

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2020 and September 30, 2019

(expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bee Vectoring Technologies International Inc.

### *Opinion*

We have audited the consolidated financial statements of Bee Vectoring Technologies International Inc., (the "Group"), which comprise the consolidated statement of financial position as at September 30, 2020 and 2019 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$6,715,391 during the year ended September 30, 2020 and, as of that date, the Group's current liabilities exceeded its total assets by \$440,049. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovcic.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
January 26, 2021  
Toronto, Ontario

**Bee Vectoring Technologies International Inc.**  
Consolidated Statements of Financial Position  
(expressed in Canadian Dollars)

	September 30, 2020	September 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 303,241	\$ 312,864
Sales tax and other receivable	73,989	119,780
Inventory (note 4)	34,492	18,067
Prepaid expense and deposits	37,689	69,238
	<b>449,411</b>	<b>519,949</b>
<b>Long-term assets</b>		
Intangible assets (note 6)	1,839,292	1,612,645
Property, plant and equipment (note 5)	181,674	202,643
	<b>\$ 2,470,377</b>	<b>\$ 2,335,237</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 889,460	\$ 685,230
Loans payable (note 8)	-	50,000
	<b>889,460</b>	<b>735,230</b>
<b>Long-term liabilities</b>		
Loans payable (note 8)	80,629	-
	<b>970,089</b>	<b>735,230</b>
<b>Shareholders' equity (deficit)</b>		
Share capital (note 9)	17,028,011	12,850,546
Shares to be issued (note 20)	102,510	250,000
Warrants (note 10, 11)	1,646,411	980,756
Contributed surplus (note 12)	4,651,144	2,730,277
Accumulated other comprehensive income	(4,882)	(4,057)
Accumulated deficit	(21,922,906)	(15,207,515)
	<b>1,500,288</b>	<b>1,600,007</b>
	<b>\$ 2,470,377</b>	<b>\$ 2,335,237</b>

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

**COMMITMENTS (Note 18)**

**SUBSEQUENT EVENTS (Note 20)**

Approved by the Board of Directors

"Michael Collinson"

Director

"Jim Molyneux"

Director

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

**Bee Vectoring Technologies International Inc.**  
Consolidated Statements of Loss and Comprehensive Loss  
For the years ended September 30, 2020 and 2019  
(expressed in Canadian Dollars)

	2020	2019
<b>Sales</b> (note 16)	\$ 288,868	\$ 58,176
<b>Cost of sales</b>	<b>176,584</b>	44,865
<b>Gross profit</b>	<b>112,284</b>	13,311
<b>Expenses</b>		
Office and general (note 17)	2,208,433	1,647,738
Investor and public relations	1,104,674	175,650
Sales, advertising and marketing	502,966	390,238
Share based payments (note 12)	2,601,262	355,499
Trials, research and development	349,834	372,983
<b>Loss before other items</b>	<b>(6,654,885)</b>	(2,928,797)
Gain (loss) on foreign exchange	(23,383)	56,341
Loss on write-off of abandoned patents	(58,143)	(32,164)
Interest and other income	21,020	6,795
<b>Net loss</b>	<b>\$ (6,715,391)</b>	\$ (2,897,825)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>85,695,970</b>	77,651,133
<b>Basic and diluted loss per common share</b> (note 13)	<b>\$ (0.08)</b>	\$ (0.04)

	2020	2019
<b>Net loss</b>	<b>\$ (6,715,391)</b>	\$ (2,897,825)
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	(825)	(62,729)
<b>Comprehensive loss</b>	<b>\$ (6,716,216)</b>	\$ (2,960,554)

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

**Bee Vectoring Technologies International Inc.**

## Consolidated Statements of Cash Flows

For the years ended September 30, 2020 and 2019

(expressed in Canadian Dollars)

	2020	2019
<b>Cash used in operating activities</b>		
Net loss	\$ (6,715,391)	\$ (2,897,825)
Items not affecting cash		
Share based payments ( <i>note 12</i> )	1,986,512	355,499
Shares issued for services ( <i>note 12</i> )	614,750	83,796
Loss on write-off of abandoned patents	58,143	32,164
Unrealized foreign exchange differences on translation of foreign operations	(825)	(62,729)
Depreciation and amortization	116,450	109,926
<b>Net changes in non-cash working capital items</b>		
Sales tax and other receivables	45,791	(32,442)
Prepaid expenses and deposits	31,549	(17,988)
Inventory	(16,424)	(18,067)
Accounts payable and accrued liabilities	204,229	403,871
	(3,675,216)	(2,043,795)
<b>Cash used in investing activities</b>		
Additions to intangible assets ( <i>note 6</i> )	(359,516)	(645,323)
Additions to property, plant and equipment ( <i>note 5</i> )	(20,755)	-
	(380,271)	(645,323)
<b>Cash flow from financing activities</b>		
Proceeds from the issue of special warrants	1,806,741	-
Unit subscription funds received in advance	102,510	250,000
Proceeds from loans ( <i>note 8</i> )	80,629	50,000
Loan repayments ( <i>note 8</i> )	(50,000)	-
Proceeds from the issue of shares and warrants	1,009,861	-
Share issue costs	(20,003)	-
Proceeds from exercise of options and warrants	1,116,126	-
	4,045,864	300,000
<b>Decrease in cash</b>	<b>(9,623)</b>	<b>(2,389,118)</b>
<b>Cash, beginning of year</b>	<b>312,864</b>	<b>2,701,982</b>
<b>Cash, end of year</b>	<b>\$ 303,241</b>	<b>\$ 312,864</b>

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

**Bee Vectoring Technologies International Inc.**

Statements of Changes in Shareholders' Equity

For the years ended September 30, 2020 and 2019  
(expressed in Canadian Dollars)

