

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(expressed in Canadian Dollars)

As at

	December 31, 2021	September 30, 2021
ASSETS		
Current assets		
Cash	\$ 1,713,383	\$ 2,710,805
Accounts receivable	41,080	51,832
Sales tax receivable	96,408	55,222
Inventory (note 4)	84,875	31,650
Prepaid expense and deposits	103,582	75,750
	2,039,328	2,925,259
Long-term assets		
Right of use asset (note 5)	63,183	82,137
Intangible assets (note 7)	1,933,968	1,918,024
Equipment (note 6)	366,218	327,187
	\$ 4,402,697	\$ 5,252,607
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 561,754	\$ 486,317
Deferred revenue	3,313	-
Lease liability (note 9)	66,360	78,508
	631,427	564,825
Long-term liabilities		
Lease liability (note 9)	-	6,851
Loans payable (note 10)	150,403	150,403
	781,830	722,079
Shareholders' equity		
Share capital (note 11)	22,854,795	22,800,545
Warrants (note 11, 12)	1,641,589	2,072,846
Contributed surplus (note 13)	6,268,192	5,717,131
Accumulated other comprehensive loss	(16,151)	(14,509)
Accumulated deficit	(27,127,558)	(26,045,485)
	3,620,867	4,530,528
	\$ 4,402,697	\$ 5,252,607

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**COMMITMENT (Note 19)****SUBSEQUENT EVENTS (Note 21)**

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.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian Dollars)

	2021	2020
Sales (note 17)	\$ 39,982	\$ -
Cost of sales	16,965	-
Gross profit	23,017	-
Expenses		
Office and general (note 18)	472,768	538,655
Investor and public relations	193,013	91,256
Sales, advertising and marketing	108,295	115,082
Share based payments (note 13)	174,054	53,350
Trials, research and development	155,316	77,444
Loss before other items	(1,080,429)	(875,787)
Loss on foreign exchange	(1,644)	(1,646)
Net loss	\$ (1,082,073)	\$ (877,433)
Weighted average number of common shares outstanding – basic and diluted	116,974,611	96,749,451
Basic and diluted loss per common share (note 14)	\$ (0.01)	\$ (0.01)

	2021	2020
Net loss	\$ (1,082,073)	\$ (877,433)
Other comprehensive income		
Items that may be subsequently reclassified to earnings:		
Exchange differences on translating foreign operations	(1,642)	(926)
Comprehensive loss	\$ (1,083,715)	\$ (878,359)

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

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian Dollars)

	2021	2020
Cash used in operating activities		
Net loss	\$ (1,082,073)	\$ (877,433)
Items not affecting cash		
Share based payments (<i>note 13</i>)	174,054	53,350
Shares issued for services (<i>note 13</i>)	-	120,625
Lease interest	1,704	-
Depreciation and amortization (<i>note 5, 6, and 7</i>)	54,117	41,233
Net changes in non-cash working capital items		
Sales tax and other receivables	(30,434)	14,860
Prepaid expenses and deposits	(27,832)	76,171
Inventory	(53,225)	(92,450)
Deferred revenue	3,313	41,851
Accounts payable and accrued liabilities	75,437	(167,451)
	(884,939)	(789,244)
Cash used in investing activities		
Additions to intangible assets (<i>note 7</i>)	(36,118)	(36,124)
Additions to property, plant and equipment (<i>note 6</i>)	(54,020)	(10,242)
	(90,138)	(46,366)
Cash flow from financing activities		
Lease payments	(20,703)	(11,665)
Proceeds from the issue of shares and warrants	-	802,884
Share issue costs	-	(10,124)
	(20,703)	781,095
Decrease in cash	(995,780)	(54,515)
Effect of foreign exchange of on cash	(1,642)	(2,751)
Cash, beginning of period	2,710,805	303,241
Cash, end of period	\$ 1,713,383	\$ 245,975
Supplemental cash flow information		
	2021	2020
Cash paid for interest	\$ 2,047	\$ -
Cash paid for income taxes	\$ -	\$ -
Non-cash transactions		
Stock option and RSU grants for compensation	\$ 174,054	\$ 53,350

