

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

VENZEE TECHNOLOGIES INC.

For the three and six months ended September 30, 2024

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 – Prepared by Management)**

	Note	For the Three Months Ended September 30		For the Six Months Ended September 30	
		2024	2023	2024	2023
Expenses	12				
Selling and marketing		\$ -	\$ -	\$ -	\$ 891
General and administrative		187,296	167,897	340,837	321,239
Amortization		27,144	-	27,144	-
Extinguishment of debt	8	-	(104,233)	-	(104,233)
Share-based compensation	9,11	-	20,096	-	35,191
Accretion expense		9,881	7,882	19,479	15,548
Interest expense		24,011	7,293	43,007	12,576
		<u>(248,332)</u>	<u>(98,935)</u>	<u>(430,467)</u>	<u>(281,212)</u>
Other Loss					
Loss on revaluation of derivative liabilities	7	<u>(25,713)</u>	<u>(4,273)</u>	<u>(20,376)</u>	<u>(316)</u>
Net loss for the period		<u>(274,045)</u>	<u>(103,208)</u>	<u>(450,843)</u>	<u>(281,528)</u>
Translation adjustment		11,071	(6,046)	7,746	1,586
Total loss and comprehensive loss for the period		<u>\$ (262,974)</u>	<u>\$ (109,254)</u>	<u>\$ (443,097)</u>	<u>\$ (279,942)</u>
Basic and diluted loss per common share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		<u>39,320,848</u>	<u>24,646,151</u>	<u>35,154,191</u>	<u>25,097,022</u>

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 – Prepared by Management)**

		<u>As at September 30,</u> <u>2024</u>	<u>As at March 31,</u> <u>2024</u>
ASSETS			
Current assets			
Cash		\$ 62,327	\$ 17,313
Accounts receivable	4	<u>10,218</u>	<u>3,200</u>
Total current assets		72,545	20,513
Intangible asset	5	<u>3,239,422</u>	<u>-</u>
Total assets		<u>\$ 3,311,967</u>	<u>\$ 20,513</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 213,563	\$ 214,828
Promissory note payable	6	<u>821,987</u>	<u>387,515</u>
Total current liabilities		1,035,550	602,343
Convertible debentures, net	7	<u>536,195</u>	<u>506,301</u>
Derivative liabilities	7	<u>41,558</u>	<u>21,182</u>
Total liabilities		1,613,303	1,129,826
Shareholders' equity (deficiency)			
Share capital	8	22,763,376	19,496,810
Reserves	9	3,138,128	3,138,128
Accumulated other comprehensive income		9,101	16,847
Deficit		<u>(24,211,941)</u>	<u>(23,761,098)</u>
Total shareholders' equity (deficiency)		<u>1,698,664</u>	<u>(1,109,313)</u>
Total liabilities and shareholders' deficiency		<u>\$ 3,311,967</u>	<u>\$ 20,513</u>

Nature and continuance of operations (Note 1)

Approved and authorized for issue on behalf of the Board on November 26, 2024.

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 – Prepared by Management)

	Note	Outstanding	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Total
Balance – March 31, 2023		24,656,151	\$ 19,496,810	\$ 3,138,128	\$ 16,847	\$ (23,761,098)	\$ (1,109,313)
Share-based compensation	8	-	-	35,636	-	-	35,636
Shares issued for services	7	1,800,000	133,620	-	-	-	133,620
Debt settlement, net of transaction costs	7	4,475,487	330,403	-	-	-	330,403
Broker warrants in connection with private placements	7	-	(909)	909	-	-	-
Capital contribution	6	-	-	17,467	-	-	17,467
Net loss for the year		-	-	-	-	(493,380)	(493,380)
Balance – March 31, 2024		30,931,638	\$ 19,496,810	\$ 3,138,128	\$ 16,847	\$ (23,761,098)	\$ (1,109,313)
Shares issued for intangible asset	8	19,318,182	3,266,566	-	-	-	3,266,566
Translation adjustment		-	-	-	(7,746)	-	(7,746)
Net loss for the period		-	-	-	-	(450,843)	(450,843)
Balance – September 30, 2024		50,249,820	\$ 22,763,376	\$ 3,138,128	\$ 9,101	\$ (24,211,941)	\$ 1,698,664

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 – Prepared by Management)**

