

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

VENZEE TECHNOLOGIES INC.

For the three and nine months ended September 30, 2022 and 2021

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,	
		2022	2021	2022	2021
Revenues	13	\$ 3,425	\$ 16,230	\$ 26,800	\$ 38,575
Cost of revenues		9,946	5,353	22,088	16,929
		(6,521)	10,877	4,712	21,646
Expenses	14				
Selling and marketing		293,049	379,919	1,110,517	948,162
General and administrative		153,046	261,763	610,126	729,585
Research and development		47,275	178,978	327,525	370,671
Depreciation	6	-	-	-	5,603
Share-based compensation	10,12	43,065	73,063	217,395	440,460
Forgiveness of debt		-	(90,625)	-	(90,625)
Accretion expense	8	3,588	-	3,588	-
Interest expense	8	4,390	-	4,390	-
		(544,413)	(803,098)	(2,273,541)	(2,403,856)
Net loss for the period		(550,934)	(792,221)	(2,268,829)	(2,382,210)
Translation adjustment		16,906	(28,584)	24,215	23,124
Total loss and comprehensive loss for the period		\$ (534,028)	\$ (820,805)	\$ (2,244,614)	\$ (2,359,086)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		246,461,509	221,297,301	241,747,914	221,297,301

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, 2022 2022	As at December 31, 2021
ASSETS			
Current assets			
Cash		\$ 54,775	\$ 534,272
Accounts receivable	4	12,086	24,813
Prepaid expenses		15,214	46,314
Total current assets		82,075	605,399
Total assets		\$ 82,075	\$ 605,399
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 582,513	\$ 174,540
Deferred revenue	5	7,075	-
Loans payable	7	43,773	47,094
Convertible debentures	8	134,782	-
Total liabilities		768,143	221,634
Shareholders' equity			
Share capital	9	19,014,479	18,174,411
Equity portion of convertible debenture	8	75,769	-
Reserves	10	3,024,084	2,742,777
Accumulated other comprehensive income		24,215	22,363
Deficit		(22,824,615)	(20,555,786)
Total shareholders' equity (deficiency)		(686,068)	383,765
Total liabilities and shareholders' equity (deficiency)		\$ 82,075	\$ 605,399

Nature and continuance of operations (Note 1)

Approved and authorized for issue on behalf of the Board on November 28, 2022.

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	Equity portion of convertible debenture	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
Balance – December 31, 2020		208,185,115	\$ 16,150,941	\$ -	\$ 2,075,849	\$ (3,404)	\$ (16,949,677)	\$ 1,273,709
Share-based compensation	10	-	-	-	440,460	-	-	440,460
Exercise of stock options	9	834,977	96,279	-	(36,933)	-	-	59,346
Exercise of warrants	9	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
Balance – December 31, 2021		231,857,842	\$ 18,174,411	\$ -	\$ 2,742,777	\$ 22,363	\$ (20,555,786)	\$ 383,765
Share-based compensation	10	-	-	-	217,395	-	-	217,395
Equity portion of convertible debenture	8	-	-	75,769	-	-	-	75,769
Exercise of stock options	9,10	166,667	19,726	-	(9,762)	-	-	9,964
Exercise of warrants	9,10	5,952,000	479,970	-	(5,924)	-	-	474,046
Broker warrants in connection with private placements	9	-	(25,835)	-	25,835	-	-	-
Private placements	9	8,485,000	405,094	-	53,763	-	-	458,857
Transaction costs in connection with private placements	9	-	(38,887)	-	-	-	-	(38,887)
Translation adjustment		-	-	-	-	1,852	-	1,852
Net loss for the period		-	-	-	-	-	(2,268,829)	(2,268,829)
Balance – September 30, 2022		246,461,509	\$ 19,014,479	\$ 75,769	\$ 3,024,084	\$ 24,215	\$ (22,824,615)	\$ (686,068)