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

Bee Vectoring Technologies International Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian Dollars)

	Share Capital				Contributed Surplus	Accumulated other Comprehensive		Total
	Number of shares	Amount	Shares to be issued	Warrants		Income	Deficit	
Balance, September 30, 2020	93,604,603	\$ 17,028,011	\$ 102,510	\$ 1,646,411	\$ 4,651,144	\$ (4,882)	\$ (21,922,906)	\$ 1,500,288
Share based compensation	-	-	-	-	173,975	-	-	173,975
Issue of units from private placement	3,772,477	648,281	(102,510)	257,112	-	-	-	802,883
Share issue costs - cash	-	(10,124)	-	-	-	-	-	(10,124)
Share issue costs - broker warrants	-	(520)	-	520	-	-	-	-
Settlement of debt	3,000,000	800,000	-	-	-	-	-	800,000
Exercise of RSUs	110,500	34,125	-	-	(34,125)	-	-	-
Net loss						(926)	(877,433)	(878,359)
Balance, December 31, 2020	100,487,580	\$ 18,499,773	\$ -	\$ 1,904,043	\$ 4,790,994	\$ (5,808)	\$ (22,800,339)	\$ 2,388,663
Balance, September 30, 2021	116,499,611	22,800,545	-	2,072,846	5,717,131	(14,509)	(26,045,485)	4,530,528
Share based compensation (note 13)	-	-	-	-	174,054	-	-	174,054
Exercise of RSUs (note 11)	175,000	54,250	-	-	(54,250)	-	-	-
Expiry of warrants	-	-	-	(431,257)	431,257	-	-	-
Net loss	-	-	-	-	-	(1,642)	(1,082,073)	(1,083,715)
Balance, December 31, 2021	116,674,611	\$ 22,854,795	\$ -	\$ 1,641,589	\$ 6,268,192	\$ (16,151)	\$ (27,127,558)	\$ 3,620,867

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

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

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 and records office is 4160 Sladeview Cres. #7, Mississauga, Ontario. The Companies shares trade on the Canadian Stock Exchange under the symbol “BEE.C”.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on February 28, 2022.

Going concern assumption

These condensed interim 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 three months ended December 31, 2021, the Company incurred a net loss of \$1,082,073 (2020 – \$877,433), and as of that date, the Company’s deficit was \$27,127,558 (September 30, 2021 – \$26,045,485). At December 31, 2021, the Company has current assets of \$2,039,328 (September 30, 2021 - \$2,925,259) and current liabilities of \$631,427 (September 30, 2021 – \$564,825) resulting in working capital (deficiency) of \$1,407,901 (September 30, 2021 – (\$2,360,434)).

These conditions have resulted in material uncertainties that may cast significant doubt about the Company’s ability continue as a going concern in the foreseeable future. The condensed interim 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 the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

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 crisis 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 Company's ability to continue as a going concern in the foreseeable future.

2. Basis of presentation

a) Statement of compliance

These condensed interim consolidated financial statements are prepared and reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the presentation of interim financial statements and International Accounting Standards ("IAS") 34, Interim Financial Reporting, as the accounting policies applied in these condensed interim consolidated financial statements are based on IFRS as issued, outstanding and effective on December 31, 2021.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The condensed interim 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 condensed interim 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 condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The condensed interim 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

Impairment of long-lived assets

The assessment of any of impairment equipment, right-of-use asset and intangible assets is dependent upon estimates of recoverable amounts. As the recoverable amount is the higher of fair value less costs of disposal and value in use, management must consider factors such as economic and market conditions, estimated future cash flows, discount rates and asset specific risks.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

2. Basis of presentation (continued)

Determination of CGUs

Management is required to use judgement in determining which assets or group of assets make up appropriate CGUs for the level at which goodwill and intangible assets with indefinite lives are tested for impairment. A CGU is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Useful life of equipment, right-of-use asset and intangible assets

Depreciation and amortization of equipment, right-of-use asset and intangible assets with finite lives are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

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.

