BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: November 20, 2020
For the Year Ended July 31, 2020

This management's discussion and analysis ("**MD&A**") of the consolidated financial condition and results of operations of BlueRush Inc. ("**BlueRush**" or the "**Company**") should be read in conjunction with BlueRush's audited consolidated financial statements and notes thereto for the year ended July 31, 2020 ("fiscal year 2020") and 2019 ("fiscal year 2019"). Accounting policies followed in the preparation of the annual consolidated financial statements are disclosed in Note 2 of the Notes to the audited consolidated financial statements for the years ended July 31, 2020 and 2019.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are presented in Canadian dollars ("CAD"), unless indicated otherwise.

The consolidated financial statements are incorporated by reference herein and form an integral part of the MD&A. The consolidated financial statements include the accounts of BlueRush and its wholly owned subsidiary, BlueRush Digital Media Corp.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to, the Company's expectations regarding its future working capital requirements, including its ability to satisfy such requirements, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use loss carry forwards, and fees to be incurred by foreign subsidiaries, sales momentum from IndiVideo continuing in future quarters, and contract liabilities being recognized over the coming quarters.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: the timing of substantial or fully completed IndiVideo projects that have been contracted as at July 31, 2020; changes in law; the ability to implement business strategies and pursue business opportunities; state of the capital markets; the availability of funds and resources to pursue operations; a novel business model; dependence on key suppliers and local partners; competition; the outcome and cost of any litigation; general economic, market and business conditions, as well as those risk factors discussed or referred to in disclosure documents filed by the Company with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com.

Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this MD&A is made as of the date of this MD&A and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law. The Company's results and forward-looking information and calculations may be affected by fluctuations in exchange rates.

NATURE OF THE BUSINESS

BlueRush Inc., through its wholly owned subsidiary, BlueRush Digital Media Corp., develops and markets IndiVideo™, a disruptive interactive personalized video platform that drives return on investment ("ROI") throughout the entire customer lifecycle, from increased conversions to more engaging statements and customer care. The platform cost-effectively scales, aligning cost and performance. The platform enables BlueRush clients to capture knowledge and data from their customers' video interactions, creating new and compelling data-driven customer insights. IndiVideo is proven to boost marketing and sales performance, generate compelling ROI and create greater customer satisfaction and loyalty.

BlueRush is publicly listed on the TSX Venture Exchange under the symbol "BTV" and is headquartered at 75 Sherbourne Street, Suite 112, in Toronto, Ontario. The Company also has a bilingual office in Montreal, Quebec.

OVERALL PERFORMANCE

BlueRush Highlights for the Fiscal Year 2020 and 2019:

- BlueRush continues to successfully transition towards the recurring revenue model, increasing its subscription and support revenue by 157% to $1,306,427, compared to $508,271 for 2019;
- Subscription and support revenue for the three months ended July 31, 2020 was $395,518, an increase of 84% compared to the same periods in 2019. This increase was due to contracts secured with new customers, as well as expansion of existing customer subscriptions;
- Subscription and support gross profit significantly advanced in fiscal year 2020 by 338% to $914,473, from $208,923, when compared to fiscal year 2019;
- Gross margins in the SaaS business increased to 70%, compared to 41% in 2019, a result primarily driven by the technological advantage and greater deployment efficiencies of the IndiVideo platform;
- The Company's overall revenues increased by 59% to $3,799,075, compared to $2,387,185 for 2019;
- Services remains a key component of the Company's overall revenue, delivering $2,476,391, compared to $1,853,236 for 2019, delivering a year-over-year increase of 34%;
- BlueRush completed a $2.3M sale and purchase agreement for its DigitalReach™ and Smart Advisor® application to Broadridge Financial Solutions, Inc. to provide greater financial flexibility and for core focus on the IndiVideo platform;
- BlueRush successfully completed non-brokered private placement financing to raise gross proceeds of $1,450,000 through the issuance of unsecured convertible debentures with support from new and existing investors;
- BlueRush experienced significant growth and continues to expand our international revenues. For fiscal year, 2020, 58% of our continuing revenues were derived from U.S. customers (FY19 – 20%) and we experienced 121% YoY revenue increase from other international customers.

Important milestones positions BTV for growth and a higher proportion of subscription revenue.

Amidst the global pandemic, BlueRush secured new customer relationships with some of the best companies in the world.

The pandemic has accelerated the push towards digital transformation and the need to increase customer engagement. IndiVideo reinjects personal qualities lost through the digital channel with personalized, data-driven, and interactive messaging. The IndiVideo platform has been adopted by major international banks, insurance companies, and wealth managers. While the Company started in the financial services vertical, the customer list and sales funnel has expanded to include Utilities, Telcos, Healthcare, Pharma, Automotive, Not-For-Profits and others.

IndiVideo customers come back for more

Two of the Company's early enterprise customers have already grown from a single use case to multiple use cases, leading to enterprise agreements (https://www.bluerush.com/investors/news-releases/page/?id=122560) and additional subscription revenues. The large number of enterprise-scale customers the Company has secured represent a significant opportunity to grow our subscription revenue. Cost of sales is lower with existing customers, and in some cases, they are approaching the Company with additional ideas for how to use the platform, significantly shortening sales cycles.

The Company began to achieve leverage through partners

The roster of partners selling on behalf of BlueRush grew in 2020 and will continue to grow in 2021. BlueRush now has partners selling in the US and South America. The Company's US partners have international footprints and BlueRush has additional partners in Eastern Europe and Southeast Asia generating exciting sales funnel opportunities.

The launch of 'self-serve' enhances scalability

When BlueRush began selling IndiVideo subscriptions, BlueRush was the only company that could provide Interactive Personalized Video (IPV) services. With self-serve, customers and partners are now being enabled to create their own IPV's. This eliminates a services bottleneck and makes selling the platform more attractive to partners who are looking to drive services revenue. For example, Percus, our main sales and delivery partners based in Chile, is now completely self-sufficient from a sales and services delivery perspective.

