
DEVERON CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

DEVERON CORP.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at March 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,567,455	\$ 6,867,130
Accounts receivable (note 4)	743,456	2,517,658
Prepays and other receivables	953,931	292,339
Total current assets	16,264,842	9,677,127
Non-current assets		
Property, plant and equipment (note 5)	1,676,897	1,507,688
Right-of-use assets (note 6)	1,697,913	1,782,564
Goodwill (note 7)	6,971,023	6,221,210
Intangible assets (note 8)	3,874,871	3,578,788
Total non-current assets	14,220,704	13,090,250
Total assets	\$ 30,485,546	\$ 22,767,377
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable (notes 9 and 19)	\$ 619,608	\$ 925,971
Accrued and other current liabilities	796,533	968,347
Lease liabilities (note 11)	460,153	539,788
Deferred and contingent consideration (note 12)	1,683,221	1,633,620
Total current liabilities	3,559,515	4,067,726
Non-current liabilities		
Lease liabilities (note 11)	1,201,070	1,193,360
Loans payable (note 10)	205,602	216,176
Deferred revenue	92,692	18,437
Deferred and contingent consideration (note 12)	729,028	960,610
Total non-current liabilities	2,228,392	2,388,583
Total liabilities	5,787,907	6,456,309
Shareholders' Equity		
Share capital (note 13(a)(b))	27,318,321	18,249,101
Reserves (notes 14, 15 and 16)	9,082,429	6,094,679
Deficit	(13,305,542)	(9,767,264)
Accumulated other comprehensive (loss) income	(31,546)	101,616
Shareholders' equity attributable to shareholders	23,063,662	14,678,132
Non-controlling interest (note 3)	1,633,977	1,632,936
Total shareholders' equity	24,697,639	16,311,068
Total liabilities and shareholders' equity	\$ 30,485,546	\$ 22,767,377

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nature of operations and going concern (note 1)
Events after the reporting period (note 21)

DEVERON CORP.**Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)**

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues		
Data collection	\$ 627,472	\$ 267,774
Data analytics	779,489	399,952
	1,406,961	667,726
Cost of services		
Cost of services (note 18)	(669,287)	(284,058)
Gross margin	737,674	383,668
Operating expenses (income)		
Salaries and benefits (note 19)	1,855,371	620,587
Office and general	1,246,550	262,737
Share-based payments (note 14)	447,306	320,807
Depreciation (note 5)	310,725	51,177
Professional fees (note 19)	251,107	103,269
Amortization of intangible assets (note 8)	118,964	-
Interest expense (notes 11 and 12)	46,485	16,110
Foreign exchange loss (gain)	26,518	(8,965)
Interest income	(5,683)	(2,586)
Gain on disposition of property, plant and equipment (note 5)	(9,791)	-
	4,287,552	1,363,136
Net loss for the period	(3,549,878)	(979,468)
Other comprehensive loss:		
Foreign operations - foreign currency translation	(133,162)	-
Comprehensive loss for the period	\$ (3,683,040)	\$ (979,468)
Net loss for the period attributable to:		
Shareholders of the Company	\$ (3,550,919)	\$ (979,468)
Non-controlling interest	1,041	-
Net loss for the period	\$ (3,549,878)	\$ (979,468)
Basic and diluted net loss per common share (note 17) - basic and diluted	\$ (0.04)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	95,768,400	68,437,704

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DEVERON CORP.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating activities		
Net loss for the period	\$ (3,549,878)	\$ (979,468)
Depreciation (note 5)	310,725	51,177
Amortization of intangibles assets (note 8)	118,964	-
Share-based payments (note 14)	447,306	320,807
Interest expense (notes 11 and 12)	46,485	16,110
Gain on disposition of property, plant and equipment (note 5)	(9,791)	-
Foreign exchange	69,399	230
Changes in non-cash working capital items:		
Accounts receivable, prepaids and other receivables	1,112,610	(132,596)
Accounts payable, accrued and other current liabilities	(478,177)	(49,166)
Deferred revenue	74,255	128,390
Lease payments (note 11)	(161,138)	(52,248)
Net cash used in operating activities	(2,019,240)	(696,764)
Investing activities		
Cash payment for the acquisition of Farm Dog (note 3)	-	(126,841)
Cash payment for contingent consideration of Agronomic Solutions (note 12)	(823,575)	-
Cash payment for the acquisition of Agri-Labs (note 3)	(546,483)	-
Purchase of property, plant and equipment (note 5)	(93,222)	(42,509)
Proceeds from sale of property, plant and equipment (note 5)	28,650	-
Net cash used in investing activities	(1,434,630)	(169,350)
Financing activities		
Non-current loan repayment	(10,574)	(4,491)
Issue of common shares for public offering (note 13)	11,500,000	-
Issue of common shares for private placements (note 13)	600,000	-
Share issue costs	(1,173,981)	-
Exercise of warrants	94,750	85,000
Exercise of options	144,000	4,500
Net cash provided by financing activities	11,154,195	85,009
Net change in cash and cash equivalents	7,700,325	(781,105)
Cash and cash equivalents, beginning of period	6,867,130	6,217,046
Cash and cash equivalents, end of period	\$ 14,567,455	\$ 5,435,941
Cash	\$ 14,517,455	\$ 5,435,941
Cash equivalents	50,000	-
Cash and cash equivalents	\$ 14,567,455	\$ 5,435,941

