# BLUERUSH INC.

**MANAGEMENT DISCUSSION AND ANALYSIS**
**Dated: June 28, 2021**
**For the Three and Nine Month Period Ended April 30, 2021**

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 unaudited interim consolidated financial statements and notes thereto for the three-month ("Q3 2021") and nine-month ("YTD 2021") period ended April 30, 2021, as compared with the three-month ("Q3 2020") and nine-month ("YTD 2020") period ended April 30, 2020. Accounting policies followed in the preparation of the interim consolidated financial statements are disclosed in note 3 of the notes to the interim unaudited consolidated financial statements for the three-month and nine-month period ended April 30, 2021 and 2020.

The words "we", "our", "us", "Company" and "BlueRush" refer to BlueRush Inc. and/or the management and employees of the Company.

## BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed interim consolidated financial statements for three and nine months ended April 30, 2021 as compared to the three and nine months ended April 30, 2020, are incorporated by reference herein and form an integral part of the MD&A. The interim consolidated financial statements are unaudited and include the accounts of BlueRush and its wholly owned subsidiary, BlueRush Digital Media Corp.

All financial information is reported in Canadian dollars ("CAD"), unless indicated otherwise.

This MD&A was approved for issue by the board of directors of the Company on June 28, 2021.

### 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 April 30, 2021; 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 under the Company's profile on the System of Electronic Document Analysis and Retrieval (SEDAR) which is administered by the Canadian Securities Administrators (CSA) 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.

**Industry and Market Data**

Information contained in this MD&A concerning the industry and the markets in which BlueRush operates, including BlueRush's perceived trends, market position, market opportunity, market share, and competitive advantages within the markets in which it operates, is based on information from independent industry analysts and third-party sources (including industry publications, surveys, and forecasts), BlueRush's internal research, and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from BlueRush's internal research, and are based on assumptions made by BlueRush based on such data and its knowledge of its industry and markets, which management believes to be reasonable. Certain sources utilized in this MD&A have not consented to the inclusion of any data from their reports, nor has BlueRush sought their consent. BlueRush's internal research has not been verified by any independent source and BlueRush has not independently verified any third-party information. While BlueRush believes the market opportunity and market share information included in this MD&A is generally reliable, such information is inherently imprecise and may be rendered inaccurate by a variety of factors, including recent events and emerging economic trends. In addition, projections, assumptions, and estimates of BlueRush's future performance and the future performance of the industry and the markets in which BlueRush operates constitute forward-looking statements which are subject to a high degree of uncertainty and risk due to a variety of factors, including those referred to under the heading "Forward-Looking Statements" above and other sections of this MD&A. As of the date of this MD&A, the impacts of the COVID-19 pandemic continue to unfold. It is not possible for BlueRush to reliably estimate the length and severity of these impacts and, as a result, many of our estimates and assumptions contained herein required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods. Readers should carefully review these estimates and assumptions, along with the risk factors contained in "Risks and Uncertainties", in light of evolving economic, political, and social conditions.

**Definitions and Discussion on Non-IFRS Measures and Key Metrics**

The Company prepares its financial statements in accordance with IFRS. However, in this MD&A, the Company may refer to a number of measures and metrics which we believe are meaningful in the assessment of the Company's performance. Many of these measures and metrics are non-standard measures under International Financial Reporting Standards ("IFRS"), do not have any standardized meaning under IFRS, and are unlikely to be comparable to similarly titled measures reported by other companies. These measures, which it believes are widely used by investors, security analysts and other interested parties to evaluate its performance and may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Readers are cautioned that the disclosure of these items is meant to add to, and not replace, the discussion of financial results or cash flows from operations as determined in accordance with IFRS.

The purpose of these non-IFRS measures and key metrics is to provide supplemental information that may prove useful to readers who wish to consider the impact of certain non-cash or uncontrollable items on the Company's operating performance. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company's performance.

Non-IFRS measures include "Committed Annual Recurring Revenue".

*Committed Annual Recurring Revenue (CARR)*
The Company uses CARR to evaluate and assess its performance and identify trends affecting its business. CARR does not have a standardized meaning, and therefore may not be comparable to similar measures presented by other companies.

