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**DEVERON CORP.**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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# DEVERON CORP.

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

	As at June 30, 2022	As at December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,003,903	\$ 6,867,130
Accounts receivable (note 4)	3,843,354	2,517,658
Prepays and other receivables	926,834	292,339
<b>Total current assets</b>	<b>13,774,091</b>	<b>9,677,127</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 5)	11,963,838	1,507,688
Right-of-use assets (note 6)	3,478,879	1,782,564
Goodwill (note 7)	31,307,968	6,221,210
Intangible assets (note 8)	41,859,513	3,578,788
Due from related parties	384,711	-
Investment in associates (note 3)	2,168,733	-
<b>Total non-current assets</b>	<b>91,163,642</b>	<b>13,090,250</b>
<b>Total assets</b>	<b>\$ 104,937,733</b>	<b>\$ 22,767,377</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (notes 10 and 22)	\$ 1,262,959	\$ 925,971
Accrued and other current liabilities	1,259,260	968,347
Lease liabilities (note 12)	905,365	539,788
Current portion of borrowings under credit facility (note 15)	2,830,000	-
Deferred and contingent consideration (note 13)	1,802,552	1,633,620
Promissory notes (note 3)	4,926,600	-
<b>Total current liabilities</b>	<b>12,986,736</b>	<b>4,067,726</b>
<b>Non-current liabilities</b>		
Lease liabilities (note 12)	2,662,340	1,193,360
Loans payable (note 11)	919,837	216,176
Deferred revenue	69,485	18,437
Deferred and contingent consideration (note 13)	353,118	960,610
Deferred income taxes	517,300	-
Convertible debentures (note 14)	7,785,399	-
Borrowings under credit facility (note 15)	25,470,000	-
<b>Total non-current liabilities</b>	<b>37,777,479</b>	<b>2,388,583</b>
<b>Total liabilities</b>	<b>50,764,215</b>	<b>6,456,309</b>
<b>Shareholders' Equity</b>		
Share capital (note 16(a)(b))	35,260,779	18,249,101
Reserves (notes 17, 18 and 19)	9,328,747	6,094,679
Equity component of convertible debenture (note 14)	1,740,090	-
Deficit	(17,718,620)	(9,767,264)
Accumulated other comprehensive income ("Accumulated OCI")	214,307	101,616
<b>Shareholders' equity attributable to shareholders</b>	<b>28,825,303</b>	<b>14,678,132</b>
Non-controlling interest (note 3)	25,348,215	1,632,936
<b>Total shareholders' equity</b>	<b>54,173,518</b>	<b>16,311,068</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 104,937,733</b>	<b>\$ 22,767,377</b>

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 24)

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
<b>Revenues</b>				
Data collection	\$ 1,470,656	\$ 762,152	\$ 2,098,128	\$ 1,029,926
Data analytics	3,712,722	1,069,926	4,492,211	1,469,878
	<b>5,183,378</b>	1,832,078	<b>6,590,339</b>	2,499,804
<b>Cost of services</b>				
Cost of services (note 21)	(2,015,204)	(572,947)	(2,684,491)	(857,005)
<b>Gross margin</b>	<b>3,168,174</b>	1,259,131	<b>3,905,848</b>	1,642,799
<b>Operating expenses (income)</b>				
Salaries and benefits (note 22)	2,806,240	954,361	4,661,611	1,574,947
Office and general	2,133,336	731,170	3,379,886	993,908
Share-based payments (note 17)	165,373	218,467	612,679	539,274
Depreciation (notes 5 and 6)	473,782	74,750	784,507	125,927
Professional fees (note 22)	1,385,549	117,428	1,636,656	220,697
Amortization of intangible assets (note 8)	135,010	-	253,974	-
Interest expense (notes 12, 13 and 14)	348,461	8,352	394,946	24,462
Foreign exchange (gain) loss	(44,800)	11,563	(18,282)	2,598
Interest income	(13,492)	(1,381)	(19,175)	(3,967)
Gain on disposition of property, plant and equipment (note 5)	(46,093)	-	(55,884)	-
<b>Total operating expenses</b>	<b>7,343,366</b>	2,114,710	<b>11,630,918</b>	3,477,846
<b>Net loss before income taxes</b>	<b>(4,175,192)</b>	(855,579)	<b>(7,725,070)</b>	(1,835,047)
Income tax expense	38,900	-	38,900	-
<b>Net loss for the period</b>	<b>(4,214,092)</b>	(855,579)	<b>(7,763,970)</b>	(1,835,047)
<b>Other comprehensive loss:</b>				
Foreign operations - foreign currency translation	245,853	-	112,691	-
<b>Comprehensive loss for the period</b>	<b>\$ (3,968,239)</b>	\$ (855,579)	<b>\$ (7,651,279)</b>	\$ (1,835,047)
<b>Net loss for the period attributable to:</b>				
Shareholders of the Company	\$ (4,247,477)	\$ (971,537)	\$ (7,798,396)	\$ (1,951,005)
Non-controlling interest	33,385	115,958	34,426	115,958
<b>Net loss for the period</b>	<b>\$ (4,214,092)</b>	\$ (855,579)	<b>\$ (7,763,970)</b>	\$ (1,835,047)
<b>Basic and diluted net loss per common share (note 20) - basic and diluted</b>	<b>\$ (0.04)</b>	\$ (0.01)	<b>\$ (0.07)</b>	\$ (0.03)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>110,529,358</b>	71,171,406	<b>104,820,853</b>	71,317,926

