BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: November 26, 2021
For the Year Ended July 31, 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 audited consolidated financial statements and notes thereto for the year ended July 31, 2021 ("fiscal year 2021") and 2020 ("fiscal year 2020"). 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, 2021 and 2020.

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: account potentials; the Company believing that its customer base sets it up well for accelerated adoption in certain verticals; the Company intending to expand into other verticals; 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; fees to be incurred by foreign subsidiaries; sales momentum from IndiVideo continuing in future quarters; and contract liabilities being recognized over the coming quarters. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Company's current views and intentions with respect to future events, and current information available to the Company, and are subject to certain risks, uncertainties and assumptions, including: the Company raising the necessary capital and retaining the required staffing to enter new verticals.

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, 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; the general impact of the COVID-19 pandemic; as well as 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.

Non-GAAP Measures

This MD&A refers to "EBITDA" which is a non-GAAP and non-IFRS financial measure that does not have a standardized meaning prescribed by GAAP or IFRS. The Company's presentation of this financial measure may not be comparable to similarly titled measures used by other companies. EBITDA (earnings before interest, taxation, depreciation and amortization, share-based payments, foreign exchange gain/loss, CEWS/CERS monies claimed) is a non-GAAP measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows.

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 compelling data-driven customer insights. IndiVideo is proven to boost marketing and sales performance, generating a compelling ROI and creating greater customer satisfaction and loyalty.

BlueRush is publicly listed on the TSX Venture Exchange under the symbol "BLUERUSH" 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 2021:

- BlueRush continues to successfully transition towards its recurring revenue model, increasing its subscription and support revenue in 2021 by 55% to $2,018,934, compared to $1,306,427 in 2020;
- The Company secured new CARR (contracted annual recurring revenue) of $812,465 in 2021 reaching an ending CARR of $2,675,556 as at July 31, 2021. Gross churn remained low at 7% with logo retention of 82.8% for the year.
- Subscription and support revenue for the three months ended July 31, 2021 was $531,917, an increase of 34% compared to the same period in 2020. This increase was due to contracts secured with new customers, as well as the upselling of additional videos to existing customers;
- Subscription and support gross profit significantly advanced in fiscal year 2021 by 83% to $1,671,090, from $914,473, when compared to fiscal year 2020;

- Gross margins in the SaaS business increased to 83%, compared to 70% in 2020, a result primarily driven by the technological advantage and greater deployment efficiencies of the IndiVideo platform;
- BlueRush successfully completed a $5 million non-brokered private placement financing through the issuance of common share units and share purchase warrants. As part of the private placement, $2.7 million of convertible debentures was converted into common shares.

With continued growth in new customers, product capabilities and partners BlueRush is anticipating accelerated growth in the fiscal year 2022.

BlueRush continues to demonstrate the ability to secure relationships with the largest companies in the world…

While BlueRush is still in the early stages of its growth strategy, one of its notable qualities is its ability to sell to large, global enterprises. At the close of fiscal year 2021, BlueRush had contracts with 21 Fortune 500 Companies consisting of:

- Six major banks
- Four global insurance companies
- Five financial service providers
- Five wealth management firms

Subsequent to July 31, 2021, BlueRush secured relationships with two more of the largest banks in the world ranked by assets under management, one of the largest North American energy companies as well as one of the top five insurance companies in North America.

This is further validation of the Company's product and service offering.

Once we secure a customer, we have demonstrated that we can retain and grow them.

More significantly, BlueRush has proven the ability to grow existing accounts, as shown in the table below. Every new customer win represents further opportunity for future growth in subscription revenue through the sale of additional videos.

BlueRush's subscription gross retention rate exceeded 90% in fiscal year 2021 and the majority of BlueRush's IndiVideo customers witnessed improved results driven by IndiVideo.

