

Consolidated Financial Statements
(Expressed in U.S. dollars)

VENZEE TECHNOLOGIES INC.

December 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Venzee Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Venzee Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at December 31, 2021, the Company had working capital of \$383,766 and an accumulated deficit of \$20,510,313 since its inception. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

May 2, 2022

VENZEE TECHNOLOGIES INC.**Consolidated Statements of Loss and Comprehensive Loss****(expressed in U.S. dollars)**

		For the Year Ended December 31,	
	Note	2021	2020
Revenues	11	\$ 67,519	\$ 35,336
Cost of revenues		24,616	44,496
		42,903	(9,160)
Expenses	12		
Selling and marketing		1,345,539	720,340
General and administrative		1,001,507	515,765
Research and development		586,222	348,609
Depreciation	5	5,603	16,810
Loss on disposal of equipment	5	-	24,954
Stock based compensation	10	800,766	136,728
Forgiveness of debt	6	(90,625)	(14,243)
Interest expense	6	-	4,604
		(3,649,012)	(1,753,567)
Net loss for the year		(3,606,109)	(1,762,727)
Translation adjustment		25,767	19,141
Total loss and comprehensive loss for the year		\$ (3,580,342)	\$ (1,743,586)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.01)
Weighted average number of common shares		222,916,158	157,624,592

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

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

	Note	As at December 31, 2021 2021	As at December 31, 2020
ASSETS			
Current assets			
Cash		\$ 534,272	\$ 1,325,097
Accounts receivable	4	24,813	11,713
Prepaid expenses		46,314	72,969
Total current assets		605,399	1,409,779
Equipment	5	-	5,603
Total assets		\$ 605,399	\$ 1,415,382
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 174,540	\$ 94,548
Loans payable	6	47,094	47,125
Total liabilities		221,634	141,673
Shareholders' equity			
Share capital	7	18,174,411	16,150,941
Reserves	8	2,742,777	2,075,849
Accumulated other comprehensive income (loss)		22,363	(3,404)
Deficit		(20,555,786)	(16,949,677)
Total shareholders' equity		383,765	1,273,709
Total liabilities and shareholders' equity		\$ 605,399	\$ 1,415,382

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board on April 27, 2022.

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

VENZEE TECHNOLOGIES INC.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in U.S. dollars)

	Note	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	—	—	—	136,728	—	—	136,728
Broker warrants in connection with private placements	7/8	—	(241,332)	—	241,332	—	—	—
Debt settlement, net of transaction costs		1,285,733	48,163	—	—	—	—	48,163
Exercise of warrants		620,000	55,541	—	(20,443)	—	—	35,098
Private placements	7	85,128,181	3,269,353	(64,600)	—	—	—	3,204,753
Transaction costs in connection with private placements	7	—	(227,686)	—	—	—	—	(227,686)
Translation adjustment		—	—	—	—	19,141	—	19,141
Net loss for the year		—	—	—	—	—	(1,762,727)	(1,762,727)
Balance – December 31, 2020		208,185,115	\$ 16,150,941	\$ -	\$2,075,849	\$ (3,404)	\$ (16,949,677)	\$ 1,273,709
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	—	—	—	800,766	—	—	800,766
Exercise of stock options	7	834,977	96,279	—	(36,933)	—	—	59,346
Exercise of warrants	8	22,837,750	1,927,191	—	(96,905)	—	—	1,830,286
Translation adjustment		—	—	—	—	25,767	—	25,767
Net loss for the year		—	—	—	—	—	(3,606,109)	(3,606,109)
Balance – December 31, 2021		231,857,842	\$ 18,174,411	\$ -	\$2,742,777	\$ 22,363	\$ (20,555,786)	\$ 383,765

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

VENZEE TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(expressed in U.S. dollars)

	For the Year Ended December 31,	
	2021	2020
Cash flows from operating activities		
Net loss for the year	\$ (3,606,109)	\$ (1,762,727)
Interest expense	-	4,604
Depreciation	5,603	16,810
Loss on disposal of equipment	-	24,954
Forgiveness of loan payable	(90,625)	-
Share-based compensation	800,766	136,728
Changes in non-cash operating elements of working capital		
Accounts receivable	(13,107)	33,396
Prepaid expenses	26,603	(48,015)
Accounts payable and accrued liabilities	80,040	(148,737)
Deferred revenue	-	(20,291)
Net cash used in operating activities	(2,796,829)	(1,763,278)
Cash flows from financing activities		
Interest paid on loans payable	-	(4,604)
Repayment of loans payable	-	(47,772)
Proceeds from loans payable	90,625	47,125
Proceeds from exercise of stock options	59,346	-
Proceeds from exercise of warrants	1,830,286	35,098
Proceeds from private placements	-	3,204,753
Transaction costs in connection with private placements	-	(227,686)
Net cash provided by financing activities	1,980,257	3,006,914
Effect of foreign exchange on cash	25,747	28,257
Change in cash during the year	(790,825)	1,271,893
Cash – beginning of year	1,325,097	53,204
Cash – end of year	\$ 534,272	\$ 1,325,097