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,	
	2022	2021	2022	2021
Cash flows from operating activities				
Net loss for the period	\$ (550,934)	\$ (792,221)	\$ (2,268,829)	\$ (2,382,210)
Accrued interest	2,048	-	2,048	-
Depreciation	-	-	-	5,603
Accretion of discount on convertible debentures	3,588	-	3,588	-
Share-based compensation	43,065	73,063	217,395	440,460
Forgiveness of debt	-	(90,625)	-	(90,625)
Changes in non-cash operating elements of working capital				
Accounts receivable	32,004	(5,955)	11,825	(15,405)
Prepaid expenses	49,702	31,624	30,928	59,245
Accounts payable and accrued liabilities	153,325	45,477	413,378	32,074
Deferred revenue	825	(3,750)	7,075	3,750
Net cash used in operating activities	(266,377)	(742,387)	(1,582,592)	(1,947,108)
Cash flows from financing activities				
Issuance of convertible debenture	204,914	-	204,914	-
Proceeds from loans payable	-	-	-	90,625
Proceeds from exercise of stock options	-	-	9,964	59,346
Proceeds from exercise of warrants	-	-	474,046	1,367,426
Proceeds from private placements	-	-	458,857	-
Transaction costs in connection with private placements	-	-	(38,887)	-
Net cash provided by financing activities	204,914	-	1,108,894	1,517,397
Effect of foreign exchange on cash	10,475	(29,385)	(5,799)	23,103
Change in cash during the period	(50,988)	(771,772)	(479,497)	(406,609)
Cash – beginning of period	105,763	1,690,260	534,272	1,325,097
Cash – end of period	\$ 54,775	\$ 918,488	\$ 54,775	\$ 918,488

Supplemental disclosure with respect to cash flows:

- Fair value of warrants exercised of \$5,924 (2021 - \$78,115).
- Fair value of options exercised of \$9,762 (2021 - \$36,933).

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, 2022 and 2021

(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, 2022, the Company had working capital deficiency of \$686,068, has not yet achieved profitable operations, and has an accumulated deficit of \$22,824,615 since its inception. The continuing operations of the Company are highly dependent upon its ability to continue to raise adequate financing in the short-term, 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 immediate 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 28, 2022.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(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 condensed interim 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 in and to U.S. dollars, and references to “CAD” or “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.* The Company consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. Control is normally achieved through ownership, directly or indirectly, of more than 50% of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. 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 condensed interim 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 condensed interim 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.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

Critical accounting estimates and judgments (continued)

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 subsidiary are the currencies that reflect the economic environment in which the Company and its subsidiary 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 for the condensed interim consolidated financial statements, 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, 2022 and 2021

(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, 2021. Refer to Note 3 of the Company's consolidated financial statements for the year ended December 31, 2021 for more information on new accounting standards and amendments not yet effective.

4. ACCOUNTS RECEIVABLE

	September 30, 2022	December 31, 2021
Trade receivables	\$ 7,500	\$ 11,950
Input tax credits	4,586	\$ 12,863
	<u>\$ 12,086</u>	<u>\$ 24,813</u>

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, 2022, \$7,075 (December 31, 2021 - \$nil) was outstanding in deferred revenue.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021****(expressed in U.S. dollars - unaudited)**

6. EQUIPMENT

	<u>Software</u>	<u>Total</u>
Net carrying amount – December 31, 2020	\$ 5,603	\$ 5,603
Depreciation	(5,603)	(5,603)
Net carrying amount – September 30, 2021	-	-
Depreciation	-	-
Net carrying amount - December 31, 2021	-	-
Net carrying amount - September 30, 2022	<u>\$ -</u>	<u>\$ -</u>

7. LOANS PAYABLE

On December 22, 2020, the Company received relief funding through the Canada Emergency Business Account (“CEBA”) in the amount of \$43,773 (CAD \$60,000). The loan is unsecured and interest free with no payments required until December 31, 2023 at which time, if the balance is repaid, CAD \$20,000 will be forgiven. Commencing January 1, 2024 any remaining balance will be converted into a term loan which will incur interest at 5% per annum with the loans fully due by December 31, 2025.

8. CONVERTIBLE DEBENTURES

During the period ended September 30, 2022, the Company closed an offering of unsecured convertible debentures for a total of \$204,914 (CAD \$275,000) (the “Debenture”).

The Debenture mature three (3) years from the date of issuance and bear interest at a rate of 5% per annum, payable and compounded annually. The principal sum or any portion thereof, may be converted into units of the Company at a conversion price of \$0.05 per unit for the first year and at the greater of market price of the shares or \$0.10 in subsequent years, commencing on the date that is six (6) months from the date that the Debentures are issued.

Each unit shall be comprised of one common share and one share purchase warrant. Each warrant shall entitle the holder to acquire one additional common share of the Company at a price of \$0.08 per share for a period of thirty-six (36) months from the date that the warrants are issued.