CARR is calculated as the subscription and support contracts that are online and delivered to customers at the period end, plus addition of any new customer commitments, multiplied by the expected customer retention rate of 100% and contracted annualized subscription and support fees at the related quarter end. Since some of the contracts are denominated in US dollars, the Canadian dollar equivalent is calculated using the spot exchange rate multiplied by the contracted currency amount. BlueRush's CARR is $2,465,450 at April 30, 2021 as compared to $2,010,534 of CARR at July 31, 2020.

## NATURE OF THE BUSINESS

BlueRush, 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 actionable 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 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 Three- and Nine-Month Periods Ended April 30, 2021:***

- **44% year over year growth in Subscription and Support (SaaS) revenue in Q3 2021:** Over 60% of YTD 2021 revenue (YTD 2020: 31%) is recurring from annual SaaS agreements and SaaS revenue continues to grow at a healthy pace with Q3 2021, up 44% to $517,878, compared to $359,652 for Q3 2020. Achieved YTD SaaS revenue of $1,487,018 up by 63% or $576,109 compared to YTD 2020 at $910,909. The revenue growth is primarily due to new customers, expansion of existing customers and increasing traction with our growing partner network.
- **Significant improvement to balance sheet and cash position:** BlueRush successfully concluded a private placement for gross proceeds of $5M through the issuance of 47,619,046 units of the Company at $0.105 per unit. Net proceeds are to be used to fund sales, marketing, and R&D.
- **Gross Margins grew year over year to 82%**: Year to date, SaaS gross margins grew from 68% to 82% compared to same time last year. Strong gross margins are driven by our dynamic rendering capability which is due to extremely efficient use of cloud resources.
- **Contract renewal rate remains above 95%**: BlueRush continues to report very low churn with our customers, a significant health indicator for any SaaS business. This contract durability is driven by the results the IndiVideo platform generates for our clients and the excellent work of our Customer Success team.

## SELECTED QUARTERLY INFORMATION

| | Three months ended April 30, | | Nine months ended April 30, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Revenue- Subscription and Support (SaaS)** | $ **517,878** | $ 359,652 | $ **1,487,018** | $ 910,909 |
| *% Increase over prior year* | ***44%*** | *173%* | ***63%*** | *211%* |
| Cost of Sales | $ **93,443** | $ 99,872 | $ **274,062** | $ 287,980 |
| *COS as % of Subscription revenue* | ***18%*** | *28%* | ***18%*** | *32%* |
| **SaaS Revenue, net of Cost of Sales** | $ **424,435** | $ 259,780 | $ **1,212,956** | $ 622,929 |
| ***as a % of SaaS Revenue*** | ***82%*** | *72%* | ***82%*** | *68%* |

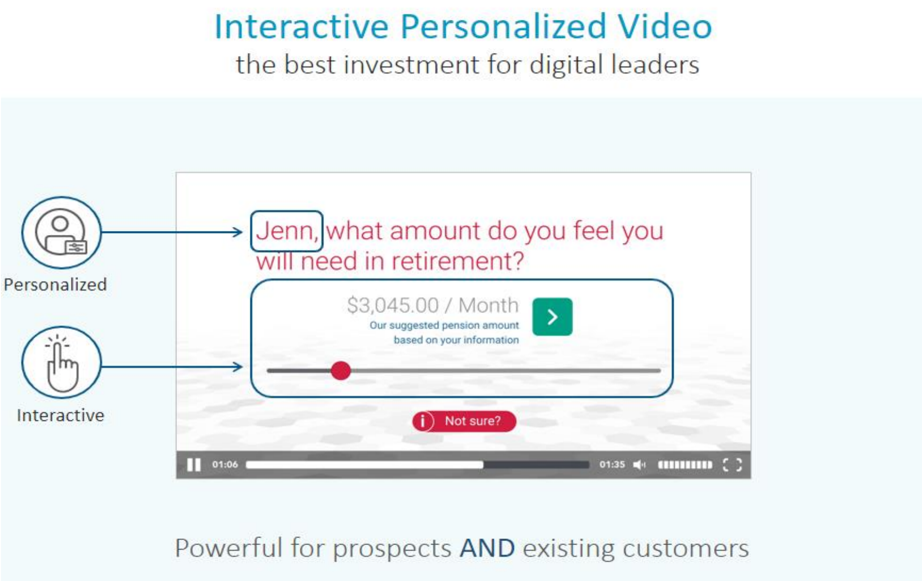
| | | | | |
|---|---|---|---|---|
| **Revenue- Service** | **$ 251,247** | $ 697,411 | **$ 1,009,893** | $ 2,065,188 |
| *% Increase over prior year* | ***-64%*** | *62%* | ***-51%*** | *43%* |
| Cost of Sales | **$ 143,571** | $ 352,614 | **$ 720,317** | $ 1,141,625 |
| *COS as % of Services revenue* | ***57%*** | *51%* | ***71%*** | *55%* |
| **Services Revenue, net of Cost of Sales (Gross profit)** | **$ 107,676** | $ 344,797 | **$ 289,576** | $ 923,562 |
| ***as a % of Services Revenue*** | ***43%*** | *49%* | ***29%*** | *45%* |
| **Operating Expenses[2]** | **$ 1,683,931** | $ 1,355,716 | **$ 4,925,650** | $ 4,578,448 |
| *% (Decrease) Increase over prior year* | ***24%*** | *16%* | ***8%*** | *19%* |
| **Loss from Continuing Operations before taxes** | **$ (1,049,363)** | $ (540,981) | **$ (3,040,872)** | $ (2,807,966) |
| *% (Decrease) Increase over prior year* | ***94%*** | *-38%* | ***8%*** | *-8%* |
| **Loss Per Share- Continuing Operations- Basic and Diluted** | **$ (0.01)** | $ (0.01) | **$ (0.03)** | $ (0.04) |