The following table shows the growth in ARR (annual recurring revenue) in a sample of clients in specific industries as at July 31, 2021:

Customer Category	*Opening ARR ($)*	*Current ARR ($)*	*Increase in ARR since inception*
Banks	9,171	229,139	2398%
Financials	63,695	126,787	99%
Insurance	459,218	601,630	31%
Retirement	61,142	239,791	292%
Wealth management	122,285	217,856	78%
Other	7,643	218,776	2763%

Partner Network

BlueRush continues to grow a high-leverage partner network

In fiscal year 2021, the Company announced a number of new partnerships and continued to drive success with its existing partners. Each partner allows BlueRush to lever its sales and marketing efforts to expand its technical offering disclosed below (alphabetically):

Broadridge

Partnership agreement signed in fiscal year 2021: Broadridge helps clients with communications, technology, and data and provides analytics solutions that help transform their businesses. Under a recently announced partnership with BlueRush, Broadridge will integrate BlueRush's IndiVideo technology into its own platform, thus allowing advisors to provide interactive, personalized video communications for client prospecting and ongoing client engagement.

Crawford Partners

Partnership agreement signed in fiscal year 2021: Crawford Technologies is an award-winning, global provider of software solutions and services that help enterprises optimize and improve the security, delivery, storage and presentment of their customer communications.

Doxim

Partnership agreement signed subsequent to July 31, 2021: BlueRush signed a partnership agreement with Doxim, a customer communications and engagement technology company serving financial and regulated industries. The Doxim platform with its suite of integrated, SaaS software and document technology solutions helps clients digitize operations, improve efficiency, and modernize customer experience. IndiVideo is being integrated in the Doxim solution to augment communications through data-driven video.

Nikia Dx

Partnership agreement signed in fiscal year 2019: Nikia Dx is a partner reseller in the financial services, telecommunications, and utilities space. The Nikia Dx ecosystem is a diverse, dynamic technology environment formed to curate innovations in digital interactions and customer engagement. Nikia Dx provides access to customer verticals into which BlueRush would like to expand. BlueRush recently secured its first energy company IndiVideo use case as a result of this partnership.

Percus

Partnership agreement signed in fiscal year 2020: Percus is a provider of technology solutions for financial institutions in Latin America. Its continued success with IndiVideo in South America is a direct result of the first contract they won with AFP Habitat S.A. ("AFP Habitat"), a leading South American financial institution, whereby over two million pensioners see their monthly pension statements delivered together with an IndiVideo.

Quadient

Partnership agreement signed in fiscal year 2021: By focusing on three key solutions, Intelligent Communication Automation, Parcel Locker Solutions and Mail-Related Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. In November 2021, BlueRush received the Global Technology of the Year award from Quadient. BlueRush provides the personalized video solution, IndiVideo, that integrates into Quadient Inspire. Together, BlueRush and Quadient now offer an innovative omnichannel delivery solution for customers, expanding both companies upsell capability and increasing customer satisfaction

Proprietary Technology

BlueRush's proprietary technology is critical to its success. The IndiVideo platform offers numerous features that make it attractive to large enterprises.

The Company's credibility continues to grow with large enterprise customers and prospects. The Company's success stems from several capabilities.

- *Data handling* - BlueRush's unique ability to deliver personalization without directly handling Personally Identifiable Information ("PII") is attractive to customers, that increasingly must set the highest standards of data protection.
- *Cost and scalability* – The IndiVideo platform offers a unique and superior capability to render personalized videos at an extremely low-cost relative to that of its competitors while also supporting the required scale of BlueRush's customers. This key feature differentiator is a primary driver for enabling high gross margins from the platform.
- *Creative and functional capability* – The IndiVideo platform readily supports rich data personalization, interactivity, accessibility, calls to action, forms, and embedded calculators. Individuals within organizations can now customer record and deliver their own professional and branded video templates with ease.

BlueRush's impressive and highly referenceable customer base sets the Company up well for accelerated adoption in these verticals.

Sales and Service Video Enablement

Sales and service video enablement opens a rapidly emerging and growing revenue stream.

Organizations today are faced with finding new ways for the sales and service forces to connect with end customers. Covid-19 has radically altered the opportunity for face-to-face meetings. The IndiVideo platform development roadmap contemplated a new sales and service paradigm long before Covid. In fiscal year 2020, the Company began to release new features and functionality. Most recently in Q4 of fiscal year 2021, BlueRush secured a contract and partnership with Broadridge to provide support for their sales enablement platform. IndiVideo is integrated seamlessly and allows advisors to share and personalize video assets to help book meetings, send follow-up notes and/or publish valuable information to drive customer loyalty. This capability, which allows for salespeople to 'self-record' messages and easily share video content, is extendable to all types of sales and service personnel.