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DEVERON CORP.**Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)**

	Share Capital	Reserves			Shares to be Issued	Deficit	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total
		Warrants	Share-based Payments						
Balance, December 31, 2020	\$ 9,970,106	\$ 2,113,248	\$ 897,667	\$ -	\$ (4,721,897)	\$ -	\$ -	\$ 8,259,124	
Transactions with shareholders:									
Common shares issued pursuant to acquisitions (note 3)	62,745	-	-	125,491	-	-	-	188,236	
Exercise of warrants (note 13(b)(ii))	101,614	(16,614)	-	-	-	-	-	85,000	
Exercise of options (note 13(b)(i))	7,085	-	(2,585)	-	-	-	-	4,500	
Expiry of stock options	-	-	(5,170)	-	5,170	-	-	-	
Share-based payments (note 14)	-	-	320,807	-	-	-	-	320,807	
Transactions with shareholders	\$ 171,444	\$ (16,614)	\$ 313,052	\$ 125,491	\$ 5,170	\$ -	\$ -	\$ 598,543	
Comprehensive loss for the period	-	-	-	-	(979,468)	-	-	(979,468)	
Balance, March 31, 2021	\$10,141,550	\$ 2,096,634	\$ 1,210,719	\$ 125,491	\$ (5,696,195)	\$ -	\$ -	\$ 7,878,199	

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DEVERON CORP.**Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)**

	Share Capital	Reserves			Shares to be Issued	Deficit	Accumulated Other Comprehensive Income	Non- Controlling Interest	Total
		Warrants	Share-based Payments						
Balance, December 31, 2021	\$18,249,101	\$ 3,493,540	\$ 1,480,882	\$ 1,120,257	\$(9,767,264)	\$ 101,616	\$ 1,632,936	\$16,311,068	
Transactions with shareholders:									
Issuance of shares in public offering (note 13(b)(iii)(iv))	11,500,000	-	-	-	-	-	-	11,500,000	
Issuance of shares in private placement (note 13(b)(iii)(iv))	600,000	-	-	-	-	-	-	600,000	
Warrants issued (note 13(b)(iii)(iv))	(2,121,266)	2,121,266	-	-	-	-	-	-	
Common shares issued pursuant to acquisitions (note 3)	241,140	-	-	(241,140)	-	-	-	-	
Share issue costs (note 13(b)(iii))	(1,511,638)	337,657	-	-	-	-	-	(1,173,981)	
Exercise of warrants (note 13(b)(v))	134,271	(39,521)	-	-	-	-	-	94,750	
Exercise of options (note 13(b)(vi))	226,713	-	(82,713)	-	-	-	-	144,000	
Expiry of stock options	-	-	(12,605)	-	12,605	-	-	-	
Share-based payments (note 14)	-	-	447,306	-	-	-	-	447,306	
Other	-	-	-	-	36	-	-	36	
Shares issued pursuant to acquisition (note 3)	-	-	-	457,500	-	-	-	457,500	
Transactions with shareholders	\$ 9,069,220	\$ 2,419,402	\$ 351,988	\$ 216,360	\$ 12,641	\$ -	\$ -	\$12,069,611	
Non-controlling interest	-	-	-	-	(1,041)	-	1,041	-	
Comprehensive loss for the period	-	-	-	-	(3,549,878)	(133,162)	-	(3,683,040)	
Balance, March 31, 2022	\$27,318,321	\$ 5,912,942	\$ 1,832,870	\$ 1,336,617	\$(13,305,542)	\$ (31,546)	\$ 1,633,977	\$24,697,639	

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of business and going concern

Deveron Corp. ("Deveron" or the "Company") was incorporated under the laws of the Province of Ontario on March 28, 2011. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1. On July 19, 2016, Deveron's common shares started trading on the Canadian Securities Exchange ("CSE") under the symbol "DVR".