| | **At April 30, 2021** | **At January 31, 2021** | **At October 31, 2020** | **At July 31, 2020** |
|---|---|---|---|---|
| Committed Annual Recurring Revenue (CARR)- Closing balance[1] | **$ 2,465,450** | $ 2,537,494 | $ 2,383,183 | $ 2,010,534 |
| *% Increase (decrease) over prior quarter* | **-3%** | 6% | 19% | 0% |
| Contract Liabilities | **$ 1,276,425** | $ 1,189,292 | $ 1,122,752 | $ 1,066,461 |
| *% Increase (decrease) over prior quarter* | **7%** | 6% | 5% | -9% |
| Total Assets | **$ 4,522,457** | $ 5,506,954 | $ 2,230,021 | $ 2,558,785 |
| Shareholders' (Deficit) Equity | **$ 689,512** | $ 678,360 | $ (4,380,429) | $ (3,837,138) |

[1]Committed Annual Recurring Revenue (CARR) is a measure that provides the annualized value of recurring revenue and future billings from commercial customers as of the reporting date. CARR represents the sum of the annual recurring revenue from existing customer contracts or commitments of future revenue as of the reporting period end date. CARR will increase (or decrease) in a period through retention (or attrition) and expansion (or contraction) of 'Subscription and Support' contracts from existing commercial customers, and through the acquisition of new commercial customers.
Please refer to the "Definitions and Discussion on Non-IFRS Measures and Key Metrics" section of this MD&A for further discussion on this non-IFRS measures.
[2] Operating Expenses include Sales & Marketing, Research & Development, General & Administrative, Share Based payments, financing charges and amortization & depreciation expenses.

## MARKET OPPORTUNITY

As the world has moved quickly to prioritize digital channels in the past year, significant gaps are apparent and continue to persist today. Companies want to reach and scale digital, but they do not want to lose the human touch. Customers, already difficult to engage, receive an ever-increasing barrage of messaging. The digital channels are noisier, and this amplifies the challenge for marketers and sales organizations.




In response, brands, governments, non-profits, and others are seeking solutions that will help them *engage, build, trust and transact* digitally. The IndiVideo™ platform allows our customers to generate completely personalized messaging, at any scale, while leveraging the reach and cost advantages of digital.

We believe that our ability to humanize communication at scale is our greatest strength. We are transforming static text and images to a highly engaging video format at scale, that is interactive, personalized and measurable. This unique value proposition has allowed us to secure and grow relationships with some of the world's leading companies.

***Market Validation***

Quarter ending April 30, 2021 was a milestone period for BlueRush from a capital markets standpoint as the investment community became aware of our story and wanted to become part of it. In Q3 2021, BlueRush completed a CDN $5 million non-brokered capital raise which has provided the Company with capital to focus on executing our business plan and accelerate our growth.

It is noteworthy that the transaction included participation from several institutional investors focused on early-stage growth companies. This aligns with the Company's goal to attract and retain long-term shareholders that understand our vision and potential.

