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

DEVERON CORP.

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

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,129,136	\$ 6,867,130
Accounts receivable (note 4)	4,331,892	2,517,658
Prepays and other receivables	872,266	292,339
Total current assets	9,333,294	9,677,127
Non-current assets		
Property, plant and equipment (note 5)	15,625,697	1,507,688
Right-of-use assets (note 6)	4,245,833	1,782,564
Goodwill (note 7)	47,508,019	6,221,210
Intangible assets (note 8)	31,039,798	3,578,788
Due from related parties	849,746	-
Investment in associates (notes 3 and 9)	2,575,980	-
Total non-current assets	101,845,073	13,090,250
Total assets	\$ 111,178,367	\$ 22,767,377
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable (notes 10 and 22)	\$ 1,920,180	\$ 925,971
Accrued and other current liabilities	1,656,316	968,347
Lease liabilities (note 12)	942,791	539,788
Current portion of borrowings under credit facility (note 15)	2,964,155	-
Deferred and contingent consideration (note 13)	1,129,910	1,633,620
Promissory notes (note 3)	4,926,600	-
Total current liabilities	13,539,952	4,067,726
Non-current liabilities		
Lease liabilities (note 12)	3,272,652	1,193,360
Loans payable (note 11)	882,183	216,176
Deferred revenue	45,587	18,437
Deferred and contingent consideration (note 13)	370,359	960,610
Deferred income taxes	8,059,625	-
Convertible debentures (note 14)	8,038,181	-
Borrowings under credit facility (note 15)	26,677,392	-
Total non-current liabilities	47,345,979	2,388,583
Total liabilities	60,885,931	6,456,309
Shareholders' Equity		
Share capital (note 16(a)(b))	36,220,816	18,249,101
Reserves (notes 17, 18 and 19)	8,945,214	6,094,679
Equity component of convertible debenture (note 14)	1,740,090	-
Deficit	(22,537,381)	(9,767,264)
Accumulated other comprehensive income ("Accumulated OCI")	561,755	101,616
Shareholders' equity attributable to shareholders	24,930,494	14,678,132
Non-controlling interest (note 3)	25,361,942	1,632,936
Total shareholders' equity	50,292,436	16,311,068
Total liabilities and shareholders' equity	\$ 111,178,367	\$ 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 24)

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues				
Data collection	\$ 746,210	\$ 745,068	\$ 2,844,338	\$ 1,774,994
Data analytics	6,443,284	862,501	10,935,495	2,332,379
	7,189,494	1,607,569	13,779,833	4,107,373
Cost of services				
Cost of services (note 21)	(2,869,087)	(600,055)	(5,553,577)	(1,457,060)
Gross margin	4,320,407	1,007,514	8,226,256	2,650,313
Operating expenses (income)				
Salaries and benefits (note 22)	2,552,974	1,589,940	7,214,585	3,164,888
Office and general	2,865,629	750,839	6,245,515	1,744,746
Share-based payments (note 17)	293,255	78,736	905,934	618,010
Depreciation (notes 5 and 6)	735,699	86,085	1,520,206	212,012
Professional fees (note 22)	309,092	230,309	1,945,748	451,006
Amortization of intangible assets (note 8)	1,423,030	-	1,677,004	-
Interest expense (notes 12, 13 and 14)	1,130,931	41,831	1,525,877	66,293
Foreign exchange (gain) loss	(309,256)	29,431	(327,538)	32,029
Interest income	(25,721)	(3,205)	(44,896)	(7,172)
Gain on disposition of property, plant and equipment (note 5)	(57,701)	-	(113,585)	-
Total operating expenses	8,917,932	2,803,966	20,548,850	6,281,812
Net loss before income taxes	(4,597,525)	(1,796,452)	(12,322,594)	(3,631,499)
Income tax expense	188,250	-	227,150	-
Net loss for the period	(4,785,775)	(1,796,452)	(12,549,744)	(3,631,499)
Other comprehensive loss:				
Foreign operations - foreign currency translation	347,448	136,832	460,139	136,832
Comprehensive loss for the period	\$ (4,438,327)	\$ (1,659,620)	\$ (12,089,605)	\$ (3,494,667)
Net loss for the period attributable to:				
Shareholders of the Company	\$ (4,818,763)	\$ (1,992,487)	\$ (12,617,158)	\$ (3,827,534)
Non-controlling interest	32,988	196,035	67,414	196,035
Net loss for the period	\$ (4,785,775)	\$ (1,796,452)	\$ (12,549,744)	\$ (3,631,499)
Basic and diluted net loss per common share (note 20) - basic and diluted	\$ (0.04)	\$ (0.02)	\$ (0.11)	\$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	122,807,335	79,281,262	110,999,060	73,006,461

