BLUERUSH INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2022 AND 2021
(Presented in Canadian Dollars)

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Notice to Reader

To the Shareholders of BlueRush Inc.:

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements ("the financial statements") of BlueRush Inc. (the "Company") and its subsidiary as at and for the three months ended October 31, 2022 and 2021 have been prepared by the Company's management in accordance with International Financial Reporting Standards applicable to the financial statements (see note 2 to the financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' Involvement

MNP LLP, the external auditors of the Company, have not audited or performed review procedures applicable to auditor review of these condensed consolidated interim financial statements, which comprise the condensed consolidated statements of financial position as at October 31, 2022 and October 31, 2021, and the condensed consolidated statements of loss and comprehensive loss, changes in deficit and cash flows for the 3 months periods then ended, and the notes to condensed consolidated interim financial statements, including the summary of significant accounting policies.

BLUERUSH INC.

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

	NOTES	October 31, 2022 *(Unaudited)*	October 31, 2021 *(Unaudited)*	July 31, 2022 *(Audited)*
ASSETS				
Current Assets				
Cash		$4,139,096	$1,390,036	$1,247,831
Short term investments	**4**	17,017	17,007	17,007
Accounts receivable	**23**	2,003,751	1,472,167	939,485
Prepaids & other assets	**5**	246,036	211,806	149,024
Investment tax credits	**21**	529,452	341,012	484,452
Unbilled revenue		239,450	18,687	56,708
Contract costs - current portion	**5**	19,330	25,773	25,773
Total Current Assets		$7,194,133	$3,476,488	$2,920,280
Non-Current Assets				
Equipment	**6**	62,642	79,891	67,387
Right of use assets	**7**	15,852	92,121	33,104
Contract costs	**5**	-	19,330	-
Total Assets		**$7,272,627**	**$3,667,830**	**$3,020,771**
LIABILITIES & SHAREHOLDERS' DEFICIENCY				
Current Liabilities				
Accounts payable & other current liabilities	**9,23**	2,029,456	1,923,872	1,894,770
Deferred revenue	**11**	2,052,820	1,731,539	1,317,965
Term loans - current portion	**12**	8,680	169,459	14,980
Lease liabilities - current portion	**13**	1,382	90,069	19,970
Total Current Liabilities		4,092,338	3,914,939	3,247,685
Non-Current Liabilities				
Term loans	**12**	2,023,167	8,680	-
Convertible debentures	**14**	3,685,912	738,847	769,929
Subscriptions - future issuance	**14**	-	-	1,620,194
Lease liabilities	**13**	-	-	-
Deferred tax liability	**21**	291,764	-	-
Total Liabilities		10,093,181	4,662,466	5,637,808
Shareholders' Deficiency				
Share Capital	**15,16,17**	8,797,483	8,405,697	8,797,483
Contributed surplus	**16,17**	5,927,252	4,761,594	5,293,722
Deficit		(17,545,287)	(14,161,924)	(16,708,240)
Total Shareholders' Deficiency		(2,820,552)	(994,633)	(2,617,035)
Total Liabilities & Shareholders' Deficiency		**7,272,627**	**3,667,830**	**3,020,771**

Approved on Behalf of the Board

Signed – "Larry Lubin", Director

Signed – "Paul Smith", Director

See Accompanying Notes

BLUERUSH INC.

CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE 3 MONTHS ENDED OCTOBER 31, 2022 AND 2021, AND 12 MONTHS ENDED JULY 31, 2022
(Presented in Canadian Dollars)

	NOTES	3 months ending October 31, 2022 (Unaudited)	3 months ending October 31, 2021 (Unaudited)	12 months ending July 31, 2022 (Audited)
REVENUE				
Subscriptions & support	**18**	$756,024	$538,722	$2,330,736
Services	**18**	462,603	571,356	2,438,506
		1,218,627	**1,110,078**	**4,769,242**
COST OF SALES				
Subscriptions & support	**20**	45,901	51,610	200,677
Services	**20**	328,139	262,757	1,034,200
		374,040	314,367	1,234,877
GROSS PROFIT		**844,587**	**795,711**	**3,534,365**
EXPENSES				
Sales & marketing	**20**	390,015	660,113	2,129,170
General & administrative	**20**	790,497	574,351	2,773,283
Research & development	**20**	273,872	361,845	1,295,079
Share-based payments	**16**	-	90,297	501,116
Interest & bank charges	**23**	232,392	36,411	157,598
Amortization of intangible assets	**8**	6,444	23,140	42,471
Depreciation of equipment & right-of-use assets	**6,7**	21,997	39,154	158,879
TOTAL EXPENSES		**1,715,217**	**1,785,311**	**7,057,596**
LOSS FROM OPERATIONS		**(870,630)**	**(989,600)**	**(3,523,231)**
Other income	**19**	(12,394)	(13,398)	(1,427)
LOSS BEFORE TAXES		(858,236)	(976,202)	(3,521,804)
Deferred income tax recovery	**21**	(21,189)	(2,566)	(1,853)
NET LOSS & COMPREHENSIVE LOSS		**($837,047)**	**($973,636)**	**($3,519,951)**
LOSS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC & DILUTED		**($0.005)**	**($0.006)**	**($0.021)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC & DILUTED		**170,501,086**	**162,056,711**	**164,167,805**

See Accompanying Notes

BLUERUSH INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
FOR THE 3 MONTHS ENDED AUGUST 31, 2022 AND 2021, AND
12 MONTHS ENDED JULY 31, 2022
(Presented in Canadian Dollars)

	Note	Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity (Deficit)
Balance - August 1, 2022		**170,501,086**	**8,797,483**	**5,293,722**	**(16,708,240)**	**(2,617,035)**
Private placement - equity portion	**14**			63,308		63,308
Private placement - warrants	**14,17**			408,204		408,204
Broker warrants for private placement	**14,17**			162,018		162,018
Net loss					(837,047)	(837,047)
Balance - October 31, 2022		**170,501,086**	**8,797,483**	**5,927,252**	**(17,545,287)**	**(2,820,552)**
Balance - August 1, 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)		1,000
Share-based payments	**16**			90,298		90,298
Net loss					(973,636)	(973,636)
Balance - October 31, 2021		**162,066,711**	**8,405,697**	**4,761,594**	**(14,161,925)**	**(994,634)**

	Note	Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity (Deficit)
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.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 3 MONTHS ENDED OCTOBER 31, 2022 AND 2021, AND 12 MONTHS ENDED JULY 31, 2022
(Presented in Canadian Dollars)