STRATEGY

Three years ago, BlueRush raised capital from our lead investor, Round13 Capital, as well as members of the senior management team, to transform and enhance customer engagement using the IndiVideo platform. Since then, the entire organization has been pivoting the business from selling one-time services (building online tools and calculators) to a recurring revenue model (selling the IndiVideo solution) while mainly targeting financial institutions.

During fiscal year 2020, we continued to refine our focus by selling the DigitalReach™ platform and Broadridge's Smart Advisor® application to Broadridge Financial Solutions, Inc. (NYSE: BR), allowing BlueRush to focus on all relevant avenues and opportunities for the IndiVideo platform. We continued the development of the IndiVideo platform moving closer to a self-serve platform, further integrated with our key partner Microsoft. This led to incremental Software as a Service ("SaaS") contracts with some of the largest financial institutions in the world. These advances reflect the trends we are seeing in the market.

During fiscal year 2020, we expanded our research & development ("R&D") and sales & marketing teams, all of whom are primarily focused on the IndiVideo platform. This enabled the Company to focus and scale BlueRush with a clear focus on becoming the leader in interactive personalized video solutions for financial institutions and Customer Communications Management ("CCM") organizations. We also continue to build the IndiVideo self-serve functionality that will present new verticals and markets once introduced later in 2020.

We intend to aggressively pursue these growth opportunities by following through on key elements of our strategy:

Grow Subscription and Recurring Revenue

Going forward, BlueRush will continue to emphasize its recurring, or SaaS-based, revenue model when selling IndiVideo. Our primary markets will continue to be financial institutions and CCM organizations, targeted through direct and partner sales channels. Based on our sales pipeline, along with major product advancements, BlueRush anticipates SaaS will continue to gain significant traction with financial institutions and CCM companies as these industries seek to engage with their customers in a more profound fashion on a regular basis.

Throughout fiscal year 2020, IndiVideo has demonstrated the ability to drive compelling and measurable results for BlueRush customers. These satisfied customers have now provided testimonials which have proven very effective in attracting new customers. The video market as a whole is one of the fastest growing segments of online media, while personalized video is being adopted by some of the biggest companies in North America. These industry trends further support our transition to recurring revenue.

Improve Margins to Drive Business Value

A cornerstone of our strategy is exploiting the technological advantage we have over our competition by rendering the personalized interactive videos on the device, rather than having to send large MP4 files. Given that IndiVideo delivers code rather than a video file, our technology continues to be very light in nature and allows BlueRush to obtain greater than 80% margins when operating at full-scale. We will continue to invest in the underlying IndiVideo platform, driving towards a self-serve model while continuing to improve the authoring plug-in to reduce production times.

Customer Communication Management (CCM)

One of the primary drivers of future success stems from our ability to integrate with CCM partners across the globe, all of which are moving away from printed bills and statements to more engaging experiences, which will include video messaging. IndiVideo has a technology advantage over its competitors because our solution is based on sending code, which renders the video on a user's device (desktop, laptop, tablet, smartphone, etc.) only when the message is opened, using the computing power of the user's device. Our competitors offer a solution which requires the delivery of standard MP4 video files, which are very large and hence difficult and more expensive to deliver in high volume.

BlueRush envisions a world where a significant portion of monthly bills and statements sent to customers through direct mail or electronically, will include an IndiVideo message to augment customer engagement. Whether that is an opportunity for a financial institution to reduce customer churn, clarify frequently asked questions, cross-sell or up-sell a service, or simply a means to communicate regularly with customers, IndiVideo will improve engagement. Furthermore, companies using the IndiVideo platform will also be able to understand who is watching the video, for how long they watch, what device they are engaging with and ultimately what actions they perform thereafter.

In fiscal year 2020, BlueRush entered into a strategic partnership with Quadient, a leader in business solutions for meaningful customer connections through digital and physical channels. Quadient offers omni-channel software solutions that drive meaningful customer interactions to its diverse client base of large global brands in Financial Services, Healthcare, Higher Education, and Utilities.

As a CCM partner, Quadient will integrate IndiVideo into its award-winning CCM platform- Inspire. With IndiVideo, Inspire users will be able to send interactive video bills and statements that create a superior digital experience and cost-effectively scale personalized customer care – a need that has been exacerbated by COVID-19.
In July 2020, BlueRush entered into a strategic partnership with Reycom Document Solusi Group ("RDS Group"), headquartered in Jakarta, Indonesia. The partnership provides a gateway into both the Indonesian and more broadly, the Southeast Asian region. RDS Group will seamlessly integrate IndiVideo into its digital marketing solution, the Integrated Cross Media (ICM) services, which provide personalized and multi-channel marketing solutions and analytics to enhance customer experiences and product awareness. Through ICM, BlueRush's IndiVideo platform will support the creation and delivery of personalized and interactive videos at scale to improve the end-to-end digital customer experience.

BlueRush announced that the IndiVideo platform had been approved for the USPS 2020 Emerging & Advanced Technology Promotion. This incentive offers a 2% postage rebate on all print mail that incorporates IndiVideo technology to generate personalized video.

These events further reinforce our CCM strategy as we continue to work with and expand with partners and customers looking to accelerate the global initiative of digital transformation.

Strategic Partnerships

For over two years, BlueRush has been developing and refining our partnership with Microsoft. BlueRush also continues to rely on our partner in Santiago, Chile, Kunder SpA ("Kunder"), a provider of technology solutions for financial institutions in Latin America. This continued success in South America is a direct result of the success of the first project for AFP Habitat S.A. ("AFP Habitat"), a leading South American financial institution, whereby over two million pensioners see their monthly pension statements delivered as IndiVideos. BlueRush continued to work with our distribution partner, Nikia DX, a curator of disruptive innovations specializing in digital customer engagement solutions for enterprise customers. Nikia is positioned to promote BlueRush's IndiVideo platform to its extensive client network, including leading insurance, financial services and utility companies.