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)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net loss for the period	\$(12,549,744)	\$ (3,631,499)
Depreciation (notes 5 and 6)	1,520,206	212,012
Amortization of intangibles assets (note 8)	1,677,004	-
Share-based payments (note 17)	905,934	618,010
Interest expense (notes 12 and 13)	1,525,877	12,251
Gain on disposition of property, plant and equipment (note 5)	(113,585)	-
Bad debts	-	94,792
Foreign exchange and other	(338,956)	66,305
Changes in non-cash working capital items:		
Accounts receivable, prepaids and other receivables	(295,131)	425,887
Accounts payable, accrued and other current liabilities	(1,740,287)	(321,824)
Lease payments (note 12)	(554,653)	(87,272)
Interest paid (note 15)	(558,546)	-
Net cash used in operating activities	(10,521,881)	(2,611,338)
Investing activities		
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)	-	(1,536,275)
Cash payment for the acquisition of Agronomic Solutions (note 3)	-	(1,083,325)
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)	(1,698,746)	-
Purchase of property, plant and equipment (note 5)	(2,948,493)	(395,109)
Proceeds from sale of property, plant and equipment (notes 5)	144,422	-
Net cash used in investing activities	(39,846,083)	(4,284,029)
Financing activities		
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	29,641,547	-
Non-current credit facility repayment	-	(13,779)
Issue of common shares for public offering (note 16)	11,500,000	-
Issue of common shares for private placements (note 16)	600,000	8,207,583
Share issue costs	(1,021,538)	(589,363)
Exercise of warrants	196,000	1,120,637
Exercise of options	444,000	82,000
Net cash provided by financing activities	47,629,970	8,807,078
Net change in cash and cash equivalents	(2,737,994)	1,911,711
Cash and cash equivalents, beginning of period	6,867,130	6,217,046
Cash and cash equivalents, end of period	\$ 4,129,136	\$ 8,128,757

DEVERON CORP.**Condensed Interim Consolidated Statements of Cash Flows (continued)****(Expressed in Canadian Dollars)****(Unaudited)**

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash	\$ 4,079,136	\$ 1,204,412
Cash equivalents	50,000	6,924,345
Cash and cash equivalents	\$ 4,129,136	\$ 8,128,757

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				
Balance, December 31, 2020	\$ 9,970,106	\$ 2,113,248	\$ 897,667	\$ -	\$ (4,721,897)	\$ -	\$ -	\$ 8,259,124
Transactions with shareholders:								
Issuance of shares in private placement (note 16(b)(iii)(iv))	8,207,583	-	-	-	-	-	-	8,207,583
Warrants issued (note 16(b)(iii)(iv))	(1,649,622)	1,649,622	-	-	-	-	-	-
Common shares issued pursuant to acquisitions (note 3)	319,870	-	-	1,610,168	-	-	-	1,930,038
Share issue costs (note 16(b)(iii)(iv))	(848,065)	258,702	-	-	-	-	-	(589,363)
Exercise of warrants (note 16(b)(i))	1,441,830	(321,193)	-	-	-	-	-	1,120,637
Exercise of options (note 16(b)(ii))	151,330	-	(69,330)	-	-	-	-	82,000
Expiry of stock options	-	-	(5,170)	-	5,170	-	-	-
Share-based payments (note 17)	-	-	618,010	-	-	-	-	618,010
Transactions with shareholders	\$ 7,622,926	\$ 1,587,131	\$ 543,510	\$ 1,610,168	\$ 5,170	\$ -	\$ -	\$ 11,368,905
Non-controlling interest	-	-	-	-	(196,035)	-	1,672,065	1,476,030
Comprehensive loss for the period	-	-	-	-	(3,631,499)	136,832	-	(3,494,667)
Balance, September 30, 2021	\$ 17,593,032	\$ 3,700,379	\$ 1,441,177	\$ 1,610,168	\$ (8,544,261)	\$ 136,832	\$ 1,672,065	\$ 17,609,392

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 (continued) (Expressed in Canadian Dollars) (Unaudited)

	<u>Reserves</u>					Deficit	Equity component of Convertible Debenture	Accumulated OCI	Non-Controlling Interest	Total
	Share Capital	Warrants	Share-based Payments	Shares to be Issued						
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 16(b)(v))	11,500,000	-	-	-	-	-	-	-	11,500,000	
Issuance of shares in private placement (note 16(b)(vi))	600,000	-	-	-	-	-	-	-	600,000	
Warrants issued (note 16(b)(v)(vi))	(2,121,266)	2,121,266	-	-	-	-	-	-	-	
Common shares issued pursuant to acquisitions (note 3)	7,528,500	-	-	457,500	-	-	-	-	7,986,000	
Common shares issued pursuant to earnout (note 19)	1,331,285	-	-	(1,106,826)	-	-	-	-	224,459	
Equity component of convertible debenture (note 14)	-	-	-	-	-	1,740,090	-	-	1,740,090	
Share issue costs (note 16(b)(v))	(1,847,703)	826,165	-	-	-	-	-	-	(1,021,538)	
Exercise of warrants (note 16(b)(vii))	276,413	(80,413)	-	-	-	-	-	-	196,000	
Exercise of options (note 16(b)(viii))	704,486	-	(260,486)	-	-	-	-	-	444,000	
Expiry of stock options	-	-	(12,605)	-	12,605	-	-	-	-	
Share-based payments (note 17)	-	-	905,934	-	-	-	-	-	905,934	
Other	-	-	-	-	(165,564)	-	-	(19,261)	(184,825)	
Transactions with shareholders	\$ 17,971,715	\$ 2,867,018	\$ 632,843	\$ (649,326)	\$ (152,959)	\$ 1,740,090	\$ -	\$ (19,261)	\$ 22,390,120	
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	-	-	-	-	(67,414)	-	-	67,414	-	
Comprehensive loss for the period	-	-	-	-	(12,549,744)	-	460,139	-	(12,089,605)	
Balance, September 30, 2022	\$ 36,220,816	\$ 6,360,558	\$ 2,113,725	\$ 470,931	\$ (22,537,381)	\$ 1,740,090	\$ 561,755	\$ 25,361,942	\$ 50,292,436	

