

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2022**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: **0-29651**



OCULUS VISIONTECH INC.

(Exact name of registrant as specified in its charter)

Wyoming

06-1576391

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

Suite 507 - 837 West Hastings Street, Vancouver, BC, Canada, V6C 3N6

(Address of principal executive offices) (Zip code)

(604) 685-1017

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large, accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large, accelerated filer ☐
Non-accelerated ☐
filer

Accelerated filer ☐
Smaller reporting ☒
company
Emerging growth ☐
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As at November 4, 2022, there were 91,422,569 shares of the registrant's common stock outstanding

[Table of Contents](#)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common		
Common stock - no par value	OVTZ	Over The Counter Bulletin Board
Preferred stock - no par value	N/A	N/A
Common stock - no par value	OVT	TSX Venture Exchange
Common stock - no par value	USF1	Frankfurt Stock Exchange

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item	Forward Looking Statements	4
1.	Financial Statements	6
	Condensed Interim Consolidated Balance Sheets	6
(A)	Condensed Interim Consolidated Statements of Operations and Comprehensive Loss	7
(B)	Condensed Interim Consolidated Statements of Stockholders' Equity	8
(C)	Condensed Interim Consolidated Statements of Cash Flows	9
(D)	Notes to Condensed Interim Consolidated Financial Statements	11
Item 2.	(E) Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	23
Item 4.	Controls and Procedures	23

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	24
Item 1A.	Risk Factors	24
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3.	Defaults Upon Senior Securities	24
Item 4.	Mine Safety Disclosure	24
Item 5.	Other Information	24
Item 6.	Exhibits	24

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical fact are “forward-looking statements” for the purposes of this Quarterly Report on Form 10-Q. In some cases, you can identify these statements by forward-looking words such as “plan”, “may”, “will”, “expect”, “intend”, “anticipate”, “believe”, “estimate” and “continue” or similar words. Forward-looking statements are statements that are not historical facts, and include, but are not limited to:

- statements regarding our products and services, including:
 - our digital watermarking technology and Cloud-based document protection system;
 - our data privacy and data protection services and solutions; our technology, our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
 - our expectations regarding competition and growth in our sector; the future sources and availability of additional funding; and
 - the effect of funding arrangements on projects and products.

You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. We believe that it is important to communicate future expectations to investors. However, there may be events in the future that we are not able to accurately predict or control. Accordingly, we do not undertake any obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, except as required by law.

Forward-looking statements are based on current expectations about future events affecting the Company and are subject to uncertainties and factors that affect all business operating in a global market as well as matters specific to the Company. These uncertainties and factors are difficult to predict, and many of them are beyond the Company’s control. Factors to consider when evaluating these forward-looking statements include, but are not limited to:

- the impact of pandemics;
- the Company’s limited operating history makes it difficult to evaluate its business and prospects;
- the Company has incurred substantial losses and expects to incur losses in the future and may never achieve profitability;
- if the Company is unable to obtain substantial additional financing, it may not be able to remain in business;
- the Company’s operating results in future periods are expected to be subject to significant fluctuations, which would likely affect the trading price of the Company’s common shares;
- the data privacy and data protection markets are highly competitive, and the Company’s failure to successfully compete will limit its ability to attain, retain and increase its market share;
- the document protection market is highly competitive, and the Company’s failure to compete successfully would limit its ability to retain and increase its market share;
- the video digital watermarking business is highly competitive, and the Company’s failure to compete successfully would limit its ability to retain and increase its market share;
- the Company is subject to rapid technological change, which could render its products and services obsolete;
- the Company is dependent upon vendors and other third-party service providers and will be competing with some of these companies;
- the Company’s services are technically complex, and it may not be able to prevent defects that could decrease their market acceptance, result in product liability, or harm its reputation;
- any loss of the Company’s personnel or inability to acquire new personnel could harm its business;
- a failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have material adverse effect on the Company’s business and operating results and shareholders could lose confidence in the Company’s financial reporting;
- the Company does not currently have any paying customers;
- the Company’s business may suffer if it cannot protect its intellectual property;
- the Company’s products may infringe the intellectual property rights of others, causing the Company to incur significant costs or prevent us from licensing its products;
- the Company’s success depends on the continued growth in demand for e-business applications;
- government regulation and legal uncertainties could add additional costs and risks to doing business on the Internet;
- the Company’s share price has been and could be highly volatile, which could result in substantial losses to investors;
- the Company has not paid cash dividends in the past and does not expect to pay cash dividends in the foreseeable future.

