BLUERUSH INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022
(Presented in Canadian Dollars)

BLUERUSH INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022

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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, 2023, and 2022 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, 2023 and October 31, 2022, 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, 2023 AND 2022, AND JULY 31, 2023
(Presented in Canadian Dollars)

	NOTES	October 31, 2023	October 31, 2022	July 31, 2023
ASSETS				
Current Assets				
Cash		$794,738	$4,139,096	$1,870,113
Short term investments	4	17,917	17,018	17,050
Accounts receivable	18	822,619	2,003,751	508,838
Prepaids & other assets	5	121,038	246,036	134,863
Investment tax credits	16	265,000	529,452	220,000
Unbilled revenue		64,237	239,450	66,601
Contract costs		-	19,330	-
Total Current Assets		2,085,549	7,194,133	2,817,465
Non-Current Assets				
Equipment	6	56,535	62,642	58,347
Right of use assets		-	15,852	-
Total Assets		**$2,142,084**	**$7,272,627**	**$2,875,812**
LIABILITIES & SHAREHOLDERS' DEFICIENCY				
Current Liabilities				
Accounts payable & other current liabilities	7, 18	$1,369,043	$2,041,240	$1,536,760
Deferred revenue	8	957,220	2,052,820	796,588
Term loans - current portion	9	2,152,483	8,680	-
Lease liabilities - current portion	11	-	1,382	-
Current portion of convertible debentures	10	-	-	813,647
Total Current Liabilities		4,478,746	4,104,122	3,146,995
Non-Current Liabilities				
Term loans	9	-	2,011,381	2,109,950
Convertible debentures	10	1,897,418	3,685,912	1,540,369
Derivative financial liability	10	389,070	-	354,871
Deferred tax liability	16	-	291,764	-
Total Liabilities		6,765,234	10,093,179	7,152,185
Shareholders' Deficiency				
Share Capital	11, 12, 13	9,547,483	8,797,483	8,797,483
Contributed surplus	12, 13	5,991,466	5,927,252	5,945,261
Deficit		(20,162,099)	(17,545,287)	(19,019,117)
Total Shareholders' Deficiency		(4,623,150)	(2,820,552)	(4,276,373)
Total Liabilities & Shareholders' Deficiency		**$2,142,084**	**$7,272,627**	**$2,875,812**

Approved on Behalf of the Board

Signed – "Steve Taylor", Director ***Signed – "Mark Soane", Director***

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

BLUERUSH INC.

CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE 3 MONTHS ENDED OCTOBER 31, 2023 AND 2022, AND 12 MONTHS ENDED JULY 31, 2023
(Presented in Canadian Dollars)

	NOTES	3 months ending October 31, 2023	3 months ending October 31, 2022	Year ended July 31, 2023
REVENUE				
Subscriptions	14	$644,914	$756,024	$2,977,796
Services	14	296,942	462,603	1,623,950
		941,856	**1,218,627**	**4,601,746**
COST OF SALES				
Subscriptions	15	141,023	45,901	402,339
Services	15	318,151	328,139	1,463,771
		459,174	374,040	1,866,110
GROSS PROFIT		**482,682**	**844,587**	**2,735,636**
EXPENSES				
Sales & marketing	15	313,477	390,015	1,482,995
General & administrative	15	616,082	790,497	2,800,889
Research & development	15	240,379	273,872	1,003,755
Share-based payments	12	46,207	-	229,376
Interest & bank charges	9, 10, 18	386,800	232,392	1,168,286
Amortization of intangible assets and contract costs		-	6,444	25,776
Depreciation of equipment & right-of-use assets	6	3,588	21,997	46,351
TOTAL EXPENSES		**1,606,533**	**1,715,217**	**6,757,428**
LOSS FROM OPERATIONS		**(1,123,851)**	**(870,630)**	**(4,021,792)**
Other income		(15,067)	(12,394)	(90,077)
LOSS BEFORE TAXES		(1,108,784)	(858,236)	(3,931,715)
Revaluation loss/(gain) on convertible debentures	10	34,199	-	(1,611,067)
Deferred income tax recovery	16	-	(21,189)	(9,771)
NET LOSS & COMPREHENSIVE LOSS		**($1,142,983)**	**($837,047)**	**($2,310,877)**
LOSS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC &		**($0.032)**	**($0.025)**	**($0.068)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC & DILUTED		**35,528,791**	**34,100,218**	**34,100,218**