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 and Nine Months Ended September 30, 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 March 10, 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 September 30, 2022, the Company had an accumulated deficit of \$22,537,381 (December 31, 2021 - \$9,767,264). Comprehensive loss for the nine months ended September 30, 2022 was \$12,089,605 (nine months ended September 30, 2021 - \$3,494,667). 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.

DEVERON CORP.

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

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 November 21, 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 unaudited condensed interim 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.

(c) *Intangible assets*

The Company's intangible assets relate to developed software technology or acquired identifiable intangible assets, such as software technology, licenses and customer lists. Intangible assets acquired separately are measured on initial recognition at cost.

DEVERON CORP.

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

2. Significant accounting policies (continued)

(c) Intangible assets (continued)

Research costs are expensed as incurred. Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Intention to complete and its ability and intention to use or sell the asset;
- The asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with a finite life are amortized over the estimated useful life. Intangible assets are amortized on a straight-line basis as follows:

Software technologies	Up to 12 years
Licenses	Up to 8 years
Customer lists	Up to 12 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives and not available for use are not amortized. These assets have indefinite useful lives because there is no foreseeable limit to the cash flows generated by those intangible assets. They are tested for impairment at least annually or more frequently when there is an indication that the asset has been impaired, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of operations and comprehensive income when the asset is derecognized.

(d) Compound instruments - convertible debenture

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar non-convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured.

Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statements of comprehensive loss.

DEVERON CORP.

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

3. Acquisitions

(a) Acquisition of Agri-Labs, Inc.

On March 10, 2022, the Company entered into a definitive agreement ("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 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
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

(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 (the "Acquisition"). A&L is one of the largest soil and tissue laboratories in Canada.

DEVERON CORP.

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

3. Acquisitions (continued)

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

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.

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
Total consideration	\$ 50,288,850

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)	11,561,647
Right-of-use assets (note 6)	1,092,352
Goodwill	40,084,258
Intangible assets (note 8)	27,274,000
Liabilities assumed (iii)	(5,714,492)
Deferred income taxes liability	(8,059,625)
Non-controlling interest	(24,996,150)
A&L net assets acquired net of liabilities assumed (ii)	\$ 50,288,850

(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 20, 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 FD Agro Technologies LLC

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 applicable securities law.

DEVERON CORP.

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

3. Acquisitions (continued)**(c) Acquisition of FD Agro Technologies LLC (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
Total consideration	\$	872,031

Allocation of purchase price

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

(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".

DEVERON CORP.

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

3. Acquisitions (continued)

(d) Acquisition of Tana Ag Solutions Group, LLC

On May 14, 2021, the Company entered into an agreement (the "Agreement") to acquire the assets of Tana Ag Solutions Group, LLC ("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 earnings before interest, taxes, depreciation and amortization ("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.

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)		-
Total consideration	\$	273,869

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
Tana Ag net assets acquired net of liabilities assumed	\$	273,869

(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.

DEVERON CORP.

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

3. Acquisitions (continued)

(d) Acquisition of Tana Ag Solutions Group, LLC (continued)

(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.

(e) Acquisition of Stealth Ag, Inc.

On May 26, 2021, the Company entered into an agreement to acquire the assets of Stealth Ag, Inc. ("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
Total consideration	\$	2,230,135

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		1,724,734
Stealth Ag net assets acquired net of liabilities assumed	\$	2,230,135

DEVERON CORP.

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

3. Acquisitions (continued)

(e) Acquisition of Stealth Ag, Inc. (continued)

(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.

(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 Laboratories

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
Total consideration (i)	\$	3,012,305

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

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		2,727,564
Non-controlling interest (i)		(1,476,030)
Woods End net assets acquired net of liabilities assumed (i)	\$	1,536,275

(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.

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

3. Acquisitions (continued)

(g) Acquisition of Agronomic Solutions, Inc

On September 8, 2021, the Company entered into an agreement ("Agreement") to acquire the assets of Agronomic Solutions, Inc. ("Agronomic Solutions") a leading digital agronomy company that services Iowa, Nebraska, Missouri, Minnesota, Illinois and Kansas. As consideration for the acquisition, Deveron has agreed to:

1. On closing, pay Agronomic Solutions an initial cash payment of USD \$425,000, and an additional USD \$425,000 in cash to be held in escrow ("Escrowed Funds").
2. On closing, the Company issued a promissory note (the "Note") to Agronomic Solutions with a principal amount of USD \$425,000, bearing interest of 4% per year. The principal and interest are due in full on September 8, 2022. The Note is guaranteed by Deveron.
3. On closing, issue 262,345 common shares in the capital of the Company equal to USD \$141,667 at a price of \$0.68 per common share upon receipt of the approval of the TSXV. The Company has also agreed to issue an additional 524,692 common shares (262,346 per year) equal to USD \$283,334 (\$141,667 per year) at a price of \$0.68 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 earnout ("EBITDA earnout"), as additional consideration. Based on the achievement of certain milestones, the remaining earnout would be payable as follows:

1. Agronomic Solutions will receive an amount equal to 100% of the EBITDA generated by the acquired business from September 8, 2021 to December 31, 2021 ("Earnout period"). The deadline to determine the EBITDA earnout is February 11, 2022. The earnout shall not be paid in the event EBITDA is less than or equal to Zero during the earnout period.
2. The EBITDA was estimated to be USD \$600,000 for the Earnout period. The Company has recorded contingent consideration of \$755,556 (USD \$600,000).