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)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
<b>Operating activities</b>		
<b>Net loss for the period</b>	<b>\$ (7,763,970)</b>	<b>\$ (1,951,005)</b>
Depreciation (note 5)	784,507	125,927
Amortization of intangibles assets (note 8)	253,974	-
Share-based payments (note 17)	612,679	539,274
Interest expense (notes 12 and 13)	394,946	16,110
Gain on disposition of property, plant and equipment (note 5)	(55,884)	-
Foreign exchange and other	(225,133)	240,786
Changes in non-cash working capital items:		
Accounts receivable, prepaids and other receivables	138,839	(1,123,687)
Accounts payable, accrued and other current liabilities	(72,099)	67,631
Lease payments (note 12)	(323,718)	(48,105)
<b>Net cash used in operating activities</b>	<b>(6,255,859)</b>	<b>(2,133,069)</b>
<b>Investing activities</b>		
Cash payment for the acquisition of Farm Dog (note 3)	-	(126,841)
Cash payment for the acquisition of Tana Ag (note 3)	-	(45,915)
Cash payment for the acquisition of Stealth Ag (note 3)	-	(1,096,564)
Cash payment for the acquisition of Woods End (note 3)	-	(1,536,276)
Cash payment for the acquisition of Agri-Labs (note 3)	(546,483)	-
Cash payment for the acquisition of A&L (note 3)	(37,833,750)	-
Cash received for the acquisition of A&L (note 3)	3,036,967	-
Cash payment for contingent consideration (note 13)	(1,118,842)	-
Purchase of property, plant and equipment (note 5)	(1,396,602)	(180,813)
Proceeds from sale of property, plant and equipment (note 5)	74,743	-
<b>Net cash used in investing activities</b>	<b>(37,783,967)</b>	<b>(2,986,409)</b>
<b>Financing activities</b>		
Loan repayment for acquisition of A&L (note 3)	(3,334,276)	-
Cash acquired by convertible debenture (net of fees)	9,604,237	-
Cash acquired by credit facility	28,300,000	-
Non-current loan repayment	(10,574)	(4,491)
Issue of common shares for public offering (note 16)	11,500,000	-
Issue of common shares for private placements (note 16)	600,000	-
Share issue costs	(1,021,538)	-
Exercise of warrants	94,750	948,138
Exercise of options	444,000	4,500
<b>Net cash provided by financing activities</b>	<b>46,176,599</b>	<b>948,147</b>
<b>Net change in cash and cash equivalents</b>	<b>2,136,773</b>	<b>(4,171,331)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>6,867,130</b>	<b>6,217,046</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 9,003,903</b>	<b>\$ 2,045,715</b>
<b>Cash</b>	<b>\$ 8,953,903</b>	<b>\$ 2,161,673</b>
<b>Cash equivalents</b>	<b>50,000</b>	<b>(115,958)</b>
<b>Cash and cash equivalents</b>	<b>\$ 9,003,903</b>	<b>\$ 2,045,715</b>

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			Deficit	Accumulated OCI	Non- Controlling Interest	Total
		Warrants	Share-based Payments	Shares to be Issued				
<b>Balance, December 31, 2020</b>	<b>\$ 9,970,106</b>	<b>\$ 2,113,248</b>	<b>\$ 897,667</b>	<b>\$ -</b>	<b>\$(4,721,897)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,259,124</b>
<b>Transactions with shareholders:</b>								
Common shares issued pursuant to acquisitions (note 3)	108,120	-	-	1,286,733	-	-	-	1,394,853
Exercise of warrants (note 16(b)(ii))	1,196,602	(248,464)	-	-	-	-	-	948,138
Exercise of options (note 16(b)(i))	7,085	-	(2,585)	-	-	-	-	4,500
Expiry of stock options	-	-	(5,170)	-	5,170	-	-	-
Share-based payments (note 17)	-	-	539,274	-	-	-	-	539,274
<b>Transactions with shareholders</b>	<b>\$ 1,311,807</b>	<b>\$ (248,464)</b>	<b>\$ 531,519</b>	<b>\$ 1,286,733</b>	<b>\$ 5,170</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,886,765</b>
Non-controlling interest	-	-	-	-	-	-	1,591,988	1,591,988
Comprehensive loss for the period	-	-	-	-	(1,951,005)	-	-	(1,951,005)
<b>Balance, June 30, 2021</b>	<b>\$11,281,913</b>	<b>\$ 1,864,784</b>	<b>\$ 1,429,186</b>	<b>\$ 1,286,733</b>	<b>\$(6,667,732)</b>	<b>\$ -</b>	<b>\$ 1,591,988</b>	<b>\$10,786,872</b>

*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)

	Reserves					Convertible Debenture	Accumulated OCI	Non- Controlling Interest	Total
	Share Capital	Warrants	Share-based Payments	Shares to be Issued	Deficit				
<b>Balance, December 31, 2021</b>	<b>\$18,249,101</b>	<b>\$ 3,493,540</b>	<b>\$ 1,480,882</b>	<b>\$ 1,120,257</b>	<b>\$(9,767,264)</b>	<b>\$ -</b>	<b>\$ 101,616</b>	<b>\$ 1,632,936</b>	<b>\$16,311,068</b>
<b>Transactions with shareholders:</b>									
Issuance of shares in public offering (note 16(b)(iii))	1,500,000	-	-	-	-	-	-	-	1,500,000
Issuance of shares in private placement (note 16(b)(iv))	600,000	-	-	-	-	-	-	-	600,000
Warrants issued (note 16(b)(iii)(iv))	2,121,266	2,121,266	-	-	-	-	-	-	-
Common shares issued pursuant to acquisitions (note 3)	7,528,500	-	-	499,960	-	-	-	-	8,028,460
Common shares issued pursuant to earnout (note 19)	513,390	-	-	(513,390)	-	-	-	-	-
Equity component of convertible debenture (note 14)	-	-	-	-	-	1,740,090	-	-	1,740,090
Share issue costs (note 16(b)(iii))	(1,847,703)	826,165	-	-	-	-	-	-	(1,021,538)
Exercise of warrants (note 16(b)(v))	134,271	(39,521)	-	-	-	-	-	-	94,750
Exercise of options (note 16(b)(vi))	704,486	-	(260,486)	-	-	-	-	-	444,000
Expiry of stock options	-	-	(12,605)	-	12,605	-	-	-	-
Share-based payments (note 17)	-	-	612,679	-	-	-	-	-	612,679
Other	-	-	-	-	(165,565)	-	-	-	(165,565)
<b>Transactions with shareholders</b>	<b>\$17,011,678</b>	<b>\$2,907,910</b>	<b>\$ 339,588</b>	<b>\$ (13,430)</b>	<b>\$ (152,960)</b>	<b>\$1,740,090</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,832,876</b>
Non-controlling interest - pursuant to acquisition (note 3)	-	-	-	-	-	-	-	24,996,150	24,996,150
Non-controlling interest - pursuant to acquisition	-	-	-	-	-	-	-	(1,315,297)	(1,315,297)
Non-controlling interest	-	-	-	-	(34,426)	-	-	34,426	-
Comprehensive loss for the period	-	-	-	-	(7,763,970)	-	112,691	-	(7,651,279)
<b>Balance, June 30, 2022</b>	<b>\$35,260,779</b>	<b>\$6,401,450</b>	<b>\$1,820,470</b>	<b>\$1,106,827</b>	<b>\$(17,718,620)</b>	<b>\$1,740,090</b>	<b>\$214,307</b>	<b>\$25,348,215</b>	<b>\$54,173,518</b>

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

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# DEVERON CORP.

## Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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### 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.

On May 20, 2022, the Company completed the acquisition of A&L Canada Laboratories East, Inc. Refer to note 3.

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 June 30, 2022, the Company had an accumulated deficit of \$17,718,620 (December 31, 2021 - \$9,767,264). Comprehensive loss for the six months ended June 30, 2022 was \$7,651,279 (six months ended June 30, 2021 - \$1,835,047). 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.

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# DEVERON CORP.

## Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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### 1. Nature of business and going concern (continued)

#### Going concern (continued)

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.

### 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 August 22, 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.

#### (b) Investment in and loans to associate

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. The Company also provides loans to these entities. Investment in and loans to associate are carried in the consolidated statement of financial position using the equity method. The equity method is the basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings and other comprehensive income of the investee. Funding advances to the investee increase the carrying value of the investment and profit distributions from the investment, if any, reduce the carrying value of the investment. Refer to Note 9 for details of investments where the Company exerts significant influence.

### 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").



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# DEVERON CORP.

## Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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### 3. Acquisitions (continued)

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

As consideration for the Acquisition, Deveron has agreed to:

- (i) Pay Agri-Labs an initial cash payment of USD \$420,000 upon signing of the Definitive Agreement, and USD \$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 USD \$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 USD \$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
<b>Total consideration</b>	<b>\$</b>	<b>1,571,691</b>

#### Allocation of purchase price

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

(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 13 for accretion on cash-settled earnouts.

#### (b) Acquisition of A&L Canada Laboratories East, Inc.

On May 20, 2022, the Company acquired 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, and an obligation to purchase the remaining 33% after five years. A&L is one of the largest soil and tissue laboratories in Canada.

As consideration for the Acquisition, Deveron has:

- (i) Paid to the shareholders of A&L an initial cash payment of \$37,833,750 upon signing of the Definitive Agreement;
- (ii) Issued to the shareholders of A&L \$4,926,600 in promissory notes. The promissory notes bear an interest of 7% per annum. The principal and any accrued and unpaid interest owing are due in full on May 20, 2023;
- (iii) Issued such number of common shares in the capital of the company equal to \$7,528,500 at a price of \$0.55 per common share upon receipt of the approval of the TSXV.

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**DEVERON CORP.**

**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Three and Six Months Ended June 30, 2022**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**3. Acquisitions (continued)****(b) Acquisition of A&L Canada Laboratories East, Inc. (continued)**

The allocation of the purchase price is as follows:

**Purchase price allocation**

Cash payment	\$ 37,833,750
Issuance of 13,688,182 common shares upon closing (i)	7,528,500
Deferred cash consideration	4,926,600
<b>Total consideration</b>	<b>\$ 50,288,850</b>

**Allocation of purchase price**

Cash	\$ 3,036,967
Accounts receivable	1,598,173
Prepaid and other current assets	500,857
Investment in significantly influenced entities	3,910,863
Property, plant and equipment (note 5)	9,186,438
Right-of-use assets (note 6)	1,092,352
Goodwill	24,191,142
Intangible assets (note 8)	38,000,000
Liabilities assumed (iii)	(5,714,492)
Deferred income taxes liability	(517,300)
Non-controlling interest	(24,996,150)
<b>A&amp;L net assets acquired net of liabilities assumed (ii)</b>	<b>\$ 50,288,850</b>

(i) For the purpose of determining the value of the purchase price consideration, the 13,688,182 common shares were valued at \$0.55 per share in accordance with the May 2, 2022 share purchase agreement.

(ii) Per IFRS 3, the acquirer has up to one year from the acquisition date (the "Measurement Period") to finalize the accounting for business combinations. The initial accounting for this transaction is not yet complete and as such, provisional amounts have been recognized as of the period end. During the Measurement Period, provisional amounts will be retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

(iii) Deveron repaid \$3,334,276 of long term debt held by A&L on the May 20, 2022 acquisition closing date.

**(c) 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 USD \$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.

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## DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements  
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### 3. Acquisitions (continued)

#### (c) Acquisition of Farm Dog (continued)

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 USD \$600,000 as follows:

1. USD \$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. USD \$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
<b>Total consideration</b>	<b>\$</b>	<b>872,031</b>

#### Allocation of purchase price

Goodwill	\$	872,031
<b>Farm Dog net assets acquired</b>	<b>\$</b>	<b>872,031</b>

(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".

#### (d) Acquisition of Tana Ag

On May 14, 2021, the Company entered into an agreement (the "Agreement") to acquire the assets of Tana Ag, an Oklahoma based digital agronomy company focused on soil health and yield improvement. Tana Ag currently services 120,000 acres and has unaudited 2020 revenue of USD \$271,704 and EBITDA of USD \$98,171.

As consideration for the acquisition, Deveron has agreed to:

1. pay Tana Ag an initial cash payment of USD \$37,500 on each of the first two anniversaries of the signing of the Agreement; and
2. issue such number of common shares in the capital of the Company equal to USD \$37,500 at a price of \$0.82 per common share upon receipt of the approval of the TSXV and an additional number of common shares equal to USD \$27,400 at a price of \$0.82 per common share on each of the first two anniversaries of the signing of the Agreement.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 3. Acquisitions (continued)

##### (d) Acquisition of Tana Ag (continued)

Under the terms of the acquisition if all milestones are met, Deveron has agreed to pay an additional USD \$909,440. Based on the achievement of certain milestones, the remaining USD \$909,440 would be payable as follows:

1. USD \$125,000 in cash and issue such number of common shares equal to USD \$132,880 in the event that during the 12 month period (the "first earn-out period"), following the execution of the agreement, Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.
2. USD \$150,000 in cash and issue such number of common shares equal to USD \$156,800 in the event that during the 12 month period following the first earn-out period (the "second earn-out period"), Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.
3. USD \$150,000 in cash and issue such number of common shares equal to USD \$194,760 in the event that during the 12 month period following the second earn-out period, Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.

