

Condensed Interim Consolidated Financial Statements
(Expressed in U.S. dollars - unaudited)

VENZEE TECHNOLOGIES INC.

For the three and nine months ended September 30, 2020 and 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying condensed interim consolidated financial statements of Venzee Technologies Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

VENZEE TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(expressed in U.S. dollars - unaudited)

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2020	2019	2020	2019
Revenues	11	\$ -	\$ 34,598	\$ 26,590	\$ 148,331
Expenses	12				
Selling and marketing		192,975	181,316	556,084	709,890
General and administrative		169,941	386,248	460,603	1,528,262
Research and development		92,386	131,156	272,302	602,087
Depreciation	4	4,202	8,874	12,607	26,630
Loss on disposal of assets	4	-	-	24,954	-
Interest expense	6	-	1,000	4,604	2,999
		(459,504)	(708,594)	(1,331,154)	(2,869,868)
Net loss for the period		(459,504)	(673,996)	(1,304,564)	(2,721,537)
Translation adjustment		11,166	(10,607)	22,541	42,137
Total loss and comprehensive loss		\$ (448,338)	\$ (684,603)	\$ (1,282,023)	\$ (2,679,400)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares		168,643,601	110,591,201	151,680,875	78,655,071

The accompanying notes form an integral part of these condensed interim consolidated financial statements

VENZEE TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
(expressed in U.S. dollars - unaudited)

	Note	<u>As at September 30, 2020</u> 2020	<u>As at December 31,</u> 2019
ASSETS			
Current assets			
Cash		\$ 308,700	\$ 53,204
Accounts receivable		20,415	44,225
Prepaid expenses		8,709	24,462
Total current assets		<u>337,824</u>	<u>121,891</u>
Equipment	4	9,806	48,252
Total assets		<u>\$ 347,630</u>	<u>\$ 170,143</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 122,287	\$ 241,116
Deferred revenue	5	-	20,291
Loans payable	6	29,352	88,497
Total liabilities		<u>151,639</u>	<u>349,904</u>
Shareholders' equity (deficiency)			
Share capital	7	14,763,643	13,246,902
Subscriptions received in advance		-	64,600
Reserves	8	1,923,866	1,718,232
Accumulated other comprehensive loss		(4)	(22,545)
Deficit		<u>(16,491,514)</u>	<u>(15,186,950)</u>
Total shareholders' equity (deficiency)		<u>195,991</u>	<u>(179,761)</u>
Total liabilities and shareholders' equity (deficiency)		<u>\$ 347,630</u>	<u>\$ 170,143</u>

Nature and continuance of operations (Note 1)

Approved and authorized for issue on behalf of the Board on November 19, 2020.

The accompanying notes form an integral part of these condensed interim consolidated financial statements

VENZEE TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(expressed in U.S. dollars - unaudited)

	Note	Outstanding	Share capital	Subscriptions received in advance	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
Balance – December 31, 2018		82,333,412	\$ 11,536,952	\$ -	\$1,345,822	\$ (66,429)	\$ (11,876,131)	\$ 940,214
Share-based compensation	8	-	-	-	181,092	-	-	181,092
Broker warrants in connection with private placements	7,8	-	(45,006)	-	45,006	-	-	-
Private placements	7	28,257,789	1,500,640	-	-	-	-	1,500,640
Transaction costs in connection with private placements		-	(29,507)	-	-	-	-	(29,507)
Translation adjustment		-	-	-	-	42,137	-	42,137
Net loss for the period		-	-	-	-	-	(2,721,538)	(2,721,538)
Balance – September 30, 2019		110,591,201	\$ 12,963,079	\$ -	\$1,571,920	\$ (24,292)	\$ (14,597,669)	\$ (86,962)
Balance – December 31, 2019		121,151,201	\$ 13,246,902	\$ 64,600	\$1,718,232	\$ (22,545)	\$ (15,186,950)	\$ (179,761)
Share-based compensation	8	-	-	-	83,172	-	-	83,172
Broker warrants in connection with private placements	7,8	-	(122,462)	-	122,462	-	-	-
Debt conversion	6	1,152,400	39,500	-	-	-	-	39,500
Exercise of warrants	8	200,000	15,335	-	-	-	-	15,335
Private placements	7	46,340,000	1,696,140	(64,600)	-	-	-	1,631,540
Transaction costs in connection with private placements		-	(111,772)	-	-	-	-	(111,772)
Translation adjustment		-	-	-	-	22,541	-	22,541
Net loss for the period		-	-	-	-	-	(1,304,564)	(1,304,564)
Balance – September 30, 2020		168,843,601	\$ 14,763,643	\$ -	\$1,923,866	\$ (4)	\$ (16,491,514)	\$ 195,991