The allocation of the purchase price is as follows:

Purchase price allocation

Base purchase price paid in cash on closing to seller	\$	541,663
Base purchase price paid in cash on closing and placed in escrow ("Escrowed Funds") (iv)		541,662
262,345 common shares issued on closing (i)		178,395
Promissory note		541,663
Additional 524,692 common shares to be issued over the next two years(ii)		356,791
Contingent consideration (earnouts) (iii)		755,556
Total consideration	\$	2,915,730
Allocation of purchase price		
Property, plant and equipment		319,462
Goodwill		2,596,268
Agronomic Solutions net assets acquired net of liabilities assumed	\$	2,915,730

(i) For the purpose of determining the value of the purchase price consideration, the 262,345 common shares were valued at \$0.68 per share based on Deveron's closing price as of September 8, 2021. These shares were not yet issued as of September 30, 2021, and as such was recorded as an addition to shares to be issued.

(ii) For the purpose of determining the value of the purchase price consideration, the 524,692 common shares to be issued over the next two years (262,346 per year) were valued at \$0.68 per share based on Deveron's closing price as of September 8, 2021 and was recorded as an addition to shares to be issued.

DEVERON CORP.

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

3. Acquisitions (continued)

(g) Acquisition of Agronomic Solutions, Inc (continued)

(iii) The EBITDA was estimated to be USD \$600,000 for the period September 8, 2021 to December 31, 2021. The Company has recorded contingent consideration of \$755,556 (USD \$600,000).

(iv) The Escrowed Funds, together with any accrued but unpaid interest, will be delivered to the seller on September 8, 2023, on the second anniversary of the closing date.

4. Accounts receivable

	As at September 30, 2022	As at December 31, 2021
Accounts receivable	\$ 4,563,400	\$ 2,673,701
Allowance for doubtful accounts	(231,508)	(156,043)
	\$ 4,331,892	\$ 2,517,658

The following is an aged analysis of the accounts receivable:

	As at September 30, 2022	As at December 31, 2021
1 to 60 days	\$ 3,789,387	\$ 2,253,434
60 to 90 days	161,284	57,080
Greater than 90 days	381,221	207,144
Total accounts receivable	\$ 4,331,892	\$ 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	2,054,259	-	-	894,234	2,948,493
Dispositions	(15,770)	-	-	(60,769)	(76,539)
Additions pursuant to the acquisition (note 3)	3,704,713	7,625,157	-	506,037	11,835,907
Foreign exchange	178,689	-	-	71,826	250,515
Balance, September 30, 2022	\$ 7,630,035	\$ 7,625,157	\$ 482,223	\$ 1,732,880	\$ 17,470,295

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	546,087	68,141	-	218,469	832,697
Foreign exchange	41,855	-	-	11,517	53,372
Balance, September 30, 2022	\$ 1,027,473	\$ 68,141	\$ 482,223	\$ 266,761	\$ 1,844,598

DEVERON CORP.

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

5. Property, plant and equipment (Continued)

CARRYING AMOUNT	Equipment	Land and building	Drones	Vehicles	Total
Balance, December 31, 2021	\$ 1,263,695	\$ -	\$ -	\$ 243,993	\$ 1,507,688
Balance, September 30, 2022	\$ 6,602,562	\$ 7,557,016	\$ -	\$ 1,466,119	\$ 15,625,697

During the nine months ended September 30, 2022, the Company sold vehicles and equipment for cash proceeds of \$144,422 which resulted in a gain on disposition of property, plant and equipment of \$113,585.

6. Right-of-use assets

COST	Vehicles	Equipment	Total
Balance, December 31, 2021	\$ 2,088,992	\$ 124,776	\$ 2,213,768
Additions	1,358,867	522,642	1,881,509
Additions from acquisitions (note 3)	-	1,092,352	1,092,352
Disposals	(60,803)	-	(60,803)
Foreign exchange and other	176,199	-	176,199
Balance, September 30, 2022	\$ 3,563,255	\$ 1,739,770	\$ 5,303,025

ACCUMULATED DEPRECIATION	Vehicles	Equipment	Total
Balance, December 31, 2021	\$ 374,015	\$ 57,189	\$ 431,204
Disposals	(105,085)	-	(105,085)
Depreciation	524,629	162,880	687,509
Foreign exchange	43,564	-	43,564
Balance, September 30, 2022	\$ 837,123	\$ 220,069	\$ 1,057,192

CARRYING AMOUNT	Vehicles	Equipment	Total
Balance, December 31, 2021	\$ 1,714,977	\$ 67,587	\$ 1,782,564
Balance, September 30, 2022	\$ 2,726,132	\$ 1,519,701	\$ 4,245,833

Vehicles and equipment are depreciated over 24 to 48 months.