The allocation of the purchase price is as follows:

##### **Purchase price allocation**

Issuance of 55,335 common shares (i)	\$	45,375
Cash payment		45,915
Additional cash payment to be issued over the next two years		91,830
Additional 110,670 common shares to be issued (ii)		90,749
Contingent consideration (earnouts) (iii)		-
<b>Total consideration</b>	<b>\$</b>	<b>273,869</b>

##### **Allocation of purchase price**

Accounts receivable and other assets	\$	26,504
Property, plant and equipment		58,742
Amounts payable and other liabilities		(19,931)
Goodwill		208,554
<b>Tana Ag net assets acquired net of liabilities assumed</b>	<b>\$</b>	<b>273,869</b>

(i) For the purpose of determining the value of the purchase price consideration, the 55,335 common shares were valued at \$0.82 per share based on Deveron's closing price as of May 14, 2021.

(ii) For the purpose of determining the value of the purchase price consideration, the 110,670 common shares to be issued over the next two years (55,335 per year) were valued at \$0.82 per share based on Deveron's closing price as of May 14, 2021 and was recorded as an addition to shares to be issued.

(iii) The fair value of the USD \$909,409 contingent consideration was determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the probability of each scenario. The most likely scenarios result in gross revenue below the USD \$1,000,000 target in the first and second earnout period, and as such, the additional USD \$909,409 contingent consideration was assigned a fair value of \$nil in the determination of the purchase price allocation.

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# DEVERON CORP.

## Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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### 3. Acquisitions (continued)

#### (e) Acquisition of Stealth Ag

On May 26, 2021, the Company entered into an agreement to acquire the assets of Stealth Ag, a leading agriculture digital services and insights provider with offices in Minnesota and Iowa. As consideration for the acquisition, Deveron has agreed to:

1. pay Stealth Ag an initial cash payment of USD \$800,000, and repaid Stealth Ag's lender (Southeast Bank) USD \$106,526; an additional USD \$150,000 in cash payments annually over the next two years on the anniversary date ("Anniversary Earnout"); and
2. issue such number of common shares in the capital of the Company equal to USD \$175,000 at a price of \$0.86 per common share and an additional 263,808 common shares equal to USD \$187,500 at a price of \$0.86 per common share on each of the first two anniversaries of the signing of the agreement.

Under the terms of the acquisition if all milestones are met, Deveron has agreed to pay an additional USD \$270,000. Based on the achievement of certain milestones, the remaining USD \$270,000 would be payable as follows:

1. USD \$40,000 in cash and issue such number of common shares equal to USD \$40,000 in the event that during the 12 month period following the execution of the agreement, Stealth Ag gross revenue equals or exceeds USD \$1,000,000 ("2022 Revenue Earnout").
2. USD \$50,000 in cash and issue such number of common shares equal to USD \$50,000 in the event that during the 12 month period following the first earn-out period (the "second earn-out period"), Stealth Ag gross revenue equal or exceeds USD \$1,250,000 ("2023 Revenue Earnout").
3. Issue such number of common shares equal to USD \$90,000 in the event that during the two year period following the second earn-out period, Stealth Ag onboards 400,000 acres from the seller's customer base ("2023 Onboarding Earnout").

The allocation of the purchase price is as follows:

#### Purchase price allocation

Base purchase price paid in cash on closing	\$	967,707
Repayment of Stealth Ag lender		128,857
Additional cash payment to be issued over the next two years (iii)		294,977
246,221 common shares issued upon closing (i)		211,750
Additional 527,616 common shares to be issued over the next two years (ii)		368,833
Contingent consideration (earnouts) (iii)		258,011
<b>Total consideration</b>	<b>\$</b>	<b>2,230,135</b>

#### Allocation of purchase price

Accounts receivable and other assets	\$	22,452
Property, plant and equipment		505,009
Amounts payable and other liabilities		(22,060)
Goodwill		740,875
Intangible assets		983,859
<b>Stealth Ag net assets acquired net of liabilities assumed</b>	<b>\$</b>	<b>2,230,135</b>

(i) For the purpose of determining the value of the purchase price consideration, the 246,221 common shares were valued at \$0.86 per share based on Deveron's closing price as of May 26, 2021. These shares were issued on August 30, 2021.

(ii) For the purpose of determining the value of the purchase price consideration, the 527,616 common shares to be issued over the next two years (263,808 per year) were valued at \$0.86 per share based on Deveron's closing price as of May 26, 2021 and was recorded as an addition to shares to be issued.

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## DEVERON CORP.

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### 3. Acquisitions (continued)

#### (e) Acquisition of Stealth Ag (continued)

(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 fair value of the 2022 and 2023 Revenue Earnouts (cash-settled) and Anniversary Earnout is \$382,810 and was recorded as "other financial liabilities - contingent consideration." The fair value of the 2022 and 2023 Revenue and On-Boarding Earnouts (equity-settled) has a fair value of \$170,178. Refer to note 13 for accretion on cash-settled earnouts.

#### (f) Acquisition of Woods End

On April 6, 2021, the Company formed a Joint Venture ("JV") with A&L, and together have acquired the assets of Woods End Laboratories ("Woods End"), a US based leader in agricultural soil health testing. Woods End had 2020 unaudited revenue of USD \$1.8M with EBITDA of USD \$900,000. The Company and A&L have created a JV under the name Woods End which will own 100% of the assets of Woods End and was funded on a pro-rata basis with Deveron owning 51% and A&L owning 49%. The Company and A&L have agreed to purchase the assets of Woods End for USD \$2,250,000 payable on closing, excluding customary holdback provisions, and working capital adjustments.

