BLUERUSH INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Dated: November 30, 2022
For the Year Ended July 31, 2022

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, 2022 ("fiscal year 2022") and 2021 ("fiscal year 2021"). 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, 2022 and 2021.

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, 2022; 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 "BTV" and is headquartered at 5700 Yonge Street, Toronto, Ontario M2M 4K2. The Company also has a bilingual office in Montreal, Quebec.

OVERALL PERFORMANCE

BlueRush Highlights for the Fiscal Year 2022:

- Gross Profit increased by 58.6% with $3,534,366 in 2022 versus $2,228,372 in 2021
- Overall revenue grew 29.7% to $4,769,242 in 2022 compared to $3,675,108 in 2021
- SaaS revenues grew 15.4% climbing to $2,330,737 in 2022 versus $2,018,934 in 2021
- Committed ARR grew 13% to $3,011,841 in 2022 from $2,675,556 in 2021
- SaaS Gross Margins of 91.4% and Services Margins of 57.6%

Successful Financing Following Fiscal Year-End

Against a difficult backdrop, the company was able to achieve a substantial capital raise which was partially completed in August 2022, totaling gross proceeds of USD $3,023,995 along with a loan from BDC of CDN $2,000,000.

Fiscal 2022 was a successful year for BlueRush on several fronts. We continued to delight and retain our world-class customers; revenues in both our SaaS and Professional Services businesses grew; our gross profit improved substantially; and our IndiVideo SaaS platform developed to a point that positions the company for accelerated growth in our subscription business and new customer acquisition.

Solid growth and profitability

BlueRush's SaaS business continued to enjoy positive Net Dollar Retention (NDR), meaning that the subscription business grows before we sell to new customers. Our large enterprise customers in the Financial Services vertical, who enjoy significant and measurable benefits from the IndiVideo platform and our related services offerings, expanded their use of IndiVideo. These customers will continue to be an important element of our strategic plan and a source of growth for the business going forward.

Gross profit is the best indicator that the company is generating more cash from our customers. During 2022, the company began a program to manage costs and expenses in order to reduce our go-forward cash requirements. The company also began the shift to a more productized offering with shorter sales cycles.

While pleased that the company grew, Management is not satisfied with the level of growth achieved in 2022. We were challenged in our ability to secure new logo customers in fiscal 2022 relative to previous years. This was a lag-effect from the pandemic, during which time the company was not able to attend conferences, which historically have been a significant source of new and highly qualified leads.

R&D efforts result in exciting new platform offering

In response to this, BlueRush created a more productized version of IndiVideo that will allow us to push downmarket and drive faster sales cycles. A significant amount of our R&D effort in 2022 was dedicated to preparing the platform to support the new offering, which has the potential to substantially accelerate our acquisition of new customers.

As a result of this R&D work, in fiscal 2022 we released a new platform extension, *IndiVideo for Sales*, which allows sales and marketing resources to quickly and easily integrate personalized videos into their sales sequences, leading to higher email open rates, more meetings and, ultimately, better sales results.

Our traditional offering has always carried a heavy professional service lift and requires a solution selling approach, with sales cycles typically in the 9-to-12 month range. While we have and will remain successful in this domain, the IndiVideo for Sales platform extension can be sold "out of the box", which allows us to run short pilot periods with prospective customers, drive quicker sales cycles, and accelerate acquisition of new customers.

We recently had an insurance customer report a 5X increase in sales after arming their Brokers with IndiVideo for Sales.

Revitalized marketing activities using BlueRush solutions

We have also re-tooled our marketing approach by using our own software for lead generation to generate a higher volume of well-qualified leads. As we approach the end of 2022 and enter 2023, we have begun to see the results of these efforts and the power of IndiVideo to drive stronger lead generation activities.

This reset of focus in our product, marketing and sales activities will continue through the first quarter and we expect to see the full benefit of this approach beginning in the second quarter.

Continuing success with market differentiation and digital transformation services

The company continues to enjoy strong differentiation in the market. While there are other platforms that allow salespeople to use video, the IndiVideo platform is unique because it is template-based, has lock-down capabilities to allow the marketing and compliance teams to control messaging, and requires an extremely light touch from the sales resources themselves.

We will continue to grow our Professional Services business as an important part of our business strategy. In fiscal 2022, our services business grew significantly, delivering new customer opportunities as well as improving the operating cash flow of the business. The services division, called Digital Transformation Services (DTS), is highly complementary to the SaaS business, as we find many customers require additional support in developing their digital strategies. These enhancements often lead to more successful outcomes for IndiVideo and also provide sales opportunities for the SaaS business.

Overall, the company enters 2023 with a strong working capital position, the ability to close deals with much shorter sales cycles, and continuing expansion of our client base.

PROPRIETARY TECHNOLOGY

BlueRush's proprietary technology is critical to its success, with numerous features that make the IndiVideo platform 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 corporations, which 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 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 easily record and deliver a professional, branded video without assistance by using the IndiVideo templates.