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

BLUERUSH INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE 3 MONTHS ENDED OCTOBER 31, 2023 AND 2022, AND 12 MONTHS ENDED JULY 31, 2023
(Presented in Canadian Dollars)

Balance - July 31, 2023		34,100,218	$8,797,483	$5,945,261	($19,019,117)	($4,276,373)
Share-based payments	**12**	-	-	46,207	-	46,207
Conversion of remaining 2018 convertible debentures	**10**	1,428,573	750,000	-	-	750,000
Net loss		-	-	-	(1,142,982)	(1,142,982)
Balance - October 31, 2023		**35,528,791**	**$9,547,483**	**$5,991,466**	**($20,162,099)**	**($4,623,150)**
Balance - July 31, 2022		34,100,217	$8,797,483	$5,293,722	($16,708,240)	($2,617,035)
Private placement - equity portion	**12**			63,308		63,308
Private placement - warrants	**12, 13**			408,204		408,204
Broker warrants for private placement	**12, 13**			162,018		162,018
Net loss					(837,047)	(837,047)
Balance - October 31, 2022		**34,100,217**	**$8,797,483**	**$5,927,251**	**($17,545,287)**	**($2,820,552)**
Balance - July 31, 2022		**34,100,218**	**$8,797,483**	**$5,293,722**	**($16,708,240)**	**($2,617,035)**
Share-based payments	**12**	-	-	229,377	-	229,377
Deferred tax expense	**16**	-	-	(9,771)	-	(9,771)
Warrant reserve - equity portion	**10**	-	-	36,842	-	36,842
Broker warrants for private placement	**10**	-	-	395,093	-	395,093
Net loss		-	-	-	(2,310,877)	(2,310,877)
Balance - July 31, 2023		**34,100,218**	**$8,797,483**	**$5,945,261**	**($19,019,117)**	**($4,276,373)**

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

BLUERUSH INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS ENDED OCTOBER 31, 2023 AND 2022, AND 12 MONTHS ENDED JULY 31, 2023
(Presented in Canadian Dollars)

	NOTES	3 months ending October 31, 2023	3 months ending October 31, 2022	Year ended July 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		($1,142,984)	($837,047)	($2,310,877)
Items not requiring an outlay of cash:				
Depreciation of equipment & right-of-use assets	6	3,588	21,997	46,351
Write off of right-of-use assets		-	-	6,339
Amortization of intangible assets		-	6,444	25,776
Bad debt expense	18	1,351	-	-
Share-based payments	12	46,207	-	229,376
Revaluation loss/(gain) on convertible debenture	10	34,199	-	(1,611,067)
Foreign exchange gain on convertible debenture	10	(14,441)	-	14,055
Discount on convertible debentures	10	-	74,724	-
Broker warrants	13	-	10,341	-
Accretion & accrued interest	10	339,157	144,526	1,007,452
Deferred income taxes	16	-	(21,189)	(9,771)
Short-term investments	4	867	-	(43)
Investment tax credits refundable	16	(45,000)	(45,000)	-
Changes in non-cash working capital:				
Accounts receivable	18	(312,431)	(1,064,266)	430,647
Prepaids & other assets	5	13,825	(97,072)	14,161
Unbilled revenue		2,364	(182,742)	(9,893)
Contract costs		-	6,444	-
Investment tax credits refundable	16	-	-	264,452
Accounts payable & accrued liabilities	7	(160,933)	235,250	(358,010)
Deferred revenue	8	160,632	734,855	(521,376)
Subscriptions - future issuance	10	-	-	(1,620,194)
Cash used in Operating Activities		**(1,073,599)**	**(1,012,737)**	**(4,402,622)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of short-term debt		-	(6,300)	-
Repayment of lease liabilities		-	(18,588)	(19,970)
Proceeds from convertible debentures	10	-	2,275,145	3,895,339
Transaction costs of convertibles	10	-	(334,755)	(388,927)
Interest paid on convertible debentures	10	-	-	(429,295)
Advance of term loans	10	-	2,000,000	2,000,000
Transaction costs of term loan	9	-	(11,500)	(6,717)
Repayment of term loans	9	-	-	(14,980)
Cash provided by Financing Activities		**-**	**3,904,002**	**5,035,450**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	6	(1,776)	-	(10,546)
Cash used in Investing Activities		**(1,776)**	**-**	**(10,546)**
Net (decrease) increase in cash		(1,075,375)	2,891,265	622,282
Cash, beginning of year		1,870,113	1,247,831	1,247,831
Cash, end of period		**$794,738**	**$4,139,096**	**$1,870,113**

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

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. BlueRush also offers professional services, 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 4711 Yonge Street, 10th Floor, Toronto, Ontario, Canada.