	NOTES	3 months ending October 31, 2022 *(Unaudited)*	3 months ending October 31, 2021 *(Unaudited)*	12 months ending July 31, 2022 *(Audited)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		($837,049)	($973,636)	($3,519,951)
Items not requiring an outlay of cash:				
Depreciation of equipment & right-of-use assets	**6,7**	21,997	39,154	158,879
Amortization of intangible assets	**8**	6,444	23,140	16,698
Bad debt expense	**20**	0	0	84,153
Share-based payments	**16**	0	90,297	501,116
Discount on convertible debentures	**14**	74,724	0	0
Broker warrants	**15**	10,341	0	312
Accretion & accrued interest		144,526	13,227	41,130
Deferred income taxes	**21**	(21,189)	(2,566)	(1,863)
Changes in non-cash working capital:				
Accounts receivable	**23**	(1,064,266)	(716,433)	(293,286)
Prepaids & other assets	**5**	(97,072)	(103,209)	(27,090)
Unbilled revenue		(182,742)	0	(38,021)
Contract costs	**5**	6,444	0	25,773
Investment tax credits refundable	**21**	(45,000)	21,229	(112,211)
Accounts payable & accrued liabilities	**9**	235,190	241,487	210,871
Deferred revenue	**11**	734,855	751,577	338,001
Cash used in Operating Activities		**(1,012,797)**	**(615,733)**	**(2,615,488)**
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment of) proceeds from short-term debt		(6,300)	0	0
Repayment of lease liabilities	**13**	(18,588)	(37,004)	(104,628)
Proceeds from units issued in private placement, net of cash costs	**14**	0	0	512,783
Proceeds from future subscriptions	**14**	0	0	1,620,194
Proceeds from convertible debentures, net of transaction costs	**14**	2,275,145	0	0
Transaction costs of convertibles	**14**	(334,755)	0	0
Proceeds from exercise of stock options	**16**	0	1,000	1,000
Proceed from term loans	**12**	2,000,000	0	0
Transaction costs of term loan	**12**	(11,500)	0	0
Repayment of term loans	**12**	0	(94,200)	(253,793)
Cash provided by Financing Activities		**3,904,002**	**(130,204)**	**1,775,557**
CASH FLOWS FROM INVESTING ACTIVITIES				
Lease extension right-of-use asset	**7**	0	0	(38,044)
Purchase of equipment	**6**	0	(4,950)	(15,117)
Cash used in Investing Activities		**0**	**(4,950)**	**(53,161)**
Net (decrease) increase in cash		2,891,205	(750,887)	(893,092)
Cash, beginning of period		1,247,891	2,140,923	2,140,923
Cash, end of period		**$4,139,096**	**$1,390,036**	**$1,247,831**

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 December 23, 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 continuing operations during the 3 months ended October 31, 2022 of $837,047 (3 months ended October 31, 2021 of $973,635, and 12 months ended July 31, 2022 of $3,519,951) and as of October 31, 2022 has an accumulated deficit of $17,545,287 (October 31, 2021 - $14,161,924, and July 31, 2022 - $16,708,240).

The Company has funded its general working capital, research & 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.

2. BASIS OF PREPARATION (continued)

Going Concern (continued)

As at October 31, 2022 the Company had current assets of $7,194,133 (October 31, 2021 - $3,476,488 and July 31, 2022 - $2,920,280) and current liabilities of $4,092,338 (October 31, 2021 - $3,914,939 and July 31, 2022 - $3,247,685). The significant improvement in working capital is mainly due to the private placement and financing concluded during the three (3) months period ended October 31, 2022.

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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 recognised ratably over the contract period.

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 3 months for the facilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

<u>Financial Assets</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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:

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 3 months period ended October 31, 2022, and year ended July 31, 2022.

The fair value of cash, accounts receivables, short-term investments, accounts payable and accrued liabilities, customer deposits, deferred revenues, term loans, lease liabilities 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

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

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.

(Presented in Canadian Dollars)

4. SHORT TERM INVESTMENTS

As at October 31, 2022 short term investments consist of Guaranteed Investment Certificates ("GICs") in the amount of $17,007 (October 31, 2021 - $17,007), 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 10.

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 October 31, 2022, the unamortised value of subscriptions and licences, included in the prepaids balance, was $104,835 (October 31, 2021- $210,793).

6. EQUIPMENT

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

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2022	$90,080	$220,513	$310,593
Additions	$0	$0	$0
Closing balance - October 31, 2022	$90,080	$220,513	$310,593

Accumulated Depreciation			
Opening balance - August 1, 2022	$77,698	$165,507	$243,205
Amortization	$620	$4,125	$4,746
Closing balance - October 31, 2022	$78,318	$169,633	$247,951

Carrying Value			
Balance - August 1, 2022	$12,382	$55,005	$67,387
Balance - October 31, 2022	**$11,762**	**$50,880**	**$62,642**

(Presented in Canadian Dollars)

6. EQUIPMENT (continued)

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

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2021	$90,080	$205,396	$295,476
Additions	$0	$4,956	$4,956
Closing balance - October 31, 2022	$90,080	$210,352	$300,432