	Share Capital							Accumulated other Comprehensive Income	Deficit	Total
	Number of shares	Amount	Shares to be issued	Special Warrants	Warrants	Contributed Surplus				
<b>Balance, September 30, 2018</b>	77,599,271	\$ 12,753,114	\$ -	\$ -	\$ 1,382,817	\$ 1,986,353	\$ 58,672	\$ (12,309,690)	\$ 3,871,266	
Share based compensation (note 12)	-	-	-	-	-	304,604	-	-	304,604	
Subscription funds received in advance	-	-	250,000	-	-	-	-	-	250,000	
Shares issued on vesting of RSUs (note 12)	728,058	134,691	-	-	-	-	-	-	134,691	
Extension of warrants	-	(37,259)	-	-	37,259	-	-	-	-	
Expired warrants	-	-	-	-	(439,320)	439,320	-	-	-	
Net loss	-	-	-	-	-	-	(62,729)	(2,897,825)	(2,960,554)	
<b>Balance, September 30, 2019</b>	<b>78,327,329</b>	<b>\$ 12,850,546</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ 980,756</b>	<b>\$ 2,730,277</b>	<b>\$ (4,057)</b>	<b>\$ (15,207,515)</b>	<b>\$ 1,600,007</b>	
Share based compensation (note 12)	-	-	-	-	-	2,601,262	-	-	2,601,262	
Special warrants issued (note 10)	-	-	(250,000)	2,056,741	-	-	-	-	1,806,741	
Broker warrants issued on issuance of special warrants	-	-	-	(33,704)	33,704	-	-	-	-	
Issue of units from private placement (note 9)	3,110,687	737,224	-	-	272,637	-	-	-	1,009,861	
Subscription funds received in advance (note 20)	-	-	102,510	-	-	-	-	-	102,510	
Share issue costs - cash (note 9)	-	(14,603)	-	-	(5,400)	-	-	-	(20,003)	
Share issue costs - broker warrants (note 9)	-	(3,757)	-	-	3,757	-	-	-	-	
Expiry of warrants (note 11)	-	-	-	-	(50,801)	50,801	-	-	-	
Conversion of special warrants (notes 9 & 10)	7,289,751	1,418,319	-	(2,023,037)	604,718	-	-	-	-	
Exercise of warrants (note 9)	2,763,500	1,160,185	-	-	(192,960)	-	-	-	967,225	
Exercise of options (note 9)	563,336	265,347	-	-	-	(116,446)	-	-	148,901	
Exercise of RSUs (note 9)	1,550,000	614,750	-	-	-	(614,750)	-	-	-	
Net loss	-	-	-	-	-	-	(825)	(6,715,391)	(6,716,216)	
<b>Balance, September 30, 2020</b>	<b>93,604,603</b>	<b>\$ 17,028,011</b>	<b>\$ 102,510</b>	<b>\$ -</b>	<b>\$ 1,646,411</b>	<b>\$ 4,651,144</b>	<b>\$ (4,882)</b>	<b>\$ (21,922,906)</b>	<b>\$ 1,500,288</b>	

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



## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **1. Nature of operations and going concern**

Bee Vectoring Technologies International Inc. (the “Company”) was incorporated under the laws of the province of British Columbia, Canada on May 20, 2011. The Company is focused on the control of pests and enhancement of crops and ornamentals through the use of biological controls in a variety of application processes.

The Company commenced trading on the TSX Venture Exchange under the symbol BEE on July 7, 2015. The address of the Company’s registered office is 4160 Sladeview Cres. #7, Mississauga, Ontario. During the year, the Company chose to change the exchange on which its stock was listed. As a result, the Company’s shares stopped trading on the TSX Venture on August 20th, 2020 and commenced trading on the Canadian Stock Exchange (CSE) on August 21st, 2020 under the symbol “BEE.C”.

These consolidated financial statements were approved for issuance by the Board of Directors on January 26, 2021.

#### *Going concern assumption*

These consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company’s ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. On August 28, 2019 the Company received approval from the Environmental Protection Agency to sell its BioControl in the United States. To date the Company has not yet obtained regulatory approval to sell its BioControl from other regulatory bodies outside the US. The Company is currently also seeking regulatory approval in Mexico and Switzerland. During the year ended September 30, 2020, the Company incurred a net loss of \$6,715,391 (2019 – \$2,897,825), and as of that date, the Company’s deficit was \$21,922,906 (September 30, 2019 – \$15,207,515). At September 30, 2020, the Company has current assets of \$449,411 (September 30, 2019 - \$519,949) and current liabilities of \$889,460 (September 30, 2019 – \$735,230) resulting in working capital deficiency of \$(440,049) (September 30, 2019 – (\$215,281)).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern in the foreseeable future. The consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company’s assets and liabilities at liquidation values could be material to these consolidated financial statements.

The World Health Organization declared coronavirus and COVID-19 a global health emergency on January 30, 2020. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The agriculture industry is considered essential (for food supply), and while the Company is still able to service its customers, to date, the Company has been impacted as follows:

- New sales impacted as travel restrictions have made it difficult to conduct demonstrations to growers.
- Product registration process has slowed; and
- R&D activities negatively impacted by travel and access to researchers and labs.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **1. Nature of operations and going concern (continued)**

The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crises that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. The impact of COVID-19 on the Company continues to result in material uncertainties that may cast significant doubt about the Companies ability to continue as a going concern in the foreseeable future.

#### **2. Basis of presentation**

##### a) Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

##### b) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

##### c) Significant accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of such judgments and estimates are pervasive throughout the 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 also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

##### Estimates

###### *Intangible assets valuation for impairment purposes*

The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost to sell. The determination of the recoverable amount involves management estimates. The Company used fair value less cost to sell to determine the recoverable amount of the cash generating unit. Judgement was used in determining the basis of calculating fair value. As the Company has a single cash generating unit, management used the market value of the Company's share price as a proxy of the fair value of the cash generating unit. In addition, management applied judgement in the estimation of the cost to sell. This estimation of cost to sell was sensitized within a reasonable range and did not result in an impairment.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **2. Basis of presentation (continued)**

##### *Useful life of property, plant and equipment*

Significant estimates are made as to the useful lives of property, plant and equipment.

##### *Useful life of intangible assets*

Significant estimates are made as to the useful lives of the capitalization of patents, regulatory and development costs.

##### *Valuation of share-based payments*

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. Estimates are used for valuing RSUs granted for determining vesting dates when RSU's are granted with vesting conditions that are based on non-market performance conditions and milestones.

##### Judgments

##### *Capitalization of development costs*

Initial capitalization of development costs is based on management's judgment that technological and economic feasibility is confirmed, usually when the product development project has reached a defined milestone according to an established project management model.

##### *Capitalization of regulatory costs*

Initial capitalization of regulatory costs is based on management's judgment that future economic benefits attributable to the Companies assets will flow to the Company.

##### *Functional currency*

In concluding on the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

##### *Going concern*

The company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the company could continue as a going concern.

#### **d) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries Bee Vectoring Technology Inc. (Canadian), and Bee Vectoring Technology USA Corp (United States) ("BVT USA").

The functional currency of the Company is the Canadian Dollar, which is the presentation currency of the consolidated financial statements. The functional currency of BVT USA is the United States dollar.