2. BASIS OF PREPARATION AND GOING CONCERN

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 29, 2023.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis. 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, 2023, of $1,142,984 (3 months ended October 31, 2022 of $837,047 and 12 months ended July 31, 2023, of $2,310,877) and as of October 31, 2023, has an accumulated deficit of $20,162,099 (July 31, 2023 - $19,019,117).

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, 2023, the Company had current assets of $2,085,549 (October 31, 2022 - $7,194,133 and July 31, 2023 - $2,817,465) and current liabilities of $2,326,263 (October 31, 2022 - $4,104,122 and July 31, 2023 - $3,146,995). The significant decrease in working capital is mainly due to the private placement and financing concluded during the 3 months ended October 31, 2022.

These conditions raise significant doubt about the Company's 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.

Subscriptions

The Company offers a SaaS based marketing and sales enablement platform, which includes the development of personalized videos, delivery of indepth 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 related to services billed on a subscription basis is recognised rateably over the contract period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Professional services

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

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.

Foreign Currency Transactions

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

3 . SIGNIFICANT ACCOUNTING POLICIES (continued)

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 share capital. In the event that the vested stock options expire, previously recognized stock-based compensation is not reversed. In the event that stock options are forfeited, previously recognized stock-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share--based payment transactions to nonemployees 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 “ash ("fixed for”fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as an equity component. 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 'n arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net earnings (loss) for the period.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year end, adjusted for amendments to tax payable with regards to previous years.

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

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

Share Capital

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

Warrants

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

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial Assets

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

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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
Accounts payable other current liabilities	Amortized cost
Term loans	Amortized cost
Convertible debentures	Amortized cost
Lease liabilities	Amortized cost

Allowance for expected credit losses

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

Financial Instruments - Fair Value Hierarchy

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - Fair Value Hierarchy (continued)

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.

The fair value of cash, accounts receivables, short-term investments, accounts payable and other current liabilities, customer deposits, deferred revenues, term loans, lease liabilities approximate their carrying values due to their short term nature.

Critical Accounting Estimates and Judgments

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

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

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

Revenue Recognition

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

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

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) 12month 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

Investment Tax Credits Recoverable

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgments (continued)

Convertible Debentures

Management exercises judgment in determining the appropriate fair value of each separately identifiable component in the convertible debt instrument. Derivatives such as conversion feature and warrants are measured at fair value through profit and loss and remeasured at each reporting period. The host debt liability is measured at amortised cost and amortised over the life of the instrument.

In determining the present value of conversion options and warrants, the Company has employed a Black Scholes valuation with inputs including strike price, stock price, annualized volatility and risk-free rate. The fair value of the host debt liability is determined using a discounted cash flow method at an appropriate market participant discount rate.

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

4. SHORT TERM INVESTMENTS

As at October 31, 2023, short term investments consist of Guaranteed Investment Certificates ("GICs") in the amount of $17,917 (October 31, 2022- $17,018), which bear a nominal interest rate and mature on November 2, 2023. The GICs were obtained as letters of credit for credit cards received.

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, 2023, the unamortized value of subscriptions and licences, included in the prepaids balance, was $82,558 (October 31, 2022- $104,835).

(Presented in Canadian Dollars)

6. EQUIPMENT

The components of equipment are as follows as of October 31, 2023:

Cost	**Furniture and Fixtures**	**Computer Equipment**	**Total**
Opening balance - July 31, 2023	$90,080	$231,059	$321,139
Additions	-	1,776	1,776
Closing balance - October 31, 2023	90,080	232,835	322,915
Accumulated Depreciation			
Opening balance - July 31, 2023	80,175	182,616	262,791
Amortization	495	3,093	3,588
Closing balance - October 31, 2023	80,670	185,710	266,379
Carrying Value			
Balance - July 31, 2023	9,905	48,443	58,348
Balance - October 31, 2023	**$9,410**	**$47,125**	**$56,535**

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	-	-	-
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	4,745
Closing balance - October 31, 2022	$78,318	$169,632	$247,950
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 July 31, 2023:

Cost	Furniture and Fixtures	Computer Equipment	Total
Opening balance - August 1, 2022	$90,080	$220,513	$310,593
Additions	-	10,546	10,546
Closing balance - July 31, 2023	$90,080	$231,059	$321,139