Image: Example of Self-Recording in action – one of BlueRush's own Account Executives using IndiVideo to book meetings.

This new IndiVideo capability offering is priced on a per-desktop basis. In the US alone, there are over a million people selling insurance and hundreds of thousands of financial advisors. Given BlueRush already has 20 financial sector Fortune 500 clients, the opportunity for future growth is apparent.

Customer Communication Management (CCM)

The CCM industry supports the composition and distribution of transactional documents such as bills, statements and other notifications. The industry is transitioning away from print towards digital, a dynamic that has been accelerated by the Covid-19 pandemic. Video, as an enhancement to these transactional documents, has become a prominent theme in the industry and BlueRush is well positioned to seize the opportunity.

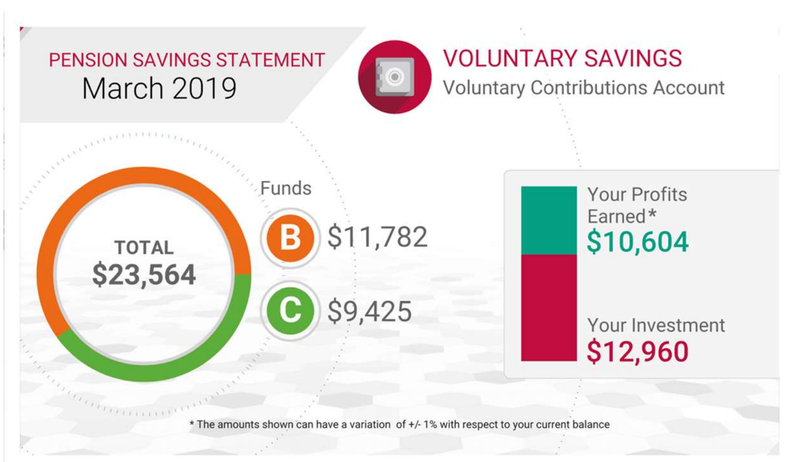

Image: Example of a Pension Statement brought to life for AFP Habitat. Pensioners that view the video are 4X more likely to increase their pension contribution.

Subscription Revenue

Growth of subscription revenue continues to be BlueRush's focus.

BlueRush will continue to emphasize its recurring, or SaaS-based, revenue model when selling IndiVideo. The Company already has successfully penetrated the financial service vertical and will continue its aggressive sales approach in this area. With the expanded feature set of IndiVideo, the Company also intends to expand into other verticals including healthcare, telecom, utilities, and consumer. Our expanding partner channel consisting of CCM world-class organizations represents another area of focus and opportunity to drive recurring revenue. Over the past fiscal year additional effort has been placed on targeting those partner opportunities that are projected to yield highest success.

Throughout fiscal year 2021, IndiVideo 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 is one of the fastest growing segments of online media, and personalized video is being adopted by some of the largest companies in world.

Services Revenue

Professional Services complement the subscription model.

BlueRush has deep roots in providing professional services to large organizations to help them achieve digital transformation. While BlueRush's SaaS product IndiVideo forms a key component of the digital journey, it is but one part of it. Towards this end, the Company continues to provide these services strategically to select existing customers as well as new ones where there is a high likelihood they can also become customers of IndiVideo.

Over the course of fiscal year 2021, the Company added a managed services contract format under its professional services practice. Customers are required to commit to required resources for periods of 12 months or longer. Customers benefit from having the help they need to complete projects and BlueRush is assured it will achieve revenues and healthy margins on the associated work. With a global shortage of qualified digital resources as well as BlueRush's track record of success in this area, the Company is optimistic it will be successful in attracting new business from professional services practices.

Video Industry

The adoption of Video is accelerating in multiple verticals and around the world.

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 the vast majority of consumers demand and expect a more personalized experience. Given the increase in personalization required, the power of digital marketing in today's industries is growing:

- Video is now the preferred content format amongst consumers *(Wyzowl Survey,* 2020*)*
- 85% of consumers would like to see more video from companies *(Hubspot, 2019)*
- 84% of consumers are convinced to buy products/services by watching videos (*WyzowlSurvey,* 2020)
- 41% of respondents to a Wyzowl survey said videos reduce support calls (*Wyzowl Survey,* 2020)

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

Video Market

IndiVideo is a video platform enabling the creation of custom, data-driven and interactive videos at scale. The platform 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. Most 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 exciting opportunity for BlueRush's IndiVideo product.