All intercompany transactions and balances have been eliminated in preparing the consolidated financial statements.

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

### Notes to Consolidated Financial Statements

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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### 3. Significant accounting policies

#### *Intangible Assets*

The Company has intangible assets consisting of legal costs related to the application of patents, costs associated with Regulatory (including EPA) applications and costs of developing the Company's technology. Intangible assets acquired separately are measured on initial recognition at cost, when they have the following attributes: are identifiable, controlled by the Company, and from which future benefits are expected. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there are indications that the intangible asset may be impaired. Intangible assets which are not yet available for use are tested annually for impairment regardless of whether impairment indicators exist. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life (based on expiry of patents) or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in the statement of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date the patent is granted and is available for use. Amortization of regulatory costs are amortized once approvals are received, and are amortized over their estimated useful life, being the term of the approval.

#### *Property, Plant and Equipment*

Equipment and furniture are recorded initially at cost and subsequently at cost less accumulated amortization and accumulated impairment losses (if any). Amortization is provided over an asset's expected useful life using the following methods and annual rates:

Equipment	20 years	straight line
Computer	3 years	straight line
Office furniture	20 %	declining balance
Site equipment	20 %	declining balance
Telephone equipment	20 %	declining balance
Leasehold improvements		straight-line over life of lease

Residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively (if needed).

#### *Income Taxes*

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **3. Significant accounting policies (continued)**

##### *Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. For unit offerings, the Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from warrants to share capital. If the warrants expire unexercised, the applicable amount is transferred to contributed surplus. The fair value adjustment resulting from a modification to the terms of a warrant is recognized in share capital.

##### *Financial Instruments*

###### *Financial assets*

###### *Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit and loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

###### *Subsequent measurement – Financial assets at FVPL*

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income. The Company does not measure any financial assets at FVPL.

###### *Subsequent measurement – Financial assets at amortized cost*

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flows represent "solely payments of principal and interest".

###### *Subsequent measurement – Financial assets at FVOCI*

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

###### *Derecognition*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

### Notes to Consolidated Financial Statements

For the years ended September 30, 2020 and September 30, 2019  
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#### 3. Significant accounting policies (continued)

##### Impairment of financial assets

The Company's only financial assets subject to impairment are other amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

##### Financial liabilities

###### Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of debt, net of directly attributable transaction costs.

###### Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

<b>Financial assets:</b>	<b>Classification IFRS 9</b>
Cash	FVTPL
Accounts receivable	Amortized cost
<b>Financial liabilities:</b>	<b>Classification IFRS 9</b>
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

##### *Impairment of non-financial assets*

Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment. Other non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (the Company's technology, inoculum dispensing system) to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period, although such reversals are not applicable to goodwill.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

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#### **3. Significant accounting policies (continued)**

##### *Share based payment transactions*

The Company has a stock option plan and a restricted share unit plan which are discussed in note 12. Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity cannot be specifically measured, the equity instruments are measured at fair value of the equity instrument. The fair value of the equity instruments is recognized together with a corresponding increase in equity over the period that services are provided or goods are received.

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

The Company determines the fair value of restricted stock units issued with market-based performance conditions by using the market price of the Company’s stock at the date of grant adjusted downward for the probability of units not vesting; the Company multiplies this by the number of restricted stock units granted. The Company then recognizes the associated share based compensation with an increase in share capital over the vesting period related to the market-based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

The Company determines the fair value of restricted stock units issued with non-market based performance conditions by using the market price of the Company’s stock at the date of grant; the Company multiplies this by the number of restricted stock units it expects to ultimately vest. The Company then recognizes the associated share based compensation with an increase in share capital over the estimated vesting period related to the non-market based performance condition. Upon vesting, the Company will reconcile the share-based compensation and share capital to account for the number of units that ultimately vested.

##### *Foreign operations and currency translation*

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The accounts of the Company are presented in Canadian dollars. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders’ equity.

##### *Loss per share*

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **3. Significant accounting policies (continued)**

Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, warrants and vesting of restricted share units, if dilutive. As the potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

##### *Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at September 30, 2020 and September 30, 2019.

##### *Revenue recognition*

Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Rendering of services - Revenue from a contract to provide services is recognized over time as the services are rendered based on a per acre basis. This revenue is generated (and performance obligation met) by providing a service to growers (installing and maintaining the Company's inoculum dispenser system) over the growers farming season. BVT's patented and patent pending technology uses bumblebees and honey bees as a system to deliver naturally-occurring beneficial fungus and other beneficial microbes to flowering plants. The Company has developed an inoculum dispenser system that is incorporated into the lid of the commercial bumble bee hive ("Hives"). In the dispenser is a removable tray that contains, in powder form, the inoculant fungi and a mixture of products that allows the bees to effectively pick up the product on their way out of the hive, get attached to the bee's legs and bodies as they walk through the tray on their way out of the hive. This offers an organic means to control diseases and pests and provide plant enhancing properties while requiring zero water for delivery.

Sale of goods - Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery (ie performance obligation is met upon the shipment of the Hives).



## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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#### **3. Significant accounting policies (continued)**

The Company recognizes revenue based on the following criteria: when a contract exists with a customer, the contract identifies the performance obligation, performance obligation has been met, the transaction price is determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

##### *Cash-generating unit*

A cash-generating unit (“CGU”) is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. Impairment of CGUs is performed at the CGU level. The recoverable amount of each CGU is determined based on the higher of the CGU’s fair value less costs to sell (“FVLCS”) and its value in use (“VIU”). The Company used FVLCS to determine the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. CGUs shall be identified consistently from period to period for the same asset or types of asset, unless a change is justified. Management evaluates and identifies CGUs at each financial statement date. Management has identified there to be one CGU, being the Company’s technology, inoculum dispensing system.

##### *Inventory*

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method using the standard costing method which is updated regularly to reflect current conditions and approximate cost. The cost of finished goods inventory comprises raw materials, direct labour, other direct costs and related production overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is reviewed monthly to determine if the carrying value exceeds net realizable value. If so, impairment is recognized. The impairment may be reversed if the circumstances which caused it no longer exist.

##### *Lease and Right of Use Assets*

On October 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17, Leases (“IAS 17”) and IFRIC 4, Determining Whether an Arrangement Contains a Lease (“IFRIC 4”).