Accumulated Depreciation			
Opening balance - August 1, 2022	$77,698	$165,507	$243,205
Depreciation	2,477	17,109	19,586
Closing balance - July 31, 2023	$80,175	$182,616	$262,791

Carrying Value			
Balance - August 1, 2022	$12,382	$55,006	$67,387
Balance - July 31, 2023	**$9,905**	**$48,442**	**$58,347**

7. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	October 31, 2023	October 31, 2022	July 31, 2023
Trade accounts payable	$420,605	$491,742	$363,188
Accrued liabilities and other payables	483,327	1,093,368	713,915
Customer deposits	465,111	456,130	459,657
	$1,369,043	**$2,041,240**	**$1,536,760**

8. DEFERRED REVENUE

The following table represents changes in deferred revenues for the 3 months ended October 31, 2023, and the 12 months ended July 31, 2023:

Balance, July 31, 2022	**$1,317,964**
Invoices during the year, excluding amount recognized as revenue	2,973,838
Amount recognized as revenue included in the balance at the beginning of the year	(3,495,214)
Balance, July 31, 2023	**$796,588**
Invoices during the year, excluding amount recognized as revenue	810,631
Amount recognized as revenue included in the balance at the beginning of the year	(649,999)
Balance, October 31, 2023	**$957,220**

(Presented in Canadian Dollars)

9. TERM LOANS

	October 31, 2023	October 31, 2022	July 31, 2023
Business Development Bank of Canada (i)	$2,157,711	$2,023,167	$2,116,667
Business Development Bank of Canada (ii)	-	8,680	-
	2,157,711	2,031,847	2,116,667
Transaction costs	(5,228)	-	(6,717)
	2,152,483	**2,031,847**	**2,109,950**
Current portion	(2,152,483)	(8,680)	-
	-	**$2,023,167**	**$2,109,950**

(i) On September 5, 2022, the Company finalized long-term debt financing agreement with BDC Capital for $2,000,000, with a 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, 2023, includes PIK interest of $152,483.

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

(Presented in Canadian Dollars)

10. CONVERTIBLE DEBENTURES

Balance at July 31, 2022	**-**	**$769,929**	**769,928.93**
Private placement	3,895,339	-	**3,895,339**
Private placement - transaction costs	(388,927)	-	**(388,927)**
Allocated to derivatives	(1,965,935)	-	**(1,965,935)**
Allocated to warrant reserves	(431,935)	-	**(431,935)**
Fair value of convertible feature	-	-	**-**
Accrued interest	354,295	75,000	**429,295**
Interest Payment	(354,296)	(75,000)	**(429,296)**
Accretion expenses	417,773	43,718	**461,491**
Foreign exchange	14,055	-	**14,055**
Balance at July 31, 2023	**$ 1,540,369**	**$ 813,647**	**$2,354,016**
Accrued interest	140,482	18,904	**159,386**
Interest Payment	-	(88,904)	**(88,904)**
Accretion expenses	211,567	11,353	**222,920**
Conversion to common shares	-	(750,000)	**(750,000)**
Balance at October 31, 2023	**$ 1,892,418**	**$ 5,000**	**$1,897,418**

On August 9, 2022, the Company completed an issuance of convertible debentures ("Debentures III") for the total gross proceeds of CAD$200,000 and USD$2,865,000, for a total of CAD$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 Convertible Debenture 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 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 debt component of the Debentures III was measured at its present value at initial recognition.

10. CONVERTIBLE DEBENTURES (continued)

(vi) The host debt component is fair valued by discounting the value of the expected future cash flows under the terms of the Agreement using a market cost of debt of 18% for an equivalent non-convertible bond. The fair value of the Convertible Debt without the derivatives (the "Host Debt") has been estimated by reference to the income approach using a discounted cash flow ("DCF") method. Using this approach, the present value of the Host Debt on August 9, 2022 was determined to be CAD$122,866 and USD$764,193. On August 9, 2022, to value the derivatives, representing the conversion options ("Conversion Options"), and the warrants, Option Pricing methodology by reference to a Black Scholes model ("BSM") has been applied. Key valuation inputs and assumptions used in the BSM are stock price of CAD$0.06, expected life of 3.89 years, annualized volatility of 99.4%, annual risk-free rate of 3.16%, and annual dividend yield of 0.0%.

Based on above, the aggregate fair value of the Conversion Options and warrants on August 9, 2022 was calculated as CAD$1,376,898 (USD1,067,511) and CAD$589,039 (USD$456,683) respectively.