[Table of Contents](#)

Any return on investment may be limited to the value of the Company's common shares;

- securities analysts may not initiate coverage or continue to cover the Company's common shares, and this may have a negative impact on its market price;
- anti-takeover provisions in our charter documents could prevent or delay a change in control of the Company;
- the Company intends to issue additional equity securities, which may dilute the interests of current shareholders or carry rights or preferences senior to the common shares;
- the exercise of options and warrants and other issuances of common shares or securities convertible into or exercisable for common shares will dilute the ownership interest of the Company's current shareholders and may adversely affect the future market price of the Company's common shares;
- limited liability of executive officers and directors may discourage shareholders from bringing a lawsuit against them;
- requirements of the SEC with regard to low-priced "penny stocks" may adversely affect the ability of shareholders to sell their shares in the secondary market;
- the Company does not anticipate paying dividends to shareholders in the foreseeable future;
- the Company may be exposed to adverse currency exchange rate fluctuations, which could harm the Company's financial results and cash flows;
- service outages and disruption of the Company's infrastructure may harm the Company and adversely impact business operations and injure reputation;
- security vulnerabilities in the Company's products and services or any breach of the Company's security measures may injure its reputation and disrupt the Company's business;
- the financial reporting obligations of being a public company in the United States are expensive, time consuming, and may place significant demands on the Company's management; and
- the Company's failure to manage or adequately address any one or more of these risks could result in the business suffering a material adverse effect.

The Company believes the items outlined above are important factors that could cause estimates included in its financial statements to differ materially from the actual results and those expressed in a forward-looking statement made in this report or elsewhere by the Company or on its behalf. The Company has discussed these factors in more detail under "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and other periodic reports filed with the United States Securities and Exchange Commission ("SEC"). Accordingly, to the extent that this quarterly report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises, except as required by applicable securities laws and regulations. We advise our shareholders that they should (i) be aware that factors not referred to above could affect the accuracy of the Company's forward-looking statements and (ii) use caution when considering the Company's forward-looking statements.

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements.**

OCULUS VISIONTECH INC. AND SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
(Stated in US Dollars)
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,019,957	\$ 2,208,451
Prepaid expenses and other current assets (Note 4)	23,154	37,832
Total Assets	\$ 1,043,111	\$ 2,246,283
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses (Note 5)	\$ 254,268	\$ 96,198
Accounts payable and accrued expenses - related parties	25,471	26,425
Total current liabilities	279,739	122,623
Stockholders' Equity:		
Preferred stock - no par value; authorized 250,000,000 shares, none issued		
Common stock and additional paid-in capital - no par value; authorized 500,000,000 shares, issued and outstanding 91,422,569	46,850,710	46,850,710
Additional paid in capital	1,334,584	998,477
Commitment to issue shares	414,128	414,128
Accumulated other comprehensive income (loss)	(40,219)	6,190
Accumulated deficit	(47,795,831)	(46,145,845)
Stockholders' equity	763,372	2,123,660
Total Liabilities and Stockholders' Equity	\$ 1,043,111	\$ 2,246,283

SEE ACCOMPANYING NOTES

OCULUS VISIONTECH INC. AND SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Stated in US Dollars)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Expenses:				
Consulting (Note 11)	\$ 45,000	\$ -	\$ 90,000	\$ 24,021
Research and development (Note 10)	283,269	295,830	912,892	575,999
Selling, general and administrative (Note 9)	116,163	113,607	310,987	319,132
Stock-based compensation (Note 7)	80,267	169,373	336,107	537,019
Total expenses	524,699	578,810	(1,649,986)	1,456,171
Net loss	(524,699)	(578,810)	(1,649,986)	(1,456,171)
Other comprehensive loss				
Currency translation differences	(22,525)	-	(46,409)	-
Total comprehensive loss	\$ (547,224)	\$ (578,810)	\$ (1,696,395)	\$ (1,456,171)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	91,422,569	91,422,569	91,422,569	89,476,981

SEE ACCOMPANYING NOTES

OCULUS VISIONTECH INC. AND SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Stated in US Dollars)
(Unaudited)

Nine Month Period Ended September 30, 2022								
	Common Stock and Additional Paid in Capital							
	Shares	Amount	Additional Paid in Capital	Commitment to Issue Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance at December 31, 2021	91,422,569	\$ 46,850,710	\$ 998,477	\$ 414,128	\$	6,190	\$ (46,145,845)	\$ 2,123,660
Share-based compensation	-	-	336,107	-	-	-	-	336,107
Currency translation differences	-	-	-	-	-	(46,409)	-	(46,409)
Net loss	-	-	-	-	-	-	(1,649,986)	(1,649,986)
Balance at September 30, 2022	91,422,569	\$ 46,850,710	\$ 1,334,584	\$ 414,128	\$	(40,219)	\$ (47,795,831)	\$ 763,372

Three Month Period Ended September 30, 2022								
	Common Stock and Additional Paid in Capital							
	Shares	Amount	Additional Paid in Capital	Commitment to Issue Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance at June 30, 2022	91,422,569	\$ 46,850,710	\$ 1,254,317	\$ 414,128	\$	(17,694)	\$ (47,271,132)	\$ 1,230,329
Share-based compensation	-	-	80,267	-	-	-	-	80,267
Currency translation differences	-	-	-	-	-	(22,525)	-	(22,525)
Net loss	-	-	-	-	-	-	(524,699)	(524,699)
Balance at September 30, 2022	91,422,569	\$ 46,850,710	\$ 1,334,584	\$ 414,128	\$	(40,219)	\$ (47,795,831)	\$ 763,372

