

# BLUERUSH DIGITAL MEDIA CORP.

## MANAGEMENT DISCUSSION AND ANALYSIS

Dated: January 2, 2022

For the Three-Month Period Ended October 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 unaudited interim consolidated financial statements and notes thereto for the three-month period ended October 31, 2021 ("Q1 2022") and 2020 ("Q1 2021"). Accounting policies followed in the preparation of the interim consolidated financial statements are disclosed in note 3 of the notes to the unaudited condensed interim consolidated financial statements for the three-month period ended October 31, 2021 and 2020 and in note 3 of the notes to the audited annual consolidated financial statements for the year 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 October 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

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the Company with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://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, investor relations expenses) 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 "BTV.V" 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 Q1 2022:*

- BlueRush continues to successfully transition towards its recurring revenue model, increasing its subscription and support revenue in Q1 2022 by 12% to \$538,723, compared to \$480,837 in Q1 2021 due to securing new customer contracts and upselling to existing customers;
- In the quarter, the Company secured new and expansion contracted annual recurring revenue ("CARR") of \$111,440 and 256,523, respectively, reaching an ending CARR of \$2,769,055 as at

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October 31, 2021, as compared to \$2,357,908 as at October 31, 2020. The Company experienced no gross churn or logo churn in the quarter.

- The subscription and support gross profit % continued to increase reaching 90% in Q1 2022 compared to 82% in Q1 2021 due to greater deployment efficiencies achieved on the IndiVideo platform;
- Total gross profit came in at \$795,711 for Q1 2022, increasing by 47% from \$470,053 in Q1 2021;
- Service revenue was also very strong at \$571,356 for the quarter increasing by 61% from \$355,674 in Q1 2021.

**With continued growth in new customers, product capabilities and partners, BlueRush is anticipating continued growth in 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 Q1 2022, BlueRush had contracts with 24 Fortune 500 Companies consisting of:

- Eight major banks
- Five global insurance companies
- Five financial service providers
- Five wealth management firms
- One energy company

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 was 100% in Q1 2022 and the majority of BlueRush's IndiVideo customers witnessed improved results driven by IndiVideo.

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

<i>Customer Category</i>	<i>Opening CARR (\$)</i>	<i>CARR as at October 31, 2021 (\$)</i>	<i>Increase in CARR since inception</i>
Bank	9,171	313,979	3323%
Insurance	459,218	573,163	25%
Retirement	61,142	235,422	285%
Wealth management	122,285	291,957	139%
Other	7,643	250,818	3182%

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### Partner Network

*BlueRush continues to grow a high-leverage partner network*

In Q1 2022, the Company 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

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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. 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.

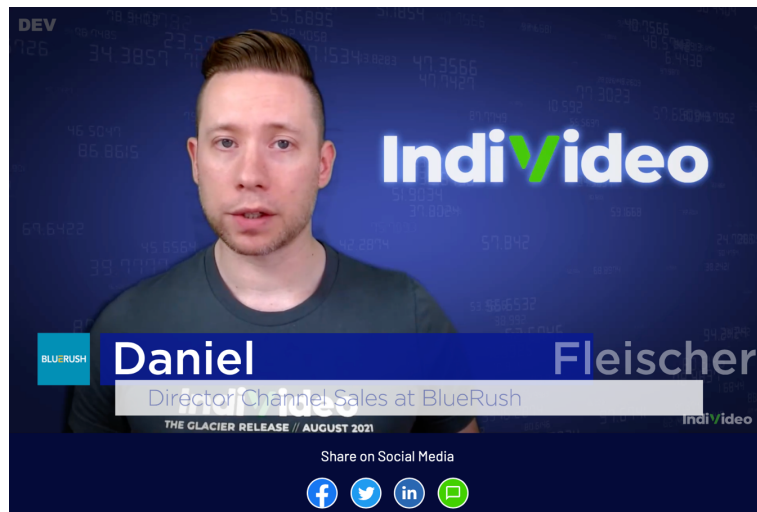


Image: Example of Self-Recording in action – one of BlueRush's own Account Executives using IndiVideo to book meetings.

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 24 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.