#### **New Accounting Standards Adopted**

##### **IFRS 16 – Leases**

The standard introduces a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. For lessees, IFRS 16 is a single on-balance sheet recognition and measurement model, eliminating the distinction between operating and finance leases and right-of-use assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Liabilities from leases are to be reduced over the term of the lease by amortizing lease payments to a reduction in liability and an interest expense recognized in finance costs. Right-of-use assets will be amortized over the term of the lease.

On October 1, 2019, the Company implemented IFRS 16, using the modified retrospective approach. There was no significant impact to the Company’s annual consolidated financial statements after using practical expedients as allowed within the standard. Comparatives have not been restated. The Company has lease contracts for office spaces.

In applying IFRS 16 – Leases for the first time, the Company has used the following practical expedients permitted by the standard:

- Leases with a remaining term of less than twelve months from the date of application have been accounted for as short-term leases even though the initial term from the lease commencement have been more than twelve months; and
- The exclusion of initial direct costs for the measurement of the right-of use asset at the date of initial applications;

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

### Notes to Consolidated Financial Statements

For the years ended September 30, 2020 and September 30, 2019  
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#### 3. Significant accounting policies (continued)

A lease is recognized as a right-of-use asset and a corresponding lease obligation liability at the date of which the leased asset is available for use by the Company. The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The initial cost recognized includes the lease liability, any lease prepayments made, less any lease incentives, and any direct costs incurred by the lessee. The right-of-use asset is amortized over the term of the lease. Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of income over the lease period.

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Payments for short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise of small items of office equipment.

#### IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

On October 1, 2019, the Company also adopted the new accounting standard IFRIC 23. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company has concluded that there is no significant impact resulting from the application of this new standard on its annual consolidated financial statements.

#### 4. Inventory

	2020	2019
Raw materials	\$ 34,492	\$ 18,067
Total	\$ 34,492	\$ 18,067

During the year ended September 30, 2020, \$176,584 (2019 - \$44,865) of inventory was recognized as cost of sales. There was no inventory write downs in 2020 and 2019. No inventory was pledged as collateral.

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

### Notes to Consolidated Financial Statements

For the years ended September 30, 2020 and September 30, 2019  
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#### 5. Property, plant and equipment

	Equipment	Computer	Furniture	Site equipment	Leasehold improvements	Telephone equipment	Total
<b>Cost</b>							
As at September 30, 2018	\$ 6,299	\$ 15,486	\$ 12,467	\$ 408,897	\$ 38,617	\$ 24,931	\$ 506,697
Additions	-	-	-	-	-	-	-
As at September 30, 2019	6,299	15,486	12,467	408,897	38,617	24,931	506,697
Additions	9,610	2,337	-	8,808	-	-	20,755
As at September 30, 2020	\$ 15,909	\$ 17,823	\$ 12,467	\$ 417,705	\$ 38,617	\$ 24,931	\$ 527,452
<b>Accumulated depreciation</b>							
As at September 30, 2018	\$ 1,825	\$ 6,464	\$ 6,081	\$ 182,885	\$ 33,803	\$ 10,415	\$ 241,473
Additions	314	5,162	1,277	45,202	7,723	2,903	62,581
As at September 30, 2019	2,139	11,626	7,358	228,087	41,526	13,318	304,054
Additions	435	4,251	1,021	36,604	(2,909)	2,322	41,724
As at September 30, 2020	\$ 2,574	\$ 15,877	\$ 8,379	\$ 264,691	\$ 38,617	\$ 15,640	\$ 345,778
<b>Net book value</b>							
As at September 30, 2019	\$ 4,160	\$ 3,860	\$ 5,109	\$ 180,810	\$ -	\$ 11,613	\$ 202,643
As at September 30, 2020	\$ 13,335	\$ 1,946	\$ 4,088	\$ 153,014	\$ -	\$ 9,291	\$ 181,674

During the year ended September 30, 2020, \$7,138 of depreciation was capitalized to inventory as overhead and subsequently recognized as cost of sales.

#### 6. Intangible assets

Intangible assets consist of legal fees incurred towards the registration of various patents, regulatory and development costs as follows: (amortization commences once the asset is available for use)

	Available-for-use			Work-in-process			Total
	Patents	Regulatory cost	Development	Patents	Regulatory cost	Development	
<b>Cost</b>							
As at September 30, 2018	\$ 282,427	\$ -	\$ -	\$ 663,056	\$ 114,851	\$ 9,202	\$ 1,069,536
Additions	146,635	233,719	134,573	109,303	21,094	-	645,324
Re-class to available for use	97,336	114,851	9,202	(97,336)	(114,851)	(9,202)	-
Write-off of abandoned patents	-	-	-	(32,164)	-	-	(32,164)
As at September 30, 2019	526,398	348,570	143,775	642,859	21,094	-	1,682,696
Additions	-	55,477	172,550	89,634	41,856	-	359,517
Re-class to available for use	12,026	-	-	(12,026)	-	-	-
Write-off of abandoned patents	(15,173)	-	-	(44,141)	-	-	(59,314)
As at September 30, 2020	\$ 523,251	\$ 404,047	\$ 316,325	\$ 676,326	\$ 62,950	\$ -	\$ 1,982,899
<b>Accumulated amortization</b>							
As at September 30, 2018	\$ 27,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,563
Additions	33,846	1,452	7,190	-	-	-	42,488
As at September 30, 2019	61,409	1,452	7,190	-	-	-	70,051
Additions	39,446	19,465	15,816	-	-	-	74,727
Write-off of abandoned patents	(1,170)	-	-	-	-	-	(1,170)
As at September 30, 2020	\$ 99,685	\$ 20,917	\$ 23,006	\$ -	\$ -	\$ -	\$ 143,608
<b>Net book value</b>							
As at September 30, 2019	\$ 464,989	\$ 347,118	\$ 136,585	\$ 642,859	\$ 21,094	\$ -	\$ 1,612,645
As at September 30, 2020	\$ 423,566	\$ 383,130	\$ 293,319	\$ 676,326	\$ 62,950	\$ -	\$ 1,839,292

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

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For the years ended September 30, 2020 and September 30, 2019  
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#### 7. Related party balances and transactions

Key management includes members of the board, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended September 30, 2020 and September 30, 2019:

	2020	2019
CEO fees (i)	\$ 428,437	\$ 371,197
CFO fees (ii)	30,000	30,000
Consulting fees charged by a Chelsian Sales & Service (iii)	60,000	60,000
Consulting fees charged Flueckiger Consulting (iv)	58,995	93,595
Share based payments (vii)	999,600	207,505
	<b>\$ 1,577,032</b>	<b>\$ 762,297</b>