SEE ACCOMPANYING NOTES

OCULUS VISIONTECH INC. AND SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Stated in US Dollars)
(Unaudited)

Nine Month Period Ended September 30, 2021								
Common Stock and Additional Paid in Capital								
	Shares	Amount	Additional Paid in Capital	Commitment to Issue Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance at December 31, 2020	86,522,569	\$ 43,788,464	\$ 284,793	\$ 414,128	\$	-	\$ (44,159,180)	\$ 328,205
Sale of common stock	4,900,000	3,098,616	-	-	-	-	-	3,098,616
Share issuance costs – cash	-	(36,370)	-	-	-	-	-	(36,370)
Share-based compensation	-	-	537,019	-	-	-	-	537,019
Net loss	-	-	-	-	-	-	(1,456,171)	(1,456,171)
Balance at September 30, 2021	91,422,569	\$ 46,850,710	\$ 821,812	\$ 414,128	\$	-	\$ (45,615,351)	\$ 2,471,299

Three Month Period Ended September 30, 2021								
Common Stock and Additional Paid in Capital								
	Shares	Amount	Additional Paid in Capital	Commitment to Issue Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance at June 30, 2021	86,522,569	\$ 46,850,710	\$ 652,439	\$ 414,128	\$	-	\$ (45,036,541)	\$ 2,880,736
Share-based compensation	-	-	169,373	-	-	-	-	169,373
Net loss	-	-	-	-	-	-	(578,810)	(578,810)
Balance at September 30, 2021	91,422,569	\$ 46,850,710	\$ 821,812	\$ 414,128	\$	-	\$ (45,615,351)	\$ 2,471,299

SEE ACCOMPANYING NOTES

OCULUS VISIONTECH INC. AND SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in US Dollars)
(Unaudited)

Nine months ended September 30,	2022	2021
Cash flows from operating activities:		
Net loss	\$ (1,649,986)	\$ (1,456,171)
Add back non-cash share-based compensation	336,107	537,019
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses and other current assets	14,678	(3,400)
Increase in accounts payable and accrued expenses	158,070	76,755
Increase in accounts payable and accrued expenses due to related parties	-	21
Net cash used in operating activities	(1,141,131)	(845,776)
Cash flows from financing activities:		
Proceeds from sale of common stock	-	3,098,616
Share issuance costs	-	(36,370)
Net cash provided by financing activities	-	3,062,246
Effect of foreign currency translation	(47,363)	-
Net increase (decrease) in cash and cash equivalents	(1,188,494)	2,216,470
Cash and cash equivalents at beginning of period	2,208,451	490,190
Cash and cash equivalents at end of period	\$ 1,019,957	\$ 2,706,660

Supplemental disclosures of cash flow information:

Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
	\$ -	\$ -

SEE ACCOMPANYING NOTES

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

1. BASIS OF PRESENTATION AND BUSINESS

Oculus VisionTech, Inc. (the "*Company*") is a development-stage technology company focused on cyber security, data privacy and data protection solutions for Enterprise business customers. Substantially all of the Company's assets and substantially all its operations are located and conducted in the United States and Canada.

The unaudited condensed consolidated financial statements and notes herein should be read in conjunction with the audited consolidated financial statements of Oculus VisionTech Inc. (the "Company") and the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The condensed interim consolidated financial statements included herein have been prepared by the Company without audit, pursuant to the roles and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the SEC's rules and regulations. Although management believes that the disclosures are adequate and make the information presented not misleading. In the opinion of management, all adjustments, which are of a normal and recurring nature (except as otherwise noted), that are necessary to present fairly the Company's financial position as of September 30, 2022 and December 31, 2021, and its results of operation for the nine months ended September 30, 2022 and 2021, and cash flows for the nine months ended September 30, 2022 and 2021

2. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. Management has forecast the Company will have sufficient working capital to operate for the ensuing 12 months. As shown in the financial statements, the Company has incurred a loss of \$1,649,986 for the nine-month period ended September 30, 2022 and, in addition the Company incurred losses of \$1,986,665 and \$2,772,484 for the years ended December 31, 2021 and 2020. As of September 30, 2022, the Company had an accumulated deficit of \$47,795,831 and a working capital of \$763,372. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations as they come due which management believes it will be able to do. To date, the Company has funded operations primarily through the issuance of common stock and warrants to outside investors and the Company's management. The Company believes that its operations will generate additional funds and that additional funding from outside investors and the Company's management will continue to be available to the Company when needed. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary in the event the Company cannot continue as a going concern.

In December 2019, a coronavirus (COVID-19) was reported in China and in January 2020, the World Health Organization (WHO) declared it a Public Health Emergency of International Concern. In March 2020, the WHO declared it a global pandemic. COVID-19 continued to spread globally, directly impacting worldwide economic activity and financial markets. The extent of the COVID-19 impact to future operational and financial performance will depend on the duration and spread of the outbreak, related public health measures, and their impact on the macroeconomy. While the Company expects this matter to negatively impact the Company's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time, as none of these impacts can be predicted with certainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed interim consolidated financial statements are presented in United States dollars and have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). On November 4, 2022, the Board approved the condensed interim consolidated financial statements dated September 30, 2022.