The allocation of the purchase price is as follows:

#### Purchase price allocation

Cash paid to Woods End on closing - base purchase price	\$ 2,829,266
Working capital adjustment paid on closing	183,039
<b>Total consideration (i)</b>	<b>\$ 3,012,305</b>

Deveron 51% interest in Woods End (i)	\$ 1,536,275
A&L 49% interest in Woods End (i)	1,476,030
<b>Total consideration</b>	<b>\$ 3,012,305</b>

#### Allocation of purchase price

Accounts receivable and other assets	\$ 245,615
Property, plant and equipment	62,873
Amounts payable and other liabilities	(23,747)
Goodwill	1,253,695
Intangible assets (note 8)	1,473,869
Non-controlling interest (i)	(1,476,030)
<b>Woods End net assets acquired net of liabilities assumed (i)</b>	<b>\$ 1,536,275</b>

(i) Deveron accounted for its 51% controlling interest in this JV as a business combination, consolidating all of the net assets and income. The Company recorded non-controlling interest, representing A&L's 49% interest in the net assets at the date of acquisition.

## DEVERON CORP.

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### 4. Accounts receivable

	As at June 30, 2022	As at December 31, 2021
Accounts receivable	\$ 4,059,379	\$ 2,673,701
Allowance for doubtful accounts	(216,025)	(156,043)
	\$ 3,843,354	\$ 2,517,658

The following is an aged analysis of the accounts receivable:

	As at June 30, 2022	As at December 31, 2021
1 to 60 days	\$ 3,639,939	\$ 2,253,434
60 to 90 days	54,809	57,080
Greater than 90 days	148,606	207,144
Total accounts receivable	\$ 3,843,354	\$ 2,517,658

### 5. Property, plant and equipment

COST	Equipment	Land and building	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 1,708,144	\$ -	\$ 482,223	\$ 321,552	\$ 2,511,919
Additions	392,652	-	199,557	804,393	1,396,602
Dispositions	(15,770)	-	-	(48,791)	(64,561)
Additions pursuant to the acquisition (note 3)	3,704,712	5,249,948	-	506,037	9,460,697
Foreign exchange	28,455	-	-	10,471	38,926
Balance, June 30, 2022	\$ 5,818,193	\$ 5,249,948	\$ 681,780	\$ 1,593,662	\$ 13,343,583

#### ACCUMULATED DEPRECIATION

	Equipment	Land and building	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 444,449	\$ -	\$ 482,223	\$ 77,559	\$ 1,004,231
Disposition	(4,918)	-	-	(40,784)	(45,702)
Depreciation	299,426	20,197	-	93,655	413,278
Foreign exchange	6,691	-	-	1,247	7,938
Balance, June 30, 2022	\$ 745,648	\$ 20,197	\$ 482,223	\$ 131,677	\$ 1,379,745

#### CARRYING AMOUNT

	Equipment	Land and building	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 1,263,695	\$ -	\$ -	\$ 243,993	\$ 1,507,688
Balance, June 30, 2022	\$ 5,072,545	\$ 5,229,751	\$ 199,557	\$ 1,461,985	\$ 11,963,838

During the six months ended June 30, 2022, the Company sold vehicles and equipment for cash proceeds of \$74,743 which resulted in a gain on disposition of property, plant and equipment of \$55,884.

## DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements  
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### 6. Right-of-use assets

	Vehicles	Equipment	Total
<b>Balance, December 31, 2021</b>	\$ 1,714,977	\$ 67,587	\$ 1,782,564
Additions	418,857	522,642	941,499
Additions from acquisitions (note 3)	-	1,092,353	1,092,353
Depreciation	(325,030)	(46,199)	(371,229)
Foreign exchange	33,692	-	33,692
<b>Balance, June 30, 2022</b>	\$ 1,842,496	\$ 1,636,383	\$ 3,478,879

Vehicles and equipment are depreciated over 24 to 48 months.

### 7. Goodwill

<b>Balance, December 31, 2020</b>	\$ 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
<b>Balance, December 31, 2021</b>	\$ 6,221,210

<b>Balance, December 31, 2021</b>	\$ 6,221,210
Addition Agri-Lab (note 3)	822,900
Addition A&L (note 3)	24,191,142
Foreign exchange	72,716
<b>Balance, June 30, 2022</b>	\$ 31,307,968

### 8. Intangible assets

COST	Customer list	Other intangibles	Total
<b>Balance, December 31, 2021</b>	\$ 2,789,160	\$ 1,061,148	\$ 3,850,308
Additions pursuant to the acquisitions (note 3)	38,345,693	128,838	38,474,531
Foreign exchange	49,277	18,720	67,997
<b>Balance, June 30, 2022</b>	\$ 41,184,130	\$ 1,208,706	\$ 42,392,836

ACCUMULATED AMORTIZATION	Customer list	Other intangibles	Total
<b>Balance, December 31, 2021</b>	\$ 163,789	\$ 107,731	\$ 271,520
Amortization	148,502	105,472	253,974
Foreign exchange	4,661	3,168	7,829
<b>Balance, June 30, 2022</b>	\$ 316,952	\$ 216,371	\$ 533,323



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**DEVERON CORP.**

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**8. Intangible assets (continued)**

<b>CARRYING AMOUNT</b>	<b>Customer list</b>	<b>Other intangibles</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	<b>\$ 2,625,371</b>	<b>\$ 953,417</b>	<b>\$ 3,578,788</b>
<b>Balance, June 30, 2022</b>	<b>\$ 40,867,178</b>	<b>\$ 992,335</b>	<b>\$ 41,859,513</b>

**9. Investment in associate**

As at June 30, 2022, the Company's 67% owned subsidiary held a 50% interest in A&L Biological Inc.

The Company has accounted for the transactions below as an investment in associates for significantly influenced entities, with an initial aggregate acquisition cost carrying value in the amount of \$3,910,863 (December 31, 2021 - \$nil), and will follow equity accounting, with a provision for write-downs, if required, in the future. Management determined that the Company has significant influence over these investments. The Company continues to review the accounting treatment for this investment and will make any adjustment in the future as required under IFRS. As at June 30, 2022, the investment in associate balance was \$2,168,733 (December 31, 2021 - \$nil).

