

Notice to Reader

These condensed interim consolidated financial statements of Velocity Data Inc. (the "Company") for the nine month period ending July 31, 2020 and 2019 (the "Amended Interim Financial Statements") have been amended and restated to reflect certain adjustments resulting from an interim review completed by the Company's auditors in connection with the preparation and filing of a listing statement by the Company on January 25, 2021. Due to a clerical error, an incorrect version of the Amended Interim Financial Statements was filed on the Company's SEDAR profile on January 25, 2021, which is replaced with the Amended Interim Financial Statements.

EMERGENCE GLOBAL ENTERPRISES INC.

(FORMERLY VELOCITY DATA INC.)

Condensed Interim Consolidated Financial Statements

For the periods ended July 31, 2020 and 2019

(unaudited)

(Expressed in United States dollars)

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

ASSETS	Note	July 31, 2020 \$ (unaudited)	October 31, 2019 \$
Current assets			
Cash		3,747	1,758
Amounts receivable	9	10	-
Assets held for sale	9	-	60
Total assets		3,757	1,818
Current liabilities			
Accounts payable and accrued liabilities		106,682	5,510
Loans payable	4	596,550	598,264
Due to related party	5	76,778	16,601
Liabilities held for sale	9	-	6,696,087
Total liabilities		780,010	7,316,462
SHAREHOLDERS' DEFICIT			
Share capital		985,994	969,609
Share-based payment reserve		225,156	225,156
Accumulated other comprehensive loss		(24,236)	(33,077)
Deficit		(1,963,167)	(8,476,332)
Total shareholders' deficit		(776,253)	(7,314,644)
Total liabilities and shareholders' deficit		3,757	1,818

Nature of operations and going concern (Note 1)
Contingencies (Note 10)
Subsequent events (Note 11)

Approved and authorized for issuance by the Board of Directors on November 11, 2020.

/s/ "Joe Byrne"
Joe Byrne, Director

/s/ "Robert Bates"
Robert Bates, Director

(The accompanying notes are an integral part of these condensed consolidated financial statements)

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in United States dollars)
(unaudited)

	Note	Three months ended July 31, 2020 \$	Three months ended July 31, 2019 \$	Nine months ended July 31, 2020 \$	Nine months ended July 31, 2019 \$
Expenses					
Selling, general, and administrative expenses	5	133,083	20,085	173,964	63,202
Total expenses		133,083	20,085	173,964	63,202
Loss before other income (expense)		(133,083)	(20,085)	(173,964)	(63,202)
Other income (expense)					
Gain on sale of subsidiary	9	6,866,132	-	6,866,132	-
Interest income (expense)		5,456	(5,786)	(8,908)	(17,495)
Total other income (expense)		6,871,588	(5,786)	6,857,224	(17,495)
Net income (loss) from continuing operations		6,738,505	(25,871)	6,683,260	(80,697)
Net loss from discontinued operations	9	(56,739)	(58,847)	(170,095)	(176,541)
Net income (loss) for the period		6,681,766	(84,718)	6,513,165	(257,238)
Other comprehensive income (loss)					
Foreign currency translation income (loss)		(26,149)	17,993	8,841	1,945
Comprehensive income (loss) for the period		6,655,617	(66,725)	6,522,006	(255,293)
Net Income (loss) per share – basic and diluted		0.41	(0.01)	0.40	(0.02)
Weighted average number of common shares outstanding		16,156,971	16,081,971	16,151,497	16,081,971

(The accompanying notes are an integral part of these condensed consolidated financial statements)

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in United States dollars)
(unaudited)

	<u>Share capital</u>		Share-based payment reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
	Number of shares	\$				
Balance, October 31, 2018	16,081,971	969,609	225,156	(32,284)	(8,092,495)	(6,930,014)
Foreign exchange translation gain	-	-	-	1,945	-	1,945
Net loss for the period	-	-	-	-	(257,238)	(257,238)
Balance, July 31, 2019	16,081,971	969,609	225,156	(30,339)	(8,349,733)	(7,185,307)