On August 31, 2020, the Company changed its corporate name from Deveron UAS Corp. to Deveron Corp. The Company's new stock symbol on the CSE is "FARM" and commenced trading under the new name and ticker symbol on market opening on September 3, 2020.

On September 21, 2020, the Company was accepted for listing on the TSX Venture Exchange (the "TSXV") as a Tier 2 issuer, and its common shares commenced trading on September 21, 2020, on the TSXV under the symbol "FARM".

Deveron is an agriculture technology company focused on providing data acquisition services and data analytics to the farming sector in North America. Through its network of soil sampling technicians and drone pilots, the Company is providing scalable data acquisition solutions in the imagery and soil space. Additionally, through its wholly-owned subsidiary Veritas Farm Business Management Inc. ("Veritas"), the Company provides growers in North America with independent insights and recommendations to improve farm outcomes.

On February 25, 2022, the Company completed the acquisition of Agri-Labs, Inc.. Refer to note 3.

As at March 31, 2022, 9.5% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle").

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and, therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in these unaudited condensed interim consolidated financial statements.

As at March 31, 2022, the Company had an accumulated deficit of \$13,305,542 (December 31, 2021 - \$9,767,264). Comprehensive loss for the three months ended March 31, 2022 was \$3,683,040 (three months ended March 31, 2021 - \$979,468). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

The Company has raised funds throughout the prior and current fiscal years and has utilized these funds for non-current asset investments and working capital requirements. The ability of the Company to arrange additional financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company, nor achieve desired sales growth. If additional financing is raised by the issuance of common shares from treasury of the Company, control of the Company may change and existing shareholders may have their ownership diluted. If adequate funding is not available, the Company may be required to relinquish rights to certain of its assets and/or terminate its operations.

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Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

2. Significant accounting policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 30, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Acquisitions

(a) Acquisition of Agri-Labs, Inc.

On March 10, 2022, the Company entered into a definitive agreement to acquire the assets of Agri-Labs, Inc. ("Agri-Labs") a leading soil lab and agronomy company that services Indiana, Michigan, and Ohio (the "Acquisition").

As consideration for the Acquisition, Deveron has agreed to:

- (i) Pay Agri-Labs an initial cash payment of US\$420,000 upon signing of the Definitive Agreement, and US\$210,000 on each of the first two anniversaries of the signing of the definitive agreement, and
- (ii) issue such number of common shares in the capital of the company equal to US\$180,000 at a price of \$0.61 per common share upon receipt of the approval of the TSXV and an additional number of common shares equal to US\$90,000 at a price of \$0.61 per common share on each of the first two anniversaries of the signing of the Definitive Agreement.

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of 375,000 common shares upon closing (i)	\$	228,750
Cash payment		546,483
Deferred cash consideration		536,674
Additional 375,000 common shares to be issued (ii)		228,750
Contingent consideration (earnout) (iii)		31,034
Total consideration	\$	1,571,691

Allocation of purchase price

Goodwill	\$	822,900
Property, plant and equipment (note 5)		274,260
Intangible assets (note 8)		474,531
Agri-Lab net assets acquired	\$	1,571,691

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Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

3. Acquisitions (continued)

(a) Acquisition of Agri-Labs, Inc. (continued)

(i) For the purpose of determining the value of the purchase price consideration, the 375,000 common shares were valued at \$0.61 per share based on Deveron's closing price as of March 9, 2022.

(ii) For the purpose of determining the value of the purchase price consideration, the 375,000 common shares to be issued were valued at \$0.61 per share based on Deveron's closing price as of March 9, 2022 and was recorded as an addition to shares to be issued.

(iii) The earnout (cash-settled) has a fair value of \$31,034 as of the date of acquisition and was recorded as "deferred and contingent consideration". Refer to note 12 for accretion on cash-settled earnouts.

(b) Acquisition of Farm Dog

On February 19, 2021, the Company acquired FD Agro Technologies LLC ("Farm Dog"), an agriculture data platform company that helps farmers, agronomists and agribusinesses record, organize and leverage on-farm information to make better decisions. As consideration for the transaction, the Company will issue an aggregate of 294,118 common shares at a price of \$0.64 per common share over a period of two years (98,039 issued on March 5, 2021), and a cash payment of US\$100,000. All securities issued pursuant to the transaction will be subject to a statutory hold period of four months and one day from the issuance thereof, as applicable, in accordance with the application securities law.