The aggregate fair value of the Host Debt, Conversion Options and Warrants exceeds the transaction price of CAD$3,695,339. Therefore, under the provisions of IFRS 9, the initial values of the respective components has been allocated based on these fair values identified.

The Company incurred transaction costs of CAD$784,020 related to the issuance of the convertible debt and were allocated proportionally to the Host Debt, Conversion Options and Warrants in the amount of CAD$279,323, CAD$346,942 and CAD$157,755, respectively. Of the transaction costs, CAD$388,927 was paid in cash and the balance of CAD$395,093 was issued as broker warrants.

On October 31, 2023, the aggregate fair value of the Conversion Options and warrants was calculated as CAD$291,004 and CAD$98,066 respectively. Key valuation inputs and assumptions used are stock price of CAD$0.06, expected life of between 2.67, annualized volatility of 107.40%, annual risk-free rate of between 4.52%, and annual dividend yield of 0.0%

For the 3 months ended October 31, 2023, an accretion expense of CAD$211,567 was recognised in interest and bank charges (year ended July 31, 2023 – $417,773) in respect of the Host Debt component. For 3 months ended October 31, 2023, a loss on remeasurement of derivative liability of CAD$34,199 (year ended July 31, 2023 – gain of $1,611,067) was recognised in the consolidated statements of loss and comprehensive loss.

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

(Presented in Canadian Dollars)

10. CONVERTIBLE DEBENTURES (continued)

(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 debt component of the Debentures II was measured at present 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.

On October 31, 2023, the outstanding Debentures II were converted to 1,428,573 common shares at $0.525 per share, totalling the $750,000 remaining debt component.

Scheduled interest payments under the Debentures are due as follows:

Scheduled interest payments under the Debentures are due as follows:	Debentures III
2024	356,541
2025	389,534
2026	389,534
	1,135,609

(Presented in Canadian Dollars)

11. SHARE CAPITAL

On December 8, 2022, the Company executed a “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. All share data and information related to the Company’s stock-based compensation plans presented herein have been retroactively adjusted to give effect to the reverse stock split.

The Company has authorized an unlimited number of common shares and has 35,528,791 (July 31, 2023 – 34,100,218) common shares issued and outstanding as at October 31, 2023. During the 3 months ended October 31, 2023, warrant holders did not exercise any warrants (year ended July 31, 2023 - 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.

12. SHARE-BASED PAYMENTS

The Company grants stock options to eligible directors, officers, key employees, and consultants under its stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares which may be issued pursuant to the exercise of options granted under the plan may not exceed 20% (2022 - 20%) of the number of common shares outstanding at the time of grant. As of October 31, 2023, the maximum number of common shares available under the plan was 6,820,044 (July 31, 2023 – 6,820,044) of which 1,932,222 (July 31, 2023 – 1,932,222) 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, 2023 and 2022 and changes during the years then ended is presented below:

	Three months ended October 31, 2023		Three months ended October 31, 2022		Year ended July 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Price	Weighted Average Exercise Price
Outstanding - beginning of year	4,859,722	$0.269	3,364,944	$0.129	3,364,944	$0.645
Granted	-	$0.000	-	-	2,785,000	$0.080
Exercised	-	$0.000	-	-	-	$0.000
Expired	(10,000)	$0.090	-	-	(1,290,222)	$0.447
Outstanding - end of year	4,849,722	$0.270	3,364,944	$0.129	4,859,722	$0.269
Exerciseable - end of year	1,932,222	$0.443	2,117,444	$0.121	1,932,222	$0.443

(Presented in Canadian Dollars)

12. SHARE-BASED PAYMENTS (continued)

The weighted average remaining contractual life of stock options as of October 31, 2023, is 3.35 years (October 31, 2023 – 2.23 years).

The Company had the following stock options outstanding as of October 31, 2023:

Expiry fiscal year	# of options	Exercise Price		Remaining Life (years - average)
		from	to	
July 31, 2024	265,000	$0.080	$0.750	0.46
July 31, 2025	7,778	$0.400	$0.400	1.02
July 31, 2026	1,539,167	$0.080	$0.800	2.34
July 31, 2027	297,778	$0.080	$0.475	3.18
July 31, 2028	2,740,000	$0.080	$0.090	4.54
	4,849,722	**$0.144**	**$0.503**	

On June 15, 2023, the Company issued 10,000 stock options to an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.090. One-third, or 3,334 of the options vest on June 15, 2024, 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 on June 15, 2023 was estimated at a value of $0.059 by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility 79.58%; risk free interest rate of 3.64%; forfeiture rate of 0%, share price of $0.090; and expected life of five years.