- (i) Salary and/or consulting fees paid to the CEO for services rendered. As at September 30, 2020, \$65,620 (September 30, 2019 - \$121,389) is owed to the CEO for past fees.
- (ii) Consulting fees charged by CFO Advantage Inc, a corporation owned by the CFO of the Company, for services of the Chief Financial Officer. As at September 30, 2020 \$5,650 (2019 - \$8,475) was owed to CFO Advantage Inc.
- (iii) Consulting fees charged by Chelsian Sales & Service Inc, a corporation owned by a director, for assisting with day-to-day operations. As at September 30, 2020 \$12,600 (2019 - \$12,600) was owed to Chelsian Sales and Service Inc.
- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required. As at September 30, 2020 \$8,211 (2019 - \$32,517) was owed to Flueckiger consulting.
- (v) \$3,000 (2019 - \$18,000) was charged by a relative of a director of the Company for marketing services.
- (vi) The Company employs a relative of a director of the Company as project manager. During the year ended September 30, 2020, the employee earned a salary and benefits of \$96,000 (2019 - \$94,000).
- (vii) For options issued to related parties, please see Note 12.

#### 8. Loans payable

On May 1, 2020, the Company received a \$40,000 Canada Emergency Business Account loan. Up to \$10,000 of that amount will be eligible for loan forgiveness if \$30,000 is fully repaid on or before December 31, 2022. As at September 30, 2020, none of the loan has been repaid. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due. Monthly interest must be paid during the additional 3-year term.

On May 5, 2020, the Company received a Small Business Administration paycheck loan of \$40,629. The loan bears an interest rate of 1%, and matures 2 years from the date of issuance (but can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities). Subsequent to the year-end, the Company submitted a loan forgiveness application related to this loan.

On August 28, 2019, the Company entered into a loan agreement for gross proceeds of \$50,000 of which \$50,000 was drawn at September 30, 2019. The loan was unsecured, bore interest at 12.5% per annum and became due 90 days from the date of issuance. The loan was repaid in full on October 8, 2019, and as such the balance payable as at September 30, 2020 was \$nil (as at September 30, 2019 - \$50,000).

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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**9. Share capital**

Authorized - Unlimited number of common shares without par value  
Issued and outstanding

	Share capital	Value
<b>Common shares</b>		
Balance September 30, 2018	77,599,271	\$12,753,114
Shares issued on vesting of RSU's (note 12)	728,058	134,691
Extension of warrants	-	(37,259)
<b>Balance September 30, 2019</b>	<b>78,327,329</b>	<b>\$12,850,546</b>
Shares issued on private placement (i)	3,110,687	737,224
Valuation of warrants issued on private placement (i)	-	(14,603)
Private placement issue costs (i)	-	(3,757)
Common shares issued on conversion of special warrants (note 10)	7,289,751	1,418,319
Common shares issued on exercise of RSU's (ii)	1,550,000	614,750
Common shares issued on exercise of warrants (iii)	2,763,500	1,160,185
Common shares issued on exercise of options (iv)	563,336	265,347
<b>Balance September 30, 2020</b>	<b>93,604,603</b>	<b>\$17,028,011</b>

- (i) On May 19, 2020, the Company closed a non-brokered private placement of 1,999,576 units ("Units") at a price of \$0.33 per Unit for gross aggregate proceeds of \$659,860. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD\$0.5375 per Share. The Warrants were valued at \$180,833 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 86%; Interest rate – 0.28%.

On June 30, 2020, the Company closed a non-brokered private placement of 1,111,111 units ("Units") at a price of \$0.315 per Unit for gross aggregate proceeds of \$350,000. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD\$0.525 per Share. The Warrants were valued at \$91,803 using relative fair value method with the warrants fair value determined by using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 86%; Interest rate – 0.28%.

The Company paid commissions to finders under the private placements consisting of cash fees of \$20,003 and the issue of 29,750 finder's warrants. Each finder's warrant entitles the holder to purchase one share of the Company at a price of \$0.5375 for two year. The finder's warrants were valued at \$5,147 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 95%; Interest rate – 0.28%.

- (ii) During the year ended September 30, 2020, 1,550,000 RSUs were exercised. The RSUs had a fair value of \$614,750.
- (iii) During the year ended September 30, 2020, 2,763,500 warrants were exercised for proceeds of \$1,083,375. The warrants had a fair value of \$76,810. The weighted average fair value of the shares on the date exercised was \$0.42)
- (iv) During the year ended September 30, 2020, 563,336 options were exercised for proceeds of \$148,901. The options had a fair value of \$116,446.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

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**9. Share capital (continued)**

Date	Price	Fair value on date of exercise of common shares	Shares issued	Cash proceeds	Fair value
11/16/2019	\$0.25	\$0.44	160,000	\$ 40,000	\$ 32,000
11/6/2019	\$0.24	\$0.44	100,000	24,000	17,300
1/13/2020	\$0.20	\$0.60	30,000	5,850	4,260
3/5/2020	\$0.31	\$0.42	150,000	46,500	44,100
3/20/2020	\$0.28	\$0.36	100,000	28,000	15,500
3/20/2020	\$0.20	\$0.36	9,231	1,800	1,310
6/18/2020	\$0.20	\$0.42	14,105	2,750	1,976
			563,336	\$ 148,901	\$ 116,446

**10. Special Warrants**

- (i) On October 23, 2019, the Company closed a non-brokered private placement of 4,242,104 special warrants (“Special Warrants”) at a price of \$0.25 per Special Warrant for gross aggregate proceeds of \$1,060,526 (the “Offering”). \$250,000 of this Offering was collected in the 2019 fiscal year, and was recorded as shares to be issued. Each Special Warrant represents the right of the holder to receive, without payment of any additional consideration or need for further action, subject to customary anti-dilution provisions, one unit (“Unit”) four months and one day after closing. Each Unit will consist of one common share (a “Share”) and one transferable common Share purchase warrant (a “Warrant”). Each Warrant will entitle the holder, on exercise, to purchase one additional Share for a period of 18 months following the closing, at an exercise price of CAD\$0.40 per Share. The Company has the right to accelerate the expiry date of the Warrants if the closing market price of the Shares of the Company on the TSX Venture Exchange is equal to or exceeds C\$0.55 for a period of 15 consecutive trading days commencing with the date the Warrants are issued. On February 24, 2020, the 4,242,104 special warrants were converted to Units. On conversion, the Warrants were valued at \$350,928 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 1.17 years; Volatility – 95%; Interest rate – 1.37%.
- (ii) On November 28, 2019, the Company closed a non-brokered private placement of 3,047,647 special warrants (“Nov Special Warrants”) at a price of \$0.35 per Nov Special Warrant for gross aggregate proceeds of \$1,066,677. Each Nov Special Warrant represents the right of the holder to receive, without payment of any additional consideration or need for further action, subject to customary anti-dilution provisions, one unit (“Nov Unit”) four months and one day after closing. Each Nov Unit will consist of one common share (a “Nov Share”) and one transferable common Share purchase warrant (a “Nov Warrant”). Each Nov Warrant will entitle the holder, on exercise, to purchase one additional Nov Share for a period of 18 months following the closing, at an exercise price of CAD\$0.45 per Share. The Company has the right to accelerate the expiry date of the Nov Warrants if the closing market price of the shares of the Company on the TSX Venture Exchange is equal to or exceeds C\$0.60 for a period of 15 consecutive trading days commencing with the date the Warrants are issued. On March 30, 2020, the 3,047,647 special warrants were converted to Units. On conversion, the Warrants were valued at \$263,322 using relative fair value method with the warrants fair value determined by the black scholes option pricing model using the following assumptions: Term – 1.17 years; Volatility – 95%; Interest rate – 0.66%.