**10. Accounts payable**

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

	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
Accounts payable	<b>\$ 1,262,959</b>	<b>\$ 925,971</b>

The following is an aged analysis of the accounts payable:

	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
1 to 60 days	<b>\$ 1,143,747</b>	<b>\$ 733,756</b>
61 to 90 days	<b>43,929</b>	<b>53,466</b>
Greater than 90 days	<b>75,283</b>	<b>138,749</b>
Total accounts payable	<b>\$ 1,262,959</b>	<b>\$ 925,971</b>

## DEVERON CORP.

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### 11. Loans payable

(i) During the six months ended June 30, 2022, the Company applied for and received loan proceeds in the amount of \$784,900 from John Deere Financial, for the purchase of utility vehicles. During the six months ended June 30, 2022, the Company has repaid \$26,786 (December 31, 2021 – \$15,465). The balance outstanding as of June 30, 2022 is \$775,220 (Dec 31, 2021 – \$61,076).

(ii) During the six months ended June 30, 2022, the Company has repaid \$10,483 (December 31, 2021 - \$13,779) to CLE Capital, a lease financing specialist. The balance outstanding as of June 30, 2022 is \$84,617 (December 31, 2021 - \$95,100).

### 12. Lease liabilities

<b>Balance, December 31, 2021</b>	<b>\$ 1,733,148</b>
Additions	941,499
Acquired from acquisition of A&L	1,343,381
Interest expense	35,950
Lease payments	(323,718)
Foreign exchange and other	(162,555)
<b>Balance, June 30, 2022</b>	<b>\$ 3,567,705</b>

#### Allocated as:

Current	\$ 905,365
Non-current	2,662,340
<b>Balance, June 30, 2022</b>	<b>\$ 3,567,705</b>

### 13. Deferred and contingent consideration

<b>COST</b>	<b>Contingent Consideration</b>	<b>Deferred Consideration</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	<b>\$ 1,622,017</b>	<b>\$ 972,213</b>	<b>\$ 2,594,230</b>
Additions pursuant to the acquisition (note 3)	31,034	536,674	567,708
Accretion interest expense	26,793	35,152	61,945
Contingent consideration - shares issued	(42,087)	-	(42,087)
Contingent consideration - cash payout	(876,581)	(242,261)	(1,118,842)
Foreign exchange	68,513	24,203	92,716
<b>Balance, June 30, 2022</b>	<b>\$ 829,689</b>	<b>\$ 1,325,981</b>	<b>\$ 2,155,670</b>

#### Allocated as:

Current	\$ 747,177	\$ 1,055,375	\$ 1,802,552
Non-current	82,512	270,606	353,118
<b>Balance, June 30, 2022</b>	<b>\$ 829,689</b>	<b>\$ 1,325,981</b>	<b>\$ 2,155,670</b>

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 13. Deferred and contingent consideration (continued)

(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 (USD \$646,591), in excess of the amount originally estimated to be \$755,556 (USD \$600,000). The additional amount was recorded in operating expenses.

(iii) On May 14, 2022, Tana Ag received a \$49,316 (USD \$37,500) cash payment due on the one year anniversary.

(iv) On May 26, 2022, Stealth Ag received a \$192,943 (USD \$150,000) cash payment due on the one year anniversary. Stealth Ag also received a \$42,087 (USD \$40,000) cash payment for achieving certain revenue milestones during the year.

#### 14. Convertible Debenture

	Number of Debentures	Liability Component	Embedded Derivative Component
<b>Debentures, balance at December 31, 2021</b>	-	\$ -	\$ -
Issuance of debentures	10,015	\$ 7,696,064	\$ 1,740,090
Interest and accretion	-	89,335	-
<b>Balance at June 30, 2022</b>	<b>10,015</b>	<b>\$ 7,785,399</b>	<b>\$ 1,740,090</b>

On May 18, 2022, the Company closed a \$10,015,000 private placement of convertible debentures (the "Debentures"), in the principal amount of \$10,015,000. Each Debenture consists of \$1,000 principal amount. The debenture matures three years from the closing date and bears interest at a rate of 7% per annum, payable annually, in arrears in cash or common shares at the option of the holder. The principal amount of the debenture may be convertible, only at the option of the holder, into common shares of the Company at a price of \$0.50 per common share. Interest is payable annually on the anniversary of the closing date of the private placement, commencing in May 2023, and may be paid, at the discretion of the holder, (i) in cash or (ii) the equivalent value in common shares of the Company based on a price per share equal to the greater of (A) the 20 trading day volume weighted average trading price of the shares on the TSXV ending five trading days proceeding the interest due date and (B) in the market price of the shares, at the time the interest becomes payable.

The liability component of the Debenture was valued using the discounted cash flow model, based on an estimated effective interest rate of 9%. The difference between the \$10,015,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the embedded derivative portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of the equity component as of June 30, 2022 is \$1,740,090. Accretion and interest on the debentures are included in interest expense in the unaudited condensed consolidated interim Statement of Comprehensive Loss. No embedded derivative and no fair value has been recalculated as of June 30, 2022.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 14. Convertible Debenture (continued)

Pursuant to the convertible debenture, 818,012 broker warrants were issued with an exercise price of \$0.50 per warrant for a period of 24 months after closing, as well as finders fees of \$470,000 was paid. The 818,012 broker warrants were valued at \$108,845 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.38; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 78.34%; risk-free interest rate - 2.76%; and an expected life - 2 years.

#### 15. Borrowings under credit facility

On May 20, 2022, the Company obtained a \$28,300,000 credit facility provided by Toronto-Dominion Bank ("TD"). The credit facility has a 3 year term and a 10 year amortization, with a quarterly principal repayment. Interest is the lesser of prime plus 3%, or 90 day banker's acceptance (currently 2.34%) plus 3%, for a total of 5.34% for the current quarter. As at June 30, 2022, the Company owed \$28,300,000 (December 31, 2021 - \$nil).