7. Goodwill

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

DEVERON CORP.

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

7. Goodwill (continued)

Balance, December 31, 2021	\$ 6,221,210
Addition Agri-Lab (note 3)	822,900
Addition A&L (note 3)	40,084,258
Foreign exchange	379,651
Balance, September 30, 2022	\$ 47,508,019

8. Intangible assets

COST	Software Technologies	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ -	\$ 2,789,160	\$ 1,061,148	\$ 3,850,308
Additions	1,076,569	-	-	1,076,569
Additions pursuant to the acquisitions (note 3)	7,632,000	11,993,694	8,122,837	27,748,531
Foreign exchange	16,094	252,146	95,731	363,971
Balance, September 30, 2022	\$ 8,724,663	\$ 15,035,000	\$ 9,279,716	\$ 33,039,379

ACCUMULATED AMORTIZATION	Software Technologies	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ -	\$ 163,789	\$ 107,731	\$ 271,520
Amortization	524,913	617,453	534,638	1,677,004
Foreign exchange	2,414	28,846	19,797	51,057
Balance, September 30, 2022	\$ 527,327	\$ 810,088	\$ 662,166	\$ 1,999,581

CARRYING AMOUNT	Software Technologies	Customer list	Other intangibles	Total
Balance, December 31, 2021	\$ -	\$ 2,625,371	\$ 953,417	\$ 3,578,788
Balance, September 30, 2022	\$ 8,197,336	\$ 14,224,912	\$ 8,617,550	\$ 31,039,798

9. Investment in associate

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

The Company has accounted for the 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 September 30, 2022, the investment in associate balance was \$2,575,980 (December 31, 2021 - \$nil).

DEVERON CORP.**Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

10. Accounts payable

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

	As at September 30, 2022	As at December 31, 2021
Accounts payable	\$ 1,920,180	\$ 925,971

The following is an aged analysis of the accounts payable:

	As at September 30, 2022	As at December 31, 2021
1 to 60 days	\$ 1,648,270	\$ 733,756
61 to 90 days	69,402	53,466
Greater than 90 days	202,508	138,749
Total accounts payable	\$ 1,920,180	\$ 925,971

11. Loans payable

(i) During the nine months ended September 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 nine months ended September 30, 2022, the Company has repaid \$77,883 (December 31, 2021 – \$15,465). The balance outstanding as of September 30, 2022 is \$770,986 (December 31, 2021 – \$61,076).

(ii) During the nine months ended September 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 September 30, 2022 is \$51,197 (December 31, 2021 - \$95,100).

12. Lease liabilities

Balance, December 31, 2021	\$ 1,733,148
Additions	1,881,509
Acquired from acquisition of A&L	1,343,381
Interest expense	55,754
Lease payments	(554,653)
Foreign exchange and other	(243,696)
Balance, September 30, 2022	\$ 4,215,443

Allocated as:	
Current	\$ 942,791
Non-current	3,272,652
Balance, September 30, 2022	\$ 4,215,443

DEVERON CORP.

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

13. 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	39,437	46,940	86,377
Contingent consideration - shares issued	(42,087)	(182,000)	(224,087)
Contingent consideration - cash payout	(876,581)	(822,165)	(1,698,746)
Foreign exchange	91,491	83,296	174,787
Balance, September 30, 2022	\$ 865,311	\$ 634,958	\$ 1,500,269
Allocated as:			
Current	\$ 782,799	\$ 347,111	\$ 1,129,910
Non-current	82,512	287,847	370,359
Balance, September 30, 2022	\$ 865,311	\$ 634,958	\$ 1,500,269

(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) in common shares for achieving certain revenue milestones during the year.

(v) On July 29, 2022, Stealth Ag received \$182,000 (USD \$140,000) in common shares for achieving certain revenue milestones during the year.

14. Convertible Debenture

	Number of Debentures	Liability Component	Conversion feature equity Component
Debentures, balance at December 31, 2021	-	\$ -	\$ -
Issuance of debentures	10,015	\$ 7,696,064	\$ 1,740,090
Interest and accretion	-	342,117	-
Balance at September 30, 2022	10,015	\$ 8,038,181	\$ 1,740,090

DEVERON CORP.

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

14. Convertible Debenture (continued)

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 September 30, 2022 is \$1,740,090. Accretion and interest on the debentures are included in interest expense in the unaudited condensed interim consolidated Statement of Comprehensive Loss. No embedded derivative and no fair value has been recalculated as of September 30, 2022.

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 \$32,300,000 credit facility provided by Toronto-Dominion Bank ("TD"), of which \$28,300,000 was drawn upon closing. 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 September 30, 2022, the Company owed \$29,641,547 (December 31, 2021 - \$nil).

Balance, December 31, 2021	\$ -
Pursuant to acquisition	28,300,000
Additions	1,341,547
Interest expense	558,546
Interest paid	(558,546)
Balance, September 30, 2022	\$ 29,641,547
Allocated as:	
Current	\$ 2,964,155
Non-current	26,677,392
Balance, September 30, 2022	\$ 29,641,547

DEVERON CORP.

