

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

VENZEE TECHNOLOGIES INC.

For the three and nine months ended September 30, 2021 and 2020

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,	
		2021	2020	2021	2020
Revenues	11	\$ 16,230	\$ -	\$ 38,575	\$ 26,590
Cost of revenues		5,353	-	16,929	31,696
		10,877	-	21,646	(5,106)
Expenses	12				
Selling and marketing		379,919	192,975	948,162	524,388
General and administrative		334,826	169,941	1,170,045	460,603
Research and development		178,978	92,386	370,671	272,302
Depreciation	4	-	4,202	5,603	12,607
Loss on disposal of assets	4	-	-	-	24,954
Interest expense	6	-	-	-	4,604
Forgiveness of debt	6	(90,625)	-	(90,625)	-
		(803,098)	459,504	(2,403,856)	1,299,458
Net loss for the period		(792,221)	(459,504)	(2,382,210)	(1,304,564)
Translation adjustment		(28,584)	11,166	23,124	22,541
Total loss and comprehensive loss		\$ (820,805)	\$ (448,338)	\$ (2,359,086)	\$ (1,282,023)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares		221,297,301	168,643,601	221,297,301	151,680,875

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	As at September 30, 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash		\$ 918,488	\$ 1,325,097
Accounts receivable		27,111	11,713
Prepaid expenses		13,672	72,969
Total current assets		959,271	1,409,779
Equipment	4	-	5,603
Total assets		\$ 959,271	\$ 1,415,382
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 126,574	\$ 94,548
Deferred revenue	5	3,750	-
Loans payable	6	47,092	47,125
Total liabilities		177,416	141,673
Shareholders' equity (deficiency)			
Share capital	7	17,692,761	16,150,941
Reserves	8	2,401,261	2,075,849
Accumulated other comprehensive loss		19,720	(3,404)
Deficit		(19,331,887)	(16,949,677)
Total shareholders' equity (deficiency)		781,855	1,273,709
Total liabilities and shareholders' equity (deficiency)		\$ 959,271	\$ 1,415,382

Nature and continuance of operations (Note 1)

Subsequent event (Note 13)

Approved and authorized for issue on behalf of the Board on November 18, 2021.

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	Common Shares Outstanding	Share capital	Subscriptions received in advance	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
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		-	(122,462)	-	122,462	-	-	-
Debt conversion		1,152,400	39,500	-	-	-	-	39,500
Exercise of warrants		200,000	15,335	-	-	-	-	15,335
Private placements		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
Balance – December 31, 2020		208,185,115	\$ 16,150,941	\$ -	\$ 2,075,849	\$ (3,404)	\$ (16,949,677)	\$ 1,273,709
Share-based compensation	8	-	-	-	440,460	-	-	440,460
Exercise of stock options	7	834,977	96,279	-	(36,933)	-	-	59,346
Exercise of warrants	7	17,024,750	1,445,541	-	(78,115)	-	-	1,367,426
Translation adjustment		-	-	-	-	23,124	-	23,124
Net loss for the period		-	-	-	-	-	(2,382,210)	(2,382,210)
Balance – September 30, 2021		226,044,842	\$ 17,692,761	\$ -	\$ 2,401,261	\$ 19,720	\$ (19,331,887)	\$ 781,855

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,	
	2021	2020	2021	2020
Cash flows from operating activities				
Net loss for the period	\$ (792,221)	\$ (459,504)	\$ (2,382,210)	\$ (1,304,564)
Items not involving cash:				
Interest expense	-	-	-	4,604
Depreciation	-	4,202	5,603	12,607
Loss on disposal of assets	-	-	-	24,954
Share-based compensation	73,063	53,051	440,460	83,172
Forgiveness of debt	(90,625)	-	(90,625)	-
Changes in non-cash operating elements of working capital				
Accounts receivable	(5,955)	(3,198)	(15,405)	22,677
Prepaid expenses	31,624	6,713	59,245	15,109
Accounts payable and accrued liabilities	45,477	40,073	32,074	(210,747)
Deferred revenue	(3,750)	-	3,750	36,840
Net cash used in operating activities	(742,387)	(358,663)	(1,947,108)	(1,315,348)
Cash flows from financing activities				
Interest paid on loans payable	-	-	-	(4,604)
Repayment of loans payable	-	-	-	(10,500)
Proceeds from loans payable	-	-	90,625	29,352
Proceeds from exercise of stock options	-	-	59,346	-
Proceeds from exercise of warrants	-	15,335	1,367,426	15,335
Proceeds from private placements	-	-	-	1,631,540
Transaction costs in connection with private placements	-	-	-	(111,772)
Subscriptions received in advance	-	-	-	-
Net cash provided by financing activities	-	15,335	1,517,396	1,549,351
Effect of foreign exchange on cash	(29,385)	12,710	23,103	21,493
Change in cash during the period	(771,772)	(330,618)	(406,609)	255,496
Cash – beginning of period	1,690,260	639,318	1,325,097	53,204
Cash – end of period	\$ 918,488	\$ 308,700	\$ 918,488	\$ 308,700

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, 2021 and 2020

(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, 2021, the Company had working capital of \$781,855, but has not yet achieved profitable operations and has an accumulated deficit of \$19,331,887 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.