***BlueRush's IndiVideo Platform is Well Positioned Within a Large and Growing Market***

IndiVideo is a highly scalable, personalized video platform that is being used by a growing list of blue-chip companies and partners. New use cases and applications of Individeo are increasing customer engagement for these clients. A vast majority of the Company's new opportunities with IndiVideo are coming from global partners with their extensive customer network. BlueRush is at the forefront of this digital transformation and market opportunity.

## GROWTH STRATEGY

The Company is leveraging its technologically differentiated IndiVideo solution and allocating capital to the following strategic initiatives:

- Building an aggressive sales and marketing team and developing a global network of channel partners to expand into new geographic markets.
- Adding innovative technology that enhances the core IndiVideo functionality based on customer demand along with providing API's that enable seamless integration with existing engagement platforms. Identifying and pursuing complementary and accretive acquisitions;

- Provide industry-leading customer support
- Team Building – attract, motivate, and retain top talent.

## SALES STRATEGY

Our sales strategy is comprised of three elements, all of which are supported by our marketing team. BlueRush will continue to acquire new customers through a *direct sales* model, sign and *grow channel partners* and expand our relationships with *existing customers*.

Direct Sales - New Customer Acquisition
Land and Expand – Strategies to Grow Existing Relationships
Partner Strategies – Focus on Agency Partners and Customer Communications Management

*Agency and Solution Partners*- IndiVideo is one of the only customer engagement technologies proven to transform the digital experience, deliver improved conversion and high ROI multiples to a rapidly growing list of companies in banking, insurance, real-estate, and other sectors. The partners increase our operational capacity with flexible resource and enhance our reach to target new customers in both existing and new markets.

*Customer Communications Management (CCM)*- In Q3 2021, we were successful in signing several new CCM partners in various regions including Europe and Asia and have begun work to activate these partners and generate new opportunities. We also successfully went live with our first project with our Singapore partner, with the launch of a IndiVideo for a global insurance provider.

## MARKETING STRATEGY

During FY2021, the Company has made significant investments in BlueRush's marketing infrastructure with the key objectives to strengthen the *BlueRush* and *Individeo* brands in the marketplace; develop and execute a more targeted demand generation strategy to support top of funnel pipeline; and build channel marketing programs to support partner opportunities. The investments include core infrastructure including an updated web site; Search Engine Optimization (SEO) and Search Engine Marketing (SEM) strategy; new brand positioning and messaging; and hiring of specialized talent to support a more focused approach.

As the Company moves into FY2022, the focus will be to continue with a "digital first" marketing approach, building out a stronger online experience for prospects through value-added content, virtual events and paid search. The Company will also be optimizing our social media engagement with an updated content strategy and a more targeted LinkedIn approach.

Key marketing achievements for second half of 2021 are to support our ongoing demand generation.

- Creation of virtual event series (webinars) to drive demand for all three sales strategies including new customer acquisition, "land and expand" opportunities and partner support.
- Hosted webinar with thought leader Scott Stratten, theme focused on BlueRush's new value proposition of "Humanizing your Marketing Strategy".
- The Company continues to develop a content strategy to align with our product release schedule that will include updated blogs, presentations and e-mail content to drive demand and support the sales organization.

## RESULTS OF OPERATIONS

Selected information for the Company as at April 30, 2021 and July 31, 2020, and for the three and nine-months ended April 30, 2021 and 2020 is as follows, which should be read in conjunction with the financial statements of the Company:

| | As at April 30, 2021 | As at July 31, 2020 |
|---|---|---|
| Total Assets | $ 4,522,457 | $ 2,558,785 |
| Non-current financial liabilities | 773,205 | 3,500,171 |
| Total Equity (Deficit) | 689,512 | (3,837,138) |

Comparing the quarter-over-quarter Q3 2021 to Q3 2020, BlueRush generated revenue of $769,624 versus $1,059,314, cost of sales of $237,014 versus $452,486, aggregate expenses of $1,683,931 versus $1,355,716, and deferred tax recovery of $2,489, versus $6,245, resulting in net comprehensive loss of $1,046,874 versus $560,463, or a loss of $0.01 and $0.01 per share respectively.