Accumulated Depreciation			
Opening balance - August 1, 2021	$73,963	$139,473	$213,436
Amortization	$934	$6,171	$7,106
Closing balance - October 31, 2022	$74,897	$145,644	$220,542

Carrying Value			
Balance - August 1, 2022	$16,117	$65,923	$82,039
Balance - October 31, 2022	**$15,183**	**$64,708**	**$79,891**

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**

(Presented in Canadian Dollars)

7. RIGHT-OF-USE ASSETS

As at October 31, 2022, the Company recognized the right-of-use assets for its two office space leases as follows:

Costs or Deemed Cost	
Opening Balance - August 1, 2022	$418,606
Additions	$0
Closing balance - October 31, 2022	**$418,606**
Accumulated Depreciation	
Opening Balance - August 1, 2022	$385,502
Depreciation	$17,252
Closing balance - October 31, 2022	**$402,755**
Carrying Value	
Opening Balance - August 1, 2022	$33,104
Closing balance - October 31, 2022	**$15,852**

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

Costs or Deemed Cost	
Opening Balance - August 1, 2022	$380,562
Additions	$0
Closing balance - October 31, 2022	**$380,562**
Accumulated Depreciation	
Opening Balance - August 1, 2022	$256,392
Depreciation	$32,049
Closing balance - October 31, 2022	**$288,441**
Carrying Value	
Opening Balance - August 1, 2022	$124,170
Closing balance - October 31, 2022	**$92,121**

(Presented in Canadian Dollars)

7. RIGHT-OF-USE ASSETS (continued)

The components of right-of-use assets are as follows as of July 31, 2022:

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**

8. INTANGIBLES

Intangibles, with cost of $419,023 were fully amortised at October 31, 2022, resulting in carrying value of $NIL. The carrying value as of October 31, 2021 was $16,698 and $NIL as of July 31, 2022.

9. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	October 31, 2022	**October 31, 2021**	**July 31, 2022**
Trade accounts payable	$491,742	$754,399	$465,800
Accrued liabilities	1,081,584	684,225	300,844
Customer deposits	456,130	485,248	456,130
	$2,029,456	**$1,923,872**	**$1,894,769**

(Presented in Canadian Dollars)

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 hypothec in the amount of $337,900 and an additional hypothec 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.

11. DEFERRED REVENUE

The following table represents changes in deferred revenues for the 3 months period ended October 31, 2022 and 12 months ended July 31, 2022:

Balance, August 1, 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**
Invoices during the period, excluding amount recognized as revenue	1,578,180
Amount recognized as revenue included in the balance at the beginning of the period	(843,324)
Balance, October 31, 2022	**$2,052,820**

(Presented in Canadian Dollars)

12. TERM LOANS

	October 31, 2022	October 31, 2021	July 31, 2022
Business Development Bank of Canada (i)	$2,023,167	$125,319	$0
Investissement Quebec (ii)	0	125,319	14,980
Business Development Bank of Canada (iii)	8,680	52,820	14,980
	2,031,847	178,139	14,980
Transaction costs	0	0	0
	2,031,847	**178,139**	**14,980**
Current portion	(8,680)	(169,459)	(14,980)
	$2,023,167	**$8,680**	**$0**

(i) On September 5, 2022 the Company finalised long-term debt financing agreement with BDC Capital 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.
The interest rate applicable to this loan is set at BDC Capital floating base rate plus a variance of 1.2% per year, calculated daily. In addition to the interest described above, the Company will also pay to BDC Capital additional interest (Payment-in Kind or PIK) on the outstanding amount of the financed amount, including compounded interest, at the rate of 7% per year, with interest accruing daily and compounded annually and paid on maturity date.
The principal of the loan shall be payable by way of one balloon payment of $2,000,000, payable on the maturity date. The company has an option to prepay up to a maximum amount of $1,000,000, provided that the full $2,000,000 has been advanced, once in each year commencing in 2023. The balance as of October 31, 2022 includes PIK interest of $23,167.