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 18, 2021.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

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.

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.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

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.

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.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the Company's industry and in the global markets, include disruptions in the Company's ability to provide its services to its clients. The measures 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. Although Company's management does not expect any further effects, 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 18, 2021.

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, 2020. Refer to Note 3 of the Company's consolidated financial statements for the year ended December 31, 2020 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, 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	<u>\$ -</u>	<u>\$ 9,806</u>	<u>\$ 9,806</u>
Net carrying amount - December 31, 2020	\$ -	\$ 5,603	\$ 5,603
Depreciation	-	(5,603)	(5,603)
Net carrying amount - September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

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, 2021, \$3,750 (2020 - \$nil) was outstanding in deferred revenue.

6. LOANS PAYABLE

On December 22, 2020, the Company received relief funding through the Canada Emergency Business Account (“CEBA”) in the amount of \$47,092 (CAD \$60,000). The loan is unsecured and interest free with no payments required until December 31, 2022 at which time, if the balance is repaid, CAD \$20,000 will be forgiven. If the loan is not repaid at that time, the loan will be converted into an interest-bearing loan at a rate of 5% per annum.

During the nine months ended September 30, 2021, the Company received a loan in the amount of \$90,625 through the US federal government’s Paycheck Protection Program (“PPP loan”). PPP loans are forgivable if the Company qualifies. During the three months ended September 30, 2021, the loan was forgiven and is recorded in total loss and comprehensive loss.

7. SHARE CAPITAL

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

During the nine-month period ended September 30, 2021, the Company:

- Issued 834,977 common shares with the exercise of stock options for proceeds of \$59,346 (CAD \$75,164); and,
- Issued 17,024,750 common shares with the exercise of warrants for proceeds of \$1,367,426 (CAD \$1,717,905).

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

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(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 for 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, 2021 was 22,604,484 (December 31, 2020 – 20,818,511), 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, 2021		As at December 31, 2020	
	Number of options	Weighted average exercise price CAD \$	Number of options	Weighted average exercise price CAD \$
Beginning balance	12,722,500	\$ 0.14	5,062,875	\$ 0.27
Transactions during the period:				
Granted	4,100,000	0.17	9,850,000	0.08
Exercised	(834,977)	0.09	-	-
Cancelled	(1,537,523)	0.10	(2,190,375)	0.18
Ending balance	14,450,000	\$ 0.15	12,722,500	\$ 0.14

The following incentive stock options were outstanding as at September 30, 2021:

Number of Options Outstanding	Exercise Price (CAD \$)	Expiry Date	Number of Options Exercisable	Exercise Price (CAD \$)
400,000	1.32	January 5, 2023	400,000	1.32
150,000	1.44	January 15, 2023	137,500	1.44
700,000	0.10	January 17, 2024	466,667	0.10
900,000	0.10	June 25, 2024	900,000	0.10
8,400,000	0.075	June 17, 2025	5,600,000	0.075
1,000,000	0.13	February 11, 2026	333,333	0.13
2,400,000	0.20	March 30, 2026	800,000	0.20
500,000	0.12	July 6, 2026	166,667	0.12
14,450,000	0.15		8,804,167	0.17

The weighted average remaining life of the stock options is 3.70 years.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2021 and 2020****(expressed in U.S. dollars - unaudited)**

8. RESERVES (continued)

During the nine months ended September 30, 2021, the Company granted 3,600,000 (2020 – nil) stock options with a weighted average fair value of \$0.18 (2020 - \$nil) per option. For the three and nine months ended September 30, 2021, the Company recognized \$73,063 and \$440,460 (2020 - \$53,051 and \$83,172) as share-based compensation expense. The fair value of the stock options granted during the nine months ended September 30, 2021 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>2021</u>	<u>2020</u>
Expected volatility	144%	178%
Expected life	5 years	3.75 years
Risk-free interest rate	1.31%	0.38%
Dividend yield	0%	0%
Weighted average fair value of options at grant	<u>CAD \$0.14</u>	<u>CAD \$0.07</u>

Restricted Share Units (“RSU’s”)

The Company also has a restricted share unit (“RSU”) plan for certain officers, employees and consultants.