Income taxes and recoverability of potential deferred tax assets

Income taxes and tax exposures recognized in the condensed interim consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

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.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

2. Basis of presentation (continued)

d) Basis of consolidation

These condensed interim 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 and its Canadian subsidiary 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.

3. Significant accounting policies

The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation and described in Note 3 of the annual consolidated financial statements as at and for the year ended September 30, 2021, with the exception of new and revised standards along with any consequential amendments, effective October 1, 2021. Accordingly, these condensed interim consolidated financial statements for the three-month period ended December 31, 2021 and 2020 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2021.

4. Inventory

	December 31, 2021	September 31, 2021
Raw materials	\$ 46,675	\$ 31,650
Finished goods	38,200	-
Total	\$ 84,875	\$ 31,650

During the three months ended December 31, 2021, \$16,965 (2020 - \$nil) of inventory was recognized as cost of sales. There was no inventory write downs in 2021 and 2020. No inventory was pledged as collateral.

5. Right of use asset

	Office Lease
Balance, September 30, 2020	\$ -
Additions - leases	151,635
Depreciation	(69,498)
Balance, September 30, 2021	\$ 82,137
Depreciation	(18,954)
Balance, December 31, 2021	\$ 63,183

Leases are depreciated over their term, being 2 years.

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

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

6. Equipment

	Available-for-use			Work-in-process			Total
	Regulatory			Patents	Regulatory cost	Development	
	Patents	cost	Development				
Cost							
As at September 30, 2020	\$ 523,251	\$ 404,047	\$ 316,325	\$676,326	\$ 62,950	\$ -	\$ 1,982,899
Additions	-	-	-	109,407	51,173	-	160,580
Re-class to available for use	147,675	-	-	(147,675)	-	-	-
Write-off of abandoned patents	(1,350)	-	-	-	-	-	(1,350)
Foreign currency adjustment	-	-	-	-	(277)	-	(277)
As at September 30, 2021	669,576	404,047	316,325	638,058	113,846	-	2,141,852
Additions	-	-	-	22,864	13,254	-	36,118
As at December 31, 2021	\$ 669,576	\$ 404,047	\$ 316,325	\$660,922	\$ 127,100	\$ -	\$2,177,970
Accumulated amortization							
As at September 30, 2020	\$ 99,685	\$ 20,917	\$ 23,006	\$ -	\$ -	\$ -	\$ 143,608
Additions	44,370	\$ 20,202	\$ 15,817	\$ -	\$ -	\$ -	80,389
Write-off of abandoned patents	(169)	-	-	-	-	-	(169)
As at September 30, 2021	143,886	41,119	38,823	-	-	-	223,828
Additions	11,170	5,050	3,954	-	-	-	20,174
As at December 31, 2021	\$ 155,056	\$ 46,169	\$ 42,777	\$ -	\$ -	\$ -	\$ 244,002
Net book value							
As at September 30, 2021	\$ 525,690	\$ 362,928	\$ 277,502	\$638,058	\$ 113,846	\$ -	\$1,918,025
As at December 31, 2021	\$ 514,520	\$ 357,878	\$ 273,548	\$660,922	\$ 127,100	\$ -	\$1,933,968