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<b>Balance, December 31, 2021</b>	<b>\$ -</b>
Additions	28,300,000
<b>Balance, June 30, 2022</b>	<b>\$ 28,300,000</b>

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#### Allocated as:

Current	\$ 2,830,000
Non-current	25,470,000
<b>Balance, June 30, 2022</b>	<b>\$ 28,300,000</b>

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#### 16. 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

	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, December 31, 2020</b>	<b>68,279,558</b>	<b>\$ 9,970,106</b>
Shares issued pursuant to the acquisition of Farm Dog and Tana Ag (note 3)	153,374	108,120
Exercise of options (i)	15,000	7,085
Exercise of warrants (ii)	4,659,501	1,196,602
<b>Balance, June 30, 2021</b>	<b>73,107,433</b>	<b>\$ 11,281,913</b>

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## DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements  
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### 16. Share capital (continued)

#### b) Common shares issued (continued)

	Number of common shares	Amount
<b>Balance, December 31, 2021</b>	<b>89,006,602</b>	<b>\$ 18,249,101</b>
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)	-	(826,165)
Share issue costs (iii)	-	(1,021,538)
Shares issued pursuant to the acquisition of A&L (note 3)	13,688,182	7,528,500
Shares issued related to prior year acquisitions (note 19)	679,527	513,390
Exercise of warrants (v)	215,000	134,271
Exercise of options (vi)	1,480,000	704,486
<b>Balance, June 30, 2022</b>	<b>122,355,027</b>	<b>\$ 35,260,779</b>

(i) During the six 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 six months ended March 31, 2021, 425,000 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$85,000, 60,750 warrants were exercised at a price of \$0.45 per unit for gross proceeds of \$27,338, 7,000 warrants were exercised for gross proceeds of \$2,450, and 4,166,751 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$833,350. \$248,464 was reclassified from warrant reserve for a fair value amount of \$1,196,602.

(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.

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.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 16. Share capital (continued)

##### b) Common shares issued (continued)

(v) During the six months ended June 30, 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 six months ended June 30, 2022, 480,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$144,000 and 1,000,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$300,000.

#### 17. Stock options

The following table reflects the continuity of options for the periods ended June 30, 2022 and 2021:

	Number of options	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	<b>3,775,000</b>	<b>0.33</b>
Granted (i)(ii)(iii)(vi)(v)	2,225,000	0.49
Cancelled	(15,000)	0.30
Exercised (note 16(b)(i))	(15,000)	0.30
<b>Balance, June 30, 2021</b>	<b>5,970,000</b>	<b>0.42</b>
<b>Balance, December 31, 2021</b>	<b>5,705,000</b>	<b>0.33</b>
Granted (vi)(vii)(viii)	2,093,637	0.74
Cancelled	(25,000)	0.74
Exercised (note 16(b)(vi))	(1,480,000)	0.30
<b>Balance, June 30, 2022</b>	<b>6,293,637</b>	<b>0.54</b>

(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 and six months ended June 30, 2022, \$nil (three and six months ended June 30, 2021 - \$84,865 and \$295,682, respectively) was expensed to share-based payments.

(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 and six months ended June 30, 2022, \$11,729 and \$23,329, respectively (three and six months ended June 30, 2021 - \$11,729 and \$72,950, respectively) was expensed to share-based payments.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements

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#### 17. Stock options (continued)

(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 and six months ended June 30, 2022, \$7,456 and \$14,830, respectively (three and six months ended June 30, 2021 - \$7,456 and \$44,901, respectively) was expensed to share-based payments.

(iv) On April 27, 2021, the Company granted 200,000 stock options to an officer of the Company. The stock options, at a price of \$0.74 per share, will expire in five years from the issue date. A fair value of \$123,340 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.74; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 0.96%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three and six months ended June 30, 2022, \$8,416 and \$16,739, respectively (three and six months ended June 30, 2021 - \$46,424) was expensed to share-based payments.

(v) On June 24, 2021, the Company granted 300,000 stock options to an officer of the Company. The stock options, at a price of \$0.80 per share, will expire in five years from the issue date. A fair value of \$183,763 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.80; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 1.00%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three and six months ended June 30, 2022, \$13,673 and \$27,196, respectively (three and six months ended June 30, 2021 - \$66,563) was expensed to share-based payments.

(vi) 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 and six months ended June 30, 2022, \$69,222 and \$457,168, respectively (three and six months ended June 30, 2021 - \$nil) was expensed to share-based payments.

(vii) 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 and six months ended June 30, 2022, \$3,581 and \$20,815, respectively (three and six months ended June 30, 2021 - \$nil) was expensed to share-based payments.

(viii) On June 29, 2022, the Company granted 388,637 stock options to certain officers, directors and employees of the Company. The stock options, at a price of \$0.55 per share, will expire in five years from the issue date. A fair value of \$153,536 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.53; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 100%; risk-free interest rate - 3.17%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three and six months ended June 30, 2022, \$51,296 and \$51,296, respectively (three and six months ended June 30, 2021 - \$nil) was expensed to share-based payments.

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### 17. Stock options (continued)

(ix) The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended June 30, 2022, amounted to \$nil and \$29,220, respectively (three and six months ended June 30, 2021 - \$218,467 and \$539,274, respectively).

Details of the stock options outstanding as at June 30, 2022 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
481,200	0.40	1,500,000	1,500,000	0.37	November 22, 2022
92,408	0.40	500,000	500,000	0.30	November 22, 2022
336,387	1.55	306,250	1,225,000	0.43	January 15, 2024
119,995	3.65	108,333	325,000	0.64	February 22, 2026
74,807	3.70	58,333	175,000	0.75	March 12, 2026
64,989	3.83	116,667	175,000	0.74	April 27, 2026
121,405	3.99	200,000	300,000	0.80	June 24, 2026
20,815	4.75	35,000	105,000	0.63	March 31, 2027
51,296	5.00	129,546	388,637	0.55	June 29, 2027
457,168	5.56	533,333	1,600,000	0.75	January 18, 2028
1,820,470	2.82	3,487,462	6,293,637	0.54	

### 18. Warrants

The following table reflects the continuity of warrants for the six months ended June 30, 2022 and 2021:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	<b>16,167,025</b>	<b>0.33</b>
Exercised (note 16(b)(ii))	(4,659,501)	0.20
<b>Balance, June 30, 2021</b>	<b>11,507,524</b>	<b>0.38</b>
<b>Balance, December 31, 2021</b>	<b>15,801,665</b>	<b>0.57</b>
Issued for public offering (note 16(b)(iii))	9,364,287	0.90
Issued for private placements (note 16(b)(iv))	428,572	0.70
Issued pursuant to the convertible debenture (note 13)	818,012	0.50
Exercised (note 16(b)(v))	(215,000)	0.44
<b>Balance, June 30, 2022</b>	<b>26,197,536</b>	<b>0.71</b>