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

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

	Number of common shares	Amount
Balance, December 31, 2020	68,279,558	\$ 9,970,106
Private placements (iii)(iv)	12,627,050	8,207,583
Warrant valuation (iii)(iv)	-	(1,649,622)
Broker warrant valuation (iii)(iv)	-	(258,702)
Share issue costs	-	(589,363)
Shares issued pursuant to the acquisition of Farm Dog, Tana Ag & Stealth Ag (note 3)	399,595	319,870
Exercise of warrants (i)	5,334,501	1,441,830
Exercise of options (ii)	230,000	151,330
Balance, September 30, 2021	86,870,704	\$ 17,593,032

	Number of common shares	Amount
Balance, December 31, 2021	89,006,602	\$ 18,249,101
Public Offering (v)	16,428,573	11,500,000
Private placements (vi)	857,143	600,000
Warrant valuation (v)(vi)	-	(2,121,266)
Broker warrant valuation (v)	-	(826,165)
Share issue costs (v)	-	(1,021,538)
Shares issued pursuant to the acquisition of A&L (note 3)	13,688,182	7,528,500
Shares issued pursuant to the acquisition of Agri-Labs (note 3)	750,000	457,500
Shares issued related to prior year acquisitions (note 19)	1,272,782	873,785
Exercise of warrants (vii)	440,000	276,413
Exercise of options (viii)	1,480,000	704,486
Balance, September 30, 2022	123,923,282	\$ 36,220,816

(i) During the nine months ended September 30, 2021, 950,000 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$190,000, 210,750 warrants were exercised at a price of \$0.45 per unit for gross proceeds of \$94,838, 7,000 warrants were exercised at a price of \$0.35 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. \$321,193 was reclassified from warrant reserve for a fair value amount of \$1,441,830.

(ii) During the nine months ended September 30, 2021, 30,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$9,000 and 200,000 options were exercised at a price of \$0.365 per unit for gross proceeds of \$73,000.

DEVERON CORP.

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

16. Share capital (continued)

b) Common shares issued (continued)

(iii) On August 16, 2021, the Company closed the first tranche of a non-brokered private placement of units at a price of \$0.65 per unit for gross proceeds of \$7,408,330 and a total of 11,397,430 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 \$0.85 per warrant for a period of 2 years after closing. The 5,698,715 warrants were valued at \$1,481,533 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) - 91%; risk-free interest rate - 0.43%; and an expected life - 2 years.

As consideration for the services provided for the private placements, the agents received a cash commission equal to in the aggregate \$516,664 and an aggregate of 794,813 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.65 for a period of 2 years after the private placement. The 794,813 compensation warrants were valued at \$242,180 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) - 91%; risk-free interest rate - 0.43%; and an expected life - 2 years.

(iv) On August 24, 2021, the Company closed the second and final tranche of a non-brokered private placement of Units at a price of \$0.65 per Unit for gross proceeds of \$799,253 and a total of 1,229,620 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 \$0.85 per warrant for a period of 2 years after closing. The 614,810 warrants were valued at \$168,089 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) - 91%; risk-free interest rate - 0.43%; and an expected life - 2 years.

As consideration for the services provided for the private placements, the agents received a cash commission equal to in the aggregate \$33,606 and an aggregate of 51,701 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.65 for a period of 2 years after the private placement. The 51,701 compensation warrants were valued at \$16,522 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) - 91%; risk-free interest rate - 0.45%; and an expected life - 2 years.

(v) 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.

DEVERON CORP.

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

16. Share capital (continued)

b) Common shares issued (continued)

(vi) 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.

(vii) During the nine months ended September 30, 2022, 420,000 warrants were exercised at a price of \$0.45 per unit for gross proceeds of \$189,000, and 20,000 warrants were exercised at a price of \$0.35 for gross proceeds of \$7,000.

(viii) During the nine months ended September 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 September 30, 2022 and 2021:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2020	3,775,000	0.33
Granted (i)(ii)(iii)(v)	2,225,000	0.49
Cancelled	(15,000)	0.30
Exercised (note 16(b)(ii))	(230,000)	0.36
Balance, September 30, 2021	5,755,000	0.42
Balance, December 31, 2021	5,705,000	0.33
Granted (vi)(vii)(viii)(ix)	4,093,637	0.74
Cancelled	(25,000)	0.74
Exercised (note 16(b)(viii))	(1,480,000)	0.30
Balance, September 30, 2022	8,293,637	0.54

(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 nine months ended September 30, 2022, \$nil (three and nine months ended September 30, 2021 - \$35,559 and \$331,241, respectively) was expensed to share-based payments.

DEVERON CORP.

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

17. 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 \$169,358 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 nine months ended September 30, 2022, \$11,858 and \$35,187, respectively (three and nine months ended September 30, 2021 - \$11,858 and \$84,808, respectively) 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 \$107,665 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 nine months ended September 30, 2022, \$7,538 and \$22,368, respectively (three and nine months ended September 30, 2021 - \$7,538 and \$52,439, 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 \$121,517 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 nine months ended September 30, 2022, \$8,508 and \$25,247, respectively (three and nine months ended September 30, 2021 - \$8,508 and \$54,932, respectively) 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 \$197,434 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 nine months ended September 30, 2022, \$13,823 and \$41,019, respectively (three and nine months ended September 30, 2021 - \$13,823 and \$80,386, respectively) 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 nine months ended September 30, 2022, \$69,982 and \$527,150, respectively (three and nine months ended September 30, 2021 - \$nil) was expensed to share-based payments.