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | April 30, 2021 | April 30, 2020 | April 30, 2021 | April 30, 2020 |
| **Revenue** | | | | |
| Subscriptions and support | $ 517,878 | $ 359,652 | $ 1,487,018 | $ 910,909 |
| Services | 251,247 | 697,411 | 1,009,893 | 2,065,188 |
| Interest | 499 | 2,251 | 705 | 16,083 |
| | 769,624 | 1,059,314 | 2,497,616 | 2,992,180 |
| **Cost of Sales** | | | | |
| Subscriptions and support | 93,443 | 99,872 | 274,062 | 287,980 |
| Services | 143,571 | 352,614 | 720,317 | 1,141,625 |
| | 237,014 | 452,486 | 994,379 | 1,429,605 |
| **Gross profit** | 532,610 | 606,828 | 1,503,237 | 1,562,575 |
| **Net comprehensive loss** | $ (1,046,874) | $ (560,463) | $ (3,018,652) | $ (586,326) |
| per share – basic and diluted | (0.01) | (0.01) | (0.03) | (0.01) |

Revenue

Revenue is comprised of monthly recurring revenue (MRR) from subscriptions of Individeo software and other hosting licenses. Services revenue from content creation, customization and implementations is recognized over the term of the contract based on percentage of completion and delivery.

For the three months ended April 30, 2021, SaaS recurring revenue increased 44% to $517,878 from $359,652 in the same period of the prior year. The services revenue in turn realized a 64% reduction to $251,247 from $697,411 due to delivery and completion of a large engagement in same period of prior year. For the nine months ended April 30, 2021, revenue decreased 16% to $2,496,911 from $2,976,097 in the same period of the prior year. At April 30, 2021, the committed ARR was $2,465,450, up 23% from $2,010,534 at July 31, 2020.

For the nine months ended April 30, 2021, subscription revenue was 60% of total revenue (YTD-2021 SaaS revenue- $1.49M), compared to 31% (YTD-2020 SaaS revenue- $0.9M) during the same period last year. For the nine months ended April 30, 2021, services revenue was 40% of total revenue (YTD-2021 Services revenue- $1.01M), compared to 69% (YTD-2020 Services revenue- $2.1M) during the same period last year. The increased percentage in subscription revenue and reduction in services reflects the Company's transformation into recurring subscription license, increased IndiVideo functionality and in-bound enquires from customer organizations seeking to improve engagement and to leverage IndiVideo platform in their marketing strategy.

Cost of Subscription & Support and Services

Cost of subscription and support includes cloud infrastructure operating costs and customer success costs. Cost of services includes content creation and delivery of content creation.

For the three months ended April 30, 2021, cost of subscription and support decreased 6% to $93,443 from $99,872 despite the increase in subscription revenue in the same period of the prior year. The decrease in cost is due to economies and efficiencies realized in deploying larger number of IndiVideos on a highly scalable platform, thereby increasing margins to 82% compared with 72% for same time last year. For the nine months ended April 30, 2021, cost of subscription and support decreased 5% to $274,062 from $287,980 in the same period of the prior year.

For the three months ended April 30,2021, cost of services was $143,571 compared to $352,614 for same time last year. The decrease is due to a delivery of a large engagement with a key customer in prior year. The company still maintains a 30-50% margin on services YoY.

Operating Expenses

The Company's total expenses, excluding cost of sales for Q3 2021 increased by approximately 24%, or $328,215, to $1.68 million (Q3 2020: $1.36 million). The main reason for the increase is addition to head count in sales and marketing, research and development as we build a progressive sales and product strategy, and administrative costs associated with increased employee benefits, and stock exchange expenses.

*Sales and marketing* ("S&M") expenses

In Q3 2021, S&M expenses consist of salaries and related expenses for sales, marketing, partner support and business development personnel, amortization of deferred commission expenses, marketing automation, and allocated overhead. S&M expense increased 37% to $708,754 from $518,685 in Q3 2020. Year-to-date S&M expense of $1,663,772, decreased 7% from YTD 2020 due to lower travel and conference expenses.

- Professional consulting fees increased in relation to the increase in marketing and contracting activities in the quarter.
- Increased marketing software subscriptions and promotional activities were purchased in quarter to support growth in business.

- Salaries and benefits increased mainly due to expansion of marketing and sales team off-set by reduced travel and conference expense.

*General and administrative* ("G&A") expenses

The Company's G&A expenses for Q3-2021 increased 32%, or $91,439 to $380,468 from $289,029 in Q3 2020. In addition, as the Company's foreign customer base is contracted in U.S. dollars, exchange loss has also been realized from the weakening of the U.S. dollar relative to the Canadian dollar.

