

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

VENZEE TECHNOLOGIES INC.

For the three and six months ended September 30, 2023 and 2022

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)**

		For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Six Months Ended September 30, 2023	For the Six Months Ended September 30, 2022
	Note				
Revenues		\$ -	\$ 3,425	\$ -	\$ 16,425
Cost of revenues		-	9,946	-	16,439
		-	(6,521)	-	(14)
Expenses					
Selling and marketing	11	-	293,049	891	652,481
General and administrative	10	167,897	153,046	321,239	315,879
Research and development		-	47,275	-	156,728
Extinguishment of debt	7	(104,233)	-	(104,233)	-
Share-based compensation	8,10	20,096	43,065	35,191	127,053
Accretion expense	6	7,882	3,588	15,548	3,588
Interest expense	5,6	7,293	4,390	12,576	4,390
		(98,935)	(544,413)	(281,212)	(1,260,119)
Other Loss					
Loss on revaluation of derivative liabilities	6	(4,273)	-	(316)	-
Net loss for the period		(103,208)	(550,934)	(281,528)	(1,260,133)
Translation adjustment		(6,046)	16,906	1,586	8,577
Total loss and comprehensive loss for the period		\$ (109,254)	\$ (534,028)	\$ (279,942)	\$ (1,251,556)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		255,231,001	246,461,509	250,970,215	241,747,914

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, 2023	As at March 31, 2023
ASSETS			
Current assets			
Cash		\$ 45,109	\$ 7,430
Accounts receivable	4	13,117	9,109
Prepaid expenses		6,124	-
Total current assets		\$ 64,350	\$ 16,539
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 260,763	\$ 818,173
Loans payable	5	118,635	44,336
Total current liabilities		379,398	862,509
Convertible debentures, net	6	501,846	205,427
Derivative liabilities	6	101,869	83,466
Total liabilities		983,113	1,151,402
Shareholders' deficiency			
Share capital	7	19,496,810	19,033,696
Reserves	8	3,120,216	3,084,116
Accumulated other comprehensive income		13,457	15,043
Deficit		(23,549,246)	(23,267,718)
Total shareholders' deficiency		(918,763)	(1,134,863)
Total liabilities and shareholders' deficiency		\$ 64,350	\$ 16,539

Nature and continuance of operations (Note 1)

Subsequent event (Note 12)

Approved and authorized for issue on behalf of the Board on November 29, 2023.

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	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
Balance – December 31, 2021		231,857,842	\$ 18,174,411	\$ 2,742,777	\$ 22,363	\$ (20,555,786)	\$ 383,765
Share-based compensation	8	-	-	294,524	-	-	294,524
Exercise of stock options	7	166,667	19,725	(9,762)	-	-	9,963
Broker warrants in connection with private placements	7/8	-	(28,178)	28,178	-	-	-
Exercise of warrants	7	5,952,000	477,348	(5,940)	-	-	471,408
Private placements	7	8,485,000	398,954	54,441	-	-	453,395
Transaction costs in connection with private placements	7	-	(36,625)	-	-	-	(36,625)
RSU redemption		100,000	28,061	(20,102)	-	-	7,959
Translation adjustment		-	-	-	(7,320)	-	(7,320)
Net loss for the period		-	-	-	-	(2,711,932)	(2,711,932)
Balance – March 31, 2023		246,561,509	\$ 19,033,696	\$ 3,084,116	\$ 15,043	\$ (23,267,718)	\$ (1,134,863)
Balance – March 31, 2023		246,561,509	\$ 19,033,696	\$ 3,084,116	\$ 15,043	\$ (23,267,718)	\$ (1,134,863)
Share-based compensation	8	-	-	35,191	-	-	35,191
Shares issued for services	7	18,000,000	133,620	-	-	-	133,620
Debt settlement, net of transaction costs	7	44,754,872	330,403	-	-	-	330,403
Broker warrants in connection with private placements	7	-	(909)	909	-	-	-
Translation adjustment		-	-	-	(1,586)	-	(1,586)
Net loss for the period		-	-	-	-	(281,528)	(281,528)
Balance – September 30, 2023		309,316,381	\$ 19,496,810	\$ 3,120,216	\$ 13,457	\$ (23,549,246)	\$ (918,763)