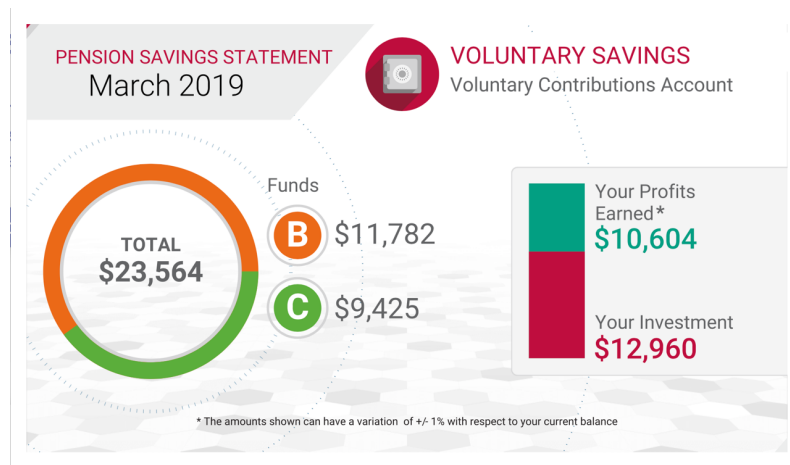


Image: Example of a Pension Statement brought to life for AFP Habitat. Pensioners that view the video are 4X more likely to increase their pension contribution.



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### 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. The Company continues to target partner opportunities that are projected to yield the greatest ROI.

IndiVideo continues to demonstrate the ability to drive compelling and measurable results for BlueRush customers. These satisfied customers have 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.

During 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 (*Wyzowl Survey, 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.

**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021***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 three-month period ended October 31, 2021, and for the year ended July 31, 2021, in Canadian dollars, which has been derived from the unaudited condensed interim consolidated financial statements for the three-month period ended October 31, 2021 and the audited consolidated financial statements for the years ended July 31, 2021, which have been prepared in accordance with International Financial Reporting Standards.

	<b>As at</b>		<b>As at</b>	
	<b>Oct. 31, 2021</b>		<b>July 31, 2021</b>	
Total Assets	\$	3,655,691	\$	3,675,587
Non-current financial liabilities		743,960		742,279
Total Deficit		(1,005,858)		(112,296)



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The following table summarizes BlueRush's results of operations for the three-month period ended October 31, 2021 and 2020. The selected financial information set out below is in Canadian dollars and has been derived from the unaudited condensed interim consolidated financial statements for the three-month period ended October 31, 2021 and 2020, which have been prepared in accordance with International Financial Reporting Standards.

	Three Months Ended	
	Oct. 31, 2021	Oct. 31, 2020
<b>Revenues</b>		
Subscriptions and support	\$ 538,723	\$ 480,837
Services	571,356	355,674
	1,110,078	836,511
<b>Cost of Sales</b>		
Subscriptions and support	51,610	87,667
Services	262,757	278,791
	314,367	366,458
<b>Gross profit</b>	795,711	470,053
<b>Net comprehensive loss</b>	\$ (984,861)	\$ (575,380)
per share – basic and diluted	(0.006)	(0.007)

For Q1 2022, BlueRush generated revenue of \$1,110,078, cost of sales of \$314,367, aggregate expenses of \$1,796,536, other income of \$13,399 and a deferred tax recovery of \$2,566, resulting in a net comprehensive loss of \$984,427 or a net loss per share of \$0.006. This is in comparison to revenue of \$836,511, cost of sales of \$366,458, aggregate expenses of \$1,240,052, other income of \$184,765 and a deferred income tax recovery of \$9,855, resulting in a net comprehensive loss of \$575,380, or \$0.007 per share for Q1 2021.

In Q1 2022 total revenue increased by 33% or \$273,568 compared to the Q1 2021. Subscriptions and support revenue increased by 12% or \$57,886 due to new and expansion subscription revenue, while Services revenue increased by 61% or \$215,682 due to the introduction of managed services arrangements during the fiscal year 2021. BlueRush expects that its Subscription and support revenue will continue to increase as IndiVideo gains more traction in the market, and as CARR 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

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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 \$11,570 during Q1 2022 (2021 - \$184,627), 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 in Q1 2022, excluding cost of sales, increased by approximately 45%, or \$556,484, from Q1 2021 due mainly to the investment in additional headcount to support the development of the IndiVideo platform to include self-serve functionality aimed to improve the scalability and adaptability of the platform architecture as well as additional headcount to drive IndiVideo sales.

As at October 31, 2021, the statement of financial position includes a receivable of \$341,012 for SRED tax credits relating to fiscal year 2021 and 2020 as compared to a receivable of \$372,241 as at July 31, 2021. The decrease of \$31,229 in the receivable balance from July 31 2021 to October 31 2021 is the result of the receipt of a refund from the Canada Revenue Agency. 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 Revenue Quebec and any adjustments that result could affect investment tax credits recorded in the consolidated financial statements.