In connection with the transaction, the Company's wholly-owned subsidiary Deveron USA, LLC ("Deveron US") entered into an employment agreement with Liron Brish ("Brish"), whereby Brish would be retained as an employee of Deveron US. Based on the achievement of certain milestones, and pursuant to the Employment Agreement, the Company has agreed to pay US \$600,000 as follows:

1. US \$100,000 issuable in common shares in the event that Farm Dog adds 3,000,000 unique active acres within 3 years of the closing date ("Growth Earnout"); and
2. US \$250,000 issuable in common shares and USD \$250,000 in cash in the event that Farm Dog generates an additional \$5,000,000 in revenue by the end of 2022 ("Revenue Earnout").

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of 98,039 common shares (i)	\$	62,745
Cash payment		126,841
Additional 196,079 common shares to be issued (ii)		125,491
Contingent consideration (earnout) (iii)		556,954
Total consideration	\$	872,031

Allocation of purchase price

Goodwill	\$	872,031
Farm Dog net assets acquired	\$	872,031

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Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

3. Acquisitions (continued)**(b) Acquisition of Farm Dog (continued)**

(i) For the purpose of determining the value of the purchase price consideration, the 98,039 common shares were valued at \$0.64 per share based on Deveron's closing price as of February 19, 2021.

(ii) For the purpose of determining the value of the purchase price consideration, the 196,079 common shares to be issued were valued at \$0.64 per share based on Deveron's closing price as of February 19, 2021 and was recorded as an addition to shares to be issued.

(iii) The fair value of the contingent consideration was determined by discounting the probability-weighted expected payment with a risk-adjusted annual discount rate of 15% to determine the present value of expected payments. The expected payment is determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the probability of each scenario. The Growth Earnout has a fair value of \$82,512 as of the date of acquisition and was recorded as "shares to be issued". The Revenue Earnout (equity-settled) has a fair value of \$237,221 as of the date of acquisition and was recorded as "shares to be issued". The Revenue Earnout (cash-settled) has a fair value of \$237,221 as of the date of acquisition and was recorded as "deferred and contingent consideration".

4. Accounts receivable

	As at March 31, 2022	As at December 31, 2021
Accounts receivable	\$ 898,553	\$ 2,673,701
Allowance for doubtful accounts	(155,097)	(156,043)
	\$ 743,456	\$ 2,517,658

The following is an aged analysis of the accounts receivable:

	As at March 31, 2022	As at December 31, 2021
1 to 60 days	\$ 583,792	\$ 2,253,434
60 to 90 days	21,002	57,080
Greater than 90 days	138,662	207,144
Total accounts receivable	\$ 743,456	\$ 2,517,658

DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

5. Property, plant and equipment

COST	Equipment	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 1,708,144	\$ 482,223	\$ 321,552	\$ 2,511,919
Additions	71,636	-	21,586	93,222
Dispositions	(15,770)	-	(48,791)	(64,561)
Additions pursuant to the acquisition (note 3)	274,260	-	-	274,260
Foreign exchange	(25,349)	-	(2,807)	(28,156)
Balance, March 31, 2022	\$ 2,012,921	\$ 482,223	\$ 291,540	\$ 2,786,684

ACCUMULATED DEPRECIATION	Equipment	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 444,449	\$ 482,223	\$ 77,559	\$ 1,004,231
Disposition	(4,918)	-	(40,784)	(45,702)
Depreciation	127,342	-	29,043	156,385
Foreign exchange	(4,406)	-	(721)	(5,127)
Balance, March 31, 2022	\$ 562,467	\$ 482,223	\$ 65,097	\$ 1,109,787

CARRYING AMOUNT	Equipment	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 1,263,695	\$ -	\$ 243,993	\$ 1,507,688
Balance, March 31, 2022	\$ 1,450,454	\$ -	\$ 226,443	\$ 1,676,897

During the three months ended March 31, 2022, the Company sold vehicles for cash proceeds of \$28,650 which resulted in a gain on disposition of property, plant and equipment of \$9,791.

6. Right-of-use assets

	Vehicles	Leasehold improvements	Total
Balance, December 31, 2021	\$ 1,714,977	\$ 67,587	\$ 1,782,564
Additions	90,280	-	90,280
Depreciation	(154,340)	-	(154,340)
Foreign exchange	(20,591)	-	(20,591)
Balance, March 31, 2022	\$ 1,630,326	\$ 67,587	\$ 1,697,913

Vehicles are depreciated over 36 months. Leasehold improvements are depreciated over 72 months.