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 Six Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net loss for the period	\$ (281,528)	\$ (1,260,133)
Interest expense	12,576	4,390
Accretion expense	15,548	3,588
Forgiveness of debt	(104,233)	-
Share-based compensation	168,811	-
Gain on revaluation of derivative liabilities	316	-
Changes in non-cash operating elements of working capital		
Accounts receivable	4,008	(17,406)
Prepaid expenses	(6,124)	(59,913)
Accounts payable and accrued liabilities	(124,993)	372,553
Deferred revenue	-	7,075
Net cash used in operating activities	(315,619)	(949,846)
Cash flows from financing activities		
Issuance of convertible debenture	287,639	204,914
Proceeds from loans payable	74,299	-
Proceeds from exercise of stock options	-	9,964
Proceeds from exercise of warrants	-	474,046
Proceeds from private placements	-	238,557
Net cash provided by financing activities	361,938	927,481
Effect of foreign exchange on cash	(8,640)	(3,220)
Change in cash during the period	37,679	(25,585)
Cash – beginning of period	7,430	80,360
Cash – end of period	\$ 45,109	\$ 54,775

Supplemental disclosure with respect to cash flows:

- Fair value of warrants exercised of \$nil (2022 - \$5,924).
- Fair value of options exercised of \$nil (2022 - \$9,762).
- Recognition of fair value of broker warrants \$909 (2022 - \$25,835)
- Fair value of shares issued for services \$133,620 (2022 - \$nil)
- Fair value of shares issued for debt \$330,403 (2022 - \$nil)

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 six months ended September 30, 2023 and 2022

(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 170-422 Richards 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, 2023, the Company had working capital deficiency of \$315,048, has not yet achieved profitable operations, and has an accumulated deficit of \$23,549,246 since its inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern.

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

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

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 29, 2023.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(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.

Change in Year End

Effective fiscal 2023, the Company changed its financial year-end from December 31 to March 31 to better facilitate the audit process. The Company’s transition financial year consisted of a 15-month period ending March 31, 2023 and the six month period ended September 30, 2023 will be considered the second quarter of fiscal 2024 with comparatives being the six month period ended September 30, 2022.

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.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

Critical accounting estimates and judgments (continued)

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.

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.

Share based compensation

Inputs used in the valuation model to determine the fair value of stock options.

Valuation of Compensatory Warrants

The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrant.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

Convertible debentures and derivatives

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

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.

Income taxes

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

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(expressed in U.S. dollars - unaudited)

2. BASIS OF PREPARATION (continued)

Embedded derivatives

As part of assessing whether an instrument is a hybrid financial instrument and contains an embedded derivative, significant judgement is required in evaluating whether the host contract is more akin to debt or equity and whether the embedded derivative is clearly and closely related to the underlying host contract. The Company concludes that the host instrument of the convertible debentures is a debt host due to the holder's right to redeem the instrument for cash at a point in time in the future. The Company determines that the conversion option is not closely related to the debt host, and that the conversion option is required to be separated from the host instrument and accounted for as an embedded derivative due to the variability in the number of shares issuable under the convertible debentures. In applying its judgement, the Company relies primarily on the economic characteristics and risks of the instrument as well as the substance of the contractual arrangements. The initial fair values of the embedded derivative conversion options and subsequent re-measurements at fair value at each reporting date are determined by using the Black-Scholes pricing model which requires exercise of judgment in relation to variables such as expected volatilities in share price and foreign exchange rates.

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 March 31, 2023. Refer to Note 3 of the Company's consolidated financial statements for the year ended March 31, 2023 for more information on new accounting standards and amendments not yet effective.

4. ACCOUNTS RECEIVABLE

As at September 30, 2023, the Company had input tax credits receivable in the amount of \$13,117 (March 31, 2023 - \$9,109). The aging of the input tax credits receivable is in excess of 60 days.