RESULTS OF OPERATIONS

The following table provides selected financial position data for the years indicated in Canadian dollars, which has been derived from the audited consolidated financial statements for the years ended July 31, 2021, 2020, and 2019, which have been prepared in accordance with International Financial Reporting Standards.

	As at July 31, 2021	As at July 31, 2020	As at July 31, 2019
Total Assets	$ 3,675,587	$ 2,558,785	$ 1,990,841
Non-current financial liabilities	742,279	3,500,171	1,931,461
Shareholders' Deficit	(112,296)	(3,837,138)	(2,885,796)

The following table summarizes BlueRush's recent results of operations for the years indicated. The selected financial information set out below is in Canadian dollars and has been derived from the audited consolidated financial statements for the years ended July 31, 2021, 2020, and 2019, which have been prepared in accordance with International Financial Reporting Standards.

	July 31, 2021	July 31, 2020	July 31, 2019
Revenues			
Subscriptions and support	$ 2,018,934	$ 1,306,427	$ 508,271
Services	1,656,174	2,476,391	1,853,236
	3,675,108	3,782,818	2,361,507
Cost of Sales			
Subscriptions and support	347,845	391,954	299,348
Services	1,098,891	1,497,711	943,640
	1,446,736	1,889,665	1,242,988
Gross profit	2,228,372	1,893,153	1,144,197
Net loss from continuing operations	$ (4,128,571)	$ (3,350,093)	$ (3,884,628)
per share – basic and diluted	$ (0.03)	$ (0.04)	$ (0.05)

For the year ended July 31, 2021, BlueRush generated revenue of $3,675,108, cost of sales of $1,446,736, aggregate expenses of $6,904,199 and deferred tax recovery of $29,618, resulting in a net loss from continuing operations of $4,128,571, or $0.03 per share. This compares with revenue of $3,782,818, cost of sales of $1,889,665, aggregate expenses of $5,851,004 and deferred tax recovery of $22,282, resulting in net loss from continuing operations of $3,350,093, or $0.04 per share, for the year ended July 31, 2020.

BlueRush incurred an overall decrease in revenue of 3%, or $107,710 compared to the prior fiscal year. Subscriptions and support revenue increased by 55% or $712,507 due to new and expansion subscription revenue, while Services revenue decreased by 33% or $820,217 due to a shift in company focus from Services to Subscription revenue. BlueRush expects that its Subscription and support revenue will continue to increase as IndiVideo gains more traction in the market, and as committed MRR translates into recognizable revenue.

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) and Canada Emergency Rent Subsidy (CERS) as temporary measures. 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, 2020 to October 23, 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program. The CERS program became available retroactively from September 27, 2020 to October 23, 2021. The CERS legislation is built on the same revenue decline mechanics used by the CEWS program and is intended to provide a subsidy to qualifying businesses to cover a portion of commercial rent or property expenses. The CEWS program is applicable from March 15, 2020 to October 23, 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program.

The Company has elected to compare the revenue during the availability period to the average of January and February 2020 revenues and are being calculated on accrual basis and included on a gross basis. Per program guidance, the Company determined it qualifies for subsidies of $516,291 during fiscal year 2021 (2020 - $569,219), deemed as other income, during the eligibility period using pre-crisis baseline remuneration.

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 18%, or $1,053,194, from fiscal 2020. 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 as well as expenses related to the issuance of warrant incentives to convertible debt holders during Q3.

Research and development costs increased by approximately 7%, or $89,891, from fiscal 2020. 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 $nil of government grants, compared to $173,616 and $27,622 respectively, in fiscal year 2020, which were presented as a reduction of R&D expense.

A receivable was recorded for SRED tax credits for fiscal year 2021 of $173,401 compared with fiscal year 2020 of adjusted amount of $173,401. As a result of an audit conducted by Revenue Quebec, a portion of the fiscal year 2019 SRED claim was reduced in the fiscal 2020 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 in funding by way of reimbursement for eligible expenses, and during the fiscal 2020 the company received $27,622 (2021 – nil), 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 (2021 - nil). 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 $8,637,751of federal and Ontario income tax losses and $8,843,779 Quebec income tax losses to offset certain future taxable income, as well as $1,495,698 federal and $229,971 Ontario non-refundable ITCs available to reduce future taxes payable.