**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)			
	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Total Revenue	\$ 1,110,078	\$ 1,177,492	\$ 769,624	\$ 891,343
Net loss for the period	(984,861)	(1,109,920)	(1,046,874)	(1,396,397)
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.01)	(0.02)

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	Three months ended (unaudited)			
	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Total Revenue	\$ 836,511	\$ 806,721	\$ 1,057,063	\$ 1,124,346
Net loss for the period	(575,380)	(727,903)	(560,461)	(1,043,616)
Net loss per share – basic & diluted	0.01	(0.01)	(0.01)	(0.01)

### SaaS Metrics

Below are selected SaaS Metrics for Q1 2022 and Q1 2021:

	Three-months ended	
	October 31, 2021	October 31, 2020
Starting CARR	2,675,556	\$ 1,842,001
New	111,440	474,237
Upsell	256,523	60,498
Downsell	(273,464)	(3,000)
Churn	-	(15,828)
<b>Ending CARR</b>	<b>2,769,055</b>	<b>2,357,908</b>
<b>Gross churn</b>	<b>0%</b>	<b>3.4%</b>
<b>Logo retention</b>	<b>100%</b>	<b>96.6%</b>

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.

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### EBITDA (Non-GAAP Measure)

The following table shows the Company's calculation of EBITDA for the three-month period ended October 31, 2021 and 2020:

	Three Months Ended	
	October 31, 2021	October 31, 2020
Net loss	\$ (984,860)	\$ (575,380)
Interest and finance charges	36,411	141,420
Share-based payments	90,298	32,087
Foreign exchange (gain)/loss	12,815	9,444
Amortization	62,294	63,034
Other income	(13,399)	(184,765)
Deferred income tax recovery	(2,566)	(9,855)
<b>EBITDA</b>	<b>(769,204)</b>	<b>(524,014)</b>

### CASH FLOWS

#### Three-Month Period Ended October 31, 2021 and 2020

During the three months ended October 31, 2021, the Company utilized \$615,821 in net cash from its operating activities, as compared to \$262,315 utilized during the three months ended October 31, 2020. The increase in cash used in operating activities was primarily driven by the investment in additional headcount to support the development of the IndiVideo platform to include self-serve functionality aimed to improve the scalability and adaptability of the platform architecture as well as additional headcount to drive IndiVideo sales.

During the three months ended October 31, 2021, net cash used in financing activities was \$130,204, as compared to net cash used in financing activities of \$48,304 for the three months ended October 31, 2020. The change year-over-year is primarily due to the repayment of term loans in Q1 2022.

During the three months ended October 31, 2021, net cash used in investing activities was \$4,956, as compared to the three months ended October 31, 2020 when net cash provided by investing activities was \$18,155. This year-over-year change in cash used is primarily driven by reduced purchases of equipment.

For the three months ended October 31, 2021, the Company has an overall net decrease of cash of \$750,981 as compared to \$328,774 for the three months ended October 31, 2020. The change year-over-year is primarily driven by the investment in additional headcount to support the development of the IndiVideo platform to include self-serve functionality aimed to improve the scalability and adaptability of the platform architecture as well as additional headcount to drive IndiVideo sales.

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<b>Balance Sheet Highlights</b>	<b>October 31, 2021</b>	<b>July 31, 2021</b>
Working capital surplus/(deficit)	\$ (453,240)	\$ 381,303
Cash	1,390,036	2,140,923
Accounts receivable	1,446,784	730,351
Investment tax credits refundable	341,012	372,241
Total assets	3,655,691	3,675,586
Total liabilities	4,661,550	3,787,883
Total equity	(1,005,858)	(112,296)

**Working Capital**

As at October 31, 2021, the Company had a working capital deficit of \$453,240 as compared to a working capital surplus of \$381,303 as at July 31, 2021. The change in working capital from July 31, 2021 to October 31, 2021 is due to the usage of cash to support operations in Q1 2022. A major factor impacting the working capital deficit as at October 31, 2021 is the contract liabilities of \$1,731,539 representing advance payments from customers expected to settle through performance in normal course and will not be crystallized as a cash outflow. If these contract liabilities are removed, the working capital deficit would be a surplus of \$1,278,298.

The Company will be making efforts to infuse additional capital into the company during Q2 2022.

**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 were \$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 October 31, 2021, the remaining principal was \$125,319, compared to \$185,319 as at July 31, 2021. This loan was repaid in full in December 2021.