On June 5, 2023, the Company issued 80,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.090. One-third, or 26,667 of the options vest on June 5, 2024, 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 on June 5, 2023 was estimated at a value of $0.059 by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility 79.72%; risk free interest rate of 3.52%; forfeiture rate of 0%, share price of $0.090; and expected life of five years.

On May 10, 2023, the Company issued 2,695,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.080. One-third, or 898,334 of the options vest on May 10, 2024, 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 on May 10, 2023 was estimated at a value of $0.053 by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility 80.61%; risk free interest rate of 2.99%; forfeiture rate of 0%, share price of $0.080; and expected life of five years.

On May 10, 2023, the company amended the exercise price of 825,000 stock options to employees and consultants of the company that were granted between June 12, 2019 and May 11, 2022. These options were revalued using their original assumptions while updating the related share price and exercise price. This resulted in an increase in the value of the options of $21,045 that was included in the current year’s share-based payments expense.

(Presented in Canadian Dollars)

12. SHARE-BASED PAYMENTS (continued)

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, 1,116,718 (2021 – 229,888) 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, 2023, was $147,552 (2022 - $622,427). The weighted average grant date fair value of options granted during the year ended July 31, 2023, was $0.530 (2022 - $0.545).

Share-based payments for all vested options for the year ended July 31, 2023, was $229,376 (2022 - $501,116), which was credited to contributed surplus and expensed to share-based payments.

13. 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 7,562,500 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 $0.47 (USD $0.375). Each convertible debenture unit consisted of 4,000 to 5,000 common shares and 400 to 2,500 share purchase warrants entitling the holder to purchase equivalent number of additional common shares for four (4) years at price of $0.47 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 $1.00 for any 20 consecutive trading days, the Company may accelerate the expiry and exercise conversion at $0.90 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 99.40%; risk free interest rate of 2.92%; forfeiture rate of 0%, share price of $0.06; exercise price of $0.09 and expected life of 3.89 years. The value of these warrants is estimated to be $395,093 at issuance and is recorded as equity under contributed surplus.

During the 3 months ended October 31, 2023, warrant holders did not exercise any warrants.

The summary of status of Company's warrants as at October 31, 2023, and July 31, 2023, and changes during the years is presented below:

	3 months ended October 31, 2023		Year ended July 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding - beginning of period	21,992,713	$0.660	12,281,463	$0.875
Granted	-	$0.000	7,562,500	$0.470
Granted - broker	-	$0.000	2,148,750	$0.250
Exercised	-	$0.000	-	$0.000
Expired	-	$0.000	-	$0.000
Outstanding - end of period	**21,992,713**	**$0.660**	**21,992,713**	**$0.660**

(Presented in Canadian Dollars)

13. SHARE PURCHASE WARRANTS (Continued)

The Company had the following warrants outstanding as at October 31, 2023:

Number of warrants outstanding	Number of warrants exercisable	Exercise Price	Expiry Date	Remaining Life (Years)
7,426,048	7,426,048	$0.900	January 29, 2024	0.25
1,190,476	1,190,476	$0.900	January 29, 2024	0.25
16,000	16,000	$0.525	January 29, 2024	0.25
548,240	548,240	$0.525	February 9, 2024	0.28
1,210,181	1,210,181	$0.900	February 9, 2024	0.28
81,744	81,744	$0.525	February 9, 2024	0.28
25,000	25,000	$0.900	February 10, 2024	0.28
862,581	862,581	$0.900	February 11, 2024	0.28
69,006	69,006	$0.525	February 11, 2024	0.28
843,437	843,437	$0.480	April 5, 2026	2.43
8,750	8,750	$0.320	April 5, 2027	3.43
7,562,500	7,562,500	$0.470	June 30, 2026	2.67
2,148,750	2,148,750	$0.250	June 30, 2026	2.67
21,992,713	**21,992,713**	**$0.660**		

14. 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. 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, 2023	3 months ended October 31, 2023	Year ended July 31, 2023
Subscription and Support	$644,914	$756,024	$2,977,796
Services	296,942	462,603	1,623,950
	$941,856	**$1,218,627**	**$4,601,746**

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

(Presented in Canadian Dollars)