The accompanying notes form an integral part of these condensed interim consolidated financial statements

VENZEE TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Cash Flows

(expressed in U.S. dollars - unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Cash flows from operating activities				
Net loss for the period	\$ (459,504)	\$ (673,996)	\$ (1,304,564)	\$ (2,721,537)
Interest expense	-	1,000	4,604	2,999
Depreciation	4,202	8,874	12,607	26,630
Loss on disposal of assets	-	-	24,954	-
Share-based compensation	53,051	(31,143)	83,172	181,092
Changes in non-cash operating elements of working capital				
Accounts receivable	(3,198)	1,015	22,677	(4,368)
Prepaid expenses	6,713	45,945	15,109	(36,418)
Accounts payable and accrued liabilities	40,073	44,707	(210,747)	29,084
Deferred revenue	-	(16,101)	36,840	(22,866)
Net cash used in operating activities	(358,663)	(619,699)	(1,315,348)	(2,545,384)
Cash flows from financing activities				
Interest paid on loans payable	-	(1,000)	(4,604)	(2,999)
Repayment of loans payable	-	-	(10,500)	-
Proceeds from loans payable	-	-	29,352	-
Proceeds from exercise of warrants	15,335	-	15,335	-
Proceeds from private placements	-	-	1,631,540	1,471,134
Transaction costs in connection with private placements	-	-	(111,772)	-
Net cash provided by financing activities	15,335	(1,000)	1,549,351	1,468,135
Effect of foreign exchange on cash	12,710	(11,326)	21,493	43,898
Change in cash during the period	(330,618)	(631,934)	255,496	(1,033,351)
Cash – beginning of period	639,318	715,945	53,204	1,117,362
Cash – end of period	\$ 308,700	\$ 84,011	\$ 308,700	\$ 84,011

The accompanying notes form an integral part of these condensed interim consolidated financial statements

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Venzee Technologies Inc. (the “Company” or “Venzee”) develops and markets a cloud-based platform that suppliers and manufacturers from multiple industries use to share their product information and inventory updates, in real-time, with their retailers. The Company’s shares are listed on the TSX Venture Exchange under the symbol “VENZ”. The Company was incorporated under the laws of the province of British Columbia, Canada and its registered office is located at Suite 1700 - 1055 West Hastings Street, Vancouver, British Columbia, Canada.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At September 30, 2020, the Company had a working capital of \$186,185, had not yet achieved profitable operations and has an accumulated deficit of \$16,491,514 since its inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company’s industry and in the global markets, including possible disruptions in the Company’s ability to provide services to its clients, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) to date have not had a material impact on the Company’s operations and ability to access capital. The full extent of the impact of this outbreak and related containment measures on the Company’s operations cannot be reliably estimated at the date these financial statements were approved, which was on November 19, 2020.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on November 19, 2020.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements are presented in U.S. dollars (“USD”). The functional currency of the Company and its 100% owned Canadian subsidiary is the Canadian Dollar (“CAD” or “CAD \$”). The functional currency of the Company’s 100% owned U.S. subsidiary is the USD. Unless otherwise indicated, all dollar (“\$”) and “USD” amounts and references in these condensed interim consolidated financial statements are to U.S. dollars, and references to “CAD” are to Canadian dollars.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned U.S. subsidiary Venzee Inc. and its wholly owned Canadian subsidiary Venzee Technologies Canada Inc. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Critical accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that can have a significant effect on the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are significant when:

- the outcome is highly uncertain at the time the estimates are made; or
- different estimates or judgments could reasonably have been used that would have had a material impact on the consolidated financial statements.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

The condensed interim consolidated financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Management uses historical experience, general economic conditions and trends, and assumptions regarding probable future outcomes as the basis for determining estimates.

Estimates and their underlying assumptions are reviewed on a regular basis and the effects of any changes are recognized immediately. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the condensed interim consolidated financial statements and actual results could differ from the estimates and assumptions.