(ii) 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 October 31, 2022 is due within one year and has been classified as current.

(Presented in Canadian Dollars)

12. TERM LOANS (continued)

(iii) 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 3 months ending October 31, 2002 are $462 (3 months ending October 31, 2021 - $2,475 and 12 months ending July 31, 2022 - $6,189.

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Balance - beginning of period	$19,970	$124,598	$124,598
Interest payable on lease liabilities	$0	$2,475	$0
Repayments during the period	($18,588)	($37,004)	($104,628)
	$1,382	$90,069	$19,970
Current portion	($1,382)	($90,069)	($19,970)
	$0	**$0**	**$0**

(Presented in Canadian Dollars)

14. CONVERTIBLE DEBENTURES

	Debentures III	Debentures II	Total
Balance at July 31, 2021	**$0**	**$728,799**	**$728,799**
Accrued interest	0	75,000	**75,000**
Interest Payment	0	(75,000)	**(75,000)**
Accretion expenses	0	41,130	**41,130**
Conversion of convertible debentures	0	0	**0**
Balance at July 31, 2022	**$0**	**$769,929**	**$769,929**
Private placement	3,895,339	0	**3,895,339**
Private placement - transaction costs	(388,927)	0	**(388,927)**
Fair value of convertible feature	(781,737)	0	**(781,737)**
Accrued interest	87,000	18,903	**105,903**
Interest Payment	0	0	**0**
Accretion expenses	74,724	10,681	**85,405**
Conversion of convertible debentures	0	0	**0**
Balance at October 31, 2022	**$2,886,399**	**$799,513**	**$3,685,912**

On August 9, 2022, the Company completed an issuance of convertible debentures (“Debentures III”) for the total gross proceeds of $3,895,339. Of this amount, $1,620,194 was received in cash in June and July 2022, prior to the end of fiscal year ended July 31, 2022.

The Debentures III have the following terms:

(i) Mature on June 30, 2026.

(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) Debentures III are convertible into Common Shares at the option of the Subscribers at $0.05 per share.

(iv) Debentures III can be redeemed by the Company at any time (the “Redemption”) at a price (“Redemption Price”) equal to the sum of (i) the principal amount being redeemed, (ii) all accrued and unpaid interest up to the date of Redemption and (iii) a 25% prepayment penalty, all of the foregoing of which is subject to a maximum per annum interest return of 24% (including, without limitation, interest and the prepayment penalty).

(v) The conversion feature of the Debentures III 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 III 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 18.00%. 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 III was measured at fair value at initial recognition.

14. CONVERTIBLE DEBENTURES (continued)

(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 18.00%. 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 $3,032,605 and the equity component was assigned a value of $862,734 (less deferred income taxes of $308,863). The debt component is subsequently accounted for at amortized cost using the effective interest rate method. Transaction costs of $388,927 were paid related to the Debentures III, of which $302,788 was deducted from the value of the debt component and $86,139 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.

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.

14. CONVERTIBLE DEBENTURES (continued)

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.

(v) 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 II 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%.

(vi) 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 January 29, 2021, as part of the private placement, a conversion of the gross proceeds of $1,450,000 convertible Debentures I 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.

(Presented in Canadian Dollars)

14. CONVERTIBLE DEBENTURES (continued)

Scheduled interest payments under the Debentures are due as follows:

Scheduled interest payments under the Debentures are due as follows:	Debentures III	Debentures II	Total
2021	-	18,904	**18,904**
2022	-	75,000	**75,000**
2023	348,000	75,000	**423,000**
2024	348,000	75,000	**423,000**
2025	348,000	-	**348,000**
2026	319,000	-	**319,000**
	1,363,000	243,904	**1,606,904**

15. SHARE CAPITAL

There were no activities nor transactions in share capital during the 3 months period ended October 31, 2022.