Looking ahead, BlueRush will continue to focus on existing relationships and customers while seeking new strategic partnerships to further expand its customer base or assist in further developing the IndiVideo technology.

World-class Leadership Team and Board of Directors

During fiscal year 2020, BlueRush added a new Chief Revenue Officer ("CRO"), Andrew Osmak. Andrew brings a wealth of experience to BlueRush, having worked in various capacities over the past 25 years. This includes business and development across start-ups and mature businesses, including his last post as CEO where he successfully generated an exit.

BlueRush was also pleased to add Chris Rasmussen, founder of CCM leader Doxim, to our Board of Directors.

Our board oversees a world-class leadership team with in-depth understanding of and experience in assisting organizations to improve customer engagement and drive profitability. This, combined with our robust network of best-in-class partners across the globe, enables us to provide solutions to enterprise and mid-market businesses to enhance engagement thought integration of IndiVideo product and associated services at all stages of customer journey for FinTech and CCM customers alike.

Sale of DigitalReach and Smart Advisor

In keeping with the Company's targeted strategy, BlueRush sold the DigitalReach platform and Broadridge's Smart Advisor application to Broadridge Financial Solutions, Inc. for $2,300,000 on September 4, 2019. In compliance with IFRS, the operations of DigitalReach and Smart Advisor have been removed from continuing operations for fiscal year 2019 and 2020 and are presented as discontinued operations in the consolidated statement of net loss and comprehensive loss. Due to the sale, BlueRush recognized a gain on sale of $2,216,205.

TRENDS IN OUR BUSINESS

The business environment was moving toward digital experiences prior to the pandemic. COVID-19 accelerated this trend, and today all industry verticals have been forced to adapt. There has been a shift towards increasing digital engagement that is personalized and interactive, to create a better digital customer experience. In fact, research shows that consumers demand and expect a more personalized experience with 89% of businesses competing primarily on the basis of customer experience, which is up from just 36% in 2010.

Given the increase in personalization required, the power of digital marketing in today's industries is growing.

- 84% of consumers say the experience a company provides is as important as its products and services. (Salesforce, 2019)
- 85% of consumers would like to see more video from companies. (Hubspot, 2019)
- 84% of consumers have been convinced to buy products or services by watching videos. (Wyzowl, 2019)
- 91% of Canadians believe technologies have made banking more convenient, with 88% saying their bank has improved service through technology. (CBA, 2019)

BlueRush offers solutions that provide customers with relevant, personalized video content in real time, and at all stages of the customer journey. Our solutions are designed increase engagement through all digital channels, leverage advisor productivity and add personalization throughout the customer journey.

Customer Engagement

Many industries are struggling to stay relevant, while also navigating uncertainties to deal with customer engagement due to shrinking attention spans along with an abundance of information. BlueRush's Interactive Personalized Video Platform, IndiVideo, driven by deep customer insights, is a powerful format that not only leverages the power of personalization, but also interaction and video to increase engagement throughout the customer journey. IndiVideo combines video storytelling with data-driven personalization to create engagement and lift conversions in some cases by more than 40%. Additionally, BlueRush has proven the following significant results:

- Clickthrough rates improve by 14% and conversion rates by 10% when a personalized email is used.
- Using video on a landing page can increase conversions by 80%.
- Personalized video emails achieve up to 10 times the engagement levels over a standard email.

With IndiVideo, brands can offer a memorable experience, simplify complex products and ensure immediate relevancy to create and sustain engagement.

- IndiVideo earns superior customer engagement, with 70% of customers staying to watch the entire 90-second personalized video experience.
- 90% of customers who receive an IndiVideo report greater satisfaction with, and a better understanding of their company's products and services.
- Over 30% of IndiVideo viewers click the video Call to Action to convert.

FinTech

Leading financial institutions have increased their fintech investment activity to strengthen their customer experience and stay competitive in a market plagued by customer churn. In 2019, global fintech investment was $137.4B USD, and has doubled every year prior to 2018 highlighting the enormous strength of the global fintech market (KPMG, 2019). The fintech market is huge and growing, with innovation efforts showing no signs of slowing. A large part of this market is focused on the advancements in customer technology as user data is more accessible than ever. IndiVideo offers financial institutions access to exponentially more customer insights and analytics that can be leveraged for future use.

- Fintech is growing on a global scale with deals outside of core markets (US, UK, and China) accounting for 39% of deals. (CB Insights, 2019)
- Banks spent an estimated $215B on IT worldwide in 2019, including hardware, software, and internal and external services. (PWC, 2019)
- In 2018, the US was the top market for deals with 659 fintech related investments worth $11.89B funding. (CB Insights, 2019)

BlueRush, with its extensive financial services industry experience, was recognized as a standout in the fintech community throughout the fiscal year 2019. Due to COVID-19, there have not been regularly scheduled conferences, which has prohibited BlueRush from showcasing our software in fiscal year 2020.

- Finovate Europe 2019 – BlueRush named in IDC report on Finovate Europe 2019, titled: "Hottest Banking and FinTech Trends from Finovate Europe 2019 – Vendors to Watch".
- Finovate Spring 2019 – BlueRush was selected for the coveted "Best in Show" award for our interactive video solution, IndiVideo. The Company is excited to be included on a list of solutions that are "in a class of their own".
- An IndiVideo developed for a South American financial institution by BlueRush and its Chilean partner, Kunder, was named "Best Financial Services Online Video" in the 2019 Internet Advertising Competition Awards.