Set forth below are descriptions of items that management believes require its most critical estimates and judgments.

Key sources of estimation uncertainty

Recoverability of receivables

The Company evaluates specific accounts where it has information that a customer may be unable to meet its financial obligations. In these cases, judgment is used based on the best available information to determine actual amounts that will be collected. The Company continually reviews and adjusts such amounts as better information becomes available.

Judgments

Functional currency

The functional currency of the Company and its subsidiaries are the currencies that reflect the economic environment in which the Company and its subsidiaries performs their operations. Functional currencies are re-evaluated if there is a change in events and conditions which determines the primary economic environment.

Going concern

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2020 and 2019****(expressed in U.S. dollars - unaudited)**

2. BASIS OF PREPARATION (continued)*Income taxes*

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as otherwise indicated hereunder, these condensed interim consolidated financial statements have been prepared using the same policies and methods as the consolidated financial statements of the Company for the year ended December 31, 2019. Refer to Note 3 of the Company's consolidated financial statements for the year ended December 31, 2019 for more information on new accounting standards and amendments not yet effective.

4. EQUIPMENT

	<u>Furniture</u>	<u>Software</u>	<u>Total</u>
Net carrying amount – December 31, 2018	\$ 42,191	\$ 39,223	\$ 81,414
Depreciation	(14,023)	(12,607)	(26,630)
Net carrying amount – September 30, 2019	28,168	26,616	54,784
Net carrying amount - December 31, 2019	25,839	22,413	48,252
Depreciation	-	(12,607)	(12,607)
Disposals	(24,954)	-	(24,954)
Foreign currency translation	(885)	-	(885)
Net carrying amount - September 30, 2020	\$ -	\$ 9,806	\$ 9,806

5. DEFERRED REVENUE

The Company offers a variety of options for software licensing, prepaid credits for specific amounts of credits for product submission and an access fee for the use of the partner platform. Deferred revenue represents the unearned portion of these software licensing options purchased by our customers. The Company amortizes the recognition of revenue of these contracts as per the specific contract term. The entire balance is current and expected to be earned within the next 12 months. As at September 30, 2020, \$nil (2019 - \$20,291) was outstanding in deferred revenue.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

6. LOANS PAYABLE

On May 1, 2017, the Company entered into a loan agreement with the following terms and conditions:

- Face value of \$50,000;
- Accrues interest at a rate of 8% per annum; and
- Monthly interest payments of \$333, due on the last day of each calendar month.

During the period ended September 30, 2020, the Company repaid the loan by way of a cash payment of \$13,500 and conversion of the remainder of the loan for 1,152,400 common shares of the Company.

On December 23, 2019, the Company received a \$38,497 (CAD \$50,000) unsecured loan by way of a promissory note bearing interest at 15% per annum. During the period ended September 30, 2020, the Company repaid the loan and its accrued interest.

During the period ended September 30, 2020, the Company was able to access COVID relief funding through the Canada Emergency Business Account (“CEBA”) in the amount of \$29,352 (CAD \$40,000). The loan is unsecured and interest free with no payments required until December 31, 2022 at which time, if the balance is repaid, \$10,000 will be forgiven. If the loan is not repaid at that time, the loan will be converted into a term loan.

During the three and nine months period ended September 30, 2020, the Company incurred interest expense of \$nil and \$4,604 (2019 – \$1,000 and \$2,999).

7. SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares, with no par value.

Equity Financing

On January 31, 2020, the Company closed a non-brokered private placement for total proceeds of CAD \$915,000 resulting in the issuance of 18,300,000 units. Each unit is comprised of one share and one warrant. Each warrant is exercisable until January 31, 2023 (subject to an acceleration clause) at a price of CAD \$0.10 per warrant to acquire one common share. In connection with the private placement, the Company paid CAD \$45,850 and issued 1,181,000 warrants (Finders’ Warrants) as finders’ fees. Each Finders’ Warrant is exercisable for one common share at CAD \$0.10 until January 31, 2023.