	<u>Share capital</u>		Share-based payment reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
	Number of shares	\$				
Balance, October 31, 2019	16,081,971	969,609	225,156	(33,077)	(8,476,332)	(7,314,644)
Shares issued for settlement of related party debt	75,000	16,385	-	-	-	16,385
Foreign exchange translation gain	-	-	-	8,841	-	8,841
Net income for the period	-	-	-	-	6,513,165	6,513,165
Balance, July 31, 2020	16,156,971	985,994	225,156	(24,236)	(1,963,167)	(776,253)

The accompanying notes are an integral part of these condensed consolidated financial statements)

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(unaudited)

	For the nine months ended July 31, 2020 \$	For the nine months ended July 31, 2019 \$
Operating activities		
Net Income (loss) from continuing operations	6,683,260	(80,697)
Items not affecting cash:		
Gain on sale of subsidiary	(6,866,132)	-
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	110,080	15,546
Due to related party	15,536	-
Net cash used in operating activities	(57,256)	(65,151)
Financing activities		
Proceeds from loans payable	62,217	60,096
Net cash provided by financing activities	62,217	60,096
Net cash provided by (used in) continuing activities	4,961	(5,055)
Effect of foreign exchange rate changes on cash	(2,972)	273
Net change in cash	1,989	(4,782)
Cash - beginning of year	1,758	7,932
Cash - end of year	3,747	3,150
Non-cash investing and financing activities:		
Shares issued for settlement of related party debt	16,385	-

(The accompanying notes are an integral part of these condensed consolidated financial statements)

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months periods ended July 31, 2020 and 2019
(Expressed in United States dollars)
(unaudited)

1. Nature of Operations and Going Concern

Velocity Data Inc. (the "Company") was incorporated as GTO Resources Inc. on May 10, 2011 under the Business Corporations Act (British Columbia). The Company changed its name to Velocity Data Inc. on August 7, 2014 and as of July 31, 2020 was not engaged in a specific business. The Company's registered office is located at Suite 600 – 1285 West Broadway, Vancouver, BC V6H 3X8.

These condensed consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to meet its obligations and continue its operations for the next fiscal period. For the nine months ended July 31, 2020, the Company has reported no revenue, net gain of \$6,513,165, and as at that date, had a working capital deficit of \$776,253 and accumulated deficit of \$1,963,167. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Statement of Compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are measured at fair value. These condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and presented are in United States dollars. These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, ACL Computers and Software, Inc. ("ACL"), which was discontinued on February 28, 2018. All intercompany transactions and balances have been eliminated.

EMERGENCE GLOBAL ENTERPRISES INC.
(FORMERLY VELOCITY DATA INC.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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2. Significant Accounting Policies (continued)

(c) Use of Estimates and Judgments

The preparation of these condensed consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based payments and unrecognized deferred income tax assets.

Accounts payable and accrued liabilities include amounts that have been the subject of summary judgment decisions in various states in the United States. The Company has applied potential interest liability of all summary judgment amounts at the maximum allowable interest rate under the respective states for which the Company has summary judgments against them.

The Company's assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. Segment Information

The Company operates in Canada for purposes of its incorporation location, and is engaged in the business of selling computer systems and related components in USA. As at and for the three and nine months ended July 31, 2020, all assets and operations were located in Canada.

4. Loans Payable

- (a) As at July 31, 2020, the Company owes \$439,763 (October 31, 2019 - \$438,614) to a non-related company. The amount owed is unsecured and bears interest at prime plus 3% per annum compounded semi-annually, and is due on demand. The amounts are convertible into common shares of the Company subject to a weighted average closing price of the first ten trading days of the Company.
- (b) As at July 31, 2020, the Company owes \$156,787 (October 31, 2019 - \$159,650) to a non-related party which is non-interest bearing, unsecured, and due on demand.