The Company has authorized an unlimited number of common shares and has 170,501,086 (October 31, 2021 – 162,066,771, and July 31, 2022 - 170,501,086) common shares issued and outstanding as at October 31, 2022. During the 3 months period ended October 31, 2022, warrant holders did not exercise any warrants (3 months period ended October 31, 2021 – NIL and 12 months period ended July 31, 2022 - 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.

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.

Subsequent to the period ending October 31, 2022, the Company executed reverse split or consolidation of its shares. Details are in the Note 24 “Subsequent events”.

(Presented in Canadian Dollars)

16. SHARE-BASED PAYMENTS

There were no activities nor transactions in share-based payments during the 3 months period ended October 31, 2022.

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% (2020 - 20%) of the number of common shares outstanding at the time of grant. As of October 31, 2022 the maximum number of common shares available under the plan was 34,100,217 (July 31, 2022 - 34,100,217) of which 11,681,905 (July 31, 2022 - 11,681,905) 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:

	3 months ended October 31, 2022		3 months ended October 31, 2021		12 months ended July 31, 2022	
	Number of Options	Average Exercise Price	Number of Options	Average Exercise Price	Number of Options	Average Exercise Price
Outstanding - beginning of period	16,824,721	$0.129	20,443,312	$0.129	20,443,312	$0.115
Granted	0	$0.000	550,000	$0.150	1,975,000	$0.109
Exercised	0	$0.000	(10,000)	$0.000	(10,000)	$0.100
Expired	0	$0.000	(3,075,459)	$0.100	(5,583,591)	$0.070
Outstanding - end of period	16,824,721	$0.129	17,907,853	$0.110	16,824,721	$0.129
Exerciseable - end of period	10,587,221	$0.121	9,337,319	$0.100	10,587,221	$0.121

The weighted average remaining contractual life of stock options as of October 31, 2022 is 2.23 years (October 31, 2021 - 3.01 years).

(Presented in Canadian Dollars)

16. SHARE-BASED PAYMENTS (continued)

The Company had the following stock options outstanding as of October 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.

17. SHARE PURCHASE WARRANTS

In connection with private placement completed on August 9, 2022 with gross proceeds of $3,895,339, the Company issued 3,065 convertible debentures units and 37,812,500 warrants. Convertible debentures were issued at 3,065 units at a price of $1,177 (USD $1,000) per unit, with warrants exercisable at a price of $0.094 (USD $0.075). Each convertible debenture unit consisted of 20,000 to 25,000 common shares and 2,000 to 12,500 share purchase warrants entitling the holder to purchase equivalent number of additional common shares for four (4) years at price of $0.094 per share. The expiry of the warrants may be accelerated by the Company at any time prior to the expiry date of the warrants by announcing the reduced warrant term, whereby if the VWAP of common shares is greater than $0.20 for any 20 consecutive trading days, the Company may accelerate the expiry and exercise conversion at $0.18 per warrant.
The 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 65.4%; risk free interest rate of 0.18%; forfeiture rate of 0%, share price of $0.04 – $0.05; exercise price of $0.04 and expected life of 4 years.

During the 3 months period ended October 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.

(Presented in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (continued)

The summary of status of Company's warrants as at October 31, 2022 and July 31, 2022 and changes during the periods is presented below:

	3 month period ended October 31, 2022		12 month period ended July 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	61,363,563	$0.175	57,146,376	$0.000
Granted	37,812,500	$0.094	4,217,187	$0.096
Granted - broker	10,743,750	$0.050	0	$0.000
Exercised	0	$0.000	0	$0.000
Expired	0	$0.102	0	$0.102
Outstanding - end of period	**109,919,813**	**$0.175**	**61,363,563**	**$0.175**

The Company had the following warrants outstanding as at October 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
37,812,500	37,812,500	$0.094	June 30, 2026	3.89
10,743,750	10,743,750	$0.050	June 30, 2026	3.89
109,963,563	**109,963,563**			

(Presented in Canadian Dollars)

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.