5. LOANS PAYABLE

On December 22, 2020, the Company received relief funding through the Canada Emergency Business Account ("CEBA") in the amount of \$46,562 (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 19, 2024 any remaining balance will be converted into a term loan which will incur interest at 5% per annum with the loans due by December 31, 2026.

On September 12, 2023, the Company received a loan from a company controlled by a Director of the Company in the amount of \$74,299 (\$100,000 CAD). The loan is unsecured and bears 8% per annum interest rate with no set repayment terms. Subsequent to September 30, 2023, the same party advanced another \$150,000 CAD under the same terms.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(expressed in U.S. dollars - unaudited)

6. CONVERTIBLE DEBENTURES

During the six months ended September 30, 2023, the Company closed a series of unsecured convertible debentures for a total of \$287,639 (CAD \$385,000) (March 31, 2023 – \$265,286 (CAD \$360,000)) (the “Debentures”).

The Debentures 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 CAD \$0.05 per unit for the first year and at the greater of market price of the shares or CAD \$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 CAD \$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 during the six months ended September 30, 2023, the Company issued 616,000 (fifteen months ended March 31, 2023 – 528,000) finders' warrants with the same terms and conditions as above.

The convertible debentures have been determined to be a hybrid financial instrument comprised of host debt contract and an embedded derivative due to the varying number of shares issuable after the first year of issuance. The cash received under the convertible debentures is allocated between the fair value of the embedded derivative, and the value of the loan liability. The value ascribed to the embedded derivative is determined using a Black Scholes option pricing model as at the loan date, and the residual amount has been allocated to the loan liability.

As at September 30, 2023, the Company accrued \$12,576 (2022 - \$4,390) of interest expenses, \$15,548 (2022 - \$3,588) of accretion expenses in connection with these Debentures as follows:

Opening balance, December 31, 2021	\$	-
Issuance of convertible notes		265,286
Allocation of proceeds to derivative liabilities		(83,011)
Interest expense		6,268
Accretion expense		15,922
Ending balance, March 31, 2023	\$	204,465
Issuance of convertible notes		287,639
Allocation of proceeds to derivative liabilities		(18,087)
Interest expense		12,281
Accretion expense		15,548
Ending balance, September 30, 2023	\$	501,846

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended September 30, 2023 and 2022****(expressed in U.S. dollars - unaudited)**

6. CONVERTIBLE DEBENTURES (continued)

As the conversion price of the convertible debentures varied depending on certain factors, the Company recorded an embedded derivative liability with respect to the conversion feature with the residual amount allocated to the debt component. The debt component was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative liabilities were initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss as follows:

Opening balance, December 31, 2021	\$	-
Recognition of derivative liabilities		83,011
Loss on revaluation of derivative liabilities		455
Ending balance, March 31, 2023	\$	83,466
Recognition of derivative liabilities		18,087
Gain on revaluation of derivative liabilities		316
Ending balance, September 30, 2023	\$	101,869

The initial fair value of the embedded derivative for the convertible debentures was determined to be \$18,087 (March 31, 2023 - \$83,011) using the Black-Scholes Option Pricing model with the following weighted average assumptions:

	2023	2024
Risk-free rate	1.45%	3.84% to 4.13%
Dividend yield	-	-
Expected life	3 years	3 years
Volatility	100%	100%
Probability of conversion at maturity	100%	100%
Probability of conversion at \$0.10	0%	0%

As of September 30, 2023, the fair value of the embedded derivative for the convertible debentures was determined to be \$101,869 (March 31, 2023 - \$83,466) using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free rate	4.60%
Dividend yield	-
Expected life	1 to 2.7 years
Volatility	100%
Probability of conversion at maturity	100%
Probability of conversion at \$0.10	0%

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

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(expressed in U.S. dollars - unaudited)

7. SHARE CAPITAL

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

During the six months ended September 30, 2023, the Company;

- Issued 18,000,000 common shares for the services to a company controlled by a Director of the Company for the equivalent of \$133,620 worth of consulting services; and,
- Issued 44,754,875 common shares at a value of \$330,403 in exchange for the extinguishment of \$434,636 of accounts payable and accrued liabilities for a gain of \$104,233.