On May 22, 2020, the Company closed a non-brokered private placement for total proceeds of CAD \$1,402,000 resulting in the issuance of 28,040,000 units. Each unit is comprised of one share and one warrant. Each warrant is exercisable until May 22, 2023 (subject to an acceleration clause) at a price of CAD \$0.10 per warrant to acquire one common share. In connection with the private placement, the Company paid CAD \$90,440 and issued 1,808,800 warrants (Finders’ Warrants) as finders’ fees. Each Finders’ Warrant is exercisable for one common share at CAD \$0.06 until May 22, 2023.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2020 and 2019****(expressed in U.S. dollars - unaudited)****8. RESERVES***Stock Options*

The Company has a stock option plan (the "Plan") that is administered by the Board of Directors of the Company, who establish exercise prices at not less than the market price at the date of grant, and vesting periods, which to date have been set at four years.

Options under the Plan remain exercisable up to ten years from the date of grant. The maximum number of common shares reserved for issuance for options that may be granted under the Plan as at September 30, 2020 was 16,864,360 (December 31, 2019 – 12,115,120), being 10% of the issued and outstanding common shares of the Company.

A summary of the Company's stock option transactions during the period is as follows:

	As at September 30, 2020		As at December 31, 2019	
	Number of	Weighted	Number of	Weighted
Beginning balance	5,062,875	\$ 0.27	2,437,500	\$ 0.74
Transactions during the period:				
Granted	9,850,000	0.08	4,700,000	0.10
Cancelled	(2,190,375)	0.18	(2,074,625)	0.43
Ending balance	12,722,500	\$ 0.14	5,062,875	\$ 0.27

The following incentive stock options were outstanding as at September 30, 2020:

Number of Options Outstanding	Exercise Price (CAD \$)	Expiry Date	Number of Options Exercisable	Exercise Price (CAD \$)
22,500	\$ 0.25	June 8, 2027	18,750	0.25
400,000	\$ 1.32	January 5, 2023	400,000	1.32
150,000	\$ 1.44	January 15, 2023	100,000	1.44
1,100,000	\$ 0.10	January 17, 2024	458,332	0.10
1,200,000	\$ 0.10	June 25, 2024	1,200,000	0.10
9,850,000	\$ 0.08	June 17, 2025	3,283,333	0.08
12,722,500	\$ 0.14		5,460,415	0.20

The weighted average remaining life of the stock options was 4.40 years.

During the nine months ended September 30, 2020, the Company granted 9,850,000 (2019 – 4,700,000) stock options with a weighted average fair value of \$0.08 (2019 - \$0.10) per option and the Company recognized \$30,121 (2019 - \$212,235) as share-based compensation expense. The fair value of the stock options granted was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

8. RESERVES (continued)

	<u>2020</u>	<u>2019</u>
Expected volatility	178%	127%
Expected life	3.75 years	3.75 years
Risk-free interest rate	0.38%	1.75%
Dividend yield	0%	0%
Weighted average fair value of options at grant date	<u>CAD \$ 0.08</u>	<u>CAD \$0.07</u>

Warrants

A summary of the Company's warrant transactions during the year is as follows:

	<u>Number of warrants</u>	<u>Weighted average exercise price CAD \$</u>
Balance, December 31, 2018	28,271,142	0.28
Issued	41,246,421	0.14
Expired unexercised	<u>(7,135,907)</u>	<u>(0.67)</u>
Balance, December 31, 2019	62,381,656	0.14
Issued	49,329,800	0.10
Exercised	<u>(200,000)</u>	<u>0.10</u>
Balance, September 30, 2020	<u>111,511,456</u>	<u>0.12</u>

The following warrants were outstanding as at September 30, 2020:

<u>Number of warrants</u>	<u>Weighted average</u>	<u>Expiry date</u>
21,135,235	0.15	December 28, 2020
30,150,221	0.15	April 26, 2022
3,291,000	0.10	November 22, 2022
7,805,200	0.10	December 2, 2022
19,281,000	0.10	January 31, 2023
29,848,800	0.10	May 23, 2023
<u>111,511,456</u>	<u>0.12</u>	

The weighted average remaining life of the warrants is 1.80 years.

During the period ended September 30, 2020, 200,000 warrants were exercised for proceeds of CAD \$20,000 resulting in the issuance of 200,000 common shares.