Video Market

IndiVideo is a highly scalable, personalized video platform that is being used by a growing list of blue-chip companies. Case studies continue to grow and the use cases for this platform continue to expand. The vast majority of the Company's opportunities with IndiVideo continue to be greenfield, which suggests that BlueRush is at the forefront of this market opportunity. Industry data points on the future growth outlook for the online video market include:

- eMarketer forecasts that U.S. digital video advertising spend will grow from $36.01B USD in 2019 to $58.39B USD in 2023. (eMarketer, 2019)
- According to Wyzowl, 66% of people prefer to watch a video to learn about a product or service rather than read text. (Wyzowl, 2020)
- Evergage research indicates that:
  - 98% of marketers agree that personalization advances customer relationships and 97% of marketers plan to maintain or increase investment in personalization in the coming year. (Evergage, 2019)
  - 68% of marketers who are leveraging personalization are using rule-based targeting only, while 40% are using either machine-learning/algorithmic targeting only or a combination of both approaches. (Evergage, 2019)
- According to International Data Corporation ("IDC"), "*The video format has surpassed all other major marketing formats, especially among the young, and consumers often choose it when seeking advice or help online. For banks, this is a good opportunity to increase customer proximity and proactively send personalized video offers based on individual behavioral patterns. Financial advice like loan consolidation could be individually explained at scale while maintaining a human touch. For new customers, personalized video is a good format to ease the on-boarding process for complex products like a mortgage. It can work equally well as an educational or promotional tool in the corporate bank when adding new trade finance, corporate treasury or other clients.*" (IDC, 2019)

These market trends present an opportunity for BlueRush's IndiVideo product that could result in unprecedented growth. The results of the direct sales use cases will allow IndiVideo to enter new market opportunities and sales channels.

RESULTS OF OPERATIONS

The following table provides selected financial position data for the years indicated, which has been derived from the audited consolidated financial statements for the years ended July 31, 2020 and 2019.

	As at July 31, 2020	As at July 31, 2019
Total Assets	$ 2,558,785	$ 1,990,841
Non-current financial liabilities	3,500,171	1,931,461
Shareholders' Deficit	(3,837,138)	(2,885,796)

The following table summarizes our recent results of operations for the years indicated. The selected financial information set out below has been derived from the audited consolidated financial statements for the years ended July 31, 2020 and 2019.

		July 31, 2020		July 31, 2019
Revenues				
Subscriptions and support	$	1,306,427	$	508,271
Services		2,476,391		1,853,236
Interest		16,257		25,678
		3,799,075		2,387,185
Cost of Sales				
Subscriptions and support		391,954		299,348
Services		1,497,711		943,640
		1,889,665		1,242,988
Gross profit		1,909,410		1,144,197
Net loss from continuing operations	$	(3,350,093)	$	(3,884,628)
per share – basic and diluted	$	(0.04)	$	(0.05)

RESULTS OF OPERATIONS

For the year ended July 31, 2020, BlueRush generated revenue of $3,799,075, cost of sales of $1,889,665, aggregate expenses of $5,851,004 and deferred tax recovery of $22,282, resulting in a net loss from continuing operations of $3,350,093, or $0.04 per share. This compares with revenue of $2,387,185, cost of sales of $1,242,988, aggregate expenses of $5,149,213 and deferred taxes of $120,388 resulting in net loss from continuing operations of $3,884,628, or $0.05 per share, for the year ended July 31, 2019.

BlueRush incurred an overall increase in revenue of approximately 59%, or $1,411,890, compared to the prior fiscal year. Both divisions of the Company saw increases in revenues. The traditional services revenue increased by 34%, or $623,155, while the focused revenue stream of subscription and support increased by 157%, or $798,156. These revenue increases indicate that not only has BlueRush continued to maintain the trajectory to increase recurring revenue, but that our customers continue to recognize our ability to successfully deliver on services projects. As part of the shift to recurring revenue, a component of the Company's sales effort throughout the year involved educating our customers to move from an outright purchase model to a recurring revenue model, along with an understanding of the power of the IndiVideo platform. BlueRush expects that its SaaS revenue will continue to increase as its products discussed above gain more traction in the market, and as committed MRR translates into recognizable revenue. Sales efforts in the Company's traditional services area are now focused on those clients that the Company anticipates will generate a projected minimum amount of business that achieves a specified target margin.

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

The CEWS program is applicable from March 15 to November 21, 2020 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. Per program guidance, the Company determined it qualifies for the subsidy of $569,219, deemed as other income, during the eligibility period using pre-crisis baseline remuneration.

Wage Subsidy (Monthly)		
March 2020	$	75,171
April 2020		132,736
May 2020		117,674
June 2020		118,339
July 2020		125,299
Total	$	569,219

The assistance received from CEWS will reduce the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration, such as Scientific Research & Experimental Development (SR&ED) investment tax credits for the Company.

The Company's total expenses, excluding cost of sales, increased by approximately 14%, or $701,791, from fiscal 2019. The main reason for the increase was due to continued investment in IndiVideo enhancements and development of the IndiVideo platform to include Self-Serve feature.

The Company's general and administrative expenses decreased approximately 19%, or $351,226. Prior to the adoption of IFRS 16, lease related costs, which are now expensed under both, interest and depreciation of right-of-use asset, were classified as occupancy costs as part of general and administrative expense. With addition of $128,196 in depreciation of right-of-use assets as a result of the adoption of IFRS 16, which was applied on a modified retrospective basis while comparative balances were not revised. Despite revenue growth, general and administrative expense decreased also as a result of successful cost containment initiatives combined with reduced travel and general expense due to COVID-19. The Company continuously monitors the general and administrative spend for the limited use of consultants and advisors to reduce and control overall costs, along with a concerted effort to identify general overhead cost-saving opportunities.