SaaS Metrics

Below are selected SaaS Metrics for the fiscal year ended July 31, 2021:

Starting CARR	$	1,842,001
New		812,465
Upsell		269,507
Downsell		(120,168)
Churn		(128,248)
Ending CARR		**2,675,556**
Gross churn		**7.0%**
Logo retention		**82.8%**

CARR (contracted annual recurring revenue) is the subscription revenue of a given period calculated as an annual run rate for all contracts including those that were signed in the same period.

- New – ARR generated new customers within the period
- Upsell – ARR generated from a new contract or a contract renewal at an increased price with an existing customer
- Downsell – ARR decrease from losing a contract or renewing at a decreased rate with an existing retained customer
- Churn – ARR lost when all existing contracts with a customer cease

Gross churn is annualized churn (in $) experienced within a period against the beginning period CARR.

Logo retention is the percentage of logos active at both the beginning and end of the period.

EBITDA (Non-GAAP Measure)

The following table shows the Company's calculation of EBITDA for the years ended July 31, 2021 and 2020:

		2021		2020
Net loss	$	(4,128,571)	$	(3,350,093)
Interest and finance charges		894,084		398,359
Share-based payments		291,860		122,985
Foreign exchange (gain)/loss		62,322		(12,719)
Amortization		256,280		228,110
Other income		(517,638)		(585,476)
Deferred income tax recovery		(29,618)		(22,282)
EBITDA		**(3,171,281)**		**(3,221,116)**

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, 2021	April 30, 2021	January 31, 2021	October 31, 2020
Total Revenue	$ 1,177,492	$ 769,624	$ 891,343	$ 836,649
Net loss for the period	(1,109,920)	(1,046,874)	(1,396,397)	(575,380)
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.02)	0.01

	Three months ended (unaudited)			
	July 31, 2020[i]	April 30, 2020[i]	January 31, 2020[i]	October 31, 2019[i]
Total Revenue	$ 806,721	$ 1,057,063	$ 1,124,346	$ 794,689
Net loss for the period	(727,903)	(560,461)	(1,043,616)	1,017,749
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.01)	0.01

i) Quarterly revenues for fiscal 2020 have been restated to remove the operations of DigitalReach and Smart Advisor, considered discontinued operations.

Three Months Ended July 31, 2021 and 2020

For the three months ended July 31, 2021, BlueRush generated revenue of $1,177,492. This compares with revenue of $806,721 for the three months ended July 31, 2020. The increase in revenue was primarily due to an increase in Service – Direct revenue to $614,855 in the fourth quarter of 2021 when compared to $313,007 in the fourth quarter of 2020, resulting from a significant client added at the end of Q3 2021 as well as the introduction of BlueRush's Managed Services offering whereby the Company allocates direct resources to clients' needs.

In the last quarter of 2021, the Company incurred a net loss of $1,109,920 or $0.01 per share compared to a net loss of $727,903, or $0.01 per share, for the three months ended July 31, 2020. The increase in the net loss was mainly due to the increase in overall expenses from $1,272,556 in the fourth quarter of 2020 to $1,987,548 in the same quarter of 2021.

CASH FLOWS

Years Ended July 31, 2021 and 2020

During the year ended July 31, 2021, the Company utilized $3,236,025of cash in its operating activities as compared to $3,020,887 utilized during the year ended July 31, 2020. The increase in cash used in operating activities was primarily driven by the increase in the net loss for the year due to the warrant inducement expense.

During the year ended July 31, 2021, net cash provided by financing activities was $4,078,884 as compared to net cash provided in financing activities of $1,194,049 in fiscal 2020. During fiscal year 2021, the Company issued a $5 million private placement of common shares. Factoring in transaction costs, the total proceeds in fiscal year 2021 was $4,568,712. This compares with fiscal year 2020 where the Company issued a non-brokered private placement of convertible debentures of 1,428,114, net of transaction costs.