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

**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021**

payments of \$9,300 plus interest were required until November 2021, with the final payment of \$9,640 due in December 2021. Two current directors / officers of the Company personally guaranteed 64% of the outstanding balance of the loan, and the Company guaranteed the full amount of the outstanding commitment of the loan. As at October 31, 2021, the remaining principal was \$18,940, compared to \$46,840 as at July 31, 2021. This loan was repaid in full in December 2021.

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 October 31, 2021, the remaining principal was \$33,880, compared to \$40,180 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. The remaining balance of \$165,500 was repaid in fiscal year 2021.

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.



**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021**

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 and Q1 2022, 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 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 three-month period ended October 31, 2021 and 2020 were all paid to key management personnel and were as follows:

<b>Type of Expense</b>	<b>Three Months</b>	
	<b>Three Months Ended October 31, 2021</b>	<b>Ended October 31, 2020</b>
Salaries and benefits	\$ 181,000	\$ 291,040
Contractor and consulting fees	76,000	-
Stock-based compensation (i)	78,589	2,451
	<b>\$ 335,589</b>	<b>\$ 293,491</b>

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

**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021****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, 2021, annual and October 31, 2021 interim consolidated 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.

**DESCRIPTION OF SECURITIES****Share Capital**

The Company has authorized an unlimited number of common shares and, as of the date hereof, has 162,066,711 common shares issued and outstanding, incentive stock options outstanding and exercisable for up to 19,113,415 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 December 22, 2021, the Company granted 250,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.11. One-third, or 83,333, of the options vest on December 22, 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 December 1, 2021, the Company granted 1,000,000 stock options to an officer of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.125. One-third, or 333,333, of the options vest on December 1, 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 October 31, 2021, an option holder exercised 10,000 options at \$0.10 for total gross proceeds of \$1,000 and 1,000 common shares. No options were exercised during the three months ended October 31, 2020.

**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021**

On September 17, 2021, the Company granted 575,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of \$0.095. One-third, or 191,666, of the options vest on September 17, 2022, and thereafter the remaining options vest monthly over a period of 24 months. The options expire in five years from the date of grant.

On April 23, 2021, the Company granted 7,250,000 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.

**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 October 31, 2021 the Company has recorded a provision for ECLs of \$29,048 (July 31, 2021 - \$7,868).

**MANAGEMENT DISCUSSION AND ANALYSIS****Dated: January 2, 2022****For the Three-Month Period Ended October 31, 2021**

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

	<b>ECL %</b>	<b>October 31, 2021</b>	<b>July 31, 2021</b>
Current	0.5%	1,062,852	\$ 485,916
Over 30 days past due	2.5%	64,305	216,452
Over 60 days past due	5%	311,199	15,658
Over 90 days past due	10.0%	37,476	20,193
Less: Provision for ECLs		(29,048)	(7,868)
		<b>1,446,784</b>	<b>\$ 730,351</b>

*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 9 & 11. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows and budgets on all contracts, while maintaining adequate working capital on hand to meet its future obligations. As of October 31, 2021, the Company had cash on hand of \$1,390,036 and accounts receivable of \$1,446,784 to meet working capital requirements.

As at October 31, 2021, the Company's current liabilities exceeded current assets by \$453,240 (as of July 31, 2021, current assets exceeded current liabilities by \$381,303). Of this amount, \$1,731,539, (July 31, 2021 - \$979,962) relates to contract liabilities, which is expected to be settled through the performance of service in the normal course. As at October 31, 2021, the current liabilities also include the current portion of term loans of \$169,459 (July 31, 2021 - 257,359) and the current portion of lease liabilities of \$90,069 (July 31, 2021 - 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 January 31, 2021 until their maturity date (Note 11).

*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.

# BLUERUSH INC.

## MANAGEMENT DISCUSSION AND ANALYSIS

Dated: January 2, 2022

For the Three-Month Period Ended October 31, 2021

As at October 31, 2021, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total \$1,898,457 (July 31, 2020 – USD \$1,177,013) and converted at the exchange rates of 1.23 and 1.25, respectively. For the three-month period ended October 31, 2021, the Company recognized a loss on foreign exchange of \$12,815 (October 31, 2020 - loss of \$9,444).

### *Exposure to Currency Risk*

		October 31, 2021	July 31, 2021
Cash	USD \$	1,061,506	802,759
Trade receivables		974,230	406,546
Trade payables		(137,279)	(32,292)
Net statement of financial position exposure	USD \$	1,898,457	1,177,013
Average USD to CAD exchange rate		\$1.26	\$1.27
Spot rate USD to CAD exchange rate		\$1.23	\$1.25

### *Interest Rate Risk*

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

### *Fair Value*

As at October 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](http://www.BlueRush.com) or under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).