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's capital stock. All significant intercompany transactions and balances have been eliminated.

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

The controlled entities are listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at September 30, 2022	Ownership Interest at December 31, 2021	Principal Activity
ComplyTrust Inc.	US/Delaware	100%	100%	Software Development

Significant judgments, estimates and assumptions

The preparation of financial statements in accordance with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These judgments, estimates and assumptions are regularly evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. While management believes the estimates to be reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require significant judgment and estimates that management has made at the financial reporting date, that could result in a material change to the carrying amounts of assets and liabilities, in the event actual results differ from the assumptions made, relate to, but are not limited to the following:

Significant judgments

- the determination of functional currencies

Cash and cash equivalents

Cash equivalents include highly liquid investments with original maturities of twelve months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Research and development

Expenditure on research activities is recognized on the consolidated statement of operations and comprehensive loss as incurred. Development expenditures are capitalized as part of the cost of the resulting intangible asset only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Management determined that as at September 30, 2022, it was not yet able to demonstrate with sufficient certainty that it is probable that any economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

Intangible asset

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is valued at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life 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. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite lives are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis and more frequently if there are indicators that intangible assets may be impaired.

Income taxes

The Company accounts for income taxes under the asset and liability method. Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or the entire deferred tax asset will not be recognized.

Net loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or contracts that may require the issuance of common shares in the future were converted, unless the impact is anti-dilutive. For the period ended September 30, 2022, this calculation proved to be anti-dilutive, and therefore the Company's 5,415,000 (September 30, 2021: 4,725,000) stock options and 17,400,000 (September 30, 2021: 12,500,000) warrants were excluded from the calculation.

Right of use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term using the straight line method.

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity-based compensation awards to be accounted for using the fair value method. Equity-settled share-based payment arrangements are initially measured at fair value at the date of grant and recorded within shareholders' equity. Arrangements considered to be cash-settled are initially recorded at fair value and classified as accrued liabilities, and subsequently re-measured at fair value at each reporting date. The Company's stock option plan is an equity-settled arrangement.

The fair value at grant date of all share-based payments is recognized as compensation expense over the period for which benefits of services are expected to be derived, with a corresponding credit to shareholders' equity or accrued liabilities depending on whether they are equity-settled or cash-settled. The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model and estimate the expected forfeiture rate at the date of grant.

Functional currency

The Company's consolidated financial statements are presented in U.S. dollars, which is the Company's reporting currency. The functional currency of Oculus VisionTech Inc. is the Canadian ("CAD" or "C") dollar and the functional currency of ComplyTrust Inc. is the U.S. dollar.

In accordance with ASC 830, Foreign Currency Matters, for companies that have a functional currency other than the US dollar, the Company translates the assets and liabilities into U.S. dollars using the rate of exchange prevailing at the balance sheet date and the statements of operations and comprehensive loss and cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation from CAD into U.S. dollars are recorded in shareholders' equity as part of accumulated other comprehensive loss.

Foreign currency transactions are translated into the functional currency of the respective currency of the entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in the statement of operations and comprehensive loss.

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

Recently issued accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not expect any material impact from future accounting pronouncements.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	September 30, 2022	December 31, 2021
Prepaid expenses	\$ 13,572	\$ 28,141
Tax Receivable – Canadian GST	9,582	9,691
	\$ 23,154	\$ 37,832

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	September 30, 2022	December 31, 2021
Accounts payable	\$ 229,537	\$ 61,836
Accrued fees and expenses	24,731	34,362
	\$ 254,268	\$ 96,198

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

6. COMMON STOCK

The Company has one class of no par value common stock with 500,000,000 authorized shares and 91,422,569 outstanding on September 30, 2022 and 91,422,569 on September 30, 2021, respectively. As of September 30, 2022, there were 5,175,000 common shares held in escrow.

On June 14, 2021, the Company closed a non-brokered private placement financing of 4,900,000 units of the Company at a price of CDN\$0.80 per unit for gross proceeds of \$3,920,000CDN (\$3,098,616). Each unit consisted of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$1.00CDN for a period of 24 months from the date of closing. The expiry date of the warrants may be accelerated at the Company's discretion if, the closing price of the Shares on the TSX Venture Exchange is equal to or greater than \$2.50CDN for a minimum of ten consecutive trading days and a notice of acceleration is provided in accordance with the terms of the warrant. In connection to the private placement, the Company paid \$45,500CDN (\$36,370) as share issuance costs.

7. STOCK OPTIONS

During the period ended September 30, 2022, and year ended December 31, 2021, the Company adopted a Rolling Stock Option Plan. Up to 10% of the Company's issued and outstanding common shares may be reserved for granting of stock options.