Research and development costs increased by approximately 319%, or $998,557, from fiscal 2019. The Company is committed to building out the IndiVideo platform, moving towards a self-serve functionality that will dramatically increase the scalability and adaptability of the platform architecture. The Company recognized $173,616 of refundable investment tax credits ("ITCs") and $27,622 of government grants, compared to $134,563 and $226,268 respectively, in fiscal year 2019, which were presented as a reduction of R&D expense.

A receivable was recorded for SRED tax credits for fiscal year 2020 of $173,401 compared with fiscal year 2019 of adjusted amount of $149,382. As a result of an audit conducted by Revenue Quebec, a portion of the fiscal year 2019 SRED claim was reduced in the current year by $18,312. The SRED tax credits have been recorded as ITCs on the Company's consolidated statement of financial position and represented the refundable portion of tax credits receivable. These claims are subject to audit by Canada Revenue Agency and any adjustments that result could affect investment tax credits recorded in the consolidated financial statements.

During fiscal 2019, the Company was approved for three other government funding programs. One of which is the Export Program offers non-refundable financial contributions to Quebec companies to help them carry out their international projects. In fiscal 2019, the Company was approved for up to $29,322 (2018 – Nil) in funding by way of reimbursement for eligible expenses, and during the fiscal 2020 the company received $27,622, which was netted against the research & development expenses. The second of the three programs is CanExport which is a Global Affairs Government Funding program to provide financial support to exporting marketing projects in trade shows. In fiscal 2019, BlueRush was approved for up to $42,293 in funding by way of reimbursement for eligible expenses of which the Company has received and recorded $10,573 (2019 – $26,268). During fiscal 2020, the Company also qualified for, and received $12,500 in marketing spend from Microsoft, which has been netted against the sales and marketing expenses. Although having been approved, due to the uncertainty of obtaining government grants, BlueRush's corporate policy is to not record grant financing until received.

The Company has available $8,640,932 of federal and Ontario income tax losses and $8,847,346 Quebec income tax losses to offset certain future taxable income, as well as $1,196,038 federal and $157,514 Ontario non-refundable ITCs available to reduce future taxes payable.

Summary of Quarterly Results:

The following is a summary of the Company's past eight quarters which were prepared in accordance with International Accounting Standard ("IAS") 34 and presented in Canadian dollars, which should be read in conjunction with the financial statements of the Company:

	Three months ended (unaudited)			
	July 31, 2020	**April 30, 2020**	**January 31, 2020**	**October 31, 2019**
Total Revenue	$ 806,895	$ 1,059,314	$ 1,132,009	$ 800,857
Net loss for the period	(727,899)	(560,463)	(1,043,616)	1,017,747
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.01)	0.01

	Three months ended (unaudited)			
	July 31, 2019[i]	**April 30, 2019[i]**	**January 31, 2019[i]**	**October 31, 2018[i]**
Total Revenue	$ 632,343	$ 569,085	$ 590,975	$ 594,782
Net loss for the period	(827,788)	(791,477)	(1,361,561)	(860,104)
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.02)	(0.01)

i) Quarterly revenues for fiscal 2019 have been restated to remove the operations of DigitalReach and Smart Advisor, considered discontinued operations.

Three Months Ended July 31, 2020 and 2019

For the three months ended July 31, 2020, BlueRush generated revenue of $806,895 and a net loss of $727,899, or $0.01 per share. This compares with revenue of $632,343 and net loss of $827,788, or $0.01 per share, for the three months ended July 31, 2019. This increase in revenue was primarily due to an increase in subscription and support revenue of $395,518 in the fourth quarter of 2020 when compared to $214,987 to the fourth quarter of 2019. The Company has been placing emphasis on growth of the subscription and support services. The cost of sales increased from $289,625 in the fourth quarter of 2019 to $460,060 in the fourth quarter of 2020 accordingly.

The decrease in the net loss was mainly due to the decrease of sales and marketing expenses from $626,651 in the fourth quarter of 2019 to $423,640 in fourth quarter of 2020, as well as the decrease of general and administrative expenses from $528,411 in the fourth quarter of 2019 to $399,175 in the fourth quarter of 2020, mostly due to COVID-19. This was partially offset by the increased research and development expenses of $140,975 and restructuring costs of $101,716 in the fourth quarter of 2020, which contributed a significant part to the net loss in the fourth quarter of 2020.

CASH FLOWS

Years Ended July 31, 2020 and 2019

During the year ended July 31, 2020, the Company utilized $3,012,232 of cash in its operating activities as compared to $1,908,688 utilized during the year ended July 31, 2019. The increase in cash used in operating activities was primarily driven by the decremental contract liabilities $426,766, partially offset by the decreased net loss due to the increase in subscription and support revenue.

During the year ended July 31, 2020, net cash provided by financing activities was $1,194,049 as compared to net cash provided in financing activities of $2,068,667 in fiscal 2019. During fiscal year 2020, the Company issued a non-brokered private placement of convertible debentures totalling $1,450,000. Factoring in transaction costs, the total proceeds in fiscal year 2020 was $1,428,114. In addition, fiscal year 2020 also saw repayment of short-term debt and term loans of $118,520 and $115,102 respectively while obtaining proceeds of 142,455 from warrants being exercised. This compares with fiscal year 2019 where the Company issued a non-brokered private placement of convertible debentures of 1,966,014, net of transaction costs, repaid $247,302 of term loans, and obtain additional financing totaling of 284,020.

During the year ended July 31, 2020, net cash provided by investing activities was $2,274,303, which related to net proceeds of $2,266,737 from the sale of the Company’s DigitalReach platform and Broadridge’s Smart Advisor application and proceeds from short term investments. For the year ended July 31, 2019, the Company’s net cash used in investing activities was $65,622, also related to the purchase of computer equipment and office furniture as well as short-term GICs.