14. DISAGGREGATION OF REVENUE (continued)

	3 months ended October 31, 2023	3 months ended October 31, 2023	Year ended July 31, 2023
Canada	$241,097	$325,397	$1,803,996
USA	639,879	787,537	2,440,946
Other	60,880	105,693	356,804
	$941,856	**$1,218,627**	**$4,601,746**

15. EXPENSES BY NATURE

Cost of Sales – Subscriptions

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

	3 months ended October 31, 2023	3 months ended October 31, 2022	Year ended July 31, 2023
Salaries & benefits	-	$819	$819
Subcontracting	-	-	36,920
Hosting	141,023	45,082	364,600
	$141,023	**$45,901**	**$402,339**

Cost of Sales – Services

The components of cost of sales services are as follows:

	3 months ended October 31, 2023	3 months ended October 31, 2022	Year ended July 31, 2023
Salaries & benefits	$248,212	$148,423	$976,288
Subcontracting	69,649	175,136	478,510
Hosting	290	4,580	8,973
	$318,151	**$328,139**	**$1,463,771**

(Presented in Canadian Dollars)

15. EXPENSES BY NATURE (continued)

Sales and Marketing Expenses

The components of sales and marketing expenses are as follows:

	3 months ended October 31, 2023	3 months ended October 31, 2022	Year ended July 31, 2023
Salaries & benefits	$196,291	$284,534	$976,996
Consulting Fees	72,796	2,641	234,199
Advertising and promotion	44,390	90,838	240,084
Travel, meals and entertainment	-	11,882.00	28,966.00
Other	-	120.00	2,750.00
	$313,477	**$390,015**	**$1,482,995**

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	3 months ended October 31, 2023	3 months ended October 31, 2022	Year ended July 31, 2023
Salaries & benefits	$162,592	$213,585	$1,132,420
Consulting fees	125,526	120,530	410,303
Professional fees	99,724	166,022	521,063
TMI and occupancy costs	-	14,863	28,628
Computer and software	91,032	62,640	389,661
Stock exchange expense	3,894	15,559	92,848
Other office and administrative	32,161	193,485	229,442
Travel	15,394	4,866	74,185
Insurance	22,496	10,403	44,453
Bad debt expense (recovery)	1,351	-	(53,554)
Foreign exchange (gain) loss	61,913	(11,456)	(68,560)
	$616,082	**$790,497**	**$2,800,889**

(Presented in Canadian Dollars)

15. EXPENSES BY NATURE (continued)

Research and Development Expenses

The components of research and development expenses are as follows:

	3 months ended October 31, 2023	3 months ended October 31, 2022	Year ended July 31, 2023
Salaries & benefits	$285,985	$270,400	$1,208,686
Consulting fees	-	33,652	-
ITC claims	(45,000)	(45,000)	(232,307)
Travel	-	-	27,376
Other	(607)	14,820	-
	$240,379	**$273,872**	**$1,003,755**

16. INCOME TAXES

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. For the year ended July 31, 2023, the Company recognized $220,000 (July 31, 2022 - $171,966) of ITCs which were presented as a reduction of R&D expense. The Company recovered $484,452 (July 31, 2022 - $321,987) of refundable ITCs within the fiscal year ended July 31, 2023 leaving a total receivable of $220,000 (July 31, 2022 - $484,452). 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, 2023, the Company has unused non-refundable ITCs of $1,650,279 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	-	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	132,075	2,767	134,842
2043	158,751	3,864	162,615
	$1,650,279	**$175,930**	**$1,826,209**

(Presented in Canadian Dollars)

16. INCOME TAXES (continued)

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below at the expected future tax rate of 26.50% (2022 - 26.50%):

	2023	**2022**
Non-capital losses available for carry-forward	$ 4,441,640	$ 3,660,740
Equipment	33,390	28,200
Intangibles	149,590	149,590
Leases	-	(3,480)
Convertible debentures	(529,980)	(14,590)
Transaction Costs	262,910	147,370
Provision	4,520	35,700
Federal and Provincial ITCs	2,007,410	1,728,310
	6,369,480	5,731,840
Deferred tax assets not recognized	**(6,369,480)**	**(5,731,840)**
Deferred tax liabilities	**$ -**	**$ -**

As at July 31, 2023, the Company has income tax losses which are available to reduce future taxable income. The benefit of these losses has not been recognized on the consolidated financial statements. These losses expire as follows:

	Federal	**Quebec**
2034	$336,954	$730,292
2036	194,552	540,210
2037	980,014	980,014
2038	2,310,298	1,731,666
2039	3,187,078	3,233,129
2040	1,628,352	1,628,352
2041	2,607,473	2,607,473
2042	2,334,823	2,334,823
2043	2,173,558	2,173,558
	$15,753,102	**$15,959,517**

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.