Supplemental disclosure with respect to cash flows:

- Recognition of the fair value of broker warrants of \$nil (2020 - \$241,332).
- Share issue costs in account payable of \$nil (2020 - \$7,854).
- Fair value of warrants exercised of \$96,905 (2020 - \$20,443).
- Fair value of options exercised of \$36,993 (2020 - \$nil).
- Finders' shares issued for \$nil (2020 - \$95,148).
- Issuance of shares for debt settlement of \$nil (2020 - \$48,703).

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

VENZEE TECHNOLOGIES INC.
Notes to Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(expressed in U.S. dollars)

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 170-422 Richards Street, Vancouver, British Columbia, Canada.

These 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 December 31, 2021, the Company had working capital of \$383,766, had not yet achieved profitable operations and has an accumulated deficit of \$20,510,313 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 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 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 consolidated financial statements were approved for issuance by the Board of Directors on April 27, 2022.

Basis of measurement

These 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 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 consolidated financial statements are in and to U.S. dollars, and references to “CAD” or “CAD \$” are to Canadian dollars.

2. BASIS OF PREPARATION (continued)

Basis of consolidation

The 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 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 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 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.

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 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 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 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.

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.

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 April 27, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

Transactions in foreign currencies are initially translated into an entity's functional currency using rates prevailing at the date of the transaction. Monetary assets and liabilities are translated using the exchange rates in effect on the reporting date.

The consolidated financial statements for the Company and its subsidiaries are prepared using their functional currencies. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

The statement of financial position of each foreign entity is translated into US dollars using the exchange rate at the statement of financial position date and the statement of loss and comprehensive loss is translated into US dollars using the average exchange rate for the period. All gains and losses on translation of a foreign entity from the functional currency to the presentation currency are charged to accumulated other comprehensive income.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Financial instruments

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of IAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets classified at FVOCI or FVTPL are measured at fair value with changes in those fair values recognized in other comprehensive income (loss) and profit or loss, respectively.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company’s business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured initially at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company has classified and measured cash as FVTPL and accounts receivable as amortized cost.

For purposes of cash flows reporting and presentation, cash in banks generally earn interest based on daily bank deposit rates. These are unrestricted and readily available for use in the Company’s operations and are subject to insignificant risks of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in profit or loss as part of interest income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Impairment of financial assets

The Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2. Derecognition of financial assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity and financial liabilities

Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the appropriate reporting standard.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavorable conditions. Financial liabilities also include contracts which may be settled in an entity's equity instruments.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities and loans payable as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Equipment

Recognition and measurement

Items of equipment are initially measured at cost. Items of equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Classes of equipment are classified by significant components, which are individually amortized over the useful life of the component.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components).

The Company has determined that individual classes of equipment do not have individually significant components.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net within other income in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent costs

The cost of replacing a part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and method of depreciation for equipment are as follows:

- Furniture and fixtures – 3 year straight line
- Software – 3 year straight line

Revenue recognition

The Company recognizes revenue based on the five-step model as follows:

1. Identifying the contract with customer;
2. Identifying the performance obligation(s) in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligation(s) in the contract; and
5. Recognizing revenue when or as the Company satisfies the performance obligation(s).

The Company's revenue is derived from software licensing fees purchased through monthly or annual subscription fees, prepaid credits for a specific amount of product submissions and the use of our partner platform. The software is delivered through the cloud from the Company's third-party hosting facilities. Therefore, these arrangements are treated as service agreements and revenue is recognized pro-rata over the specific terms of the contract software license arrangement. The Company records deferred revenue for cash payments received from customers in advance of satisfying the performance obligation(s).

Subscription fees are recognized as per the terms of the arrangement. Revenue from product submissions are recognized upon delivery. Additionally, if an agreement contains non-standard acceptance or requires non-standard performance criteria to be met, revenues are deferred until the satisfaction of these conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Software development costs

Costs incurred in the development and testing of subscription software products related to research, project planning, training, maintenance and general and administrative activities, and overhead costs are expensed as incurred. The costs of relatively minor upgrades and enhancements to the software are also expensed as incurred.

Costs for the development of new software solutions and substantial enhancements to existing software solutions are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized. No research and development costs have been capitalized because the Company believes that technological feasibility is established concurrent with general release to customers.

Income taxes

Income tax expense represents the sum of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent it relates to items recognized in the consolidated statements of loss and comprehensive loss or directly in the statements of changes in shareholders' equity (deficiency). Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to the tax payable with regards to previous years.