	For the Six Months Ended	
	September 30	
	2024	2023
Cash flows from operating activities		
Net loss for the period	\$ (450,843)	\$(281,528)
Interest expense	43,007	12,576
Accretion expense	19,479	15,548
Forgiveness of debt	-	(104,233)
Share-based compensation	-	168,811
Consulting expenses	132,140	-
Amortization	27,144	-
Loss on revaluation of derivative liabilities	20,376	316
Changes in non-cash operating elements of working capital		
Accounts receivable	(7,018)	4,008
Prepaid expenses	-	(6,124)
Accounts payable and accrued liabilities	(1,265)	(124,993)
Net cash used in operating activities	(216,980)	(315,619)
Cash flows from financing activities		
Issuance of convertible debenture	-	287,639
Proceeds from loan payable	-	74,299
Proceeds from promissory notes	264,278	-
Net cash provided by financing activities	264,278	361,938
Effect of foreign exchange on cash	(2,284)	(8,640)
Change in cash during the period	45,014	37,679
Cash – beginning of period	17,313	7,430
Cash – end of period	\$ 62,327	\$ 45,109

Supplemental disclosure with respect to cash flows:

- Fair value of shares issued for intangible assets \$3,266,566 (2023 - \$nil)
- Recognition of fair value of broker warrants \$nil (2023 - \$909)
- Fair value of shares issued for services \$nil (2023 - \$133,620)
- Fair value of shares issued for debt \$nil (2023 - \$330,403)
- \$nil (2023 - \$nil) in cash paid for income tax and interest expense

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, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

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, 2024, the Company had working capital deficiency of \$963,005, has not yet achieved profitable operations, and has an accumulated deficit of \$24,211,941 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, 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 26, 2024.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

2. BASIS OF PREPARATION (continued)

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim consolidated financial statements are presented in U.S. dollars (“USD”). The functional currency of the Company and its 100% owned Canadian subsidiary is the Canadian Dollar (“CAD” or “CAD \$”). The functional currency of the Company’s 100% owned U.S. subsidiary is the USD. Unless otherwise indicated, all dollar (“\$”) and “USD” amounts and references in these condensed interim consolidated financial statements are in and to U.S. dollars, and references to “CAD” or “CAD \$” are to Canadian dollars.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned U.S. subsidiary *Venzee Inc.* and its wholly owned Canadian subsidiary *Venzee Technologies Canada Inc.* The Company consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. Control is normally achieved through ownership, directly or indirectly, of more than 50% of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Critical accounting estimates and judgments

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

Estimates and judgments are significant when:

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

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

2. BASIS OF PREPARATION (continued)

Critical accounting estimates and judgments (continued)

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

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

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

Key sources of estimation uncertainty

Recoverability of receivables

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

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, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

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, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

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 MATERIAL 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, 2024. Refer to Note 3 of the Company's consolidated financial statements for the year ended March 31, 2024 for more information on new accounting standards and amendments not yet effective.

4. ACCOUNTS RECEIVABLE

As at September 30, 2024, the Company had input tax credits receivable in the amount of \$10,218 (March 31, 2024 - \$3,200). The aging of the input tax credits receivable is in excess of 60 days.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

5. INTANGIBLE ASSET

During the period ended September 30, 2024, the shareholders of the Company approved the transaction with a company owned by a Director of the Company, to enter into a software right-of-use agreement in exchange for 19,318,182 at a fair value of \$3,266,566. The software will be amortized over its estimated useful life on a straight-line basis which management has determined to be 10 years. During the three and six month period ended September 30, 2024, \$27,144 and \$27,144 (2023 - \$nil and \$nil) has been recorded.

6. PROMISSORY NOTE PAYABLE

During the year ended March 31, 2024, the Company entered into a series of promissory notes with a company owned by a Director of the Company as follows:

- Two unsecured promissory notes in September and November 2023 for \$100,000 CAD and \$150,000 CAD respectively which both bear 8% per annum interest rate and mature in December 2026. The Company has determined that a below-market interest rate was provided. The Company determined the fair value of the loans to be \$226,171 CAD using the market interest rate of 12%. The difference between the initial fair value and the face value totaling \$17,467 has been treated as a capital contribution. The promissory notes will be accreted to their face value over the term of the notes at an effective interest rate of 11.63% and 10.88%, and;
- In February 2024 entered into a grid promissory note secured by the assets of the Company, accruing interest at 12% per annum and repayable on demand. As at September 30, 2024, the grid promissory note totaled \$720,000 CAD, consisting of \$360,000 CAD of consulting fees owed as well as cash advances of \$460,000 CAD.