During the period ended September 30, 2022, the Company:

i) granted 100,000 stock options to a consultant, exercisable into 100,000 shares at an exercise price of \$0.80CAD and an expiry date of January 31, 2025. The options have a fair value of \$54,600CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 119.10%; (ii) Term of 3 years; (iii) Discount rate of 1.24%; (iv) Dividend rate of Nil; and (v) market stock price of \$0.78CAD. The options vest 20% every 6 months starting August 1, 2022. During the period ended September 30, 2022, the Company recorded \$29,441CAD (\$22,951) of share-based compensation relating to the vesting period.

During the year ended December 31, 2021, the Company:

i) granted 500,000 stock options to consultants, exercisable into 500,000 shares at an exercise price of \$1.20CAD and an expiry date of January 29, 2024. The options have a fair value of \$424,300CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 125.00%; (ii) Term of 3 years; (iii) Discount rate of 0.14%; (iv) Dividend rate of Nil; and (v) market stock price of \$1.18CAD. The options vest 20% every 6 months starting July 29, 2021. During the period ended September 30, 2021, the Company recorded \$230,604CAD (\$186,627) of share-based compensation relating to the vesting period. During the period ended September 30, 2022, the Company recorded \$96,546CAD (\$75,447) of share-based compensation relating to the vesting period.

ii) granted 375,000 stock options to consultants, exercisable into 375,000 shares at an exercise price of \$0.80CAD and an expiry date of June 10, 2024. The options have a fair value of \$211,700CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 120.80%; (ii) Term of 3 years; (iii) Discount rate of 0.25%; (iv) Dividend rate of Nil; and (v) market stock price of \$0.80CAD. The options vest 20% every 6 months starting December 10, 2021. During the period ended September 30, 2021, the Company recorded \$59,248CAD (\$48,592) of share-based compensation relating to the vesting period. During the period ended September 30, 2022, the Company recorded \$68,263CAD (\$53,339) of share-based compensation relating to the vesting period.

iii) granted 590,000 stock options to consultants, exercisable into 590,000 shares at an exercise price of \$0.60CAD and an expiry date of October 14, 2024. The options have a fair value of \$219,100CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 119.89%; (ii) Term of 3 years; (iii) Discount rate of 0.63%; (iv) Dividend rate of Nil; and (v) market stock price of \$0.54CAD. The options vest 20% every 6 months starting April 14, 2021. During the period ended September 30, 2021, the Company recorded \$Nil of share-based compensation relating to the vesting period. During the period ended September 30, 2022, the Company recorded \$109,175CAD (\$85,319) of share-based compensation relating to the vesting period.

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

During the year ended December 31, 2020, the Company:

i) granted 3,600,000 stock options to consultants, directors and officers exercisable into 3,600,000 shares at an exercise price of \$0.35CAD and an expiry date of July 21, 2023. The options have a fair value of \$909,900CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 125%; (ii) Term of 3 years; (iii) Discount rate of 0.27%; (iv) Dividend rate of Nil; and (v) market stock price of \$0.35CAD. The options vest 20% every 6 months starting January 21, 2021. During the period ended September 30, 2021, the Company recorded \$334,385CAD (\$267,221) of stock-based compensation relating to the vesting period. During the period ended September 30, 2022, the Company recorded \$111,672CAD (\$87,346) of share-based compensation relating to the vesting period.

ii) granted 250,000 stock options to consultants, directors and officers exercisable into 250,000 shares at an exercise price of \$0.45CAD and an expiry date of December 21, 2023. The options have a fair value of \$75,800CAD, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 125%; (ii) Term of 3 years; (iii) Discount rate of 0.02%; (iv) Dividend rate of Nil; and (v) market stock price of \$0.425CAD. The options vest 20% every 6 months starting June 21, 2021. During the period ended September 30, 2021, the Company recorded \$43,439CAD (\$34,579) of stock-based compensation relating to the vesting period. During the period ended September 30, 2022, the Company recorded \$14,974CAD (\$11,705) of share-based compensation relating to the vesting period.

The changes in options are as follows:

	Number of options	Weighted average exercise price	Aggregate Intrinsic Value
Options outstanding, December 31, 2020	3,850,000	\$ 0.36	\$ 3,363,000
Granted	1,465,000	0.86	-
Options outstanding, December 31, 2021	5,315,000	0.49	3,910,950
Granted	100,000	0.80	-
Options outstanding, September 30, 2022	5,415,000	\$ 0.50	\$ -

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock for the options that were in-the-money at September 30, 2022.

Details of options outstanding as at September 30, 2022 are as follows:

Exercise price (CAD)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
\$ 0.350	3,600,000	July 21, 2023	2,880,000	0.81
\$ 0.450	250,000	December 21, 2023	150,000	1.22
\$ 1.200	500,000	January 29, 2024	300,000	1.33
\$ 0.800	375,000	June 10, 2024	150,000	1.70
\$ 0.600	590,000	October 14, 2024	118,000	2.04
\$ 0.80	100,000	January 31, 2025	20,000	2.34
	5,415,000		3,618,000	

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

8. WARRANTS

The changes in warrants are as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, December 31, 2020	12,500,000	\$ 0.001
Granted	4,900,000	1.00
Warrants outstanding, December 31, 2021 and September 30, 2022	17,400,000	\$ 0.28

Details of warrants outstanding as at September 30, 2022 are as follows:

Exercise price	Number of warrants outstanding	Expiry date	Number of warrants exercisable	Remaining contractual life (years)
\$ 1.00 (CAD)	4,900,000	April 19, 2023	4,900,000	0.55
\$ 0.001(1)(USA)	12,500,000	June 4, 2025	-	2.68
	17,400,000		4,900,000	

(1) No share purchase warrants are exercisable until specific performance criteria have been met. Such criteria being 1) revenue sales projections per CTI's 5-year proformas, or 2) listing on a major US exchange, or 3) change of control.