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Earnings or loss per share

Basic earnings or loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants as if they were exercised and that the proceeds for such exercises were used to acquire common stock at the average market price during the reporting periods, where the inclusion of these would not be anti-dilutive.

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4. ACCOUNTS RECEIVABLE

	December 31,	December 31,
	2021	2020
Trade receivables	\$ 11,950	\$ 2,200
Input tax credits	12,863	\$ 9,513
	\$ 24,813	\$ 11,713

The aging of current accounts receivable is all less than 60 days.

5. EQUIPMENT

	Furniture	Software	Total
Net carrying amount – December 31, 2019	\$ 25,839	\$ 22,413	\$ 48,252
Depreciation	-	(16,810)	(16,810)
Disposal	(24,954)	-	(24,954)
Foreign currency translation	(885)	-	(885)
Net carrying amount – December 31, 2020	-	5,603	5,603
Depreciation	-	(5,603)	(5,603)
Net carrying amount - December 31, 2021	\$ -	\$ -	\$ -

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, 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.

During the year ended December 31, 2021, the Company received a forgivable loan in the amount of \$90,625 through the US federal government’s Paycheck Protection Program (“PPP loan”). During the year ended December 31, 2021, the loan was forgiven and is recorded in total loss and comprehensive loss.

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7. SHARE CAPITAL

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

During the year ended December 31, 2021:

- The Company issued 22,837,750 common shares on the exercise of warrants for proceeds of \$1,830,286 (CAD \$2,303,935); and
- The Company issued 834,977 common shares on the exercise of stock options for proceeds of \$59,346 (CAD \$75,164).

During the year ended December 31, 2020:

- The Company closed a non-brokered private placement for total proceeds of \$693,096 (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 \$34,731 (CAD \$45,850) and issued 1,181,000 warrants as finders' fees. Each finders' warrant is exercisable for one common share at CAD \$0.10 until January 31, 2023;
- The Company closed a second non-brokered private placement for total proceeds of \$1,003,683 (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 \$67,947 (CAD \$90,440) and issued 1,808,800 warrants as finders' fees. Each finders' warrant is exercisable for one common share at CAD \$0.06 until May 22, 2023;
- The Company settled debt to a third party of CAD \$24,000 through cash payment of CAD \$12,000 and issuance of 133,333 common shares valued at \$9,203 (CAD \$12,000); and
- The Company closed a third non-brokered private placement for total proceeds of \$1,572,574 (CAD \$2,000,000) resulting in the issuance of 36,363,636 units. Each unit is comprised of one share and one warrant. Each warrant is exercisable until December 17, 2023 (subject to an acceleration clause) at a price of CAD \$0.11 per warrant to acquire one common share. In connection with the private placement, the Company paid \$104,851 (CAD \$133,350) and issued 2,424,545 units upon the same terms and conditions as the units as finders' fees.

In connection with the reverse takeover transaction on December 21, 2017, 13,838,544 common shares were placed into escrow with 10% released on the day of the public listing and 15% released every six months thereafter. As of December 31, 2021, no common shares were held in escrow (December 31, 2020 – 2,075,780 common shares).

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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, which shall not be less than the market price at the date of grant, and vesting periods.

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 December 31, 2021 was 23,185,784, being 10% of the issued and outstanding common shares of the Company.

During the year ended December 31, 2021, the Board of Directors of the Company agreed to issue stock options under the Company's Equity Incentive Plan to various contractors and key management. A summary of the Company's stock option transactions during the year is as follows:

	As at December 31, 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	12,000,000	0.14	9,850,000	0.08
Exercised	(834,977)	0.09	-	-
Cancelled	(2,037,523)	0.12	(2,190,375)	0.18
Ending balance	21,850,000	\$ 0.14	12,722,500	\$ 0.14

The following incentive stock options were outstanding as at December 31, 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	148,562	1.44
700,000	0.10	January 17, 2024	517,329	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
1,900,000	0.20	March 30, 2026	633,333	0.20
500,000	0.12	July 6, 2026	166,667	0.12
7,900,000	0.12	December 1, 2026	2,633,333	0.12
21,850,000	0.14		11,332,557	0.16

The weighted average remaining life of the stock options was 4.00 years.

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8. RESERVES (continued)

Stock Options (continued)

During the year ended December 31, 2021, the Company granted 12,000,000 (2020 – 9,850,000) stock options with a weighted average fair value of \$0.11 (2020 - \$0.08) per option. During the year ended December 31, 2021, the Company recognized \$755,293 (2020 - \$136,728) as share-based compensation expense. The fair value of the stock options granted are estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2021	2020
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. For the year ended December 31, 2021, all 1,900,000 RSU’s had vested and the Company recognized \$198,075 (2020 - \$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.