For the year ended July 31, 2020, the Company had an overall net increase in cash of $456,120 as compared to a net increase in cash of $94,357 for the year ended July 31, 2019. The variance was primarily attributable to the Company’s investing activities in fiscal 2020 that generated proceeds of $2,266,737, net of transaction costs as well as funding activities that generated proceeds of $1,428,114, net of transaction costs.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights		July 31, 2020		July 31, 2019
Working capital deficit	$	(744,491)	$	(1,252,410)
Cash		1,343,953		887,833

Accounts receivable	263,324	455,312
Investment tax credits refundable	289,774	248,777
Total assets	2,558,785	1,990,841
Total liabilities	6,395,923	4,876,637
Total equity	(3,837,138)	(2,885,796)

Working Capital

As at July 31, 2020, the Company had a working capital deficit of $744,491 as compared to working capital deficit of $1,252,410 as at July 31, 2019. Although BlueRush had a deficit position as at July 31, 2020, this is primarily as a result of our term loan with Investissement Quebec ("IQ") having been classified as a current liability because our financial covenant with them was breached at year-end. Although the Company obtained a waiver from IQ subsequent to the year-end which confirmed the debt would not become repayable upon demand, IFRS requires the entire portion to be classified as current as the waiver did not exist as at year-end. The other major factor for a working capital deficit is the contract liabilities of $1,066,461 representing payments in advance by customer expected to settle through performance in normal course and will not be crystallized as a cash outflow. If we subtract the long-term portion of the IQ debt as well as subtract the contract liabilities, our working capital would improve to $507,289. Following the close of the $1,450,000 convertible debenture and collections of receivables remained strong despite COVID-19, the Company's cash position continues to remain healthy with focus and continued investment into IndiVideo product.

Sources and Uses of Cash

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 at July 31, 2020 the remaining principal was $280,319, compared to $383,321 as at July 31, 2019.

In July 2015, the Company received a term loan from the Business Development Bank of Canada ("BDC") in the amount of $250,000 to fund working capital needs. The term loan is interest-bearing at BDC's Floating Base Rate plus 2.5% per annum. The first monthly principal payment of $4,560 plus interest was paid in July 2016, thereafter monthly principal payments of $4,160 plus interest were paid until January 2019. In February 2019, the Company renegotiated the payment terms of the remaining balance of $120,640. In March 2020, the Company again renegotiated the payment terms of the remaining balance of $107,640. Monthly principal payments of $1,000 plus interest are due from September 2020 to January 2021, thereafter monthly principal payments of $9,300 plus interest are due until November 2021, with the final payment of $9,640 due in December 2021. 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.

On October 19, 2017, the Company closed a non-brokered private placement and issued:

- 19,999,992 units at a price of $0.05 per unit for gross proceeds of $1,000,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.05 for a period of 24 months from the date of issuance.

- 4,444,441 units at a price of $0.0675 per unit for gross proceeds of $300,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.0675 for a period of 24 months from the date of issuance.

During fiscal year 2020, warrant holders exercised 2,059,169 warrants at $0.05 and 585,140 warrants at $0.0675 for total gross proceeds of $142,455. During fiscal year 2019, warrant holders exercised 1,624,149 warrants at $0.05 for total proceeds of $81,207. In fiscal year 2020, the remaining unexercised warrants from the private placement in October 2017 expired totaling 1,919,044 warrants at $0.05 and 1,196,580 warrants at $0.0675 for a total of $176,721, impacting share capital and contributed surplus by $73,804.

In September 2018, the Company received approval for new bridge loans from IQ of up to $337,900 by way of two separate loans ($172,400 and $165,500). The loans were used to fund working capital requirements and are secured against the expected refundable portion of the Company's fiscal 2018 ($172,400) and 2019 ($165,500) 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. During YTD 2020, the Company repaid the fiscal 2018 loan of $118,520 once the refundable SRED claim for that fiscal year was obtained from the government. As at July 31, 2020, the Company had $165,500 outstanding, representing the fiscal 2019 SRED claim.

In October 2018 the Company announced and closed a non-brokered private placement of convertible debentures (the "Debentures I") to raise proceeds of up to $2,000,000. The Notes accrue interest at a rate of 10% per annum and will mature on October 31, 2023. Accrued interest for year one will be paid on the maturity date with interest on the Notes being payable quarterly starting in year two. In the event the volume-weighted average trading price of the common shares of the Company is greater than $0.25 per share for 20 consecutive trading days anytime following October 31, 2019, the Company shall have the option to invite holders of debentures to convert the then outstanding principal of the debentures into common shares at $0.105 per share. In the event a holder does not elect to convert, the conversion price shall increase to $0.15. The principal of the debenture may be converted at any time at the holder's option into common shares at the conversion price at such time. On the maturity date, the principal of the debentures may be converted in whole or in part at the Company's option into common shares at the conversion price at such time. The proceeds were primarily used to support research and development as well as sales and marketing, while also supporting the general working capital requirements while the Company continues to transition to a full SaaS model. In fiscal year 2020, the Company has made cash interest payments to the underlying Notes holders amounting to $112,432.

In April 2020, the Company obtained an interest deferral from one of the convertible debenture holders. The Company will therefore defer the interest payments due to this holder for April and July 2020 till maturity of the Note, totaling $37,295. Subsequent to the July 31st, 2020 statement date, the Company paid the deferred interest amounts.

In May 2020, the Company announced a non-brokered private placement financing to raise gross proceeds of up to $1,450,000 through the issuance of unsecured convertible debentures (the "Debentures II"). The May 2023 Debentures have the following terms:

- Mature on May 31, 2023.