- Consulting expenses were higher in quarter mainly due to the use of contracting services for HR.
- Increased exchange listing costs and legal fees associated with annual fillings and options granted to employees and officers.

*Research and development* ("R&D") expenses

R&D costs for Q3 2021 increased by approximately 12%, or $44,746, to $432,903 from $388,157 in Q3 2020. The Company is committed to continuously improving the IndiVideo platform, and has completed deploying the self-serve functionality, which is expected to dramatically increase the scalability of the product, reducing the need for further sub-contracting.

- Salaries and benefits increased due to the mix of more senior-level managers and engineers and reduced consulting fees in relation to new development initiatives.

Other expenses

- Non-cash depreciation on equipment, right-of-use assets and other intangible assets increased 13%, or $7,224 from Q3 2020 as commission expenses are amortization of contract assets related to multi-year contracts.
- Increase in share-based compensation to $58,686 due to grants to directors and officers in the current quarter.
- Reduced interest expense to $47,762 for the three months ended April 30, 2021, a decrease of 48% from $92,692 in the same period of the prior year. The decrease in financing costs is due to reduced interest payments following the significant conversion of two convertible debentures finalized in prior quarter.

**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: *Interim Financial Statements* and presented in Canadian dollars, which should be read in conjunction with the interim consolidated financial statements of the Company:

| | **April 30, 2021** | **January 31, 2021** | **October 31, 2020** | **July 31, 2020** |
|---|---|---|---|---|
| Subscription and support | 517,878 | 488,303 | 480,837 | 395,518 |
| *% Increase (Decrease)- Sequential QoQ Growth* | *6%* | *2%* | *22%* | *10%* |
| Services and Other revenue | 251,746 | 403,040 | 355,812 | 411,377 |
| Total Revenue | $ 769,624 | 891,343 | $ 836,649 | $ 806,895 |
| Net income (loss) and comprehensive income (loss) | (1,046,874) | (1,396,397) | (575,380) | (727,899) |
| Net income (loss) from continuing operations per weighted number of shares outstanding – basic & diluted | (0.01) | (0.02) | (0.01) | (0.01) |

| | April 30, 2020 | January 31, 2020 | October 31, 2019 | July 31, 2019[i] |
|---|---|---|---|---|
| Subscription and support | 359,652 | 284,092 | 267,164 | 214,988 |
| *% Increase (Decrease)- Sequential QoQ Growth* | *27%* | *6%* | *24%* | *63%* |
| Services and Other revenue | 699,662 | 847,917 | 533,693 | 417,354 |
| Total Revenue | $ 1,059,314 | 1,132,009 | $ 800,857 | $ 632,342 |
| Net income (loss) and comprehensive income (loss) | (560,463) | (1,043,616) | 1,017,747 | (843,729) |
| Net income (loss) from continuing operations per weighted number of shares outstanding – basic & diluted | (0.01) | (0.01) | 0.01 | (0.01) |

i) Fiscal 2019 quarters revenues have been reclassified to remove the operations of DigitalReach and Smart Advisor considered as discontinued operations.

ii) Other revenue represents revenue derived from non-recurring professional services and interest income.

### For the Three and Nine Months Ended April 30, 2021 and 2020

For the three and nine months ended April 30, 2021, BlueRush generated revenue of $769,624 and $2,497,616, a net loss from continuing operations of $1,046,874 and $3,018,652, and net loss and comprehensive loss of $1,046,874 and 3,018,652, or loss of $0.01 and $0.03 per share, respectively. This compares with revenue of $1,059,314 and $2,992,180, net loss from continuing operations of $534,736 and $2,789,512 and comprehensive loss of $560,463 and $586,326 with the inclusion of the gain on sale, or a loss of $0.01 and $0.01 per share, for the three and nine-months ended April 30, 2020.

## CASH FLOWS

### For the Nine Months Ended April 30, 2021 and 2020

During the nine months ended April 30, 2021, the Company utilized $2,217,421 in net cash from its operating activities, as compared to $2,791,515 utilized during the nine months ended April 30, 2020. The decrease in cash used in operating activities was attributable to movements in non-cash working capital with change arising from an increase in contract liabilities, increase in accounts receivable, offset by a decrease in accounts payable and accrued liabilities and prepaids. This was partially offset by cash used in operating activities.