In connection with the debenture, the Company paid finder's fee CAD\$18,000 and issued 360,000 finders' warrants upon the same terms and conditions as above.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(expressed in U.S. dollars - unaudited)

8. CONVERTIBLE DEBENTURES (continued)

For accounting purposes, the convertible debenture has been separated into its liability and equity component using the effective interest rate method. The fair value of the liability component of the convertible debenture at the time of issue was calculated as being equivalent to the discounted cash flows for the debenture assuming an effective interest rate of 21.21% per annum. The effective interest rates were based on the estimated rate for a debenture without a conversion feature. The equity component has been recorded under equity, which was calculated as the difference between the face value of the convertible debenture and the fair value of the liability component.

As at September 30, 2022, the Company accrued \$2,048 (2021 - \$nil) of interest expenses, \$3,588 (2021 - \$nil) of accretion expenses in connection with these Debentures as follows:

Opening balance, December 31, 2021	\$	-
Issuance of convertible notes		204,914
Less: Allocation to equity		(75,769)
Interest expense		2,048
Accretion expense		3,588
Ending balance, September 30, 2022	\$	134,782

9. 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, 2022:

- The Company issued 166,667 common shares with the exercise of stock options for proceeds of \$9,964 (CAD \$12,500);
- The Company issued 5,952,000 common shares with the exercise of warrants for proceeds of \$474,046 (CAD \$601,200);
- On April 6, 2022, the Company closed a non-brokered private placement for total proceeds of \$323,927 (CAD \$405,200) resulting in the issuance of 5,065,000 units. Each unit is comprised of one share and one warrant. Each warrant is exercisable until April 6, 2025 (subject to an acceleration clause) at a price of CAD \$0.12 per warrant to acquire one common share. In connection with the private placement, the Company paid \$25,914 (CAD \$32,416) and issued 405,200 warrants as finders' fees. Each finders' warrant is exercisable for one common share at CAD \$0.12 until April 6, 2025;
- On June 9, 2022, the Company closed a second non-brokered private placement for total proceeds of \$134,930 (CAD \$171,000) resulting in the issuance of 3,420,000 units. Each unit is comprised of one share and one warrant. Each warrant is exercisable until June 6, 2025 (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 \$10,732 (CAD \$13,600) and issued 272,000 warrants as finders' fees. Each finders' warrant is exercisable for one common share at CAD \$0.10 until June 6, 2025.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021****(expressed in U.S. dollars - unaudited)****9. SHARE CAPITAL (continued)**

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).
- The Company issued 17,024,750 common shares with the exercise of warrants for proceeds of \$1,367,426 (CAD \$1,717,905).

10. 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, 2022 was 24,656,150, 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, 2022		As at December 31, 2021	
	Number of options	Weighted average exercise price CAD \$	Number of options	Weighted average exercise price CAD \$
Beginning balance	21,850,000	\$ 0.14	12,722,500	\$ 0.14
Transactions during the period:				
Granted	-	-	12,000,000	0.14
Exercised	(166,667)	0.075	(834,977)	0.09
Cancelled	(4,733,333)	0.214	(2,037,523)	0.12
Ending balance	16,950,000	\$ 0.12	21,850,000	\$ 0.14

The following incentive stock options were outstanding as at September 30, 2022:

Number of Options Outstanding	Exercise Price (CAD \$)	Expiry Date	Number of Options Exercisable	Exercise Price (CAD \$)
150,000	1.44	January 15, 2023	150,000	1.44
700,000	0.10	January 17, 2024	648,219	0.10
400,000	0.10	June 25, 2024	400,000	0.10
7,100,000	0.075	June 17, 2025	7,100,000	0.075
1,000,000	0.13	February 11, 2026	666,667	0.13
1,600,000	0.20	March 30, 2026	1,066,667	0.20
6,000,000	0.12	December 1, 2026	2,000,000	0.12
16,950,000	0.12		12,031,553	0.12

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(expressed in U.S. dollars - unaudited)

10. RESERVES (continued)

Stock Options (continued)

The weighted average remaining life of the stock options was 3.27 years

During the nine months ended September 30, 2022, the Company granted nil (2021 – 3,600,000) stock options with a weighted average fair value of \$nil (2021 - \$0.18) per option. During the three and nine months ended September 30, 2022, the Company recognized \$43,065 and \$217,395 (2021 - \$73,063 and \$440,460) as share-based compensation expense. The fair value of the stock options granted during the three months ended September 30, 2022 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	151%	178%
Expected life	5 years	3.75 years
Risk-free interest rate	1.41%	0.38%
Dividend yield	0%	0%
Weighted average fair value of options at grant date	CAD \$0.11	CAD \$0.07