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Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

7. Goodwill

Balance, December 31, 2020	\$ 1,867,305
Addition Farm Dog	872,030
Addition Tana Ag Solutions Group, LLC	208,554
Addition Stealth Ag, Inc	740,875
Addition Woods End Laboratories	1,253,695
Addition Agronomic Solutions, Inc	1,168,458
Foreign exchange	110,293
Balance, December 31, 2021	\$ 6,221,210

Balance, December 31, 2021	\$ 6,221,210
Addition Agri-Lab	822,900
Foreign exchange	(73,087)
Balance, March 31, 2022	\$ 6,971,023

8. Intangible assets

COST	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ 2,789,160	\$ 1,061,148	\$ 3,850,308
Additions pursuant to the acquisitions (note 3)	345,693	128,838	474,531
Foreign exchange	(47,092)	(17,862)	(64,954)
Balance, March 31, 2022	\$ 3,087,761	\$ 1,172,124	\$ 4,259,885

ACCUMULATED AMORTIZATION	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ 163,789	\$ 107,731	\$ 271,520
Amortization	69,648	49,316	118,964
Foreign exchange	(3,272)	(2,198)	(5,470)
Balance, March 31, 2022	\$ 230,165	\$ 154,849	\$ 385,014

CARRYING AMOUNT	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ 2,625,371	\$ 953,417	\$ 3,578,788
Balance, March 31, 2022	\$ 2,857,596	\$ 1,017,275	\$ 3,874,871

DEVERON CORP.**Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

9. Accounts payable

Accounts payable of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at March 31, 2022	As at December 31, 2021
Accounts payable	\$ 619,608	\$ 925,971

The following is an aged analysis of the accounts payable:

	As at March 31, 2022	As at December 31, 2021
1 to 60 days	\$ 457,241	\$ 733,756
61 to 90 days	61,930	53,466
Greater than 90 days	100,437	138,749
Total accounts payable	\$ 619,608	\$ 925,971

10. Loans payable

(i) During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of \$61,869 (US\$49,200) ("PPP Funds") pursuant to the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act in order to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Funds (the "PPP Loan") will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. The PPP Loan was forgiven in full in June 2021.

During the three months ended March 31, 2022, the Company received aggregate wage subsidies of \$nil (March 31, 2021 - \$nil). in connection with Covid-19 Government-sponsored Canada Emergency Response Benefit (CERB) and PPP. In accordance with its accounting policy, the subsidies were recorded in operations.

(ii) During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of \$92,790 from CLE Capital, a lease financing specialist. During the three months ended March 31, 2022, the Company has repaid \$nil (December 31, 2021 - \$13,779). The balance outstanding as of March 31, 2022 is \$72,224 (December 31, 2021 - \$72,224).

DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

11. Lease liabilities

Balance, December 31, 2021	\$ 1,733,148
Additions	90,280
Interest expense	16,090
Lease payments	(161,138)
Foreign exchange	(17,157)
Balance, March 31, 2022	\$ 1,661,223

Allocated as:

Current	\$ 460,153
Non-current	1,201,070
Balance, March 31, 2022	\$ 1,661,223

12. Deferred and contingent consideration

COST	Contingent Consideration	Deferred Consideration	Total
Balance, December 31, 2021	\$ 1,622,017	\$ 972,213	\$ 2,594,230
Additions pursuant to the acquisition (note 3)	31,034	536,674	567,708
Accretion interest expense	13,106	17,289	30,395
Contingent consideration - Cash payout	(823,757)	-	(823,757)
Foreign exchange	55,343	(11,671)	43,672
Balance, March 31, 2022	\$ 897,743	\$ 1,514,505	\$ 2,412,248
Allocated as:			
Current	\$ 635,845	\$ 1,047,375	\$ 1,683,221
Non-current	261,898	467,130	729,028
Balance, March 31, 2022	\$ 897,743	\$ 1,514,505	\$ 2,412,248

(i) On February 25, 2022, the Company acquired Agri-Labs. In connection with the transaction, the Company has agreed to pay an additional USD \$420,000 (CAD \$536,674) based on the achievement of certain milestones. Refer to note 3.

(ii) On February 28, 2022, the Company paid Agronomic Solutions an earnout as additional consideration equal to 100% of the earnings before interest, taxes, depreciation and amortization "EBITDA" generated by the acquired business from Sept 8, 2021 to December 31, 2021. The actual amount of the EBITDA earnout paid was \$833,757 (\$646,591 USD), in excess of the amount originally estimated to be \$755,556 (600,000 USD). The additional amount was recorded in operating expenses.