During the nine months ended April 30, 2021, net cash provided by financing activities was $4,185,314, as compared to net cash used in financing activities of $195,179 for the nine months ended April 31, 2020. The change year over year is primarily due to proceeds from closing of $5 million private placement through issuance of common shares.

During the nine months ended April 30, 2021, net cash used in investing activities was $23,129, as compared to the three months ended April 30, 2020 when net cash provided by investing activities was $2,275,303. This year over year change in cash used is primarily driven by the proceeds of the disposal of DigitalReach and Smart Advisor, net of transaction costs, for $2,266,737.

For the nine months ended April 30, 2021, the Company has an overall net increase of cash of $1,944,764. In comparison, for the nine months ended April 30, 2020, the Company had an overall net decrease in cash of $711,391. The variance is primarily attributable to the funds raised through the private placement in Q2-21 and Q3-21.

## LIQUIDITY AND CAPITAL RESOURCES

Contract Liabilities (Deferred Revenue)

Contract Liabilities are comprised of the unamortized portion of deferred revenue from invoiced subscription/license fees, which are amortized to revenue over the license term and services fees that are billed at normally at the beginning and commencement of the license. Subscriptions are generally for a term of twelve months with license fees non-refundable and invoiced at the start of the license term. For the nine months to April 30, 2021, deferred revenue increased 20% to $1,276,425 from $1,066,461 at July 31, 2020.

At April 30, 2021, a total of $26,977 of contracted services fees remained un-invoiced.

*Going Concern Assumption*

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.

| **Balance Sheet Highlights** | | **April 30, 2021** | | **July 31, 2020** |
|---|---|---|---|---|
| Working capital (deficit) | $ | 1,145,789 | $ | (744,491) |
| Cash | | 3,233,221 | | 1,343,953 |
| Accounts receivable | | 483,669 | | 263,324 |
| Investment tax credits refundable | | 198,840 | | 289,774 |
| Total assets | | 4,522,457 | | 2,558,785 |
| Contract Liabilities | | 1,276,425 | | 1,066,461 |
| Total liabilities | | 3,832,945 | | 6,395,923 |
| Total Equity (deficiency) | | 689,512 | | (3,837,138) |

### Working Capital

As at April 30, 2021, the Company had a working capital surplus of $1,145,789 as compared to working capital deficit of $744,491 as at July 31, 2020. The adjusted working capital is $2,422,214 once adjusted for the contract liabilities of $1,276,425 representing payments in advance by customer expected to settle through performance in normal course and will not be crystallized as a cash outflow.

### Sources and Uses of Cash

In 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. As at April 30, 2021 the remaining principal was $229,319, compared to $280,319 as at July 31, 2020.

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. As at April 30, 2021 the remaining principal was $74,740, compared to $107,640 as at July 31, 2020.

In October 2016, the Company received an additional $100,000 from BDC, less transactions costs of $2,000, with the same terms and conditions. As at April 30, 2021 the remaining principal was $46,480, compared to $63,280 as at July 31, 2020.

In October 2018, the Company completed a non-brokered private placement of convertible debentures (the "Debentures I") raising gross proceeds of $2,000,000. The Notes accrue interest at a rate of 10% per annum and were to mature on October 31, 2023. In January 2021, $1,250,000 in principal amount of the Debenture I's were converted by their holders resulting in the issuance of 11,904,759 common shares of the Company resulting in a reduction in the principal amount outstanding of Debenture I to $750,000. In addition, as an incentive to convert, the holders were issued warrants of the Company exercisable for up to 5,952,378 common shares of the Company at $0.18 per share until January 29, 2024. All interest owing on the principal amount of the converted Debenture I was paid to the holders in cash concurrently with the issuance of the securities.

In July 2020, the Company completed a non-brokered private placement financing raising gross proceeds of $1,450,000 through the issuance of unsecured convertible debentures (the " Debentures II "). The Notes accrue interest at a rate of 10% per annum and were to mature on May 31, 2023. In January 2021, $1,450,000 in principal amount of the Debenture II's were converted by their holders resulting in the issuance of 24,166,664 common shares of the Company. In Q2 2021, the Company accrued the interest amounts of $35,356 plus previously accrued interest of $48,123 for the underlying Debenture II holder which was paid to the Debentures II holders concurrently upon conversion.