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Subscription and Support	$756,024	$538,723	$2,330,737
Services	462,603	571,356	2,438,505
	$1,218,627	**$1,110,078**	**$4,769,242**

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:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Canada	$325,397	$183,557	$1,758,338
USA	787,537	837,552	2,565,851
Other	105,693	88,969	445,053
	$1,218,627	**$1,110,078**	**$4,769,242**

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 was 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.

(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:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Salaries & benefits	$819	$219	$2,517
Subcontracting	0	1,552	1,552
Hosting	45,082	49,839	196,608
	$45,901	**$51,610**	**$200,677**

Cost of Sales - Services

The components of cost of sales services are as follows:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Salaries & benefits	$148,423	$80,695	$365,102
Subcontracting	175,137	178,554	621,004
Hosting	4,580	3,508	48,094
	$328,139	**$262,757**	**$1,034,200**

Sales and Marketing Expenses

The components of sales and marketing expenses are as follows:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Salaries & benefits	$284,534	$573,401	$1,649,144
Consulting Fees	2,641	25,252	185,456
Advertising and promotion	90,838	49,455	246,814
Travel, meals and entertainme	11,882	10,925	44,877
Other	120	1,080	2,879
	$390,015	**$660,113**	**$2,129,170**

(Presented in Canadian Dollars)

20. EXPENSES BY NATURE (continued)

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Salaries & benefits	$213,585	$322,914	$1,291,655
Consulting fees	120,530	114,876	442,179
Professional fees	166,022	37,501	329,413
TMI and occupancy costs	14,863	21,526	75,181
Computer and software	62,640	24,425	249,487
Stock exchange expense	15,559	10,154	64,234
Other office and administrativ	193,485	32,732	224,193
Travel	4,866	2,408	19,615
Insurance	10,403	9,405	37,903
Bad debt expense	0	0	84,153
Foreign exchange (gain) loss	(11,456)	(1,590)	(44,730)
	$790,497	**$574,351**	**$2,773,283**

Research and Development Expenses

The components of research and development expenses are as follows:

	3 months ended October 31, 2022	3 months ended October 31, 2021	12 months ended July 31, 2022
Salaries & benefits	$270,400	$345,740	$1,252,419
Consulting fees	33,652	3,032	160,668
ITC claims	(45,000)	0	(171,966)
Travel	0	0	0
Other	14,820	13,073	53,958
	$273,872	**$361,845**	**$1,295,079**

(Presented in Canadian Dollars)

21. INCOME TAXES

The effect of transactions relating to the private placement concluded on August 9, 2022 has been accounted for following applicable IFRS disclosures. The resulting tax impact has been disclosed in the Deferred Tax Liability account. The monthly recovery of the deferred tax liability is shown as a income in the Deferred income tax recovery account.

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 fiscal year ended July 31, 2022, the Company recognized $171,966 (July 31, 2021 - $173,401) of ITCs which were presented as a reduction of R&D expense. The Company expects to recover $321,987 (2021 - $289,774) of refundable ITCs within the fiscal year ending July 31, 2023. 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.

The Company expects to recover $321,987 (2021 - $289,774) of refundable ITCs within the current 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.

For the fiscal year ended July 31, 2022, the Company has unused non-refundable ITCs of $1,528,752 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**

(Presented in Canadian Dollars)

21. INCOME TAXES (continued)

Deferred Income Taxes

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	2,789,133	2,789,133
2042	3,021,341	3,021,341
	$14,448,225	**$14,654,253**

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:

	October 31, 2022	October 31, 2021	July 31, 2022
Salaries and benefits	$186,000	$305,352	$947,239
Stock-based compensation (i)	0	0	0
	$186,000	**$305,352**	**$947,239**

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 3 months period ended October 31, 2022, the Company recorded $NIL provision for Expected Credit Losses (3 months period ended October 31, 2021 - $21,180, fiscal year ended July 31, 2022 - $84,153).