- Bear interest at 10% per annum and will be paid annually. Subject to the TSX Venture Exchange approval, at the holders request, the Company shall pay the interest in kind by way of Common Shares based on the volume-weighted average trading price of the Common Shares for the ten (10) days prior to when the interest payment is due.
- The May 2023 Debentures shall be convertible into Common Shares at the option of the holder at $0.06 per share during the first 12 months of the term and at $0.10 per share in the final 24 months of the term.

The Company's capital expenditures have historically been low and there are no significant capital expenditures planned within the next fiscal year, other than for general purchases of computer equipment and furniture.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Material ongoing contractual obligations of BlueRush relate to the payment of operating leases for office premises. BlueRush leases office space in Toronto, Ontario located at 75 Sherbourne Street, Suite 112, and in Montreal, Quebec located at 1751 Richardson, Suite 3116. Lease commitments are outlined in BlueRush's audited consolidated financial statements.

In fiscal year 2019 the Company entered into an agreement with Bay Street Communications ("BSC") who provided investor relation services to the Company throughout the remaining 2019 fiscal year. Effective November 15, 2018, the Company paid monthly payments of $4,000 to BSC and issued 200,000 stock options as detailed below. The term was open-ended and termination by the Company or BSC could occur at any time after six months. In fiscal year 2020, BlueRush exercised its option to terminate the agreement as at the end of September 2019.

In fiscal year 2019 the Company entered into an agreement with an arm's length consultant who will provide financial, strategic and other advisory services to the Company for a period of two years. The consultant was compensated with 280,000 stock options as detailed below. The Company also issued 320,000 warrants valued at $35,000 to settle consulting services performed to date by said consultant.

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 year ended July 31, 2020 and 2019 were all paid to key management personnel and were as follows:

Type of Expense		2020		2019
Salaries and benefits	$	1,137,255	$	1,098,126
Stock-based compensation (i)		27,673		239,384
	$	1,164,928	$	1,337,510

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

OFF-BALANCE SHEET ARRANGEMENTS

BlueRush has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

DISCONTINUED OPERATIONS – SALE OF DIGITALREACH & SMART ADVISOR

During fiscal year 2020, the Company sold the DigitalReach platform and Broadridge's Smart Advisor application to Broadridge Financial Solutions, Inc. for $2,300,000. In compliance with IFRS the results of DigitalReach and Smart Advisor have been shown as discontinued operations in note 21 of the condensed consolidated financial statements for the fiscal year 2020 and 2019. The respective intangible assets were reclassified as available-for-sale on August 21, 2019 and then subsequently the carrying value was deducted from the net sale proceeds on September 4, 2019. The operations of DigitalReach and Smart Advisor have been removed from continuing operations for fiscal year 2020 and 2019 and are presented as discontinued operations in the consolidated statement of net loss and comprehensive income (loss). BlueRush recognized a gain on sale of $2,216,205 based on cash proceeds of $2,300,000, transaction fees of $33,263 and reduction of the carrying value of the intangible assets of $50,532.

		Fiscal year 2020
Cash proceeds	$	2,300,000
Transaction costs		(33,263)
Net sale proceeds		2,266,737
Net assets sold		(50,532)
Gain on sale	$	2,216,205

The strategic transaction enables the Company to heighten the focus on the core IndiVideo platform and provides the organization with greater financial flexibility to support sales, marketing and product development. The sale of the DigitalReach platform and Smart Advisor application to an industry leader like Broadridge demonstrates the organization's ability to develop value-enhancing technology solutions to meet the evolving customer service needs of leading financial service companies.

Selected information for the Company and the DigitalReach and Smart Advisor discontinued operations for fiscal year 2020 and 2019 are as follows:

		Fiscal year 2020		Fiscal year 2019
Revenues				
Subscriptions and support	$	83,801	$	869,741
Services		1,200		374,126
		85,001		1,243,867
Cost of Sales				
Subscriptions and support		3,346		61,379
Services		8,664		372,860
		12,010		434,239
Gross profit		72,991		809,628
Expenses				
Research and development		35,016		711,476
Sales and marketing		2,281		24,576
Amortization of intangible assets		2,490		29,874
Restructuring & Provision		213,547		-
Total expenses		253,334		765,926
Income (loss) from discontinued operations	$	(180,343)	$	43,702
Gain on sale		2,216,205		-
Net income (loss) from discontinued operations	$	2,035,862		43,702

At present, there are no further proposed asset or business acquisitions or dispositions.

CRITICAL ACCOUNTING ESTIMATES

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 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 quarterly for 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.

Impairment of Intangibles

Intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount or if the intangibles are not yet in use. The recoverable amount is determined with reference to the fair value of the intangibles 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 intangibles.

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.

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 several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

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.

DESCRIPTION OF SECURITIES

Share Capital

The Company has authorized an unlimited number of common shares and, as of the date hereof, has 78,366,242 common shares issued and outstanding, incentive stock options outstanding and exercisable for up to 12,892,754 common shares, warrants outstanding exercisable for up to 370,000 common shares, and the October 2023 Notes which are exercisable for up to 19,047,619 common shares, assuming conversion at $0.105, as well as the May 2023 Notes which are exercisable for up to 24,166,667 common shares, assuming conversion at $0.06.

The holders of common shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per common share at meetings of the shareholders and, upon liquidation, to share equally in such assets of BlueRush as are distributable to the holders of common shares. All common shares issued are fully paid and non-assessable.

On April 10, 2020, the Company granted 3,918,312 stock options to an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.05. 326,526 options vest on July 10, 2020 and thereafter the remaining options vest monthly over a period of 33 months. The options expire in five years from the date of grant.