In February 2021, the Company completed a non-brokered private placement financing raising gross proceeds of $5 million through the issuance of 47,619,046 units of the Company at $0.105 per unit. Each unit consisted of (i) one common share of the Company, and (ii) one transferable common share purchase warrant with each warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.18 per share until the date that is 36 months from issuance, subject to acceleration.

During the nine months ended April 30, 2021, warrant holders exercised no warrants. During the nine months ended April 30, 2020, warrant holders exercised 2,644,309 warrants at weighted average exercise price of $0.05 for total gross proceeds of $221,887.

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 unaudited condensed consolidated interim financial statements, Note 12.

## 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 three and nine-months ended April 30, 2021 and 2020 were all paid to key management personnel and were as follows:

| Type of Expense | Three-Months Ended April 30, 2021 | Three-Months Ended April 30, 2020 | Nine-Months Ended April 30, 2021 | Nine-Months Ended April 31, 2020 |
|---|---|---|---|---|
| Salaries and benefits | $ 301,450 | $ 237,321 | $ 956,743 | $ 911,221 |
| Share-based payments (i) | 23,293 | (17,961) | 61,803 | 37,708 |
| | $ 324,743 | $ 219,360 | $ 1,018,546 | $ 948,929 |

i) Share-based payments for officers/directors are comprised of the vested value of stock options expensed during the three and nine months ended April 30, 2021 and 2020, respectively.

## DESCRIPTION OF SECURITIES

### Share Capital

The Company has authorized an unlimited number of common shares and, as of the date hereof, has 162,056,711 common shares issued and outstanding, incentive stock options exercisable for up to 8,369,262 common shares, warrants outstanding exercisable for up to 57,196,376 common shares.

## RISKS AND UNCERTAINTIES

*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 pre-dominantly 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 monitors the age and balances outstanding. Payment terms with customers are normally 30 days from invoice date. For the nine months ended April 30, 2021, the Company has recorded a provision for Expected Credit Losses of $8,176 (July 31, 2020 - $2,230). Major customer: As at April 30, 2021, approximately 55% of the Company's accounts receivable are due from two significant customers.

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

| | ECL % | April 30, 2021 | July 31, 2020 |
|---|---|---|---|
| Current | 0.50% | $ 302,970 | $ 147,718 |
| Over 30 days past due | 1.00% | 44,245 | 115,038 |
| Over 60 days past due | 2.50% | 81,688 | 432 |
| Over 90 days past due | 5.00% | 62,942 | 2,366 |
| Less: Provision for ECLs | | (8,176) | (2,230) |
| | | **$ 483,669** | **$ 263,324** |

*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 interim consolidated financial statements the existence of circumstances which would raise significant doubt about its ability to continue as a going concern.

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 at April 30, 2021, the Company had cash on hand of $3,233,221 and accounts receivable of $483,669 to meet working capital requirements.

Management expects that its capital resources will be sufficient to fund its ongoing liabilities as they come due.

*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 April 30, 2021, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD$ total $855,979 (July 31, 2020 - USD$550,116) and converted at the exchange rates of 1.23 and 1.34, respectively. For the quarter ended April 30, 2021, the Company recognized a loss on foreign exchange of $29,603 (July 31, 2020 - gain of $12,719).

| **Exposure to currency risk** | | | | |
|---|---|---|---|---|
| | **April 30, 2021** | | **July 31, 2020** | |
| | USD | | USD | |
| Cash | $608,573 | | $373,657 | |
| Trade receivables | 270,493 | | 195,638 | |
| Trade payables | (23,087) | | (19,179) | |
| Net Statement of financial position exposure | $855,979 | | $550,116 | |
| | | | | |
| | | | | |
| Average USD to CAD exchange rate | | 1.26 | | 1.35 |
| Spot rate USD to CAD exchange rate | | 1.23 | | 1.34 |

*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 April 30, 2021, 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.

## 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.

## CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Company's accounting policies are described in Note 3 to the July 31, 2020 annual and April 30, 2021 interim financial statements.

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. Significant estimates made by management include the carrying values of accounts receivable, impairment assessment of assets, fair value measurement of share-based payments, useful lives of property and equipment, and valuation of deferred income tax assets. 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.

## 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 the System of Electronic Document Analysis and Retrieval (SEDAR) which is administered by the Canadian Securities Administrators (CSA) at www.sedar.com.