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5. Related Party Transactions

- (a) During the nine months ended July 31, 2020, the Company incurred \$Nil (2019 - \$15,000), in professional and consulting fees; incurred \$10,577 (2019 - \$Nil), in accounting fees to the Chief Financial Officer (the "CFO") of the Company and a company associated with the CFO, which have been recorded in selling, general, and administrative expenses.
- (b) As at July 31, 2020, the Company owed \$4,782 (October 31, 2019 - \$16,601) to the CFO and a company associated with the CFO, which is non-interest bearing, secured against the assets of the Company, and is due on demand.
- (c) As at July 31, 2020, the Company owed \$71,996 (October 31, 2019 - \$Nil) to the Chief Executive Officer (the "CEO") and a company associated with the CEO, which is non-interest bearing, non-secured, and is due on demand.

6. Share Capital

Authorized: Unlimited number of voting common shares
 Unlimited number of preferred shares

- (a) On November 20, 2019, the Company issued 75,000 common shares to settle debt of \$16,385 to a company associated with CFO.

Stock Options

Summary of stock option activity for the period ended July 31, 2020 is as follows:

	Number of options	Weighted average exercise price \$
Outstanding, October 31, 2019	356,006	1.20
Expired	(356,006)	1.20
Outstanding, July 31, 2020	-	-

7. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2019.

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8. Financial Instruments and Risk Management

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, assets held for sale, accounts payables and accrued liabilities, amounts due to related parties, liabilities held for sale, and loans payable approximate their fair values due to the short-term nature of those instruments.

(c) Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result create a financial loss for the Company. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and the United States. The carrying amount of financial assets represents the maximum credit exposure.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Foreign exchange and interest rate risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company has not entered into any derivative contracts or hedged its exposure to foreign currency fluctuations, as it is not exposed to any significant foreign interest rate risk. Interest rate risk is the risk related to fluctuations caused by the changes in interest rates.

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9. Discontinued Operations and Sale of ACL

On February 28, 2018, the Company announced its intention to exit its business of selling computer systems and related components and focus on new investments and projects. As such, the financial information for ACL, the Company's wholly-owned subsidiary, has been reclassified as discontinued operations as at July 31, 2020 and October 31, 2019 and for the three and nine month periods ended July 31, 2020 and 2019.

Statement of Operations – Discontinued Operations

	Three months ended July 31, 2020	Three months ended July 31, 2019	Nine months ended July 31, 2020	Nine months ended July 31, 2019
	\$	\$	\$	\$
Expenses				
Selling, general, and administrative expenses	60	–	60	–
Net loss before other expense	(60)	–	(60)	–
Other expense				
Interest expense	(56,679)	(58,847)	(170,035)	(176,541)
Net loss from discontinued operations	(56,739)	(58,847)	(170,095)	(176,541)

On July 31, 2020, the Company sold 100% of the issued and outstanding shares of ACL and its underlying assets and liabilities to ACLH Inc. for consideration of \$10, which has been recorded in amounts receivable, and that ACLH will assume all of the assets, debt, and obligations the Company may have in connection with ACL and the indemnification of the Company for any future liability associated with ACL. The transaction resulted in a gain on the sale of ACL of \$6,866,132.

	\$
Disposition of assets on sale of ACL	–
Disposition of liabilities on sale of ACL	6,866,122
Disposal of net liabilities on sale of ACL	6,866,122
Proceeds receivable on sale of ACL	10
Gain on sale of ACL	6,866,132

10. Contingencies

- (a) During the year ended October 31, 2015, the Company incurred a significant amount of loss in relation to orders placed by a fictitious customer. The Company has filed suits against various parties to recover these losses. As at July 31, 2020, these lawsuits are still outstanding. Any settlement will be reflected as income to operations in the year occurred. No provision for possible gain has been included in these condensed consolidated financial statements, as the outcome is uncertain and the amount of recovery is not determinable.
- (b) The Company has had various outstanding legal claims from its suppliers to demand payment of the overdue balances and interest recorded in liabilities held for sale, which includes summary judgments in various jurisdictions.

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11. Subsequent Event

Acquisition of NuBreed

On July 27, 2020, the Company and NuBreed entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of NuBreed in exchange for the issuance of 1,000,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. As of the date of filing, the common shares have not been issued and the transaction has not been completed.