During three six months ended September 30, 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; and,
- Closed a second non-brokered private placement for total proceeds of \$149,714 (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. A residual value of \$54,411 was allocated to the warrants. In connection with the private placement, the Company paid \$10,825 (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.

8. RESERVES

Stock Options

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

Options under the Plan remain exercisable for ten years from the date of grant. The maximum number of common shares reserved for issuance for options that may be granted under the Plan as at September 30, 2023 was 24,656,150, being 10% of the issued and outstanding common shares of the Company.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(expressed in U.S. dollars - unaudited)

8. RESERVES (continued)

Stock Options (continued)

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

	As at September 30, 2023		As at March 31, 2023	
	Number of options	Weighted average exercise price CAD \$	Number of options	Weighted average exercise price CAD \$
Beginning balance	14,650,000	\$ 0.11	21,850,000	\$ 0.14
Transactions during the period:				
Exercised	-	-	(166,667)	0.075
Expired/forfeited	(1,050,000)	0.133	(7,033,333)	0.174
Ending balance	13,600,000	\$ 0.11	14,650,000	\$ 0.11

The following incentive stock options were outstanding as at September 30, 2023:

Number of Options Outstanding	Exercise Price (CAD \$)	Expiry Date	Number of Options Exercisable	Exercise Price (CAD \$)
700,000	0.10	January 17, 2024	700,000	0.10
400,000	0.10	June 25, 2024	400,000	0.10
5,950,000	0.075	June 17, 2025	5,950,000	0.075
1,000,000	0.13	February 11, 2026	1,000,000	0.13
1,000,000	0.20	March 30, 2026	1,000,000	0.20
4,550,000	0.12	December 1, 2026	3,033,333	0.12
13,600,000	0.11		12,083,333	0.10

The weighted average remaining life of the stock options was 2.21 years

During the three and six months ended September 30, 2023, the Company recognized \$35,191 and 20,096 (2022 - \$43,065 and \$127,053) as share-based compensation expense. The fair value of the stock options granted was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>2021</u>
Expected volatility	151%
Expected life	5 years
Risk-free interest rate	1.41%
Dividend yield	0%
Weighted average fair value of options	<u>CAD \$0.11</u>

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For the three and six months ended September 30, 2023 and 2022
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8. RESERVES (continued)

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. The Company issued 100,000 common shares upon the exercise of 100,000 RSU’s during the fifteen month period ended March 31, 2023.

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, 2021	105,905,852	0.12
Issued	9,690,200	0.11
Exercised	(5,952,000)	(0.10)
Expired unexercised	(43,747,421)	(0.13)
Balance, March 31, 2023	65,896,631	0.11
Issued	616,000	0.08
Expired unexercised	(18,491,250)	(0.10)
Balance, September 30, 2023	48,021,381	0.11

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended September 30, 2023 and 2022****(expressed in U.S. dollars - unaudited)**

8. RESERVES (continued)*Warrants (continued)*

The following warrants were outstanding as at September 30, 2023:

<u>Number of warrants</u>	<u>Weighted average</u>	<u>Expiry date</u>
37,715,181	0.11	December 17, 2023 *
5,470,200	0.12	April 6, 2025 **
3,692,000	0.10	June 9, 2025 **
392,000	0.08	July 29, 2025 **
136,000	0.08	February 26, 2026 **
256,000	0.08	April 4, 2026 **
360,000	0.08	June 9, 2026 **
<u>48,021,381</u>	<u>0.11</u>	

* The warrants are subject to accelerated exercise clause, wherein in the event that volume weighted average trading price of the shares is equal to or greater than \$0.20 for a period of 10 consecutive trading days, the Company shall have the right to accelerate the expiry of the warrants to a date that is 30 days from the Company issues a press release stating its intention to accelerate the expiry of the warrants.