9. SELLING, GENERAL AND ADMINISTRATIVE

The breakdown of selling, general and administrative for the period ended September 30, 2022 and 2021 is as follows:

	2022	2021
Filing and regulatory fees	\$ 34,280	\$ 26,731
Marketing	73,053	31,374
Professional fees	67,882	102,870
Rent	28,809	29,857
Office and administration	106,963	128,300
	\$ 310,987	\$ 319,132

OCULUS VISIONTECH INC. AND SUBSIDIARY
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021
(Stated in US Dollars)
(Unaudited)

10. RESEARCH AND DEVELOPMENT

The breakdown of research and development for the period ended September 30, 2022 and 2021 is as follows:

	2022	2021
Project management	\$ 11,990	\$ 108,000
Software development	677,035	403,629
Business development	99,636	43,000
Payroll	124,231	21,370
	\$ 912,892	\$ 575,999

11. RELATED PARTIES

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company defines its key management as the Board of Directors, Chief Executive Officer, President, and Chief Financial Officer. Remuneration of directors and key management personnel of the Company for the period ended September 30, 2022 and 2021 was as follows:

	2022	2021
Consulting	\$ 90,000	\$ -
Selling general and administrative	65,742	51,468
Share-based compensation to directors and officers	40,761	124,703
	\$ 196,503	\$ 176,171

The Company for the period ended September 30, 2022 and 2021 reimbursed a related party \$65,742 and \$51,468, respectively, for selling, general and administrative expenses paid on behalf of the Company. The Company incurred \$90,000 (2021 - \$nil) of consulting fees accrued to a Company controlled by a director of the Company for the period ended September 30, 2022 and 2021. The Company also recorded share-based compensation of \$40,761 (2021 - \$124,703) for options vested to related parties during the period ended September 30, 2022 and 2021.

12. OPERATING LEASES

The Company has one operating lease with unrelated third parties for office space at Vancouver, Canada.

The lease at the Vancouver, Canada location is on a month-to-month basis with monthly rental payments of \$3,950 (CND). For the period ended September 30, 2022 and 2021 rent expense was \$27,288 and \$28,411, respectively.

13. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment. All of the Company's assets and expenditures are located in the United States.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING STATEMENTS AND SUPPLEMENTARY DATA

The following discussion should be read in conjunction with our condensed interim financial statements and other financial information appearing elsewhere in this quarterly report. In addition to historical information, the following discussion and other parts of this quarterly report contain forward-looking statements under applicable securities laws. You can identify these statements by forward-looking words such as “plan”, “may”, “will”, “expect”, “intend”, “anticipate”, “believe”, “estimate” and “continue” or similar words. Forward-looking statements are statements that are not historical facts, and include, but are not limited to, statements regarding our products and services, including our digital watermarking technology and Cloud-based document protection system, our data privacy and data protection services and solutions, our technology, our cash needs, including our ability to fund our future capital expenditures and working capital requirements, and our expectations regarding competition and growth in our sector, are forward looking statements, the future sources and availability of additional funding, and the effect of funding arrangements on projects and products. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. We believe that it is important to communicate future expectations to investors. However, there may be events in the future that we are not able to accurately predict or control. Accordingly, we do not undertake any obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, except as required by law.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties set forth under “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and other periodic reports filed with the United States Securities and Exchange Commission (“SEC”). Accordingly, to the extent that this quarterly report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements.

OVERVIEW OF THE COMPANY

Oculus VisionTech Inc. (OVTZ) is a Canadian-based development-stage technology company focused on cyber security, data privacy and data protection solutions for Enterprise business customers. Headquartered in Vancouver, British Columbia, Canada, the company was originally founded by image processing experts and is operated by experienced leadership. Currently, OVTZ is expanding and investing in a suite of new data protection and data privacy security products that will revolutionize CCPA, GDPR, LGPD and other data privacy legislation compliance for both data subjects and data controllers worldwide. Our mission is innovation of viable software tools that enable intelligent automated solutions for public cloud customer services and needs specific to data privacy and data protection for individuals, organizations and their customers worldwide, through a vision of mutually trusted data compliance.