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**DEVERON CORP.****Notes to Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended June 30, 2022  
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**18. Warrants (continued)**

The following table reflects the warrants issued and outstanding as of June 30, 2022:

<b>Number of warrants outstanding</b>	<b>Fair value (\$)</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
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
818,012	488,508	0.50	May 18, 2024
<b>26,197,536</b>	<b>6,401,450</b>		

**19. Shares to be issued**

The allocation of the shares to be issued is as follows

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

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<b>Balance, December 31, 2021</b>	<b>\$</b>	<b>1,120,257</b>
Shares issued - Farm Dog		(62,745)
Shares issued - Tana Ag		(45,375)
Shares issued - Stealth Ag		(226,875)
Shares issued - Agronomic Solutions		(178,395)
Acquisition - Agri-Labs (note 3)		499,960
<b>Balance, June 30, 2022</b>	<b>\$</b>	<b>1,106,827</b>

- On January 21, 2022, 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.
- On March 21, 2022, 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.
- On June 1, 2022, Tana Ag was issued 55,335 common shares at a price of \$0.82 on the 1 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.
- On June 1, 2022, Stealth Ag was issued 263,808 common shares at a price of \$0.86 on the 1 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 20. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2022 was based on the loss attributable to common shareholders of \$4,247,477 and \$7,798,396, respectively (three and six months ended June 30, 2021 - net loss of \$971,537 and \$1,951,005, respectively) and the weighted average number of common shares outstanding of 110,529,358 and 104,820,853, respectively (three and six months ended June 30, 2021 - 71,171,406 and 71,317,926, respectively). Diluted loss per share for the three and six months ended June 30, 2022, presented did not include the effect of 26,197,536 warrants (three and six months ended June 30, 2021 - 11,507,524 warrants) and 6,293,637 stock options (three and six months ended June 30, 2021 - 5,970,000 stock options) as they are anti-dilutive.

#### 21. Cost of services

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Agronomic services and laboratory fees	\$ 725,531	\$ 515,711	\$ 1,079,636	\$ 740,455
Salaries and benefits	823,808	-	1,047,879	-
Courier and shipping costs	312,282	-	312,282	-
Software and processing fees	102,450	36,675	168,467	82,404
Travel, training and other costs	51,133	20,561	76,227	34,146
<b>Cost of services</b>	<b>\$ 2,015,204</b>	<b>\$ 572,947</b>	<b>\$ 2,684,491</b>	<b>\$ 857,005</b>

#### 22. Major shareholder and related party transactions

##### Major shareholder

At June 30, 2022, 2736130 Ontario Inc. owned and/or exercised control over 13,688,182 common shares (December 31, 2021 - nil common shares) of Deveron, representing approximately 11.2% (December 31, 2021 - nil%) of the issued and outstanding common shares of the Company. The remaining 88.8% (December 31, 2021 - 100.0%) 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. Please refer to Note 3.

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 2736130 Ontario Inc., which owns or controls, directly or indirectly, approximately 11.2% (December 31, 2021 - nil%) 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 and six months ended June 30, 2022, the Company incurred professional fees of \$37,810 and \$68,105, respectively (three and six months ended June 30, 2021 - \$26,546 and \$38,625, respectively) 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 June 30, 2022, the group of companies was owed \$509 (December 31, 2021 - \$6,004) and this amount is included in amounts payable and other liabilities.

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## DEVERON CORP.

### Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2022 (Expressed in Canadian Dollars) (Unaudited)

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#### 22. Major shareholder and related party transactions (continued)

##### Related party transactions

During the three and six months ended June 30, 2022, the Company also incurred legal fees of \$84,320 and \$103,140, respectively (three and six months ended June 30, 2021 - \$2,791 and \$19,251, respectively) 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 June 30, 2022 amounts payable, accrued and other liabilities is \$1,392 due to Irwin Lowy LLP (December 31, 2021 - \$14,372).

During the three and six months ended June 30, 2022, the Company incurred share-based payment expenses to officers, directors and key management personnel of \$5,922 and \$102,909, respectively (three and six months ended June 30, 2021 - \$105,482 and \$426,289, respectively).

#### 23. Segmented information

As at June 30, 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:

Operating segment	USA	Canada	Total
<b>As at June 30, 2022</b>			
Current assets	\$ 2,855,226	\$ 10,918,865	\$ 13,774,091
Non-current assets	12,574,545	78,589,097	91,163,642
<b>Six months ended June 30, 2022</b>			
Revenues	3,815,449	2,774,890	6,590,339
Cost of services	1,711,771	972,720	2,684,491
Operating expenses	5,249,650	6,381,268	11,630,918

Operating segment	USA	Canada	Total
<b>As at December 31, 2021</b>			
Current assets	\$ 3,445,744	\$ 6,231,383	\$ 9,677,127
Non-current assets	10,330,236	2,760,014	13,090,250
<b>Six months ended June 30, 2021</b>			
Revenues	1,627,456	872,348	2,499,804
Cost of services	307,289	549,716	857,005
Operating expenses	1,183,138	2,294,708	3,477,846

#### 24. Events after the reporting period

- On July 6, 2022, the Company had made its initial milestone payment consisting of USD \$420,000 and 750,000 common shares in the capital of the Company at a deemed price of \$0.61 per common Shares to Agri-Labs. Under the terms of the asset purchase agreement, the Company may be required to make one additional milestone payment in the event that the gross revenue attributable to the Agri-Labs business for the period from March 10, 2022 to March 10, 2023 exceeds the gross earnings before interest, taxes, depreciation and amortization of the prior twelve month period, then Agri-Labs will be entitled to receive an amount equal to 25% of the excess amount ("EBITDA Earnout") in cash, and such number of common shares that is equal to the EBITDA Earnout divided by the market price of the common shares on March 10, 2023.
- On July 29, 2022, in connection to the acquisition of Stealth Ag, Stealth Ag has exceeded gross revenues of USD \$1,000,000 during the fiscal year ending December 31, 2021. As a result of achieving this milestone, the Company has made a one-time payment of USD \$140,000, satisfied through the issuance of an aggregate of 330,909 common shares in the capital of the Company at a deemed price of \$0.55 per common share.

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**DEVERON CORP.**

**Notes to Condensed Interim Consolidated Financial Statements**

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**25. Comparative figures**

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