As at September, 2024, the Company has recorded a total of \$821,986 (March 31, 2024 - \$387,515) representing unsecured promissory notes, the grid promissory note and accrued interest owing.

7. CONVERTIBLE DEBENTURES

During the year ended March 31, 2024, the Company closed a series of unsecured convertible debentures for a total of \$283,911 (CAD \$385,000) (the “Debenture”). The Company paid \$30,800 CAD in cash in debt transaction costs. During the fifteen months ended March 31, 2023, the Company closed a series of unsecured convertible debentures for a total of \$265,286 (CAD \$360,000).

The Debenture mature three (3) years from the date of issuance and bear interest at a rate of 5% per annum, payable and compounded annually. The principal sum or any portion thereof, may be converted into units of the Company at a conversion price of CAD \$0.50 per unit for the first year and at the greater of market price of the shares or CAD \$1.00 in subsequent years, commencing on the date that is six (6) months from the date that the Debenture is issued.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended September 30, 2024****(expressed in U.S. dollars – unaudited – Prepared by Management)**

7. CONVERTIBLE DEBENTURES (continued)

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 \$0.80 per share for a period of sixty (60) months from the date that the warrants are issued. In connection with the debenture issued in fiscal 2023, the Company issued 52,800 finders' warrants with the same terms and conditions as above. The fair value of the warrants is determined to be immaterial. During the period ended September 30, 2024, the shareholder's of the Company agreed to amend the conversion price of certain convertible debentures to \$0.30 CAD per unit and the exercise price of the associated debenture warrants was amended to \$0.48 CAD per unit.

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, 2024, the Company accrued expenses in connection with these Debentures as follows:

Opening balance, April 1, 2023	\$	205,427
Issuance of convertible notes		283,911
Allocation of proceeds to derivative liabilities		(16,640)
Interest expense		25,071
Transaction costs		(22,852)
Accretion expense		31,384
Ending balance, March 31, 2024	\$	506,301
Interest expense		13,105
Accretion expense		16,788
Ending balance, September 30, 2024	\$	536,195

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

7. 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, April 1, 2023	\$	83,466
Recognition of derivative liabilities		16,640
Gain on revaluation of derivative liabilities		(78,924)
Ending balance, March 31, 2024	\$	21,182
Loss on revaluation of derivative liabilities		20,376
Ending balance, September 30, 2024	\$	41,558

As at September 30, 2024, the fair value of the embedded derivative for the convertible debentures was determined to be \$41,558 (March 31, 2024 - \$21,182) using the Black-Scholes Option Pricing model with the following weighted average assumptions:

	<u>2024</u>
Risk-free rate	2.88%
Dividend yield	-
Expected life	0.75 to 1.7 years
Volatility	100%
Probability of conversion at maturity	100%
Probability of conversion at \$1.00	0%

8. SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares, with no par value. On February 14, 2024, the Company completed a consolidation of its share capital on a 10:1 basis. Accordingly, the share consolidation has been retroactively applied and the number of outstanding common shares, stock options, and per share amounts are stated on an adjusted basis.

During the six months ended September 30, 2024, the Company issued 19,318,182 common shares at a fair value of \$3,266,566 to a company controlled by a Director of the Company for the exclusive right to certain software.

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.

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended September 30, 2024****(expressed in U.S. dollars – unaudited – Prepared by Management)****9. 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.

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, 2024 was 3,138,128, being 10% of the issued and outstanding common shares of the Company.

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

	As at September 30, 2024		As at March 31, 2024	
	Number of options	Weighted average exercise price CAD \$	Number of options	Weighted average exercise price CAD \$
Beginning balance	660,000	\$ 0.35	1,465,000	\$ 0.35
Transactions during the period:				
Expired/forfeited	(20,000)	0.35	(805,000)	0.35
Ending balance	<u>640,000</u>	<u>\$ 0.35</u>	<u>660,000</u>	<u>\$ 0.35</u>

The following incentive stock options were outstanding as at September 30, 2024:

Number of Options Outstanding	Exercise Price (CAD \$)	Expiry Date	Number of Options Exercisable	Exercise Price (CAD \$)
335,000	0.35	June 17, 2025	335,000	0.35
100,000	0.35	February 11, 2026	100,000	0.35
205,000	0.35	December 1, 2026	205,000	0.35
<u>640,000</u>	<u>0.35</u>		<u>640,000</u>	<u>0.35</u>

The weighted average remaining life of the stock options was 1.28 years

During the three and six months ended September 30, 2024, the Company recognized \$nil and \$nil (2023 - \$20,096 and \$35,191) as share-based compensation expense. In addition, during the period ended September 30, 2024, the shareholders of the Company agreed to amended the exercise price of the 640,000 currently outstanding stock options to \$0.35 CAD.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

9. RESERVES (continued)

Warrants

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

	Number of warrants	Weighted average exercise price CAD \$
Balance, December 31, 2021	10,590,585	1.20
Issued	969,020	1.10
Exercised	(595,200)	(1.00)
Expired unexercised	(4,374,742)	(1.30)
Balance, March 31, 2023	6,589,663	1.10
Issued	61,600	0.80
Expired unexercised	(5,620,643)	(1.06)
Balance, September 30, 2024 and March 31, 2024	1,030,620	1.08

The following warrants were outstanding as at September 30, 2024:

Number of warrants	Weighted average	Expiry date
547,020	1.20	April 6, 2025 *
369,200	1.00	June 9, 2025 *
39,200	0.80	July 29, 2025 *
13,600	0.80	February 26, 2026 *
25,600	0.80	April 4, 2026 *
36,000	0.80	June 9, 2026 *
1,030,620	1.08	

* 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 \$2.50 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 .67 years.

VENZEE TECHNOLOGIES INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

10. 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, 2024, the Company's significant foreign exchange currency exposure on its financial instruments by currency was as follows (in U.S. dollar equivalents):

	<u>SCAD</u>
Cash	39,000
Accounts receivable	10,000
Accounts payable and accrued liabilities	(47,000)
Loans payable	(822,000)
Convertible debentures	(536,000)
	<u>(1,356,000)</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	\$ (135,600)

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, 2024, 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, 2024

(expressed in U.S. dollars – unaudited – Prepared by Management)

10. 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, 2024, 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.

11. RELATED PARTY TRANSACTIONS

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

The compensation of such key management for the three and six month periods ended September 30, 2024 and 2023 included the following:

	For the Three Months Ended		For the Six Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Remuneration paid to the CEO	\$ 25,500	\$ -	\$ 51,000	\$ -
Remuneration paid to CFO	16,494	11,176	32,938	22,345
Remuneration paid to Executive VP - Commercial Operations	-	18,000	-	36,000
Remuneration paid to the Director for management services	65,978	-	131,753	-
Stock-based compensation - directors and officers	-	16,545	-	30,458
	<u>\$ 107,972</u>	<u>\$ 45,721</u>	<u>\$ 215,691</u>	<u>\$ 88,803</u>

As at September 30, 2024, amounts owing to key management personnel included:

- \$14,789 (March 31, 2023 - \$5,565) in accounts payable and accrued liabilities for remuneration and consulting services;
- \$751,655 (March 31, 2023 - \$402,689) owed through promissory notes (Note 6), and;
- \$262,368 (March 31, 2023 - \$224,130) of convertible debt (Note 7).

VENZEE TECHNOLOGIES INC.**Notes to Condensed Interim Consolidated Financial Statements****For the three and six months ended September 30, 2024****(expressed in U.S. dollars – unaudited – Prepared by Management)**

12. EXPENSES CLASSIFIED BY NATURE

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

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Administration	\$ 30,689	\$ 34,266	\$ 55,443	\$ 51,009
Accretion expense	9,881	7,882	19,479	15,548
Salaries and contractors	117,357	95,229	226,968	195,045
Gain on extinguishment of debt	-	(104,233)	-	(104,233)
Interest expense	24,011	7,293	43,007	12,576
Investor relations	-	16,697	-	42,834
Legal and professional fees	39,250	18,422	58,425	18,422
Share-based compensation	-	20,096	-	35,191
Software and support tools	-	867	-	12,404
Travel and entertainment	-	2,416	-	2,416
Amortization	27,144	-	27,144	-
	<u>\$ 248,332</u>	<u>\$ 98,935</u>	<u>\$ 430,467</u>	<u>\$ 281,212</u>