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 October 31, 2022, approximately 60.8% of the Company’s accounts receivable are due from 3 customers (as at October 31, 2021 – approximately 47.2% were due from four customers, and as at July 31, 2022 - approximately 49% was due from one significant customer)

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

	ECL %	October 31, 2022	October 31, 2021	July 31, 2022
Current	0.5%	$886,790	$789,978	$369,609
Up to 30 days past due	1.0%	142,892	304,928	$213,247
Over 60 days past due	2.5%	861,148	377,952	$193,967
Over 90 days past due	5.0%	204,942	28,357	$254,684
Less: Provision for ECLs		($92,021)	($29,048)	($92,021)
		$2,003,751	**$1,472,167**	**$939,485**

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.

23. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

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 October 31, 2022, the Company had the cash on hand of $4,139,096 (October 31, 2021 - $1,390,036, July 31, 2022 - $1,247,891) and accounts receivable of $2,003,751 (October 31, 2022 - $1,472,167, July 31, 2022 - $939,485 to meet its working capital requirements.

As at October 31, 2022, the Company's current assets exceeded current liabilities by $2,101,795 (October 31, 2021 – current liabilities exceeded current assets by $438,451, and July 31, 2022 – current liabilities exceeded current assets by $327,402). Of this amount, $2,052,820 (October 31, 2021 - $1,731,539; July 31, 2022 - $1,317,965) 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 $8,680 (Note 12) and current portion of lease liabilities of $1,382 (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 January 31, 2023 (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 October 31, 2022, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $1,828,985 (October 31, 2021 – USD $1,057,506 and July 31, 2022 – USD $1,220,288) and converted at the exchange rates of 1.36. For the 3 months period ended October 31, 2022, the Company recognized a gain on foreign exchange of $11,456 (October 31, 2021 – gain of $16,644 and July 31, 2022 - gain of $48,910).

(Presented in Canadian Dollars)

23. FINANCIAL INSTRUMENTS (continued)

Exposure to Currency Risk

		Oct 31, 2022	Oct 31, 2021	July 31, 2022
Cash	USD	$1,828,985	$1,057,506	$687,608
Trade receivables		970,952	709,038	578,665
Trade payables		(15,978)	(27,633)	(45,985)
Net statement of financial position exposure	**USD**	**$2,783,959**	**$1,738,911**	**$1,220,288**
Average USD to CAD exchange rate		1.33	1.26	1.27
Spot rate USD to CAD exchange rate		1.37	1.24	1.28

Sensitivity Analysis

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

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 $190,701 (October 31, 2021 - $108,134, July 31, 2022 - $78,077). To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Exposure to Currency Risk

	October 31, 2022 (spot rate)		October 31, 2021 (spot rate)		July 31, 2022 (spot rate)	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD - movement 5.0%	1.44	1.30	1.31	1.18	1.34	1.22
USD - movement 10.0%	1.51	1.23	1.37	1.12	1.41	1.15
Impact: Profit and Loss						
USD - movement 5.0%	$190,701	($190,701)	$108,134	($108,134)	$78,077	($78,077)
USD - movement 10.0%	$381,402	($381,402)	$216,268	($216,268)	$156,155	($156,155)

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.

23. FINANCIAL INSTRUMENTS (continued)

Fair Value

As at October 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 period ending October 31, 2022, the Company executed “reverse split” or consolidated its common shares in the ratio of five (5) “old” common shares to one (1) “new” common share. After the consolidation, the number of issued and outstanding common shares is 34,100,218, reduced from 170,501,086. The consolidation event was formally executed on December 19, 2022.

25. PRIOR PERIOD RECLASSIFICATIONS

Certain prior period unaudited amounts used for comparative purposes have been reclassified to conform with the current period presentation and disclosures.