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

7. Intangible assets

	Available-for-use			Work-in-process			Total
	Patents	Regulatory cost	Development	Patents	Regulatory cost	Development	
Cost							
As at September 30, 2020	\$ 523,251	\$ 404,047	\$ 316,325	\$ 676,326	\$ 62,950	\$ -	\$ 1,982,899
Additions	-	-	-	109,407	51,173	-	160,580
Re-class to available for use	147,675	-	-	(147,675)	-	-	-
Write-off of abandoned patents	(1,350)	-	-	-	-	-	(1,350)
Foreign currency adjustment	-	-	-	-	(277)	-	(277)
As at September 30, 2021	669,576	404,047	316,325	638,058	113,846	-	2,141,852
Additions	-	-	-	22,864	13,254	-	36,118
As at December 31, 2021	\$ 669,576	\$ 404,047	\$ 316,325	\$ 660,922	\$ 127,100	\$ -	\$ 2,177,970
Accumulated amortization							
As at September 30, 2020	\$ 99,685	\$ 20,917	\$ 23,006	\$ -	\$ -	\$ -	\$ 143,608
Additions	44,370	20,202	15,817	-	-	-	80,389
Write-off of abandoned patents	(169)	-	-	-	-	-	(169)
As at September 30, 2021	143,886	41,119	38,823	-	-	-	223,828
Additions	11,170	5,051	3,954	-	-	-	20,174
As at December 31, 2021	\$ 155,056	\$ 46,170	\$ 42,777	\$ -	\$ -	\$ -	\$ 244,002
Net book value							
As at September 30, 2021	\$ 525,690	\$ 362,928	\$ 277,502	\$ 638,058	\$ 113,846	\$ -	\$ 1,918,025
As at December 31, 2021	\$ 514,520	\$ 357,877	\$ 273,548	\$ 660,922	\$ 127,100	\$ -	\$ 1,933,968

8. 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 three months ended December 31, 2021 and December 31, 2020:

	2021	2020
*CEO fees (i)	\$ 87,145	\$ 80,801
*CFO fees (ii)	7,500	7,500
*Consulting fees charged by a Chelsian Sales & Service (iii)	15,000	15,000
*Consulting fees charged Flueckiger Consulting (iv)	-	10,866
*Consulting fees charged Exelerate Inc. (vii)	15,000	-
Share based payments	-	53,350
	\$ 124,645	\$ 167,517

*Represents key management remuneration

- (i) Salary and/or consulting fees paid to the CEO for services rendered. As at December 31, 2021, \$3,977 (September 30, 2021 - \$20,438) is owed to the CEO.
- (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 December 31, 2021 \$3,150 (2021 -\$325) 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 December 31, 2021 \$1,300 (2021 -\$1,300) was owed to Chelsian Sales and Service Inc.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

8. Related party balances and transactions (continued)

- (iv) Consulting fees charged by Flueckiger Consulting, a corporation owned by a former director of the Company, for reviewing product development and marketing plans, reviewing data from trials, and other services as required.
- (v) The Company employs a relative of a director of the Company as sales manager. During the three months ended December 31, 2021, the employee earned a salary and benefits of \$25,440 (2021 - \$24,000).
- (vi) Consulting fees charged by Exelerate Inc, a corporation owned by a director of the Company, for governance and business development services.

9. Lease liability

Balance, September 30, 2020	\$ -
Additions	151,635
Interest expense	9,635
Lease payments	(75,911)
<hr/>	
Balance, September 30, 2021	\$ 85,359
Interest expense	1,704
Lease payments	(20,703)
<hr/>	
Balance, December 31, 2021	\$ 66,360
<hr/>	
Allocated as:	December 31, 2021
Current	\$ 66,360
Long Term	\$ -

The Company entered into a two-year extension on the lease of its office and production facility. The lease commenced on November 1, 2020 for a period of two years until October 31, 2022, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of \$6,901. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 8.62%, which is the Company's incremental borrowing rate in Canada.