DEVERON CORP.**Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

17. Stock options (continued)

(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 nine months ended September 30, 2022, \$3,620 and \$24,435, respectively (three and nine months ended September 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 nine months ended September 30, 2022, \$10,750 and \$62,046, respectively (three and nine months ended September 30, 2021 - \$nil) was expensed to share-based payments.

(ix) On August 26, 2022, the Company granted 2,000,000 stock options to certain officers, directors and employees of the Company. The stock options, at a price of \$0.56 per share, will expire in six years from the issue date. A fair value of \$918,734 was determined 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) - 105%; risk-free interest rate - 3.05%; and an expected life - 6 year. The options vested 300,000 units upon grant, 300,000 units on the first anniversary, 400,000 on the second anniversary, 300,000 units when the weighted average share price of the common shares stays above \$1.00 for a period of thirty trading days, 300,000 units when the weighted average share price of the common shares stays above \$2.00 for a period of thirty trading days, and 400,000 units when the weighted average share price of the common shares stays above \$3.00 for a period of thirty trading days. During the three and nine months ended September 30, 2022, \$167,176 (three and nine months ended September 30, 2021 - \$nil) was expensed to share-based payments.

(x) The portion of the estimated fair value of options granted in the prior years and vested during the three and nine months ended September 30, 2022, amounted to \$41,727 and \$125,127, respectively (three and nine months ended September 30, 2021 - \$78,736 and \$618,010, respectively).

Details of the stock options outstanding as at September 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	0.15	1,500,000	1,500,000	0.37	November 22, 2022
92,408	0.15	500,000	500,000	0.30	November 22, 2022
336,387	1.29	306,250	1,225,000	0.43	January 15, 2024
131,853	3.40	108,333	325,000	0.64	February 22, 2026
82,345	3.45	58,333	175,000	0.75	March 12, 2026
73,497	3.58	116,667	175,000	0.74	April 27, 2026
135,228	3.73	200,000	300,000	0.80	June 24, 2026
24,435	4.50	35,000	105,000	0.63	March 31, 2027
62,046	4.75	129,546	388,637	0.55	June 29, 2027
527,150	5.30	533,333	1,600,000	0.75	January 18, 2028
167,176	5.91	300,000	2,000,000	0.56	August 26, 2028
2,113,725	1.95	3,787,462	8,293,637	0.54	

DEVERON CORP.**Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)**

18. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2020	16,167,025	0.33
Issued for private placements (note 16(b)(iii)(iv))	7,160,039	0.83
Exercised (note 16(b)(i))	(5,334,501)	0.21
Balance, September 30, 2021	17,992,563	0.57
Balance, December 31, 2021	15,801,665	0.57
Issued for public offering (note 16(b)(v))	9,364,287	0.90
Issued for private placements (note 16(b)(vi))	428,572	0.70
Issued pursuant to the convertible debenture (Note 13)	818,012	0.50
Exercised (note 16(b)(vii))	(440,000)	0.44
Balance, September 30, 2022	25,972,536	0.71

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

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
7,533,861	1,369,205	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
25,972,536	6,360,558		

19. 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

DEVERON CORP.

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

19. Shares to be issued (continued)

Balance, December 31, 2021	\$ 1,120,257
Shares issued - Farm Dog	(62,745)
Shares issued - Tana Ag	(45,375)
Shares issued - Stealth Ag	(226,875)
Shares issued - Agronomic Solutions	(356,791)
Acquisition - Agri-Labs (note 3)	499,960
Shares issued - Agri-Labs	(457,500)
Balance, September 30, 2022	\$ 470,931

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. On July 27, 2022, Agri-Labs was issued 375,000 common shares at a price of \$0.61 relating to the closing of the March 10, 2022 acquisition, drawing down on the shares to be issued recognized as part of the acquisition. Per the agreement, 375,000 shares were issued and placed in escrow, and will be provided to Agri-Labs on the first and second anniversary of the acquisition date. A total of 750,000 shares were issued.
- vi. On July 29, 2022, Stealth Ag was issued 330,909 common shares at a price of \$0.55 in conjunction with reaching certain milestones related to the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.
- vii. On September 8, 2022, Agronomic Solutions was issued 262,346 common shares at a price of \$0.68 on the 1 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

20. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$4,818,763 and \$12,617,158, respectively (three and nine months ended September 30, 2021 - net loss of \$1,992,487 and \$3,827,534, respectively) and the weighted average number of common shares outstanding of 122,807,335 and 110,999,060, respectively (three and nine months ended September 30, 2021 - 79,281,262 and 73,006,461, respectively). Diluted loss per share for the three and nine months ended September 30, 2022, presented did not include the effect of 25,972,536 warrants (three and nine months ended September 30, 2021 - 17,992,563 warrants) and 8,293,637 stock options (three and nine months ended September 30, 2021 - 5,755,000 stock options) as they are anti-dilutive.