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13. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020	68,279,558	\$ 9,970,106
Shares issued pursuant to the acquisition of Farm Dog (note 3)	98,039	62,745
Exercise of options (i)	15,000	7,085
Exercise of warrants (ii)	425,000	101,614
Balance, March 31, 2021	68,817,597	\$ 10,141,550

	Number of common shares	Amount
Balance, December 31, 2021	89,006,602	\$ 18,249,101
Public Offering (iii)	16,428,573	11,500,000
Private placements (iv)	857,143	600,000
Warrant valuation (iii)(iv)	-	(2,121,266)
Broker warrant valuation (iii)	-	(337,657)
Share issue costs (iii)	-	(1,173,981)
Shares issued to Farm Dog and Agronomic Solutions (note 3)	360,384	241,140
Exercise of warrants (v)	215,000	134,271
Exercise of options (vi)	480,000	226,713
Balance, March 31, 2022	107,347,702	\$ 27,318,321

(i) During the three months ended March 31, 2021, 15,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$4,500.

(ii) During the three months ended March 31, 2021, 425,000 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$85,000, and \$16,614 was reclassified from warrant reserve for a fair value amount of \$101,615.

(iii) On February 25, 2022, the Company closed its previously announced overnight public offering including the exercise in full of the over-allotment option. In connection with the offering, the Company issued an aggregate of 16,428,573 units in the capacity of the company at a price of \$0.70 per unit for total gross proceeds of \$11,500,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.90 per warrant for a period of 24 months after closing. The 8,214,287 warrants were valued at \$2,042,288 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.66; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 85%; risk-free interest rate - 1.53%; and an expected life - 2 years.

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Notes to Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2022 (Expressed in Canadian Dollars) (Unaudited)

13. Share capital (continued)

b) Common shares issued (continued)

As consideration for the services provided for the private placement, the agents received a cash commission equal to in the aggregate \$1,173,982 and an aggregate of 1,150,000 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.70 for a period of 24 months after the private placement. The 1,150,000 compensation warrants were valued at \$337,657 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.66; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 85%; risk-free interest rate - 1.53%; and an expected life - 2 years.

(iv) On March 9, 2022, the Company closed a non-brokered private placement of Units at a price of \$0.70 per Unit for gross proceeds of \$600,000 and a total of 857,143 units issued. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.90 per warrant for a period of 24 months after closing. The 428,572 warrants were valued at \$78,978 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.56; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 84%; risk-free interest rate - 1.50%; and an expected life - 2 years.

(v) During the three months ended March 31, 2022, 195,000 warrants were exercised at a price of \$0.45 per unit for gross proceeds of \$87,750, and 20,000 warrants were exercised at a price of \$0.35 for gross proceeds of \$7,000.

(vi) During the three months ended March 31, 2022, 480,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$144,000.

14. Stock options

The following table reflects the continuity of options for the periods ended March 31, 2022 and 2021:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2020	3,775,000	0.33
Granted (i)(ii)(iii)	1,725,000	0.49
Cancelled	(15,000)	0.30
Exercised (note 13(b)(i))	(15,000)	0.30
Balance, March 31, 2021	5,470,000	0.39
Balance, December 31, 2021	5,705,000	0.33
Granted (iv)(v)	1,705,000	0.74
Cancelled	(25,000)	0.74
Exercised (note 13(b)(vi))	(480,000)	0.30
Balance, March 31, 2022	6,905,000	0.46

(i) On January 15, 2021, the Company granted 1,225,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of \$0.43 per share, will expire in three years from the issue date. A fair value of \$336,386 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.43; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 105%; risk-free interest rate - 0.20%; and an expected life - 3 years. The options vested 25% immediately, with the remaining options vesting a quarter every quarter. During the three months ended March 31, 2022, \$nil (three months ended March 31, 2021 - \$210,817) was expensed to share-based payments.

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14. Stock options (continued)

(ii) On February 22, 2021, the Company granted 325,000 stock options to an employee to the Company. The stock options, at a price of \$0.64 per share, will expire in five years from the issue date. A fair value of \$210,940 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.64; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 117%; risk-free interest rate - 0.67%; and an expected life - 5 years. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2022, \$11,600 (three months ended March 31, 2021 - \$61,221) was expensed to share-based payments.

(iii) On March 12, 2021, the Company granted 175,000 stock options to an officer of the Company. The stock options, at a price of \$0.75 per share, will expire in five years from the issue date. A fair value of \$98,429 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.75; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 1.03%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2022, \$7,374 (three months ended March 31, 2021 - \$37,445) was expensed to share-based payments.

(iv) On January 18, 2022, the Company granted 1,600,000 stock options to officers, directors and employees of the Company. The stock options, at a price of \$0.75 per share, will expire in six years from the issue date. A fair value of \$999,532 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.75; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 110%; risk-free interest rate - 1.72%; and an expected life - 6 year. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2022, \$387,946 (three months ended March 31, 2021 - \$nil) was expensed to share-based payments.