Our Forget-Me-Yes® data privacy product is a Software-as-a-Service (SaaS) platform developed to specifically address the global ‘Right-to-be-Forgotten’ (RtbF) and Right-of-Erase (RoE) legal components of Brazil's LGPD, Europe's GDPR, California Consumer Privacy Act (CCPA), Colorado Privacy Act (CPA) and Virginia CDPA data privacy regulatory compliance. An additional new data protection software tool, ComplyScan®, is being developed to address public cloud data governance compliance. Our legacy Cloud Document Protection System (Cloud-DPS) technology leveraged our digital watermarking technology to enable OVTZ to offer a SaaS-based document management platform for tamper-proof document authentication and protection. Historically, we have used our digital watermarking technology for streaming video content distribution based on embedded digital watermarking, as well as video-on-demand (VOD) systems, services and source-to-destination digital media delivery solutions that allow live or recorded digitized and compressed video to be transmitted through Internet, intranet, satellite or wireless connectivity.

We were incorporated on April 18, 1986, as "First Commercial Financial Group Inc." in the Province of Alberta, Canada. In 1989, our name was changed to "Micron Metals Canada Corp.", which purchased 100% of the outstanding shares of USA Video Inc., a Texas corporation, in order to focus on the digital media business. In 1995, we changed our name to "USA Video Interactive Corp." and continued out of the Province of Alberta into the State of Wyoming. At a shareholders meeting held on December 30, 2011, a resolution was passed to change our name to "Oculus VisionTech Inc." and to alter our share capital by way of a reverse stock split (share consolidation) on the basis of fifteen old common shares for one new common share. On January 25, 2012, we changed our name to "Oculus VisionTech Inc." In June 2020, OVTZ acquired OCL Technologies Inc. (OCL), a Delaware corporation data privacy software development startup based in San Diego, California. As a 100% wholly-owned subsidiary of OVTZ and to better align with customer and market focus, OCL has completed a corporate name change to ComplyTrust® Inc. (CTI) on January 21, 2021. All OCL references throughout this document are synonymous with the new name change, CTI.

[Table of Contents](#)

Our executive and corporate headquarter offices are located at Suite 507, 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. Our telephone number is 1-800-684-0183 and our facsimile number is 604-685-5777. Our email address is contact@ovtz.com and our website is www.ovtz.com. Our common shares are listed for trading on the TSX Venture Exchange (TSX.V – OVT, OTCQB – OVTZ, FSE – USF1).

BUSINESS OBJECTIVES:

In this age of digital transformation, data monetization, IoT, and massive data migration to converged hyperscale, geo-disbursed Cloud infrastructure and workloads, data protection and data privacy have taken center stage. GDPR, LGPD, CCPA, and many other new international (Canada/PIPEDA, China/PIPL, India/DIA) and upcoming US Federal (ADPPA) and individual State data privacy regulations enable individuals and organizations the right to access and request deletion of all personal information for a given data subject. In our ever increasing Everything-as-a-Service world, OVTZ recognizes the need for global cloud-native data privacy and data protection solutions that are multi-cloud platform-ready and can augment both existing legacy and newer agile-driven architectures. OVTZ is building modular microservices-based software solutions and services for both hybrid on-premise and multi-cloud data management that incorporate automated malware, privacy and ransomware scanning, reporting and visualization.

Our new Forget-Me-Yes® (FMY) Software-as-a-Service (SaaS) data privacy solution is a secure, Zero-Knowledge platform providing a single-source capability of continuous ‘right-to-be-forgotten’ (RtbF) and ‘right-of-erase’ (RoE) privacy compliance by incorporating automated policy-driven re-query services that guarantees a Data Subject’s requested RtbF/RoE data remains ‘forgotten’ over the life of their FMY subscription. FMY incorporates hybrid encryption technology that ensures all User Interface, data-in-transit and data-at-rest remain secure and can only be accessed by the subscriber. With a cloud-native architecture, the FMY functionality can be utilized as either a complete turnkey SaaS subscription platform, or individually licensed for seamless integration with existing 3rd. party applications and data privacy platforms.

Our new ComplyTrust® Software-as-a-Service Suite (CTSS) is a set of software tools specifically designed to address cloud-native data management and regulatory compliant data governance. CTSS will help to remove enterprise organizational barriers and blockers to further enable successful cloud migration and deployment that benefit the cloud infrastructure providers, enterprise organizations, and users collectively. CTSS helps to automate and visualize cloud compliance reporting across accounts, regions and services based on a variety of user-definable and data driven metrics. Development of the first CTSS product, a cloud-native data backup compliance reporting tool called ComplyScan® (CS), has commenced.

OVTZ had recognized that cloud-based, digital document security/protection products were a potentially viable business opportunity for the Company that allowed us to apply our proprietary real-time digital video watermarking technology, originally developed for studios and networks in the entertainment industry, to the digital document security/protection market. Cloud-DPS secures and protects digital documents (including text documents, photos, blueprints, etc.) from any modification, and/or attempted forgery by imperceptibly watermarking documents, using real-time image processing and watermarking algorithms, embedded into a secured/protected copy of a document. This authentication and verification process ensures the integrity of the original digital document.