10. Loans payable

- (i) 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, 2021, 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. An additional, \$20,000 was received in January, 2021 under the same terms and conditions.
- (ii) On May 5, 2020, the Company received a U.S Small Business Administration ("SBA") paycheque loan of \$40,629. The loan bears an interest rate of 1%, and matures 2 years from the date of issuance (this loan was forgiven in fiscal 2021). An additional \$23,999, was received in March 2021 under the same terms. The Company has submitted a loan forgiveness application related to this loan.
- (iii) In June 2021, the Company received a US\$50,000 loan to finance a vehicle. The loan bears interest at 2.15% and has a 5-year term with interest only payments.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

10. Loans payable (continued)

Pursuant to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below - market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below - market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of each initial CEBA and SBA loan at a total of \$96,138 using a discount rate of 2.15%, which was the estimated rate for a similar loan without the interest - free component (ie the vehicle loan in (iii) above). The difference will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss.

11. Share capital

Authorized - Unlimited number of common shares without par value

Issued and outstanding

- (i) 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. 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. The Warrants were valued at \$184,656 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 – 92%; Interest rate – 0.28%.

The Company paid commissions to finders under the private placements consisting of cash fees of \$1,025 and the issue of 4,270 finder's warrants (with the same terms as noted above). The finder's warrants were valued at \$520 using the Black-Scholes option pricing model. Other legal issue costs amounted to \$4,565.

- (ii) 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. This financing is on the same terms as the October 7, 2020 private placement. The Warrants were valued at \$74,721 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 – 92%; Interest rate – 0.28%.

Legal issue costs on the financing amounted to \$4,534.

- (iii) On February 4, 2021, the Company closed a non-brokered private placement of 7,306,625 units at a price of \$0.32 per unit for gross aggregate proceeds of \$2,338,120. Each unit consists of one common share and one transferable common Share purchase 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 \$0.525 per Share. The Warrants were valued at \$716,928 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 – 92%; Interest rate – 0.28%.
- (iv) On February 26, 2021, the Company closed the second tranche of the February 4, 2021 private placement issuing 2,770,875 units at a price of \$0.32 per unit for gross aggregate proceeds of \$886,522. The Warrants were valued at \$262,042 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 – 91%; Interest rate – 0.28%.

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

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

11. Share capital (continued)

Finders fees for the February 4, 2021 and February 26, 2021 tranches totaled \$194,771 cash and 608,036 warrants exercisable to purchase one additional share per warrant with an exercise price of \$0.425 for a period of 2 years from issuance. The Finders warrants were valued at \$79,652, using the black scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 91%; Interest rate – 0.28%.

- (v) During the year ended September 30, 2021, 802,000 RSUs were exercised. The RSUs had a fair value of \$253,120.
- (vi) 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.
- (vii) During the year ended September 30, 2021, 4,710,000 warrants were exercised for proceeds of \$1,660,500. The warrants had a fair value of \$326,489.
- (viii) During the year ended September 30, 2021, 533,031 options were exercised for proceeds of \$103,941. The options had a fair value of \$73,958.
- (ix) During the three months ended December 31, 2021, 175,000 RSUs were exercised. The RSUs had a fair value of 54,250.

12. Warrants

The warrants issued and outstanding as at December 31, 2021 and September 30, 2021 are as follows:

	Number of warrants	Weighted average strike price
Balance, September 30, 2019	21,582,145	\$ 0.40
Issued with private placement (Note 11(v) & (vi))	3,776,747	\$ 0.40
Issued with private placement (Note 11(vii) & (viii))	10,077,500	\$ 0.525
Issued with private placement (Note 11(viii))	608,036	\$ 0.425
Exercised	(4,710,000)	\$ 0.35
Expired	(13,731,708)	\$ 0.39
Balance, September 30, 2021 and December 31, 2021	17,602,720	\$ 0.50

The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date.