** The warrants are subject to accelerated exercise clause, wherein in the event that volume weighted average trading price of the shares is equal to or greater than \$0.25 for a period of 10 consecutive trading days, the Company shall have the right to accelerate the expiry of the warrants to a date that is 30 days from the Company issues a press release stating its intention to accelerate the expiry of the warrants.

The weighted average remaining life of the warrants is .53 years.

During the six month period ended September 30, 2023, the Company granted nil (2022 – 7,957,000) warrants to investors as well as 616,000 (2022 – 1,205,200) broker warrants pursuant to non-brokered private placements and convertible debenture financings. The fair value of broker warrants granted of \$909 (2022 – \$28,178) were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	<u>2023</u>
Expected volatility	100%
Expected life	3 years
Expected forfeiture rate	2%
Risk-free interest rate	3.48 - 4.13%
Dividend yield	0%
Weighted average fair value of warrants	<u>0.08</u>

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements For the three and six months ended September 30, 2023 and 2022 (expressed in U.S. dollars - unaudited)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

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

The Company is exposed to various financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at September 30, 2023, the Company's significant foreign exchange currency exposure on its financial instruments by currency was as follows (in U.S. dollar equivalents):

Cash	39,000
Accounts receivable	13,000
Accounts payable and accrued liabilities	(83,000)
Loans payable	(119,000)
Convertible debentures	(502,000)

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:

Currency	Change in Loss and Comprehensive loss
CAD	\$ (65,200)

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, 2023, the Company is not exposed to any significant credit risk.

VENZEE TECHNOLOGIES INC.
Notes to Condensed Interim Consolidated Financial Statements
For the three and six months ended September 30, 2023 and 2022
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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 Company does not have any debt that bears variable interest rate. As at September 30, 2023, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

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

10. RELATED PARTY TRANSACTIONS

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

The compensation of such key management for three and six months ended September 30, 2023 and 2022 included the following:

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Six Months Ended September 30, 2023	For the Six Months Ended September 30, 2022
Remuneration paid to the CEO	\$ -	\$ 56,250	\$ -	\$ 112,500
Remuneration paid to CFO	11,176	11,725	22,345	29,100
Remuneration paid to Executive VP - Commercial Operations	18,000	48,750	36,000	96,078
Stock-based compensation - directors and officers	16,545	25,282	30,458	74,509
	\$ 45,722	\$ 142,007	\$ 88,803	\$ 312,188

As at September 30, 2023, included in accounts payable and accrued liabilities was \$3,725 (March 31, 2023 - \$294,486) of salaries and fees owed to key management personnel as well as loan payable and accrued interest totaling \$74,457 (March 31, 2023 - \$nil) owed to a company controlled by a Director of the Company.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements
For the three and six months ended September 30, 2023 and 2022
(expressed in U.S. dollars - unaudited)****11. 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, 2023	For the Three Months Ended September 30, 2022	For the Six Months Ended September 30, 2023	For the Six Months Ended September 30, 2022
Administration	\$ 34,266	\$ 19,443	\$ 51,009	\$ 42,976
Accretion expense	7,882	-	15,548	-
Advertising, promotion and marketing	-	39,915	-	49,568
Salaries and contractors (Note 10)	95,229	365,830	195,045	898,493
Gain on extinguishment of debt	(104,233)	-	(104,233)	-
Interest expense	7,293	7,978	12,576	7,978
Investor relations	16,697	33,131	42,834	48,413
Legal and professional fees	18,422	12,053	18,422	30,567
Share-based compensation (Note 10)	20,096	43,065	35,191	127,053
Software and support tools	867	15,963	12,404	35,326
Travel and entertainment	2,416	7,035	2,416	19,745
	<u>\$ 98,935</u>	<u>\$ 544,413</u>	<u>\$ 281,212</u>	<u>\$ 1,260,119</u>

12. SUBSEQUENT EVENT

Subsequent to September 30, 2023, the Company received an additional \$150,000 CAD loan under the same terms and conditions as disclosed in Note 5.