The RSUs granted are equity-settled share-based payments and are measured at the fair value of the Company’s common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU Plan. The fair value determined at the grant date is charged to income on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares, with a corresponding increase in reserves.

As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. The impact of the revision of estimates, if any, is recognized in income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. Upon settlement of the equity-settled RSUs, if cash is elected, the cash payment shall be accounted for as a repurchase of equity.

On March 30, 2021, the Company granted 1,900,000 RSU’s which vest pursuant to the holders meeting certain performance targets as determined by the Board of Directors. For the three and nine month period ended September 30, 2021, all 1,900,000 RSU’s had vested and the Company recognized \$nil and \$198,075 (2020 - \$nil and \$nil) as share-based compensation expense. The fair value of the RSU’s was calculated using the share price of the vesting RSU’s on the vesting date.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

8. RESERVES (continued)

Warrants

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

	Number of warrants	Weighted average exercise price CAD \$
Balance, December 31, 2019	62,381,656	0.14
Issued	49,329,800	0.10
Exercised	(200,000)	0.10
Balance, September 30, 2020	111,511,456	0.12
Issued	38,787,381	0.10
Exercised	(420,000)	(0.10)
Expired unexercised	(21,135,235)	(0.15)
Balance, December 31, 2020	128,743,602	0.11
Exercised	(17,024,750)	(0.10)
Balance, September 30, 2021	111,718,852	0.12

The following warrants were outstanding as at September 30, 2021:

Number of warrants outstanding	Weighted average exercise price CAD \$	Expiry date
29,132,221	0.15	April 26, 2022
2,041,000	0.10	November 22, 2022
4,585,200	0.10	December 2, 2022
15,581,000	0.10	January 31, 2023
21,090,000	0.10	May 22, 2023
501,250	0.06	May 22, 2023
38,788,181	0.11	December 17, 2023
111,718,852	0.12	

The weighted average remaining life of the warrants is 1.48 years.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(expressed in U.S. dollars - unaudited)

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, 2021, 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	774,000
Accounts receivable	26,000
Accounts payable and accrued liabilities	(81,000)
Loans payable	<u>(47,000)</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>\$ 67,200</u>

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

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(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, 2021, 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. The loan payable does not bear interest until December 31, 2022. As at September 30, 2021, the Company is not exposed to any significant interest rate risk.

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, 2021 and 2020 included the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Remuneration paid to the CEO	56,250	99,936	\$ 162,500	\$ 150,000
Remuneration paid to CTO	37,802	28,278	95,801	83,081
Remuneration paid to CFO	20,243	22,982	59,938	53,172
Remuneration paid to Executive VP - Commercial Operations	48,750	28,215	141,250	131,250
Stock-based compensation - directors and officers	73,063	7,162	278,516	65,078
	<u>\$ 236,108</u>	<u>\$ 186,573</u>	<u>\$ 738,005</u>	<u>\$ 482,581</u>

As at September 30, 2021, included in accounts payable and accrued liabilities was \$19,452 (December 31, 2020 - \$15,889) 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, 2021 and 2020

(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.

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,	
	2021	2020	2021	2020
United States	\$ 16,230	\$ -	\$ 38,575	\$ 16,921
Other	-	-	-	9,669
	<u>\$ 16,230</u>	<u>\$ -</u>	<u>\$ 38,575</u>	<u>\$ 26,590</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,	
	2021	2020	2021	2020
Administration	\$ 28,346	\$ 19,732	\$ 101,269	\$ 85,866
Advertising, promotion and marketing	48,698	8,630	78,743	17,757
Depreciation	-	4,202	5,603	12,607
Employees and contractors	486,285	275,319	1,187,910	778,830
Forgiveness of debt	(90,625)	-	(90,625)	-
Investor relations	54,629	52,542	236,121	129,982
Legal and professional fees	164,238	33,147	347,957	109,882
Share-based compensation	73,063	53,051	440,460	83,172
Software and support tools	25,562	11,201	70,613	39,521
Travel and entertainment	12,902	1,680	25,805	12,283
	<u>\$ 803,098</u>	<u>\$ 459,504</u>	<u>\$ 2,403,856</u>	<u>\$ 1,299,458</u>

13. SUBSEQUENT EVENT

Subsequent to September 30, 2021, the Company issued 2,573,000 common shares for total proceeds of \$260,030 CAD upon the exercise of the following share purchase warrants:

- 273,000 warrants at a price of \$0.11 CAD per share; and,
- 2,300,000 warrants at a price of \$0.10 CAD per share.