Total cash finders fees and other issue costs related to the Special Warrants and Nov Special Warrants totaled \$70,462 for net cash proceeds of \$2,056,741. The Company also issued 167,957 finders warrants exercisable at \$0.35 - \$0.45 with a term of 1.5 years. The finders warrants were valued at \$33,704 using the Black-Scholes option pricing model using the following assumptions: Term – 1.5 years; Volatility – 95%; Interest rate – 1.49%.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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**11. Warrants**

The warrants issued and outstanding as at September 30, 2020 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2018	21,219,620	\$ 0.35
Warrants expired	(6,758,620)	\$ 0.35
Balance, September 30, 2019	14,461,000	\$ 0.35
Issued on issue of special warrants (note 10(i))	167,957	\$ 0.40
Issued on conversion of special warrants (note 10(i))	4,242,104	\$ 0.40
Issued on conversion of special warrants (note 10(ii))	3,047,647	\$ 0.45
Issued with private placement (note 9(i))	3,140,437	\$ 0.54
Warrants exercised (note 9(iii))	(2,763,500)	\$ 0.35
Warrants expired	(713,500)	\$ 0.35
Balance, September 30, 2020	21,582,145	\$ 0.40

The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date. The weighted average exercise price is \$0.40.

At September 30, 2020, the following warrants were outstanding and exercisable:

Strike price	Number	Weighted average remaining contractual life (in years)	Expiry date
\$ 0.35	10,984,000	0.50	3/28/2021
\$ 0.40	2,800	0.56	4/23/2021
\$ 0.40	4,242,104	0.56	4/23/2021
\$ 0.45	115,177	0.66	5/28/2021
\$ 0.35	49,980	0.66	5/28/2021
\$ 0.45	3,047,647	0.66	5/28/2021
\$ 0.54	2,029,326	1.63	05/19/2022
\$ 0.55	1,111,111	1.75	06/30/2022
	21,582,145	0.70	

**12. Stock options and restricted share units**

On March 22, 2019 the Board of Directors approved a restricted share unit plan (the "RSU Plan") and a 20% fixed stock option plan (the "Option Plan") to grant restricted share units ("RSU's") and incentive stock options ("Options") to directors, officers, key employees and consultants of the Company. Pursuant to the RSU Plan and the Option Plan, the Company may reserve up to an aggregate of 15,519,854 common shares pursuant to awards granted under the plans. The plans were approved by the shareholders on May 10, 2019. Subsequently, on September 30, 2020 a new plan was approved by the shareholders. Previously, the Company had a rolling stock option plan in 2011, which authorized the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company.

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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**12. Stock options and restricted share units (continued)****Options**

Below is a summary of transactions for the year ended September 30, 2020 and the year ended September 30, 2019:

<b>Transaction</b>	<b>Date</b>	<b># Options</b>
Balance, September 30, 2018		5,056,600
Granted (i)	02/07/2019	25,000
Granted (ii)	03/22/2019	1,828,418
Granted (iii)	09/16/2019	50,000
Balance, September 30, 2019		6,960,018
Exercised		(563,336)
Granted (iv)	10/30/2019	5,900,000
Balance, September 30, 2020		12,296,682

The weighted average fair value of the share issued on the date of exercise was \$0.43.

As at September 30, 2020 the Company had the following stock options outstanding:

<b>Date Issued</b>	<b># Options</b>	<b># Exercisable</b>	<b>Value</b>	<b>Exercise Price</b>	<b>Expiry date</b>
6/30/2015	50,000	50,000	\$ 15,900	\$0.285	6/30/2025
7/6/2015	1,580,000	1,580,000	\$502,440	\$0.285	7/6/2025
8/8/2015	1,600	1,600	\$371	\$0.30	8/8/2020
11/16/2015	275,000	275,000	\$91,575	\$0.43	11/16/2020
6/23/2016	325,000	325,000	\$115,050	\$0.50	6/23/2021
8/30/2016	1,000,000	874,990	\$310,000	\$0.32	8/30/2026
10/21/2016	100,000	100,000	\$23,400	\$0.32	10/21/2021
4/21/2017	200,000	200,000	\$42,600	\$0.25	4/21/2022
3/1/2018	365,000	365,000	\$77,015	\$0.25	3/1/2023
3/28/2018	600,000	600,000	\$149,400	\$0.25	3/28/2023
4/25/2018	200,000	200,000	\$52,600	\$0.25	4/25/2023
2/27/2019	25,000	25,000	\$3,125	\$0.16	2/7/2024
3/22/2019	1,775,082	1,775,083	\$254,064	\$0.20	3/22/2024
9/16/2019	50,000	50,000	\$9,800	\$0.24	9/16/2024
10/30/2019	5,750,000	5,750,000	\$1,523,200	\$0.31	10/30/2024
	12,296,682	12,171,672			

The weighted average expiry date of the options is 3.83 years. The weighted average exercise price of the options is \$0.28.

- (i) On February 7, 2019, the Company issued 25,000 options to an employee of the Company. These options were valued at \$3,125 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 107.84%; Interest rate – 1.78%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.16. Volatility was based on the historical volatility of BVT and other comparable listed companies. 50% of the options vested on August 7, 2019, and the remaining 50% vested on February 7, 2020. During the year ended September 30, 2020, \$920 was expensed as share based compensation for these options.



## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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#### **12. Stock options and restricted share units (continued)**

- (ii) On March 22, 2019, the Company issued 1,828,418 options to directors, officers, consultants and employees of the Company. 1,426,377 of these options were issued to directors and officers. These options were valued at \$259,635 using the Black-Scholes option pricing model using the following assumptions: Expected life – 4.87 years; Volatility – 107%; Interest rate – 1.61%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.19. Volatility was based on the historical volatility of BVT and other comparable listed companies. 50% of the options vested on the date of grant, and 50% vested only upon US Environmental Protection Agency's approval of the Company's VECTORITE with CR-7TM (delivered by bees) product (for which approval was obtained on August 28, 2019).
- (iii) On September 16, 2019, the Company issued 50,000 options to a consultant of the Company. These options were valued at \$9,800 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 107%; Interest rate – 1.49%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.25. Volatility was based on the historical volatility of BVT and other comparable listed companies. 50% of the options vested on September 16, 2019 and the remaining 50% vested on December 16, 2019. During the year ended September 30, 2020, \$4,696 was expensed as share based compensation for these options.
- (iv) On October 30, 2019, the Company granted options to purchase 5,650,000 common shares with an exercise price of \$0.31 vesting on the date of grant, options to purchase 150,000 shares with an exercise price of \$0.31 vesting 50% on the date of grant and 50% on April 1, 2020, and options to purchase 100,000 shares with an exercise price of \$0.31, vesting 50% upon entering into a new formal relationship with an investment bank, and 50% upon raising of the first \$1 million through the relationship with the investment bank. The options expire October 30, 2024. 3,400,000 of these options were granted to related parties. These options were valued at \$1,564,000 using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 107%; Interest rate – 1.49%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.345. Volatility was based on the historical volatility of BVT and other comparable listed companies. During the year ended September 30, 2020, \$1,577,600 was expensed as share based compensation for these options.
- (v) On June 8, 2020, the Company extended the expiry date of 1,630,000 options. 50,000 options due to expire on June 30, 2020 were extended to June 30, 2025, and 1,580,000 due to expire on July 6, 2020 were extended to July 6, 2025. The exercise price of all 1,630,000 options were also repriced from \$0.25 to \$0.285. These options were re-valued at \$518,340 (with a difference of \$308,120 from the original value on issuance) using the Black-Scholes option pricing model using the following assumptions: Expected life – 5 years; Volatility – 98%; Interest rate – 0.36%; Dividend yield – nil; Forfeiture rate – nil, stock price - \$0.41. The re-valuation of options was reflected as an increase to contributed surplus with a corresponding amount in share-based compensation.

#### **Restricted share units (“RSU’s”)**

On March 22, 2019, the Company granted 728,058 RSU’s to certain directors, officers, key employees and consultants (487,922 to directors and officers). Each RSU is exercisable into one common share. The RSU's vested only upon US Environmental Protection Agency's approval of the Company's VECTORITE with CR-7TM (delivered by bees) product (for which approval was obtained on August 28, 2019). The RSUs had an expiry date of the earlier of (i) March 22, 2029, and (ii) five years from the date of vesting. All the RSUs were exercised upon the vesting condition being met and the 728,058 shares were issued on September 4, 2019. On the date of grant management estimated all 728,058 RSUs would be vested during 2019. This estimate did not need to be adjusted as the vesting condition was met.

On April 21, 2020, the Company issued 50,000 restricted share units of the Company to two consultants of the Company. The RSUs vest on the 30th day from grant and entitle the holder to acquire one common of the Company underlying each such RSU. In accordance with the RSU Plan, the RSUs were priced at \$0.445 based on the closing price of the Common Shares on the TSX Venture Exchange on April 15, 2020. 25,000 of these RSUs were exercised on May 19, 2020 when the fair market value was \$0.40 per share. On May 19, 2020, 25,000 RSU’s were converted to 25,000 common shares, and on July 16, 2020 the remaining 25,000 were converted to 25,000 common shares.

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
(expressed in Canadian dollars)

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#### **12. Stock options and restricted share units (continued)**

On May 12, 2020, the Company issued 50,000 restricted share units of the Company to a consultant of the Company. The RSUs vest 50% upon completion of forty meetings with qualified investors (virtual or in person), 50% vest upon successful connections that take a long-term position of Company shares. In accordance with the RSU Plan, the RSUs were priced at \$0.38 based on the closing price of the Common Shares on the TSX Venture Exchange on May 12, 2020.

On July 6, 2020, the Company issued 1,500,000 restricted share units of the Company to consultants of the Company. The RSUs vested three days from issuance. In accordance with the RSU Plan, the RSUs were priced at \$0.395 based on the closing price of the Common Shares on the TSX Venture Exchange on July 6, 2020. On July 10, 2020, all of these RSU were converted to 1,500,000 common shares.

The grant date fair value of the RSU equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

The weighted average fair value of the RSUs granted during the year ended September 30, 2020 was \$0.424 (\$0.142 per common share for the year ended September 30, 2019).

#### **13. Loss per share**

The warrants and options outstanding were excluded from the computation of diluted loss per share for the years ended September 30, 2020 and September 30, 2019 because their impact was anti-dilutive.

#### **14. Financial instruments**

##### *Fair Value*

Financial instruments of the Company as at September 30, 2020 and September 30, 2019 consist of cash, accounts receivable, and accounts payable and accrued liabilities, and loans payable. There are no significant differences between the carrying amounts of the cash, accounts receivables and accounts payables and accrued liabilities reported on the consolidated statements of financial position and their estimated fair values because of the short-term maturities of these items. Loans payable are recognized initially and subsequently at amortized cost.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below.

##### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include cash deposits.

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is exposed to foreign currency risk on cash, accounts receivable and accounts payable denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2020, the Company had \$112,383 of accounts payable and accrued liabilities denominated in U.S. dollars.

##### *Interest rate risk*

The Company is exposed to insignificant interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest bearing cash.

## BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

### Notes to Consolidated Financial Statements

For the years ended September 30, 2020 and September 30, 2019  
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#### 14. Financial instruments (continued)

##### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of its financial assets (i.e. cash). Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant.

##### *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 financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. See note 1 for further disclosure on the going concern assumption.

The Company's accounts payable and accrued liabilities are subject to normal trade terms and have contractual maturities payable within 30 days for 2020 and 2019.

At September 30, 2020, the Company has current assets of \$449,411 (September 30, 2019 - \$519,949) and current liabilities of \$889,460 (September 30, 2019 - \$735,230) resulting in working capital deficiency of \$(440,049) (September 30, 2019 - (\$215,281)).