BlueRush continually evolves, with new features such as Sales and Service Video Enablement.

In fiscal year 2022, the Company continued 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 their own messages and easily share video content, is extendable to all types of sales and service personnel and opens a rapidly emerging and growing revenue stream.

This new IndiVideo 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 that BlueRush already has 24 financial sector Fortune 500 clients, the opportunity for future growth is apparent.

REVENUE MODELS

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.

Professional Services revenue complements 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. The Company continues to provide services strategically to select existing customers and to new customers where there is a high likelihood they will also become customers of IndiVideo

During fiscal year 2022, 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.

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, 2022	As at July 31, 2021	As at July 31, 2020
Total Assets	$3.020,771	$3,675,588	$2,558,785
Non-current financial liabilities	2,390,123	742,280	3,500,171
Shareholders' Deficiency	($2,617,035)	($112,296)	($3,837,138)

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, 2022 and 2021 which have been prepared in accordance with International Financial Reporting Standards.

	July 31, 2022	July 31, 2021	July 31, 2020
Revenues			
Subscriptions and support	$2,330,737	$2,018,934	$1,306,427
Services	2,438,505	1,656,174	2,476,391
	4,769,242	3,675,108	3,782,818
Cost of Sales			
Subscriptions and support	200,677	347,845	391,954
Services	1,034,200	1,098,891	1,497,711
	1,234,877	1,446,736	1,889,665
Gross profit	**3,534,365**	**2,228,372**	**1,893,153**
Net loss from operations	($3,519,951)	($4,128,571)	($3,350,093)
per share – basic and diluted	($0.02)	($0.03)	($0.04)

For the year ended July 31, 2022, BlueRush generated revenue of $4,769,242, cost of sales of $1,234,876, aggregate expenses of $7,057,596 and deferred tax recovery of $1,853, resulting in a net loss from operations of $3,519,051, or $0.02 per share. This compares with 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 net loss from continuing operations of $4,128,571, or $0.03 per share, for the year ended July 31, 2021.

BlueRush experienced an overall increase in revenues of 29.8%, or $1,094,134 as compared to the prior fiscal year. Subscriptions and support revenue increased by 15.4% or $311,803 due to new and expansion subscription revenue, and Services revenue increased by 47.2% or $782,331 due to focused efforts to continue building the customer base and upselling current contracts. 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 Company's total expenses, excluding cost of sales, increased by approximately 2.2%, or $153,397, as compared to fiscal 2021.

Research and development costs increased by approximately 7.6%, or $106,771, as compared to fiscal 2021. 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 $171,966 of refundable investment tax credits ("ITCs") and $nil of government grants, compared to $173,616 and $nil respectively, in fiscal year 2021, which were presented as a reduction of R&D expense.

A receivable was recorded for SRED tax credits for fiscal year 2022 of $171,966 compared with fiscal year 2021 of adjusted amount of $173,616. 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.

The Company has available $13,836,719 of federal and Ontario income tax losses and $14,042,747 Quebec income tax losses to offset certain future taxable income, as well as $1,494,109 federal and $173,184 Ontario non-refundable ITCs available to reduce future taxes payable.

SaaS Metrics

Below are selected SaaS Metrics for the fiscal year ended July 31, 2022:

Starting CARR	$2,675,556
New	697,938
Upsell	131,070
Downsell	(416,880)
Churn	(75,843)
Ending CARR	**$3,011,841**
Gross churn	**7.0%**

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.

EBITDA (Non-GAAP Measure)

The following table shows the Company's calculation of EBITDA for the years ended July 31, 2022 and 2021:

	2022	2021
Net loss	($3,519,951)	($4,128,571)
Interest and finance charges	157,598	894,084
Share-based payments	501,116	291,860
Depreciation	158,879	146,522
Amortization	42,471	109,758
Other income	1,427	(517,638)
Deferred income tax recovery	(1,853)	(29,618)
EBITDA	**($2,660,313)**	**($3,171,281)**

The EBITDA improvement of $577,471 or 17.9% is mainly caused by higher revenues and higher margins as well tight control over operating expenses.

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, 2022	April 30, 2022	January 31, 2022	October 31, 2021
Total Revenue	$1,188,758	$1,237,919	$1,232,487	$1,110,078
Net loss for the period	(1,097,169)	(718,248)	(705,251)	(984,860)
Net loss per share – basic & diluted	($0.03)	($0.02)	($0.02)	($0.02)

	Three months ended (unaudited)			
	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020
Total Revenue	$1,178,197	$769,624	$891,343	$836,649
Net loss for the period	(1,183,638)	(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 July 31, 2022 and 2021

For the three months ended July 31, 2022, BlueRush generated revenue of $1,188,758. This compares with revenue of $1,178,197 for the three months ended July 31, 2021. For the three months ended April 30, 2022, BlueRush generated revenue of $1,237,919 as compared to $769,624 for the three months ended April 30, 2021.