On November 8, 2019, the Company granted 425,000 options to employees. Each stock option is exercisable into common shares of the Company at an exercise price of $0.08. One third of the options vest on November 8, 2020 and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

RISK AND UNCERTAINTIES

COVID-19

The COVID-19 pandemic continues to present a significant source of economic uncertainty to the Company. The duration and impact of the pandemic on the Company is currently unknown and it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company issued a directive that all employees are to work from home until further notice with some employees voluntarily returning to the office under limited circumstances where it is safe to do so and local governmental guidance supports a return to the office. The Company continues to closely monitor the situation as it evolves and may take further actions in response to directives of government and public health authorities or that are in the best interests of its employees, customers, suppliers or other stakeholders.

Additional changes by customers, suppliers and regulators in response to COVID-19 could materially impact the Company's financial results and may include impacts on: timing and collectability of receivables, supply chains and distribution channels, restrictions on cross-border commerce and travel, greater currency volatility, and increased risks to IT systems, networks and digital services. These uncertain economic conditions may adversely impact operations and the financial performance of the Company and its customers, negatively impacting demand for the Company's products and services or the equity markets, which could adversely affect the Company's financial performance. While we have seen increased revenue in subscription and service offerings attributable to the pandemic, we cannot make any assurances that we will continue to experience increased demand for our platform subscription or services throughout the duration of the pandemic or thereafter.

Credit Risk

BlueRush is exposed to credit risk on its trade accounts receivable. 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. Management regularly reviews the credit terms and collectability of accounts and as at July 31, 2020 the Company has recorded a provision for ECLs of $2,230 (July 31, 2019 - $3,929).

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

	ECL %	July 31, 2020	July 31, 2019
Current	0.5%	$ 147,718	$ 178,995
Over 30 days past due	1.0%	115,038	250,624
Over 60 days past due	2.5%	432	22,639
Over 90 days past due	5.0%	-	6,982
Over 120 days past due	10.0%	2,366	-
Less: Provision for ECLs		(2,230)	(3,929)
		$ 263,324	$ 455,312

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 has disclosed in Note 2 to these consolidated financial statements the existence of circumstances which would raise significant doubt about its ability to continue as a going concern.

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, its term loans and convertible debentures, which are repayable in various monthly & quarterly installments as discussed in note 11 & 13. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows and budgets on all contracts, while maintaining adequate working capital on hand to meet its future obligations. As of July 31, 2020, the Company had cash on hand of $1,343,953 and accounts receivable of $263,324 to meet working capital requirements.

As at July 31, 2020, the Company's current liabilities exceed current assets by $744,491 (as of July 31, 2019, current liabilities exceed current assets by $1,252,410). Of this amount, $1,066,461, ($1,493,227 - July 31, 2019) relates to contract liabilities, which is expected to be settled through the performance of service in the normal course. The current liabilities also include $165,500 short term debt, current portion of term loans of $364,219 and current portion of lease liabilities of $127,629.

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 an interest only payment due quarterly with next payment on October 31, 2020 until their maturity date (Note 13). Convertible debentures that were issued on July 30, 2020 have interest only payment due with the next payment on May 31, 2021 and annually thereafter until their maturity date (Note 13).

Currency Risk

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

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

As at July 31, 2020, net cash, accounts receivable and payable of USD$550,116 (2019 – USD$541,094) and converted into CAD at the year-end exchange rate of 1.340 (2019 - 1.315). For the year ended July 31, 2020, the Company recognized a gain on foreign exchange of $12,719 (2019 - gain of $1,212) as a result of appreciation of the USD.

Exposure to Currency Risk

		2020		2019
Cash	USD $	373,657	$	438,524
Trade receivables		195,638		127,140
Trade payables		(19,179)		(24,570)
Net statement of financial position exposure	USD $	550,116		541,094
Average USD to CAD exchange rate		$1.346		$1.323
Spot rate USD to CAD exchange rate		$1.340		$1.315

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 credit facility and term loans.

Fair Value

As at July 31, 2020, the carrying value and fair value amounts of the Company's financial instruments are approximately the same. Unless otherwise indicated, 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.

ADOPTION OF AMENDED STANDARDS AND INTERPRETATIONS

The Company adopted the following amended standards on August 1, 2019:

(a) IFRS 16, Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16 which supersedes IAS 17 Leases, as well as several interpretations of leases. IFRS 16 eliminates the classification of leases by a lessee between operating and finance leases and introduces a single, on-balance sheet accounting model for lessees. As a result, the Company has recognized right-of-use ("ROU") assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The details of this change in accounting policy are disclosed below.

Leases

The Company recognizes an ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term for lease contracts which include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and ROU assets recognized.

Transition and adoption

The Company adopted IFRS 16 in its audited condensed consolidated interim financial statements for the period beginning August 1, 2019, using the modified retrospective approach under which the cumulative effect of initial application is recognized in retained earnings at August 1, 2019. Accordingly, the prior period financial information has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The Company has applied the following practical expedients as permitted under the new IFRS 16 standard:

i. Leases with a remaining lease term of fewer than twelve months or of low dollar value can be classified as short-term leases and expensed as incurred.
ii. Any immaterial rent concessions and deferrals as a direct consequence of the COVID-19 pandemic are not treated as lease modifications.

As a result of initially applying IFRS 16, the Company has no short-term or low dollar value leases as of August 1, 2019. In relation to the leases that were previously classified as operating leases, related to the Company's lease of its office spaces in Toronto and Montreal. The Company recognized lease liabilities of $365,858 as at August 1, 2019, which were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 9.96% and 8.86% respectively. The associated ROU assets were measured at the lease liability amount on August 1, 2019 resulting in no adjustment to the opening balance of retained earnings.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

There are no further IFRS changes that have been issued by the IASB that may affect the Company, but not yet effective.

ADDITIONAL INFORMATION

Additional information relating to BlueRush may be found on the Company's website at www.BlueRush.com or under the Company's profile on SEDAR at www.sedar.com.