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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	88,117,181	0.10
Exercised	(620,000)	(0.10)
Expired unexercised	(21,135,235)	(0.15)
Balance, December 31, 2020	128,743,602	0.11
Exercised	(22,837,750)	(0.10)
Balance, December 31, 2021	105,905,852	0.12

The following warrants were outstanding as at December 31, 2021:

Number of warrants outstanding	Weighted average exercise price CAD \$	Expiry date
29,132,221	0.15	April 26, 2022
1,441,000	0.10	November 22, 2022
2,945,200	0.10	December 2, 2022
13,381,000	0.10	January 31, 2023
20,190,000	0.10	May 22, 2023
501,250	0.06	May 22, 2023
38,315,181	0.11	December 17, 2023
105,905,852	0.12	

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8. RESERVES (continued)

Warrants (continued)

The weighted average remaining life of the warrants is 1.24 years.

During the year ended December 31, 2021, the Company granted nil (2020 – 82,703,636) warrants to investors as well as nil (2020 – 5,414,345) broker warrants pursuant to non-brokered private placements. The fair value of broker warrants granted of \$nil (2020 – \$241,332) were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>2020</u>
Expected volatility	157%
Expected life	3 years
Risk-free interest rate	0.52%
Dividend yield	0%
Weighted average fair value of warrants at grant date	<u>CAD \$ 0.06</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.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 December 31, 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	395,000
Accounts receivable	13,000
Accounts payable and accrued liabilities	(77,000)
Loans payable	<u>(47,000)</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	<u>\$ 28,400</u>

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 December 31, 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 December 31, 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.

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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 years ended December 31, 2021 and 2020 included the following:

	For the Year Ended December 31,	
	2021	2020
Remuneration paid to the CEO	\$ 218,750	\$ 200,000
Remuneration paid to CTO	7,479	111,815
Remuneration paid to CFO	80,176	71,562
Remuneration paid to Executive VP - Commercial Operations	190,000	175,000
Stock-based compensation - directors and officers	317,831	91,481
	<u>\$ 814,235</u>	<u>\$ 649,858</u>

As at December 31, 2021, included in accounts payable and accrued liabilities was \$6,781 (December 31, 2020 - \$6,598) of consulting payments owed to key management personnel.

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:

	For the Year Ended December 31,	
	2021	2020
Geographic Area		
United States	\$ 66,019	\$ 26,041
Other	1,500	9,295
	<u>\$ 67,519</u>	<u>\$ 35,336</u>

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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 Year Ended December 31,	
	2021	2020
Administration	\$ 141,192	\$ 108,852
Advertising, promotion and marketing	87,751	12,138
Depreciation	5,603	16,810
Employees and contractors	2,150,640	1,169,777
Forgiveness of debt	(90,625)	-
Gain on extinguishment of debt	-	(14,243)
Interest expense	-	4,604
Investor relations	306,404	181,745
Legal and professional fees	101,625	46,211
Loss on disposal of equipment	-	24,954
Share-based compensation	800,766	136,728
Software and support tools	97,622	50,567
Travel and entertainment	48,034	15,424
	\$ 3,649,012	\$ 1,753,567

13. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not have adequate sources of capital for the development of its business over the long term, and will need to raise adequate capital by obtaining equity financing and/or incurring debt.

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14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
Loss for the year	\$ (3,606,109)	\$ (1,762,727)
Expected income tax (recovery)	\$ (971,000)	\$ (476,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,028,000	(73,000)
Permanent differences	216,000	38,000
Impact of flow through share	-	-
Share issue cost	-	(60,000)
Adjustment to prior years provision versus statutory tax returns and exp	(1,000)	(15,000)
Expiry of non-capital losses	-	-
Change in unrecognized deductible temporary differences	(272,000)	586,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Share issue costs	209,000	2042 to 2045	-	2041 to 2044
Non-capital losses available for future periods	20,659,000	2026 to 2041	16,505,000	2026 to 2040
Canada	8,300,000	2026 to 2041	6,193,000	2026 to 2040
USA	12,359,000	2034 to 2041	10,412,000	2034 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company:

- Issued 166,667 common shares upon the exercise of stock options for gross proceeds of CAD \$12,500.
- Issued 5,962,000 common shares upon the exercise of warrants for gross proceeds of CAD \$601,200.
- 27,260,789 shareholder warrants with an exercise price of CAD \$0.15 expiring on April 26, 2022.
- 1,871,432 broker warrants with an exercise price of CAD \$0.15 expiring on April 26, 2022.
- Announced a CAD \$1,200,000 non-brokered private placement at a unit price of \$0.08 per unit. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.12 per share for 36 months. In connection with the private placement, 5,065,000 units have been issued for gross proceeds of CAD \$405,200. The Company has paid CAD \$32,416 and issued 405,200 warrants as finders' fees, with the warrants having the same terms and conditions as the units.