DEVERON CORP.

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

21. Cost of services

	Three months ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Agronomic services and laboratory fees	\$ 379,386	\$ 391,597	\$ 1,459,022	\$ 1,132,052
Salaries and benefits	1,457,717	-	2,505,596	-
Courier and shipping costs	840,737	-	1,153,019	-
Software and processing fees	141,774	194,889	310,241	277,293
Travel, training and other costs	49,473	13,569	125,699	47,715
Cost of services	\$ 2,869,087	\$ 600,055	\$ 5,553,577	\$ 1,457,060

22. Major shareholder and related party transactions

Major shareholder

At September 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 11.0% (December 31, 2021 - nil%) of the issued and outstanding common shares of the Company. The remaining 89.0% (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 11.0% (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 nine months ended September 30, 2022, the Company incurred professional fees of \$15,423 and \$83,528, respectively (three and nine months ended September 30, 2021 - \$16,178 and \$54,803, 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 September 30, 2022, the group of companies was owed \$5,909 (December 31, 2021 - \$6,004) and this amount is included in accounts payable and accrued and other liabilities.

Related party transactions

During the three and nine months ended September 30, 2022, the Company also incurred legal fees of \$24,790 and \$127,930, respectively (three and nine months ended September 30, 2021 - \$64,293 and \$83,544, 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 September 30, 2022 accounts payable, accrued and other liabilities is \$4,782 due to Irwin Lowy LLP (December 31, 2021 - \$14,372).

During the three and nine months ended September 30, 2022, the Company incurred share-based payment expenses to officers, directors and key management personnel of \$247,908 and \$350,817, respectively (three and nine months ended September 30, 2021 - \$56,402 and \$482,691, respectively).

DEVERON CORP.

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

23. Segmented information

As at September 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
As at September 30, 2022			
Current assets	\$ 1,811,298	\$ 7,521,996	\$ 9,333,294
Non-current assets	14,550,978	87,294,095	101,845,073
Nine Months Ended September 30, 2022			
Revenues	5,224,768	8,555,065	13,779,833
Cost of services	2,463,145	3,090,432	5,553,577
Operating expenses	8,016,581	12,532,269	20,548,850
Operating segment	USA	Canada	Total
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
Nine Months Ended September 30, 2021			
Revenues	2,654,622	1,452,751	4,107,373
Cost of services	521,882	935,178	1,457,060
Operating expenses	2,432,349	3,849,463	6,281,812

24. Events after the reporting period

- On October 4, 2022, the Company announced that it has signed an arm's length definitive agreement dated October 4, 2022 to acquire 100% of the assets of Frontier Labs Inc. ("Frontier Labs"). As consideration for the acquisition, the Company has agreed to: (i) pay Frontier Labs an initial cash payment of USD \$825,000 upon closing of the acquisition and USD \$412,500 on each of the first two anniversaries following the completion of the definitive agreement; and (ii) issue such number of common shares in the capital of the Company equal to USD \$275,000 at a price of \$0.50 per common share upon receipt of the approval of the TSX Venture Exchange and an additional number of common shares equal to USD \$137,500 at a price of \$0.50 per common share on each of the first two anniversaries following the signing of the definitive agreement. On November 1, 2022, the Company announced that it had acquired all of the assets of Frontier Labs pursuant to the arm's length definitive agreement as outlined above.
- On October 5, 2022, the Company announced the closing of a non-brokered private placement through the issuance of 5,400,000 Common Shares in the capital of the Company at a price of \$0.50 per Common Share for gross proceeds of \$2,700,000 (the "Offering"). In connection with the Offering, the Company paid certain eligible persons ("Finders") a cash commission in total of \$77,000 equal to 7% of the gross proceeds of the Offering delivered by finders and issued a total of 154,000 non-transferable broker warrants ("Broker Warrants"), equal to 7% of the common shares delivered by Finders pursuant to the Offering. Each Broker Warrant entitles the holder to purchase one Common Share for a period of two years from the closing of the Offering at a price of \$0.50 per Common Share.
- On October 12, 2022, the Company announced that it had been named as a key partner in a multiyear US \$7.5 million USDA initiative, with current enterprise client, AgriCapture. The partnership, which focuses on Arkansas, Mississippi, Missouri, Louisiana, Texas, and California, provides Agriculture access to Deveron's carbon service platform for in-field collection, lab analysis, and digitization of soil carbon data. The Company has agreed to provide US \$2 million in collection service and soil analytics for the initiative.

DEVERON CORP.

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

24. Events after the reporting period (continued)

- d) On October 14, 2022, the Company was named as a key partner in a multiyear USD\$7.5 million USDA initiative, with current enterprise client, AgriCapture. On October 18, 2022, the Company had expanded its enterprise agreement supporting the USDA By \$900,000. This represents organic growth of 50% on the contract and increases the total value to US \$2.7 million.

- e) On November 17, 2022, the Company announced it has appointed Tim Close as a director to the Company's Board of Directors. Tim is the former President and CEO of AGI, a leading provider of equipment and technology solutions for the world's food infrastructure including seed, fertilizer, grain, feed and food processing systems.

25. Comparative figures

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