During the period ended September 30, 2020, the Company granted 46,340,000 warrants to investors as well as 2,989,800 broker warrants pursuant to two non-brokered private placements. The fair value of broker warrants granted are estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2020 and 2019****(expressed in U.S. dollars - unaudited)****8. RESERVES (continued)**

	<u>2020</u>	<u>2019</u>
Expected volatility	177%	113%
Expected life	3 years	2.5 years
Expected forfeiture rate	0%	0%
Risk-free interest rate	0.29%	1.54%
Dividend yield	0%	0%
Weighted average fair value of warrants at grant date	<u>CAD \$ 0.05</u>	<u>CAD \$ 0.03</u>

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts receivable, accounts payable and accrued liabilities and loans payable approximate their carrying values due to their short-term nature. The Company's cash is measured at fair value using Level 1 inputs.

The Company is exposed to various financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at September 30, 2020, the Company's significant foreign exchange currency exposure on its financial instruments by currency was as follows (in U.S. dollar equivalents):

	<u>\$CAD</u>
Cash	244,000
Accounts receivable	20,000
Accounts payable and accrued liabilities	<u>(59,000)</u>

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the USD exchange rate at the balance sheet date for balance sheet items denominated in CAD:

<u>Currency</u>	<u>(Increase) Decrease in Loss and Comprehensive loss</u>
<u>CAD</u>	<u>\$ 20,500</u>

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivable are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The accounts receivable is comprised of sales tax receivable from the Government of Canada. As at September 30, 2020, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2020, the Company is not exposed to any significant interest rate risk. The loans payable to third parties had a fixed interest rate of 8% and 15% per annum and was repaid during the period. The Company did enter into a new loan during the current period, but the loan does not bear interest if repaid by December 21, 2022. See Note 6.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes certain executive directors, and entities controlled by such persons. The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors.

The compensation of such key management for the three and nine months ended September 30, 2020 and 2019 included the following:

	For the Three Months Ended September 30		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Remuneration paid to the CEO	50,000	99,936	150,000	199,577
Remuneration paid to CTO	28,140	28,278	83,081	106,452
Remuneration paid to CFO	18,010	22,982	53,172	91,501
Remuneration paid to independent directors	43,750	28,215	131,250	50,786
Stock-based compensation - directors and officers	42,907	7,162	65,078	138,800
	<u>\$ 182,807</u>	<u>\$ 186,573</u>	<u>\$ 482,581</u>	<u>\$ 587,116</u>

As at September 30, 2020, included in accounts payable and accrued liabilities was \$5,908 (2019 – nil) of fees owed to key management personnel.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(expressed in U.S. dollars - unaudited)

11. SEGMENTED INFORMATION

The Company operates in one operating segment, being a cloud-based platform solution targeted to online retailers and vendors. This segment engages in business activities from which it earns license revenues and incurs expenses. The equipment held by the Company is held in Canada \$nil (2019 – \$28,168) and the United States \$9,806 (2019 – \$26,616).

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

Geographic Area	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
United States	\$ -	\$ 24,128	\$ 16,921	\$ 132,765
Other	-	10,470	9,669	15,566
	<u>\$ -</u>	<u>\$ 34,598</u>	<u>\$ 26,590</u>	<u>\$ 148,331</u>

12. EXPENSES CLASSIFIED BY NATURE

The following table shows the breakdown of expenses by nature for each function on the consolidated statements of loss and comprehensive loss:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Employees and contractors	\$ 275,318	\$ 496,451	\$ 792,478	\$ 1,952,785
Depreciation	4,202	8,874	12,607	26,630
Loss on disposal of assets	-	-	24,954	-
Interest expense	-	1,000	4,604	2,999
Software and support tools	11,228	22,189	39,602	67,790
Director fees	-	11,274	-	50,786
Investor relations	52,542	64,000	129,982	175,989
Legal and professional fees	33,147	38,825	109,882	114,909
Administration	19,732	50,335	85,866	165,510
Share-based compensation	53,051	(31,143)	83,172	181,092
Travel and entertainment	1,680	12,937	12,283	29,564
Advertising, promotion and marketing	8,604	33,850	35,724	101,814
	<u>\$ 459,504</u>	<u>\$ 708,594</u>	<u>\$ 1,331,154</u>	<u>\$ 2,869,868</u>

13. SUBSEQUENT EVENT

Subsequent to September 30, 2020, the Company paid liabilities of CAD \$12,500 by issuing 133,333 common shares.