At December 31, 2021, the following warrants were outstanding and exercisable:

Strike price	Number	Weighted average remaining	Expiry date
\$ 0.54	2,029,326	0.37	05/19/2022
\$ 0.55	1,111,111	0.50	06/30/2022
\$ 0.40	2,665,636	0.52	10/07/2022
\$ 0.40	1,111,111	0.97	12/17/2022
\$ 0.525	7,306,625	1.10	02/04/2023
\$ 0.425	419,676	1.10	02/04/2023
\$ 0.525	2,770,875	1.15	02/26/2023
\$ 0.425	188,360	1.15	02/26/2023
	17,602,720	0.93	

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

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

13. Stock options and restricted share units

In 2020 the Board of Directors approved a restricted share unit plan (the "RSU Plan") and a 20% rolling 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 a maximum of 20% of the issued and outstanding common shares pursuant to awards granted under the plans. The vesting of the options and RSU's are determined by the board when granted, and can have a maximum term of 10 years. The plans were approved by the shareholders on October 23, 2020. Previously, the Company had a fixed option plan, which authorized the Board of Directors to grant stock options to directors, officers, employees and consultants to acquire up to an aggregate 15,519,854 common shares of the Company.

Options

Below is a summary of transactions for the three months ended December 31, 2021 and the year ended September 30, 2021:

Transaction	# Options	Weighted Average Strike Price
Balance, September 30, 2020	12,296,682	\$0.29
Expired	(1,201,600)	\$0.38
Exercised	(533,031)	\$0.20
Granted	680,000	\$0.36
Balance, September 30, 2021	11,242,051	\$0.29
Expired	(100,000)	\$0.38
Granted	900,000	\$0.36
Balance, December 31, 2021	12,042,051	\$0.28

As at December 31, 2021 the Company had the following stock options outstanding:

Date Issued	# Options	# Exercisable	Value	Exercise Price	Expiry date
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
8/30/2016	1,000,000	1,000,000	\$310,000	\$0.32	8/30/2026
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
2/27/2019	25,000	25,000	\$3,125	\$0.16	2/7/2024
3/22/2019	1,242,051	1,242,051	\$172,335	\$0.20	3/22/2024
9/16/2019	50,000	50,000	\$9,800	\$0.24	9/16/2024
10/30/2019	5,350,000	5,350,000	\$1,455,200	\$0.31	10/30/2024
11/24/2020	275,000	275,000	\$53,350	\$0.29	11/24/2025
02/05/2021	155,000	155,000	\$42,625	\$0.41	02/05/2026
03/11/2021	150,000	150,000	\$41,100	\$0.41	03/11/2026
04/29/2021	100,000	50,000	\$27,400	\$0.365	04/29/2026
10/05/2021	900,000	900,000	\$161,655	\$0.27	10/05/2026
	12,042,051	12,042,051			

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

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

13. Stock options and restricted share units (continued)

The fair values of the stock options granted were calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. The weighted average expiry date of the options is 3.14 years. The weighted average exercise price of the options is \$0.28.

	2021	Year ended September 30, 2021
Risk-free interest rate	0.40%	0.40%
Expected life of options	5 years	5 years
Annualized volatility	86%	86%
Dividend rate	0%	0%
Weighted average fair value per options	\$0.27	\$0.24

Restricted share units (“RSU’s”)

Below is a summary of transactions for the three months ended December 31, 2021 and the year ended September 30, 2021:

Transaction	# RSUs
Balance, September 30, 2020	50,000
Granted	2,705,000
Exercised	(802,000)
Balance, September 30, 2021	1,953,000
Granted	100,000
Exercised	(175,000)
Balance, December 31, 2021	1,878,000

As at December 31, 2021, the Company had the following RSUs outstanding:

Date Issued	# RSUs	# Vested	Value per RSU
04/24/2020	1,653,000	1,517,500	\$0.31
06/18/2021	125,000	125,000	\$0.32
10/05/2021	100,000	100,000	\$0.27
	1,878,000	1,742,500	

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.

14. Loss per share

The warrants and options outstanding were excluded from the computation of diluted loss per share for the three months ended December 31, 2021 and December 31, 2020 because their impact was anti-dilutive.