#### 15. Capital management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, warrants, contributed surplus and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company is operating at a loss. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

As at September 30, 2020, managed capital was \$1,500,288 (September 30, 2019 - \$1,600,007). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

#### 16. Sales

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<b>Revenue from contracts with customers</b>	<b>2020</b>	<b>2019</b>
Rendering of services over time	\$ 259,801	\$ 38,270
Sales of good	29,067	19,906
	<b>\$ 288,868</b>	<b>\$ 58,176</b>

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**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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**16. Sales (continued)**

<b>Sales by crop</b>	<b>2020</b>	<b>2019</b>
Blueberries	\$ 235,578	\$ 19,905
Strawberries	53,290	38,271
	<b>\$ 288,868</b>	<b>\$ 58,176</b>

All revenue was earned in the United States.

The Company does not provide any formal warranties, refunds, return policies.

The payment term for blueberries is Net 30.

The terms for the strawberry growers is 50% down, and 50% upon completion.

**17. Office and general**

	<b>2020</b>	<b>2019</b>
Accounting and audit	\$ 105,815	\$ 75,583
Amortization and depreciation	109,313	106,830
Consulting	670,953	258,467
Insurance	25,936	29,897
Legal and patent maintenance expense	128,571	104,004
Occupancy costs	120,128	134,222
Office and general	134,911	79,991
Salaries and benefits	710,058	649,262
Warehouse supplies	18,937	6,630
Transfer agent	73,438	53,030
Travel	110,373	149,822
	<b>\$ 2,208,433</b>	<b>\$ 1,647,738</b>

**18. Commitments**

Effective November 1, 2015, the Company has a lease commitment for premises, requiring the following approximate annual payments:

<b>Year</b>	<b>Minimum lease payment</b>
2021	\$ 80,799
2022	\$ 82,812
2023	\$ 6,901

\$74,707 of rent was expensed for short term leases in the year ended September 30, 2020.

**19. Income Taxes****Provision for income taxes**

No deferred tax asset has been recognized because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for Canadian income tax purposes expiring as follows:

**BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.****Notes to Consolidated Financial Statements**

For the years ended September 30, 2020 and September 30, 2019  
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**19. Income Taxes (continued)**

	<b>BVTI &amp; BVT</b>	<b>BVTUSA</b>
2032	321,638	-
2033	382,002	-
2034	460,174	-
2035	328,573	-
2036	2,474,533	-
2037	2,283,127	598,901
2038	2,030,359	672,833
2039	1,014,615	728,435
2040	3,474,756	545,479
<b>Total</b>	<b>12,769,777</b>	<b>2,545,647</b>

The Company has share issue costs of \$89,630 available for deduction against future Canadian taxable income over the next four years.

The Company's subsidiary, BVT USA, incurred a net operating loss of \$545,479 in a foreign jurisdiction. Due to changes in tax legislation, this net operating loss has an indefinite life and can only be used to offset 80% of taxable income. In the 2018 fiscal year, the Company incurred a net operating loss of \$598,901 which can be carried forward until 2037 and can be used to offset 100% of taxable income.

	<b>2020</b>	<b>2019</b>
Loss before income taxes	\$ <b>6,715,391</b>	\$ 2,897,825
Tax rate	<b>26.5%</b>	26.5%
Calculated income tax recovery	<b>(1,779,579)</b>	(767,924)
Share based compensation	<b>689,334</b>	116,294
Non-deductible expense and other	<b>(58,702)</b>	(23,460)
Difference in tax rates in foreign jurisdictions	<b>30,001</b>	36,483
Change in deferred taxes not recognized	<b>1,118,945</b>	638,607
<b>Income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	<b>2020</b>	<b>2019</b>
Deferred income tax assets		
Non-capital loss carry forwards	\$ <b>4,092,791</b>	\$ 3,100,094
Property and equipment	<b>106,891</b>	95,834
Patents	<b>50,139</b>	(157)
Share issue costs	<b>(300,170)</b>	(249,785)
Other intangible assets	<b>2,290</b>	2,290
SRED Pool	<b>63,037</b>	-
Federal ITC	<b>52,300</b>	-
Legal fees included in CEC pool	<b>62,741</b>	62,741
	<b>4,130,019</b>	3,011,017
Less: Deferred taxes not recognized	<b>(4,130,019)</b>	(3,011,017)
	<b>\$ -</b>	<b>\$ -</b>

## **BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.**

### **Notes to Consolidated Financial Statements**

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#### **20. Subsequent events**

On October 7, 2020, the Company closed a non-brokered private placement of 2,661,366 units ("Units") at a price of \$0.24 per Unit for gross aggregate proceeds of \$638,727.84 (the "Offering"). \$102,510 of the proceeds were received in advance of closing and prior to September 30, 2020, and therefore classified as shares to be issued on the statement of financial position. Each Unit consisted of one common share (a "Share") and one transferable common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder, on exercise, to purchase one additional Share for a period of 24 months following the closing, at an exercise price of CAD\$0.40 per Share. Should the 10-day volume weight average price of the Shares, as traded on the CSE, be equal to or greater than a 100% premium to the Warrant exercise price prior to the expiry date of the applicable Warrants, the Company may accelerate the expiry date ("Accelerated Expiry Date") of the Warrants by providing the Warrant holders with notice (the "Acceleration Notice") of its election to do so. The Accelerated Expiry Date referenced in an Acceleration Notice may be no earlier than the 30th day from the date on which such Accelerated Expiry Date is delivered to the warrant holders. For greater certainty, the Acceleration Notice may not be delivered to the subscribers prior to the Warrant exercise date. Finders fees of \$1,024.80 cash and 4,270 Warrants with the same terms as noted above have been paid as finder's fees to qualified parties.

Effective November 1, 2020, the Company is subject to an lease extension on the Company office and production space in Mississauga, Ontario. The extension is for 2 years expiring October 31, 2022, and an annual basic rent of \$82,812.

On December 17, 2020, the Company closed a non-brokered private placement of 1,111,111 units ("Units") at a price of \$0.24 per Unit for gross aggregate proceeds of \$266,666.64. This financing is on the same terms as the October 7, 2020 private placement.

On December 17, 2020, the Company reached agreements with arms-length parties to settle outstanding accounts payable of \$800,000 (of which \$400,000 was outstanding as at September 30, 2020) for consulting services provided to the Company, in consideration for the issuance of 3,000,000 shares.