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. All 1,900,000 RSU’s have vested and the Company recognized \$198,075 as share-based compensation expense in the prior fiscal year. 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, 2022 and 2021****(expressed in U.S. dollars - unaudited)****10. RESERVES (continued)***Warrants*

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

	Number of warrants	Weighted average exercise price CAD \$
Balance, December 31, 2020	128,743,602	0.11
Exercised	(17,024,750)	(0.10)
Balance, September 30, 2021	111,718,852	0.12
Exercised	(5,813,000)	(0.10)
Balance, December 31, 2021	105,905,852	0.12
Issued	9,162,200	0.11
Exercised	(5,952,000)	(0.10)
Expired unexercised	(29,132,221)	(0.15)
Balance, September 30, 2022	79,983,831	0.11

The following warrants were outstanding as at September 30, 2022:

Number of warrants	Weighted average	Expiry date
1,441,000	0.10	November 22, 2022
2,746,200	0.10	December 2, 2022
10,428,000	0.10	January 31, 2023
17,990,000	0.10	May 22, 2023
501,250	0.06	May 22, 2023
37,715,181	0.11	December 17, 2023
5,470,200	0.12	April 6, 2025
3,692,000	0.10	June 9, 2025
79,983,831	0.11	

The weighted average remaining life of the warrants is 1.07 years.

11. 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

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

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(expressed in U.S. dollars - unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The fair value of the Company's accounts receivable, accounts payable and accrued liabilities, convertible debentures and loans payable approximate their carrying values. 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, 2022, 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	10,000
Accounts receivable	5,000
Accounts payable and accrued liabilities	(204,000)
Loans payable	<u>(179,000)</u>

The table below details the effect on loss and comprehensive loss of a 10% strengthening or weakening of the USD exchange rate at the statement of financial position date for financial instruments denominated in CAD:

<u>Currency</u>	<u>Change in Loss and Comprehensive loss</u>
CAD	\$ (36,800)

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 balance is primarily comprised of sales tax receivable from the Government of Canada. As at September 30, 2022, 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, 2023 and the convertible debenture interest is fixed. As at September 30, 2022, the Company is not exposed to any significant interest rate risk.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(expressed in U.S. dollars - unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

12. 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 three and nine months ended September 30, 2022 and 2021 included the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Remuneration paid to the CEO	\$ 56,250	\$ 56,250	\$ 167,109	\$ 162,500
Remuneration paid to CTO	-	37,802	-	95,801
Remuneration paid to CFO	31,246	20,243	60,346	59,938
Remuneration paid to Executive VP - Commercial Operations	48,750	48,750	144,828	141,250
Stock-based compensation - directors and officers	25,282	73,063	124,585	278,516
	<u>\$ 161,530</u>	<u>\$ 236,108</u>	<u>\$ 496,869</u>	<u>\$ 738,005</u>

As at September 30, 2022, included in accounts payable and accrued liabilities was \$176,957 (2021 - \$6,816) of fees owed to key management personnel.

13. 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,	
	2022	2021	2022	2021
United States	\$ 2,925	\$ 16,230	\$ 22,800	\$ 38,575
Other	500	-	4,000	-
	<u>\$ 3,425</u>	<u>\$ 16,230</u>	<u>\$ 26,800</u>	<u>\$ 38,575</u>

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021****(expressed in U.S. dollars - unaudited)**

14. EXPENSES CLASSIFIED BY NATURE

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Administration	\$ 19,443	\$ 28,346	\$ 81,840	\$ 99,374
Advertising, promotion and marketing	39,915	48,698	54,041	78,743
Depreciation	-	-	-	5,603
Employees and contractors	365,830	586,285	1,660,796	1,472,176
Forgiveness of debt	-	(90,625)	-	(90,625)
Interest expense	7,978	-	7,978	-
Investor relations	33,131	109,881	101,003	262,624
Legal and professional fees	12,053	8,986	51,108	39,083
Share-based compensation	43,065	73,063	217,395	440,460
Software and support tools	15,963	25,562	54,466	70,613
Travel and entertainment	7,035	12,902	44,914	25,805
	\$ 544,413	\$ 803,098	\$ 2,273,541	\$ 2,403,856