BEE VECTORING TECHNOLOGIES INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

15. Financial instruments

Fair Value

Financial instruments of the Company as at December 31, 2021 and September 30, 2021 consist of cash, other receivables, accounts payable and accrued liabilities, and loans payable. There are no significant differences between the carrying amounts of the cash, other 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, other receivables and accounts payable and loans denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2021, the Company had \$26,492 of net financial instruments denominated in U.S. dollars. The effect on loss before income tax of a 10% change in the foreign currency against the Canadian dollar on the above-mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of \$2,649, assuming that all other variables remained constant.

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.

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 and accounts receivable). Cash is held with both financial institutions in Canada and the United States, and management believes that exposure to credit risk is not significant. The Company manages its credit risk related to trade and other receivables by establishing procedures to establish payment terms and approval policies of customers. In the opinion of management, the credit risk is moderate and no credit losses are expected.

Price risk

The Company is exposed to price risk. Price risk is the risk that the commodity prices that the Company charges are significantly influenced by its competitors and the commodity prices that the Company must charge to meet its competitors may not be sufficient to meet its expenses. The Company reduces the price risk by ensuring that it obtains information regarding the prices set by its competitors to ensure that its prices are appropriate to the unique attributes of its product and services. In the opinion of management, the price risk is low and is not material.

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 2021 and 2020.

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

For the three months ended December 31, 2021 and December 31, 2020

(expressed in Canadian dollars)

15. Financial instruments (continued)

At December 31, 2021, the Company has current assets of \$2,039,328 (September 30, 2021 - \$2,925,259) and current liabilities of \$631,427 (September 30, 2020 - \$564,825) resulting in working capital of \$1,407,901 (September 30, 2021 - working capital (\$2,360,434)).

16. 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 December 31, 2021, managed capital was \$3,620,867 (September 30, 2021 - \$4,530,528). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the three months ended December 31, 2021. The Company is not exposed to externally imposed capital requirements.

17. Sales

Revenue from contracts with customers for the three months ended December 31,	2021	2020
Rendering of services over time	\$ 39,982	\$ -
Sales of good	-	-
	\$ 39,982	\$ -

All revenue was earned in the United States.

18. Office and general

For the three months ended December 31,	2021	2020
Accounting and audit	\$ 4,313	\$20,697
Amortization and depreciation	54,940	23,633
Consulting	72,443	191,361
Insurance	6,869	7,637
Legal and regulatory	(11,706)	4,046
Occupancy costs	12,410	23,547
Office and general	56,796	58,414
Salaries and benefits	227,018	169,408
Warehouse supplies	12,276	5,232
Transfer agent	5,284	18,540
Travel	32,125	16,140
	\$ 472,768	\$ 538,655

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

For the three months ended December 31, 2021 and December 31, 2020
(expressed in Canadian dollars)

19. Commitment

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

Year	Minimum lease payment
2022	\$ 62,109
2023	\$ 6,901

20. Segmented information

The Company's business consists of a single reportable segment. Details on a geographic basis are as follows:

	December 31, 2021	September 30, 2021
Total long term assets		
Canada	\$ 2,301,976	\$ 2,259,185
United States of America	61,393	68,163
	\$ 2,363,369	\$ 2,327,348
Revenues for the three months ended December 31,	2021	2020
Canada	\$ -	\$ -
United States of America	39,982	-
	\$ 39,982	\$ -

21. Subsequent events

On February 9, 2022 the Company granted 1,675,000 stock options to directors, employees and consultants of the Company in accordance with the Company's stock option plan. Each option entitles the holder to purchase one common share of BVT at a price of \$0.275, for a period of ten years from the date of grant. The options fully vested on issuance. The Company also granted 1,120,000 restricted share units ("RSUs") under the Company's shareholder approved restricted share unit plan to directors and officers. The RSUs will vest upon various agreed upon milestones and shall entitle the holder the ability to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan. In accordance with the RSU Plan, the RSUs were priced at \$0.275 based on the closing price of the common shares on the Canadian Securities Exchange on February 8, 2022.