(v) On March 31, 2022, the Company granted 105,000 stock options to an officer of the Company. The stock options, at a price of \$0.63 per share, will expire in five years from the issue date. A fair value of \$51,703 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.65; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 100%; risk-free interest rate - 2.39%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2022, \$17,234 (three months ended March 31, 2021 - \$nil) was expensed to share-based payments.

(vi) The portion of the estimated fair value of options granted in the prior years and vested during the three months ended March 31, 2022, amounted to \$29,220 (three months ended March 31, 2021 - \$320,807).

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14. Stock options (continued)

Details of the stock options outstanding as at March 31, 2022 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
177,773	0.25	1,000,000	1,000,000	0.30	July 1, 2022
481,200	0.65	1,500,000	1,500,000	0.37	November 22, 2022
92,408	0.65	500,000	500,000	0.30	November 22, 2022
336,387	1.79	306,250	1,225,000	0.43	January 15, 2024
108,266	3.90	108,333	325,000	0.64	February 22, 2026
67,351	3.95	58,333	175,000	0.75	March 12, 2026
56,573	4.08	58,333	175,000	0.74	April 27, 2026
107,732	4.24	100,000	300,000	0.80	June 24, 2026
17,234	5.00	35,000	105,000	0.63	March 31, 2027
387,946	5.81	533,333	1,600,000	0.75	January 18, 2028
1,832,870	2.53	4,199,582	6,905,000	0.46	

15. Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2022 and 2021:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2020	16,167,025	0.33
Exercised (note 13(b)(ii))	(425,000)	0.20
Balance, March 31, 2021	15,742,025	0.13
Balance, December 31, 2021	15,801,665	0.57
Issued for public offering (note 13(b)(iii))	9,364,287	0.90
Issued for private placements (note 13(b)(iv))	428,572	0.70
Exercised (note 13(b)(v))	(215,000)	0.43
Balance, March 31, 2022	25,379,524	0.70

The following table reflects the warrants issued and outstanding as of March 31, 2022:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
7,758,861	1,410,097	0.45	December 23, 2022
674,664	137,699	0.35	December 23, 2022
5,698,715	1,481,533	0.85	August 16, 2023
787,914	240,078	0.65	August 16, 2023
614,810	168,089	0.85	August 24, 2023
51,701	16,522	0.65	August 24, 2023
8,214,287	2,042,288	0.90	February 25, 2024
1,150,000	337,657	0.70	February 25, 2024
428,572	78,979	0.90	March 9, 2024
25,379,524	5,912,942		

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16. Shares to be issued

The allocation of the shares to be issued is as follows

Balance, December 31, 2020	\$	-
Acquisition - Farm Dog		125,490
Acquisition - Tana Ag		90,749
Acquisition - Stealth Ag		368,833
Acquisition - Agronomic Solutions		535,185
Balance, December 31, 2021	\$	1,120,257

Balance, December 31, 2021	\$	1,120,257
Shares issued - Farm Dog		(62,745)
Shares issued - Agronomic Solutions		(178,395)
Acquisition - Agri-Labs		457,500
Balance, March 31, 2022	\$	1,336,617

- i. During the quarter, Farm Dog was issued 98,039 common shares at a price of \$0.64 on the 1 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.
- ii. During the quarter Agronomic Solutions was issued 262,345 common shares at \$0.68 in conjunction with the Sept 8, 2021 acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

17. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2022 was based on the loss attributable to common shareholders of \$3,550,919 (three months ended March 31, 2021 - net (income) loss of \$979,468) and the weighted average number of common shares outstanding of 95,768,400 (three months ended March 31, 2021 - 68,437,704). Diluted loss per share for the three months ended March 31, 2022, presented did not include the effect of 25,379,524 warrants (three months ended March 31, 2021 - 15,742,025 warrants) and 6,905,000 stock options (three months ended March 31, 2021 - 5,470,000 stock options) as they are anti-dilutive.

18. Cost of services

	Three months ended March 31,	
	2022	2021
Agronomic services and laboratory fees	\$ 547,448	\$ 173,599
Software and processing fees	66,017	45,729
Equipment maintenance	3,223	51,145
Travel and training	25,094	13,585
Other costs	27,505	-
Cost of services	\$ 669,287	\$ 284,058

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19. Major shareholder and related party transactions

Major shareholder

At March 31, 2022, Greencastle owned and/or exercised control over 10,145,500 common shares (December 31, 2021 - 10,145,500 common shares) of Deveron, representing approximately 9.5% (December 31, 2021 - 11.4%) of the issued and outstanding common shares of the Company. The remaining 90.5% (December 31, 2021 - 88.6%) of the shares are widely held, which includes various small holdings owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

The Company's major shareholder does not have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than Greencastle, which owns or controls, directly or indirectly, approximately 9.5% (December 31, 2021 - 11.4%) of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Marrelli Group of Companies

During the three months ended March 31, 2022, the Company incurred professional fees of \$30,295 (three months ended March 31, 2021 - \$12,079) to a group of companies of which Carmelo Marrelli is Managing Director. Mr. Marrelli is the Chief Financial Officer of Deveron. All services were made on terms equivalent to those that prevail with arm's length transactions. As at March 31, 2022, the group of companies was owed \$19,041 (December 31, 2021 - \$6,004) and this amount is included in amounts payable and other liabilities.

