2022, the Company had the cash on hand of $1,247,891 (2021 - $2,140,923) and accounts receivable of $939,485 (2021 - $730,351) to meet working capital requirements.

23. FINANCIAL INSTRUMENTS (continued)

As at July 31, 2022, the Company's current liabilities exceed current assets by $327,402 (as of July 31, 2021, current assets exceeded current liabilities by $381,304). Of this amount, $1,317,965 (July 31, 2021 - $979,962) relates to Deferred Revenues (Note 11), which is expected to be settled through the performance of service in the normal course of business. The current liabilities also include the current portion of term loans of $14,980 (Note 12) and current portion of lease liabilities of $19,970 (Note 13).

The Company has no current commitments for capital expenditures as of the date hereof. Trade and other payables are due within the next 12 months. Convertible debentures that were issued on October 31, 2018 have been partially converted and have interest only due quarterly with the next payment on October 31, 2022 (Note 13).

Market Risk

The Company is exposed to risks from changes in foreign exchange rates and interest rates that affect its financial liabilities, financial assets and future transactions.

Currency Risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the company. The functional currency of the Company is Canadian dollar (CAD). The currencies in which transactions are primarily denominated are Canadian or US dollars (USD).

In respect of monetary assets and liabilities denominated in foreign currencies, the Company policy is to ensure that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rate when necessary to address short-term imbalances and business needs.

As at July 31, 2022, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $1,220,288 (July 31, 2021 – USD $1,177,013) and converted at the exchange rates of 1.28 and 1.25, respectively. For the year ended July 31, 2022, the Company recognized a gain on foreign exchange of $48,910 (July 31, 2021 - loss of $62,683).

Exposure to Currency Risk

		July 31, 2022	July 31, 2021
Cash	USD	$687,608	$802,759
Trade receivables		578,665	406,546
Trade payables		(45,985)	(32,292)
Net statement of financial position exposure	**USD**	**$1,220,288**	**$1,177,013**
Average USD to CAD exchange rate		1.27	1.27
Spot rate USD to CAD exchange rate		1.28	1.25

Sensitivity Analysis

A reasonably possible (strengthening) weakening of Canadian dollar against US dollar on July 31, 2022 and July 31, 2021 would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss by the amount show below.

(Presented in Canadian Dollars)

23. FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis (continued)

The potential effect of a 5% increase or decrease in net exposure due to the USD transactions would result in an increase or decrease in net earnings of approximately $73,340 (July 31, 2021 - $36,869). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Exposure to Currency Risk

		July 31, 2022 (spot rate)		July 31, 2021 (spot rate)
	Strengthening	Weakening	Strengthening	Weakening
USD - movement 5.0%	1.34	1.22	1.31	1.18
USD - movement 10.0%	1.41	1.15	1.37	1.12
Impact: Profit and Loss				
USD - movement 5.0%	$78,077	($78,077)	$73,340	($73,340)
USD - movement 10.0%	$156,155	($156,155)	$146,679	($146,679)

Interest Rate Risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its term loans and convertible debentures.

Fair Value

As at July 31, 2022, the carrying value and fair value amounts of the Company's financial instruments are approximately the same. The Company does not believe there would be any material movements as a result of changes in interest rates or foreign exchange rates.

Financial instruments measured at fair value on the statement of financial position are categorized into levels of the fair value hierarchy. The Company only has one financial instrument measured at fair value, cash, which is categorized into Level 1.

24. SUBSEQUENT EVENTS

Subsequent to the year end, on August 9, 2022, the company issued unsecured convertible debenture units to a number of subscribers for total gross proceeds of USD $3,023,995 or CAD $3,577,337. Each unit consists of USD $1,000 principal amount of a 10% unsecured convertible debenture and 12,500 warrants, with each warrant exercisable to purchase one common share of the Company at the exercise price of $0.075 per share.

On September 5, 2022 the Company finalised long-term debt financing agreement with BDC for CAD $2,000,000, with maturity date set for September 30, 2024. The maturity date can be amended from time to time, and the loan can be extended for the additional 12 months.at the option of the Company.

25. PRIOR YEAR RECLASSIFICATION

Certain prior year amounts on the statement of financial position have been reclassified to conform with the current year presentation.