Our near-term business objectives for the above:

1. Patent and license new technology developed within the corporate research and development program;
2. Demonstrate proof of concept on selected commercial projects with our Forget-Me-Yes® (FMY) data privacy Software-as-a-Service platform and ComplyTrust® SaaS Suite (CTSS), gain industry recognition for the architectural and business differentiators of the company product’s FMY data privacy, ComplyScan® (CS) compliance validation tool and our legacy C-DPS authentication/tamper-proof functionality, and generate sales and support revenues in FY21+.

CRITICAL ACCOUNTING POLICIES (AND ESTIMATES)

In preparing its consolidated financials statement, the Company follows GAAP, which is described in Note 3, Summary of Significant Accounting Policies, to the Company's December 31, 2021 Consolidated Financial Statements included in the Company's Annual Report on Form 10-K. The application of these principles requires significant judgements or an estimation process that can affect the results of operations, financial position and cash flows of the Company, as well as the related footnote disclosures. The Company continually reviews its accounting policies and financials information disclosures. Except as noted in Note 3, Summary of Significant Accounting Policies, of the Company's financials statements, there have been no material changes in the Company's critical accounting policies or estimates since December 31, 2021.

RESULTS OF OPERATIONS

Sales

Sales for the nine-month period ended September 30, 2022 and 2021 were \$nil.

Cost of Sales

The cost of sales for the nine-month period ended September 30, 2022 and 2021 were \$nil.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, consisting of product marketing expenses, consulting fees, office, professional fees and other expenses to execute our business plan and for our day-to-day operations, increased in the period ended September 30, 2022.

We continue to develop and have begun to market the Forget-Me-Yes® (FMY) "Right-to-be-Forgotten" and "Right-to-Erase" data privacy platform. Administrative expenses have decreased/increased moderately as a result of insignificant fluctuations in general costs.

Nine-month period ended September 30, 2022

Selling, general and administrative expenses for the nine months ended September 30, 2022 decreased to \$310,987 from \$319,132 for the period ended September 30, 2021. We incurred decreased costs in 2022 due to decreased in general office expenditures, and professional fees.

Other components of selling, general and administrative expenses did not change significantly.

Three-month period ended September 30, 2022

Selling, general and administrative expenses for the three months ended September 30, 2022 increased to \$116,163 from \$113,607 for the period ended September 30, 2021. We incurred similar costs in 2022 general office expenditures as there were no significant changes in the operation.

Other components of selling, general and administrative expenses did not change significantly

Research and Development

Nine-month period ended September 30, 2022

Research and development costs for the nine months ended September 30, 2022, increased to \$912,892 from \$575,999 for the comparable period. We incurred increased costs in 2022 due to management's decision to continue on-going development of the Forget-Me-Yes® (FMY) data privacy solution and initiated development of the new CTSS ComplyScan® (CS) backup compliance reporting tool, while evaluating the legacy C-DPS architecture, addressable market and potential future integration into CTSS.

Three-month period ended September 30, 2022

Research and development costs for the three months ended September 30, 2022, decreased to \$283,269 from \$295,830 for the comparable period. The decreased costs was due to less development consulting was required during the current period.

Net Losses

Nine-month period ended September 30, 2022

To date, we have not achieved profitability and expect to incur substantial losses for the foreseeable future. Our net loss for nine months ended September 30, 2022 was \$1,649,986, compared with a net loss of \$1,456,171 for the comparative period.

Three-month period ended September 30, 2022

To date, we have not achieved profitability and expect to incur substantial losses for the foreseeable future. Our net loss for the three months ended September 30, 2022 was \$524,699, compared with a net loss of \$578,810 for the comparative period.

Liquidity and Capital Resources

At September 30, 2022, our cash position was \$1,019,957, compared to \$2,208,451 at December 31, 2021. We had a working capital of \$763,372 and an accumulated deficit of \$47,795,831 at September 30, 2022.

We have historically satisfied our capital needs primarily by issuing equity securities to our officers, directors, employees and a small group of investors, and from short-term bridge loans from members of management.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2022, we have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Oculus is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and is not required to provide information required under this Item.

Item 4. Controls and Procedures.

We maintain “disclosure controls and procedures”, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, who is our principal executive officer, and Chief Financial Officer, who is our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

As of September 30, 2022, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting for the quarterly period ended September 30, 2022, identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

Item 1A. Risk Factors.

Oculus is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide information required under this Item. A description of the risks associated with our business, financial condition, and results of operations is set forth in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on June 20, 2022. Those factors continue to be meaningful for your evaluation of Oculus and we urge you to review and consider the risk factors presented in such Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The information required by this Item is set forth on the exhibit index which follows the signature page of this report.

Exhibit No.	Description
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EX-31.1	Certification of CEO
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EX-31.2	Certification of CFO
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EX-32.1	SOX Certification of CEO
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EX-32.2	SOC Certification of CFO
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101.INS Inline XBRL Instance Document

101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LABInline XBRL Taxonomy Extension Label Linkbase Document

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OCULUS VISIONTECH INC.

November 4, 2022

By: /s/ Rowland Perkins

Rowland Perkins
President and Chief Executive Officer
(principal executive officer)

November 4, 2022

By: /s/ Anton J. Drescher

Anton J. Drescher
Chief Financial Officer
(principal financial and accounting officer)