Related party transactions

During the three months ended March 31, 2022, the Company also incurred legal fees of \$18,820 (three months ended March 31, 2021 - \$16,460) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the March 31, 2022 amounts payable, accrued and other liabilities is \$15,423 due to Irwin Lowy LLP (December 31, 2021 - \$14,372).

During the three months ended March 31, 2022, the Company incurred rent expense of \$7,500 (three months ended March 31, 2021 - \$nil) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive loss. Included in the March 31, 2022 amounts payable, accrued and other liabilities is \$7,500 due to Greencastle (December 31, 2021 - \$7,500).

During the three months ended March 31, 2022, the Company incurred share-based payment expenses to officers, directors and key management personnel of \$96,987 (three months ended March 31, 2021 - \$320,807).

20. Segmented information

As at March 31, 2022, the Company's operations comprise one reporting operating segment: data acquisition services and data analytics sector in Canada and in the USA. Segmented information on a geographic basis is as follows:

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20. Segmented information (continued)

Operating segment	USA	Canada	Total
As at March 31, 2022			
Current assets	\$ 2,020,629	\$ 14,244,213	\$ 16,264,842
Non-current assets	11,405,404	2,815,300	14,220,704
Three months ended March 31, 2022			
Revenues	1,082,195	324,766	1,406,961
Cost of services	525,666	143,621	669,287
Operating expenses	2,349,726	1,937,826	4,287,552
Operating segment			
As at December 31, 2021			
Current assets	\$ 3,445,744	\$ 6,231,383	\$ 9,677,127
Non-current assets	10,330,236	2,760,014	13,090,250
Three months ended March 31, 2021			
Revenues	322,051	345,675	667,726
Cost of services	83,837	200,221	284,058
Operating expenses	236,461	1,126,675	1,363,136

21. Events after the reporting period

- a) On May 2, 2022, the Company entered into a definitive agreement with certain vendor shareholders to acquire a 67% equity interest in A&L Canada Laboratories East, Inc. ("A&L"), with an option to purchase the remaining 33% following the three-year anniversary of closing (the "Acquisition"). Total consideration payable to the vendor shareholders includes: (i) \$37.8 million in cash; (ii) \$4.9 million in promissory notes; and (iii) \$7.5 million or 13,688,182 common shares in the capital of the Company at a deemed issue price of \$0.55 per common share. The \$7.5 million in the Company's common shares will be distributed to a company controlled by Greg Patterson, one of the vendor shareholders who, upon closing of the Acquisition, is expected to continue as President, CEO and director of A&L and be appointed to Deveron's Board of Directors (subject to regulatory approval). A&L is one of the largest soil and tissue laboratories in Canada.

On May 24, 2022, the Company announced that it had completed its acquisition of a 67% equity interest in A&L. As previously announced, the Company financed the cash component of the purchase price of the Acquisition through: (i) a \$28.3 million credit facility provided by Toronto-Dominion Bank; (ii) a non-brokered private placement of \$10 million in unsecured convertible debentures (each, a "Debenture") at a price of \$1,000 per Debenture, which closed on May 18, 2022; and (iii) the Company's treasury cash.

- b) On May 10, 2022, the Company announced that intends to complete a non-brokered private placement of a minimum of \$5 million and a maximum of \$10 million in Debenture at a price of \$1,000 per Debenture (the "Offering"). On May 18, 2022, the Company closed its previously announced non-brokered private placement of 7.0% Debenture for aggregate gross proceeds of \$10 million. The private placement was completed in connection with Deveron's previously announced acquisition of a 67% equity interest in A&L. The issuance of the Debentures were completed on a private placement and prospectus exemption basis, as applicable, such that the issuances are exempt from any applicable prospectus and securities registration requirements. In connection with the private placement, certain arm's-length finders received an aggregate of \$470,200 in cash finders fee commissions and an aggregate of 818,012 finders warrants with each finders warrant being exercisable to acquire a common share at an exercise price of \$0.50 for a period of 24 months after the closing date of the private placement.

22. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current period presentation.