During the year ended July 31, 2021, net cash used by investing activities was $45,889, which related to the purchase of computer equipment and office furniture. For the year ended July 31, 2020, net cash provided by investing activities was $2,274,303, which related to the 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, 2021, the Company had an overall net increase in cash of $796,970 as compared to a net increase in cash of $447,463 for the year ended July 31, 2020. The variance was primarily attributable to the Company's financing activities in fiscal year 2021 that generated proceeds of $4,568,712, net of transaction costs, partially offset by cash used in operating activities.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights		July 31, 2021		July 31, 2020
Working capital surplus/(deficit)	$	381,303	$	(744,491)
Cash		2,140,923		1,343,953
Accounts receivable		730,351		263,324
Investment tax credits refundable		372,241		289,774
Total assets		3,675,586		2,558,785
Total liabilities		3,787,883		6,395,923
Total equity		(112,296)		(3,837,138)

Working Capital

As at July 31, 2021, the Company had a working capital surplus of $381,303 as compared to a working capital deficit of $744,491 as at July 31, 2020. The working capital surplus of 2021 was the result of the financing transaction completed in Q3 2021 and an increase in current accounts receivable.

Although BlueRush had a deficit position as at July 31, 2020, this is primarily as a result of BlueRush's term loan with Investissement Quebec ("IQ") having been classified as a current liability because BlueRush's 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, BlueRush's 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 2021. 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, 2021, the remaining principal was $185,319, 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. 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. As at July 31, 2021, the remaining principal was $46,840, compared to $107,640 as at July 31, 2020.

In October 2016, the Company received from BDC 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. As at July 31, 2021, the remaining principal was $40,180, compared to $63,280 as at July 31, 2020.

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 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 year ended July 31, 2021, warrant holders exercised no warrants.

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.

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, 2021 and 2020 were all paid to key management personnel and were as follows:

Type of Expense		2021		2020
Salaries and benefits	$	1,245,694	$	1,137,255
Stock-based compensation (i)		212,852		27,673
	$	1,458,545	$	1,164,928

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 162,056,711 common shares issued and outstanding, incentive stock options outstanding and exercisable for up to 20,443,312 common shares, warrants outstanding exercisable for up to 57,146,376 common shares, and the October 2023 Notes which are exercisable for up to 7,142,857 common shares, assuming conversion at $0.105.

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 23, 2021, the Company granted 7,250,000 stock options to certain directors and officers of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.160. One-third, or 2,416,667, of the options vest on April 23, 2022 and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

On January 13, 2021, the Company granted 1,450,000 stock options to certain employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of $0.120. One-third, or 483,333, of the options vest on January 13, 2022 and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

On April 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.

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 BlueRush's 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, 2021 the Company has recorded a provision for ECLs of $7,868 (July 31, 2020 - $2,230).

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

	ECL %	July 31, 2021	July 31, 2020
Current	0.5%	$ 485,916	$ 147,718
Over 30 days past due	1.0%	216,452	115,038
Over 60 days past due	2.5%	15,658	432
Over 90 days past due	5.0%	20,193	2,366
Less: Provision for ECLs		(7,868)	(2,230)
		$ 730,351	$ 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 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, 2021, the Company had cash on hand of $2,140,923 and accounts receivable of $730,351 to meet working capital requirements.

As at July 31, 2021, the Company's current assets exceeded current liabilities by $381,303 (as of July 31, 2020, current liabilities exceeded current assets by $744,491). Of this amount, $979,962, ($1,066,461- July 31, 2020) relates to contract liabilities, which is expected to be settled through the performance of service in the normal course. The current liabilities also include the current portion of term loans of $257,359 and current portion of lease liabilities of $124,384.

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, 2021 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 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, 2021, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $1,177,013 (July 31, 2020 – USD $550,116) and converted at the exchange rates of 1.25 and 1.34, respectively. For the year ended July 31, 2021, the Company recognized a loss on foreign exchange of $62,683 (July 31, 2020 - gain of $12,719).

Exposure to Currency Risk

		2021	**2020**
Cash	USD $	802,759	373,657
Trade receivables		406,546	195,638
Trade payables		(32,292)	(19,179)
Net statement of financial position exposure	USD $	1,177,013	550,116
Average USD to CAD exchange rate		$1.27	$1.35
Spot rate USD to CAD exchange rate		$1.25	$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 July 31, 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.

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.

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.