(Presented in Canadian Dollars)

17. 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 3 months ended October 31, 2023, were all paid to key management personnel and were as follows:

	October 31, 2023	October 31, 2022	July 31, 2023
Salaries and benefits	$214,768	$186,000	$1,047,461
Stock-based compensation (i)	37,008	-	204,104
	$251,776	**$186,000**	**$1,251,565**

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

18. 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 ended October 31, 2023, the Company recorded $1,351 of Expected Credit Losses (months period ended October 31, 2022 - $nil, year ended July 31, 2023 - $53,554 provision for Expected Credit Losses).

As at October 31, 2023, approximately 48% of the Company’s accounts receivable are due from one significant customer (October 31, 2022 – 61% from 3 customers, and July 31, 2023 - 48% was due from one significant customer) and represents 37% (October 31, 2022 – 58%, July 31, 2023 – 25%) of the Company’s sales.

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

	ECL %	October 31, 2023	October 31, 2022	July 31, 2023
Current	0.0%	$642,866	$886,790	$506,933
Over 30 days past due	0.5%	31,694	142,892	2,265
Over 60 days past due	1.0%	138,790	861,148	14,639
Over 90 days past due	2.5%	26,339	204,942	2,071
Less: Provision for ECLs		($17,070)	($92,021)	($17,070)
		$822,619	**$2,003,751**	**$508,838**

18. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

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

The Company is exposed to liquidity risk on accounts payable to its suppliers, which arise in the normal course of operations and are due in less than one year, lease liabilities, its term loans and convertible debentures, which are repayable in various monthly and quarterly installments as discussed in note 9 and 10. 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, 2023, the Company had the cash on hand of $794,738 (October 31, 2022 - $4,139,096, July 31, 2023 - $1,870,113) and accounts receivable of $822,619 (October 31, 2022 - $2,003,751, July 31, 2023 - $508,838) to meet its working capital requirements.

As at October 31, 2023, the Company's current liabilities exceeded current assets by $2,393,197 (October 31, 2022 - current assets exceeded current liabilities by $3,090,011, July 31, 2023 – current liabilities exceeded current assets by $329,530). Of this amount, $957,220 (October 31, 2022 - $2,052,820, July 31, 2023 - $796,588) relates to Deferred Revenues (Note 8), which is expected to be settled through the performance of service in the normal course of business.

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 in August 2022 have interest only due annually.

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, 2023, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $610,269 (October 31, 2022 – $1,828,985, July 31, 2023 – USD $1,115,433) and converted at the exchange rates of 1.38. For the 3 months ended October 31, 2023, the Company recognized a loss on foreign exchange of $61,913 (3 months ended October 31, 2022 – gain of $11,456, July 31, 2023 - gain of $82,620).

(Presented in Canadian Dollars)

18. FINANCIAL INSTRUMENTS (continued)

Exposure to Currency Risk

		October 31,2023	October 31,2022	July 31,2023
Cash	USD	$206,907	$1,828,985	$902,103
Trade receivables		500,859	970,952	319,852
Trade payables		(14,451)	(15,978)	(106,522)
Net statement of financial position	**USD**	**$693,315**	**$2,783,959**	**$1,115,433**
Average USD to CAD exchange rate		1.37	1.33	1.34
Spot rate USD to CAD exchange rate		1.39	1.37	1.32

Sensitivity Analysis

A reasonably possible strengthening and/or weakening of Canadian dollar against US dollar on October 31, 2023, October 31, 2022, and July 31, 2023, 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 $48,110 (October 31, 2022 - $190,701, July 31, 2023 - $73,340). 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, 2023 (spot rate)		October 31, 2022 (spot rate)		July 31, 2023 (spot rate)	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD - movement 5.0%	1.46	1.32	1.44	1.30	1.38	1.25
USD - movement 10.0%	1.53	1.25	1.51	1.23	1.45	1.19

Impact: Profit and Loss						
USD - movement 5.0%	$48,110	($48,110)	$190,701	($190,701)	$73,490	($73,490)
USD - movement 10.0%	$96,220	($96,220)	$381,402	($381,402)	$146,981	($146,981)

Interest Rate Risk

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

Fair Value

As at October 31, 2023, 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.