In the last quarter of 2022, the Company incurred a net loss of $1,097,169 or $0.02 per share compared to a net loss of $1,183,638 or $0.01, for the three months ended July 31, 2021. The decrease in the net loss was mainly due to the increase in revenues, as the decrease in overall expenses from $2,076,376 in the fourth quarter of 2021 to $1,983,219 in the same quarter of 2022.

CASH FLOWS

Years Ended July 31, 2022 and 2021

During the year ended July 31, 2021, the Company utilized $2,615,488 of cash in its operating activities as compared to $3,236,025 utilized during the year ended July 31, 2021. The decrease in cash used in operating activities was primarily driven by the decrease in the net loss for the year.

During the year ended July 31, 2022, net cash provided by financing activities was $1,775,557 as compared to net cash provided in financing activities of $4,078,884 in fiscal 2021. During fiscal year 2022, The Company issued partial future unsecured convertible debentures subscriptions of $1,620,194, with the full subscription of CAD $3,577,337 concluded on August 9, 2022, while in fiscal 2021 the Company issued a $5 million private placement of common shares, with the total proceeds of $4,568,712.

During the year ended July 31, 2022, net cash used by investing activities was $53,161 (2021 - $45,889), which related to the purchase of computer equipment and office furniture, as well the lease extension on Montreal office space.

For the year ended July 31, 2022, the company experienced overall a net decrease in cash of ($893,092) as compared to a net cash increase of $796,970 in fiscal 2021. While the net cash outflow from operating activities improved dramatically by $620,537 or 19.2%, the financing activity generated cash was lower by $2,303,327 or 56.5%.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Highlights	July 31, 2022	July 31, 2021
Working capital surplus/(deficit)	($327,403)	$381,303
Working capital – normalized	*1,340,420*	*1,697,293*
Cash	1,247,831	2,140,923
Accounts receivable	939,485	730,351
Investment tax credits refundable	484,452	372,241
Total assets	3,020,771	3,675,586
Total liabilities	5,637,806	3,787,883
Total shareholders' deficiency	(2,617,035)	(112,296)

Working Capital

As at July 31, 2022, the Company had a working capital deficiency of $327,403 as compared to a working capital surplus of $381,303 as at July 31, 2021. The normalized working capital (excluding items which will not crystalise and are due to timing of revenue recognition) would indicate working capital surplus of $1,340,420.

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. During the year ended July 31, 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.

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 ceased the lease of the office space in Toronto, Ontario located at 75 Sherbourne Street, Suite 112 as of the end of June 2022, while holding to the satellite office space 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:

	July 31, 2022	**July 31, 2021**
Salaries and benefits	$947,239	$1,245,694
Stock-based compensation (i)	0	212,852
	$947,239	**$1,458,545**

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.

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 170,501,086 common shares issued and outstanding, incentive stock options outstanding and exercisable for up to 16,824,721 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.

RISK AND UNCERTAINTIES

Credit Risk

BlueRush is exposed to credit risk on its trade accounts receivable. Credit risk is minimized by ensuring the credit worthiness of the entities with which it carries on business. The Company's clients 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, 2022 the Company has recorded a provision for ECLs of $84,153 (July 31, 2020 - $7,868).

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

	ECL %	July 31, 2022	July 31, 2021
Current	0.5%	$369,609	$485,916
Up to 30 days past due	1.0%	213,247	216,452
Over 60 days past due	2.5%	193,967	15,658
Over 90 days past due	5.0%	254,684	20,193
Less: Provision for ECLs		(92,021)	(7,868)
		$939,485	**$730,351**

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, 2022, the Company had cash on hand of $1,247,831 and accounts receivable of $939,485 to meet working capital requirements.

As at July 31, 2022, the Company's current liabilities exceeded current assets by 327,403 (as of July 31, 2021, current assets exceeded current liabilities by $381,303). Of this amount, $1,317,965, ($979,962 - July 31, 2020) relates to deferred revenues, which is expected to be settled through the performance of service in the normal course of business.

The Company has no current commitments for capital expenditures as of the date hereof. Trade and other payables are due within the next 12 months. Convertible debentures that were issued 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, 2022, the Company's foreign denominated monetary assets and monetary liabilities as expressed in USD total $1,220,288 (July 31, 2021 – USD $1,177,013) and converted at the exchange rates of 1.28 and 1.25, respectively. For the year ended July 31, 2022, the Company recognized a gain on foreign exchange of $44,730 (July 31, 2021 - loss of $62,683).

Exposure to Currency Risk

		July 31, 2022	July 31, 2021
Cash	USD	$687,608	$802,759
Trade receivables		578,665	406,546
Trade payables		(45,985)	(32,292)
Net statement of financial position exposure	**USD**	**$1,220,288**	**$1,177,013**
Average USD to CAD exchange rate		1.27	1.27
Spot rate USD to CAD exchange rate		1.28	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 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.